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IMPLEMENTATION COMPLETION AND RESULTS REPORT

(IDA-H8650)

ON A

GRANT

IN THE AMOUNT OF SDR 13.4 MILLION

(US$ 20 MILLION EQUIVALENT)

TO THE

Republic of Haiti

FOR A

Haiti Business Development and Investment Project

February 13, 2023

Finance, Competitiveness And Innovation Global Practice
Latin America And Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective {February 13, 2023})

Currency Unit =	Haitian Gourde (HTG)
149.81 HTG =	US$1
US$ 1.337 =	SDR 1

FISCAL YEAR
October 1 - September 30

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ABBREVIATIONS AND ACRONYMS

AM	Aide Memoire
BDS	Business Development Services
CCAH	Chambre de Conciliation et d'Arbitrage d'Haiti
CFI	Centre de Facilitation des Investissements
CPF	Country Partnership Framework
CRI	Competitive Reinforcement Initiative
DALA	Damages and Losses Assessment
ERR	Economic Rate of Return
ESMF	Environmental and Social Management Framework
FCV	Fragile, Conflict and Violence
FY	Fiscal Year
GDP	Gross Domestic Product
GoH	Government of Haiti
IADB	Inter-American Development Bank
ICR	Implementation Completion and Results Report
IDA	International Development Association
IEZs	Integrated Economic Zones
IRM	Immediate Response Mechanism
ISM	Implementation Supervision Mission
ISR	Implementation Supervision Report
M&E	Monitoring and Evaluation
MCI	Ministry of Commerce and Industry
MEF	Ministry of Economy and Finance
MSMEs	Micro, Small, and Medium Enterprises
MTR	Mid-Term Review
NPV	Net Present Value
PAD	Project Appraisal Document
PDNA	Post-Disaster Needs Assessment
PDO	Project Development Objective
PIU	Project Implementation Unit
PSJET	Private Sector Jobs and Economic Transformation
SAE	Services d’Appui aux Entreprises
TTL	Task Team Leader
UCP	L’Unité de Coordination de Projet
WBG	World Bank Group
WEF	World Economic Forum

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BASIC INFORMATION

Product Information

Project ID	Project Name
P123974	Haiti Business Development and Investment Project
Country	**Financing Instrument**
Haiti	Investment Project Financing
Original EA Category	**Revised EA Category**
Partial Assessment (B)	Partial Assessment (B)

Organizations

Borrower	Implementing Agency
Republic of Haiti	Ministry of Commerce and Industry

Project Development Objective (PDO)

Original PDO

The objective of the Project is to assist the Recipient in: (a) improving the conditions for private sector investment andinclusive growth; and (b) improving its capacity to respond promptly and effectively to an Eligible Emergency.

FINANCING

	Original Amount (US$)	Revised Amount (US$)	Actual Disbursed (US$)
World Bank Financing			
IDA-H8650	20,000,000	15,714,719	13,579,933
Total	**20,000,000**	**15,714,719**	**13,579,933**
Non-World Bank Financing			
Borrower/Recipient	0	0	0
Total	**0**	**0**	**0**
Total Project Cost	**20,000,000**	**15,714,719**	**13,579,933**

KEY DATES

Approval	Effectiveness	MTR Review	Original Closing	Actual Closing
21-May-2013	11-Nov-2013	14-May-2018	31-May-2018	30-Nov-2021

RESTRUCTURING AND/OR ADDITIONAL FINANCING

Date(s)	Amount Disbursed (US$M)	Key Revisions
12-Sep-2013	0	
24-Dec-2015	5.07	Change in Results Framework Change in Components and Cost Change in Loan Closing Date(s) Reallocation between Disbursement Categories Change in Implementation Schedule
02-Aug-2016	6.05	Other Change(s)
07-Dec-2017	8.08	Change in Results Framework Change in Components and Cost Reallocation between Disbursement Categories
23-Feb-2019	9.10	Change in Results Framework Change in Loan Closing Date(s) Reallocation between Disbursement Categories Change in Implementation Schedule
30-Nov-2021	14.75	Change in Results Framework Change in Components and Cost Cancellation of Financing Reallocation between Disbursement Categories

KEY RATINGS

Outcome	Bank Performance	M&E Quality
Moderately Satisfactory	Moderately Satisfactory	Substantial

RATINGS OF PROJECT PERFORMANCE IN ISRs

No.	Date ISR Archived	DO Rating	IP Rating	Actual Disbursements (US$M)
01	04-Aug-2013	Satisfactory	Satisfactory	.43
02	06-Apr-2014	Moderately Unsatisfactory	Moderately Satisfactory	2.21
03	31-Oct-2014	Moderately Unsatisfactory	Moderately Satisfactory	2.37
04	05-May-2015	Moderately Unsatisfactory	Moderately Satisfactory	3.05
05	14-Aug-2015	Moderately Unsatisfactory	Moderately Satisfactory	3.49
06	23-Oct-2015	Moderately Unsatisfactory	Moderately Satisfactory	4.81
07	04-Jan-2016	Moderately Satisfactory	Moderately Satisfactory	5.07
08	30-Jun-2016	Moderately Satisfactory	Moderately Satisfactory	5.75
09	29-Dec-2016	Moderately Satisfactory	Moderately Satisfactory	6.42
10	06-Jul-2017	Moderately Satisfactory	Moderately Satisfactory	7.17
11	04-Jan-2018	Moderately Satisfactory	Moderately Satisfactory	8.08
12	25-Jul-2018	Moderately Satisfactory	Moderately Satisfactory	8.64
13	27-Feb-2019	Moderately Satisfactory	Moderately Satisfactory	9.10
14	23-Oct-2019	Moderately Satisfactory	Moderately Satisfactory	10.50
15	17-Jul-2020	Moderately Satisfactory	Moderately Satisfactory	10.80
16	02-Mar-2021	Moderately Satisfactory	Moderately Satisfactory	12.74
17	29-Nov-2021	Moderately Satisfactory	Moderately Satisfactory	14.75

SECTORS AND THEMES

Sectors

Major Sector/Sector	(%)
Social Protection	**3**
Social Protection	3
Industry, Trade and Services	**97**
Agricultural markets, commercialization and agri-business	18
Public Administration - Industry, Trade and Services	41
Other Industry, Trade and Services	38

Themes

Major Theme/ Theme (Level 2)/ Theme (Level 3)	(%)
Private Sector Development	**78**
Business Enabling Environment	57
Regulation and Competition Policy	57
Enterprise Development	21
MSME Development	21
Finance	**22**
Financial Infrastructure and Access	21
MSME Finance	21
Finance for Development	1
Disaster Risk Finance	1
Urban and Rural Development	**3**
Disaster Risk Management	3
Disaster Response and Recovery	1
Disaster Risk Reduction	1
Disaster Preparedness	1

ADM STAFF

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I. PROJECT CONTEXT AND DEVELOPMENT OBJECTIVES

A. CONTEXT AT APPRAISAL

Country Context

1. Haiti was emerging from economic turmoil caused by multiple shocks over previous years, including the 2010 massive earthquake. At appraisal, emergency response and early reconstruction activities related to the 2010 earthquake are phasing out. Despite the challenges posed by successive shocks that had hit the country in previous years, the macroeconomic outlook for FY13-15 was expected to be favorable, due to substantial externally financed investments in reconstruction and the government's strong focus on promoting economic growth and investment. Under the right conditions, Haiti could capitalize on its location near major markets, its preferential trade agreements with the US, Canada and Europe, and its comparative advantages in several sectors, such as agribusiness, apparel, tourism and, potentially, light manufacturing. However, to increase foreign and local private investment and achieve high levels of inclusive and sustained growth and job creation, the country needed to address longstanding structural problems, with special attention to the business environment, the investment framework and the performance of micro, small and medium enterprises (MSMEs).

Sectoral and Institutional Context

2. Although Haiti presented a number of comparative advantages and a significant potential for growth in certain sectors, the country also faced a number of constraints. These included: (i) a chronically poor business environment marked by contradictory and outdated regulations, (ii) an atomized MSME sector, which lacked skills, access to finance, and links to stable value chains; and (iii) poor physical infrastructure, to name some of the most relevant.

3. At the time, the World Economic Forum (WEF) reported that the country was one of the least competitive in the world, ranking 142nd out of 144 economies in the 2012-13 Global Competitiveness Index. Notably, Haiti's availability and affordability of financial services and the ease of access to loans was among the worst. According to the 2012 World Bank Financial Inclusion Index, only 8% of the adult population had received a loan in 2011 and just 22% had an account at a formal financial institution. The regulatory framework was particularly challenging for firms: Haiti was ranked 174th out of 185 countries on the ease of doing business. Finally, within-sector competition was very weak due to the lack of a comprehensive policy to govern these practices.

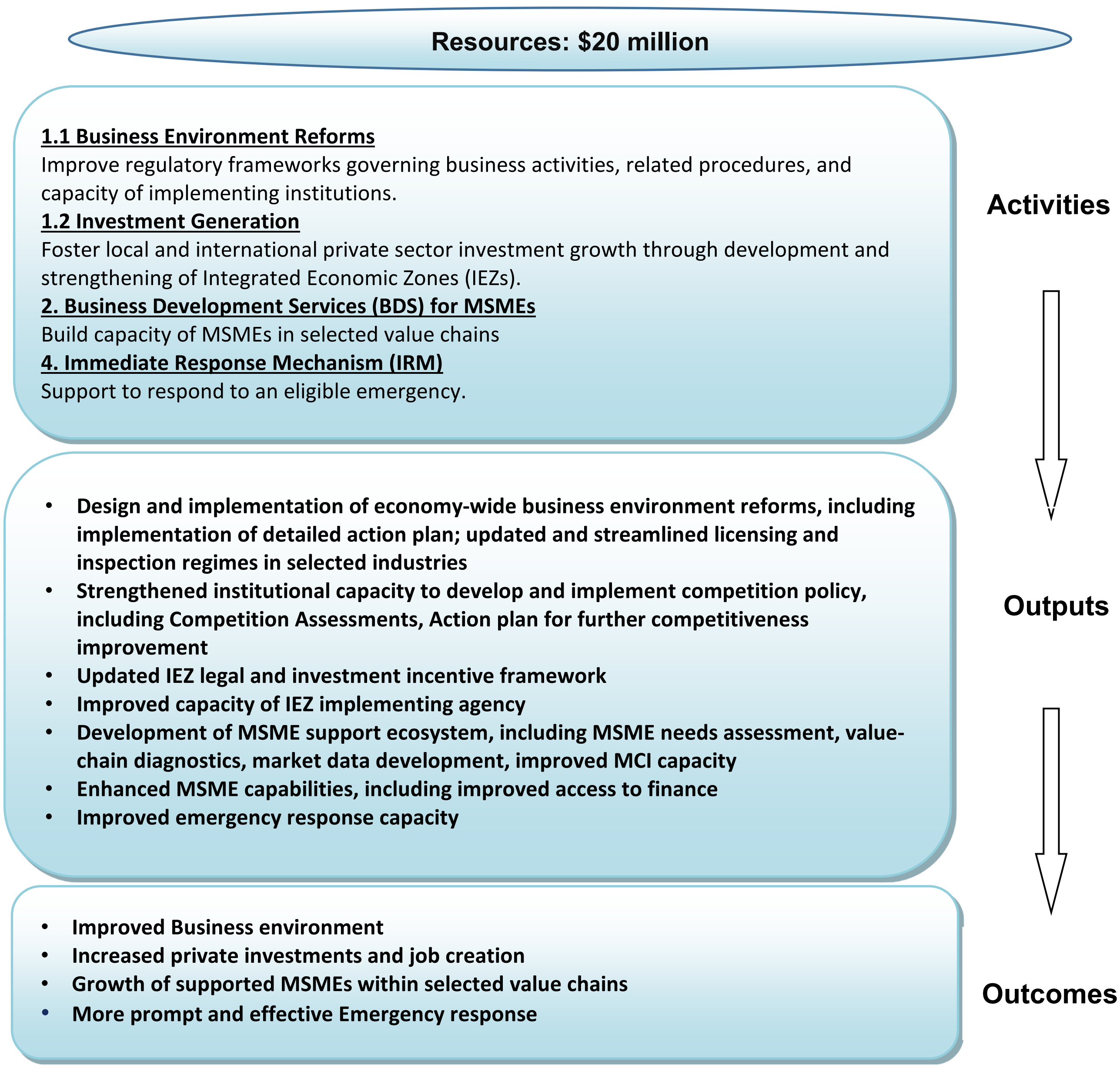
4. In countries like Haiti, where the business environment and uncertainties about land ownership may discourage investors, there was a strong motivation to attract investment to specific zones with clear land tenure, basic infrastructure, as well as policies that are conducive to investment. Integrated Economic Zones (IEZs) therefore presented a viable mechanism to achieve these objectives. As such, the Government of Haiti (GoH) announced its intention to establish at least two new IEZs over the following three years, as a key platform to facilitate private investment and help it achieve its goal of creating 500,000 jobs.

5. Further opportunities for jobs and growth could emerge if MSMEs could be supported to become suppliers of IEZs and other value chains, by improving the quality of their goods and services and achieving economies of scale. However, in order to rise to this challenge, MSMEs in particular would require support to finance smaller fixed assets, for which loans are not available in the market, and to enhance their business skills

Theory of Change (Results Chain)

6. The Project was approved before presentation of a Theory of Change in the Project Appraisal Document (PAD) became mandatory, and consequently, the PAD did not contain a diagrammatic representation. Figure 1 represents the Theory of Change implicit in the project description and results framework in the PAD.

Figure 1. Theory of Change at Appraisal



Project Development Objectives (PDOs)

7. The objective of the Project was to assist the Recipient in: (a) improving the conditions for private sector investment and inclusive growth; and (b) improving its capacity to respond promptly and effectively to an Eligible Emergency. There were no changes to the PDOs during implementation.

Key Expected Outcomes and Outcome Indicators

8. The following outcome indicators were designated to measure the achievement of the PDOs. Figure 2 summarizes the outcome indicators included in the original Results Framework.

(a) Business environment reforms: initially, the improved business environment will be assessed by improvements in four to five measures that assess the quality of the business environment. The number and volume of loans secured with moveable assets will measure the impact of reforms to secured transactions and insolvency frameworks.

(b) Investment generation: The completion of at least one feasibility study for IEZs is a process indicator. Increased private investments and job creation in two to three key sectors (agribusiness, apparel, or tourism), measured by the number and volume of additional investments and jobs (disaggregated by gender) created therein, facilitated by the Project, is an expected outcome.

(c) Business development services: growth of supported MSMEs linked to value chains in key sectors, measured by the number of additional full-time jobs in MSMEs supported by the Project, disaggregated by gender.

Components

9. The Project was originally designed with the four components and estimated costs detailed below. Changes to components and costs are detailed in Section 1.B. See Annex 6 for a detailed project design description.

Component 1: Business Environment and Investment Generation (US$ 10 million equivalent)

1.1 Business Environment Reform:

10. This subcomponent focused on the design and implementation of economy-wide business environment reforms, as an improved business environment is correlated with higher private sector growth. Activities comprised: (a) Support to the design and implementation of economy-wide business reforms; (b) Strengthening institutional capacity of MCI; and Strengthening entities under MCI and coordinating entities responsible for the legal reform and/or improvement of the business environment.

1.2 Investment Generation:

11. This subcomponent focused on fostering local and international private sector investment growth through support to MCI to develop and strengthen IEZs.

Component 2: Business Development Services for MSMEs (US$ 7 million equivalent)

12. This component focused on building capacity of MSMEs in the tourism value chain and to enter the supply chain of IEZs supported by the Project, principally in the agribusiness and apparel sectors. Activities comprised: (a) Technical Assistance to MCI to better promote and support MSME development; (b) Providing BDS to MSMEs, including provision of matching grants to MSME beneficiaries; and (c) Enhancing the capacity of MCI central and regional offices

Component 3: Project Implementation, Evaluation and Monitoring (US$ 2.5 million equivalent)

13. This component focused project management, monitoring, and evaluation of the project through support to MCI and MEF.

Component 4: Immediate Response Mechanism (US$ 0.5 million equivalent)

14. This component focused on the provision of support to respond to an Eligible Emergency through a benefits scheme for eligible beneficiaries. This component was implemented through a mechanism designed by the GoH.

B. SIGNIFICANT CHANGES DURING IMPLEMENTATION

15. The Project underwent a total of five restructurings. Significant changes are outlined below:

16. *Restructuring from Integrated Economic Zones (IEZs) to Value Chain Development (December 2015)*: This level 2 restructuring proposed significant changes to the project design, notably the elimination of the IEZs subcomponent and a focus on value chain development. The shift in project design was requested by the Ministry of Commerce and Industry (MCI) based on recommendations from a 2014 WBG demand study that highlighted weak private sector demand for IEZs and a preference for locating in the capital city area (which explained a slower than expected uptake of the Caracol Industrial Park). The MCI believed that a value chains approach focusing on MSMEs would more likely achieve the PDO than originally planned activities related to IEZ development. Remaining activities in subcomponent 1.2 were cancelled and funds reallocated to Component 2 to fund the following: (i) expanding the support provided by the MCI's enterprise support services teams, from 1 to 10 regional offices; and (ii) aggregating the Matching Grants from individual beneficiary subsidies to common services benefiting a group of Micro, Small and Medium Enterprises (MSMEs), and increasing the total envelope for Matching Grants from US$4 million to US$8 million. This major restructuring reset the clock for project implementation when it was approved on December 24, 2015 and became effective on September 2, 2016.

17. *Restructuring to respond to Hurricane Matthew (December 2017)*: This level 2 restructuring was prepared in response to the MCI's requests to trigger the Project's Immediate Response Mechanism (IRM) by reallocating grant funds to assist victims of Hurricane Matthew, which hit Haiti on October 4, 2016. The hurricane affected MSMEs previously registered by the Project within in the coffee, vetiver, and honey value chains (Departments of Grand'Anse and Southeast, South Department and Nippes Department respectively).

18. *Restructuring due to Aggravation of Social and Political Situation (November 2021)*: The social and political situation in Haiti deteriorated significantly in August 2021, with the assassination of President Moïse and the earthquake of August 14th, 2021. This new country context posed significant challenges to the completion of certain project activities, namely: i) the new Apparel Fast Response Hub contract (US$1.5 million) was cancelled; ii) the contract for four mobile packing units for mangoes and avocados (US$2.3 million) was delayed and ultimately transferred to the

Haiti Private Sector Jobs and Economic Transformation (PSJET) project; iii) the matching grants provided to producers of the coffee, cocoa and avocado value chain (US$2.9 million) could only cover one harvest season. This restructuring cancelled approximately US$6 million ahead of the closing date given limited absorptive capacity in the remaining implementation timeline and the GoH request to reallocate project funds (where possible) to the 2021 post-earthquake recovery efforts.

19. *Extension of Project closing dates*: The Project's original closing date of May 31, 2018 was extended twice. First, during the December 2015 restructuring, the closing date was revised to November 30, 2019. Second, during the November 2019 restructuring, the closing date was further extended to November 30, 2021.

20. *Changes in Results Framework*: The Results Framework was also adjusted on several occasions to reflect the changes introduced by the project restructurings as well as changes in the implementation landscape. In December 2015, indicators were modified to reflect changes in Project Design. In December 2017, indicators were adjusted to capture results more accurately, notably: i) to better measure impact on women, and ii) to capture the results expected from the IRM Component. In November 2019, indicators were changed to reflect the difficulty of approving laws due to increased political uncertainty. Finally, in November 2021, indicators were changed to reflect the impact of country context on implementation and the cancellation of activities. Despite numerous restructurings, the theory of change underlying the project remained the same.

21. The original PDO indicators were revised or deleted in favors those listed below:

(i) Private sector investment in supported value chains
(ii) Increased value added of supported MSMEs in the selected value chains – Disaggregated by income level
(iii) Number of MSMEs that receive cash or in-kind assistance to continue or restart productive activity in their value chain – disaggregated by gender

22. The original intermediate indicators were mostly dropped, and a few were refined to better capture implementation progress. The revised indicators are as follows:

(i) Number of recommended laws, regulations, amendments, codes presented to the Parliament
(ii) Number of MSMEs registered in the electronic moveable registry who are able to secure loans – disaggregated by gender
(iii) Electronic moveable collateral registry (to secure loans) system available for use by MSMEs
(iv) Number of pre-bidding conferences on the value chain tenders
(v) Number of firms providing new services in selected value chains
(vi) Number of MSMEs registered in the MCI project database – disaggregated by gender
(vii) Firms benefiting from private sector initiatives - disaggregated by gender and location
(viii) Number of participants in public consultations – disaggregated by gender
(ix) Number of Haitian public servants that have satisfactorily completed the Value Chain Strategic Analysis Program
(x) Number of completed value chain diagnostics

23. *Project Beneficiaries:* The December 2015 restructuring also changed the project beneficiaries.

Component 1: Public-sector institutions and coordinating entities responsible for business environment reform. Public sector institutions and coordinating entities responsible for IEZ development were no longer included.

Component 2: MSMEs within value chains supported by the project. As selected value chains were within the agricultural sector, the beneficiaries not only included eligible[1] MSMEs working within these value chains, but also individual farmers or producers working within these value chains. MSMEs in the tourism sector and not in the selected value chain as well as those in IEZs value chain were no longer included.

Component 4: Project beneficiaries affected by an eligible emergency. Specifically, beneficiaries of component 2 that were considered eligible by the IRM operating manual.

Table 1. Reallocation of Costs and Disbursements

Project Component	Original Project Design	Revised Project Design	
	Allocation (US$ million)	Allocation (US$ million)	Disbursement (US$ million)
1. Business Environment and Investment Generation	10	1.7	1.7
1.1 Business Environment Reform	2	1.69	1.69
1.2. Investment Generation	8	0.01	0.01
2. Business Development Services for MSMEs	7	9.8	9.23
3. Project Implementation, Evaluation and Monitoring	2.5	2.5	2.5
4. Immediate Response Mechanism*	0.5	0.25	0.14
	20	**14.55**	**13.58****

* This component is typically set to $0, and funds are allocated when an emergency occurs. However, given the recurrent nature of emergencies in Haiti, this component was allocated costs at the outset of the project design.
** Disbursement ratio of over 90%. The undisbursed amount of US$0.6 million was largely due to procurement delays and increased implementation risks. As the country's situation deteriorated, some project activities were curtailed. It should also be noted the there is a discrepancy between the operations portal report and the final restructuring report, which revised the allocation for component 2 down from US$13.8 million to US$9.8 million.

2 OUTCOME

A. RELEVANCE OF PDOs

Assessment of Relevance of PDOs and Rating

24. *Relevance of the PDO is rated as Substantial*. The PDO was consistent with, and fully aligned with, the GoH's goals for private sector development and emergency response. In addition, the PDO built on work initiated by the GoH to

[1] As defined by the project PAD and the safeguard

further these agendas. The PDO was also in line with the WBG Country Partnership Framework (CPF) for FY16 to FY21, in particular with the focus area on inclusive growth. The PDO supported new legislation and policy reforms that directly improved the business environment and helped to strengthen commercial disputes resolution as well as the understanding of competition policy. More specifically, the PDO helped to prove that inclusive growth is possible in Haiti with results exceeding targets for number of beneficiaries and their value addition. With regards to improving emergency response, despite having disaster assessments on losses and damages completed in a record time, the IRM was too bureaucratic and slow to respond during the two emergencies faced during the project.

25. During project implementation, country circumstances changed significantly increasing risks and causing delays. During the project lifespan, Haiti endured a series of shocks that adversely affected the prevailing country context at project appraisal, including further challenging the private sector. These shocks included: i) Hurricane Matthew in October 2016; ii) the deterioration of the social, political and security situation - starting with large and violent demonstrations in 2018, leading to several episodes during 2019 of complete economic paralysis (peyi lòk), and escalating violence and insecurity culminating in the assassination of the President in July 2021; iii) successive health crises linked to the Zika, Chikungunnya and the COVID-19 epidemics, and iv) a magnitude 7.2 earthquake struck the southern coast on August 14, 2021. Bank implementation support was responsive with multiple formal restructurings to ensure that project activities and the results framework remained achievable and relevant to the project objectives. The restructuring also enabled the use of more effective solutions to address emerging challenges, e.g., employing an innovative approach to value chain development. While these efforts helped to ensure results, implementation timelines were shortened by delays due to changes in project activities and accompanying procurement challenges.

B. ACHIEVEMENT OF PDOs (EFFICACY)

Assessment of Achievement of Each Objective/Outcome

26. *The overall Efficacy is rated as Substantial*. The project objectives were mostly achieved and most of the results indicators were met or exceeded. The project assisted with business environment reforms, particularly during the early phases of implementation until the sociopolitical crisis significantly stalled momentum. In addition, the project provided proof of concept that an innovative approach to value chain development can contribute to inclusive growth in Haiti. Lastly, the project helped to provide emergency response following Hurricane Matthew and the August 2021 earthquake. Although the IRM implemented to improve capacity during emergencies was not particularly effective during Hurricane Matthew response, the task team deployed an alternative approach following the August 2021 earthquake that was more efficient in reaching beneficiaries. See the Table on Key Outputs in Annex 1.B for a detailed listing of achievements.

27. *Achievements towards PDO Objective 1: Improving private sector investment conditions (Component 1)*: i) Development of a dozen laws to improve the business climate – some submitted to council of ministers, some approved by Presidential decree only; ii) creation of an electronic online collateral registry to improve access to finance for entrepreneurs - soft launch on October 1st 2021, 30 stakeholders trained, and 91 MSMEs registered; iii) Training and awareness sessions on arbitration provided by Chambre de Conciliation et d'Arbitrage d'Haiti (CCAH); iv) Revision and increased transparency of the investment incentive system by the Centre de Facilitation des Investissements (CFI); v) capacity building workshops on competition policy for relevant policy public institutions

28. *Achievements towards PDO Objective 2: Improving inclusive growth (Component 2*): i) Creation of extensive BDS through the establishment of Enterprise support services or les Services d'Appui aux Entreprises (SAEs) in the 10 regions and training about 30 resource staff assigned to these entities; ii) 20 assessments of promising value chains; iii) 7 business improvement plans focusing on export opportunities; iv) Linkages with logistics services for international marketing and export of fresh as well as semi-perishable products (cocoa, coffee, mangoes, avocados) – including development of critical geo-registration database of more than 1000 farmers; v) Revenues increased for small farmers who had direct access for the first time to key export markets (average value added increase[2]: 335% in mango, 376% in cocoa, 312 in coffee).

29. *Achievements towards PDO Objective 3: Improving capacity to respond promptly and effectively to an eligible emergency (Component 4):* i) Support to project beneficiaries that were affected by Hurricane Matthew; ii) Support to project beneficiaries that were affected by the earthquake of August 14, 2021.

30. *Achievements per PDO Indicators:* 2 out of the 3 Indicators met or exceeded their end targets. The indicator that missed the end-target on private sector investment still showed a lot of progress, with 90% of the end-target achieved. It should be noted that there was a significant increase in the value of these indicators within the last year of the project largely due to extensive implementation delays that were exacerbated by a difficult, fast-changing context (requiring multiple changes in project activities to ensure implementation progress). Due to these delays, the project was only able to successfully cover 1 harvest season. Despite this implementation shortcoming, this investment yielded remarkable results in value addition.

Table 2. Achievement as measured by PDO indicators

Objective	PDO Indicator	Baseline (2013)	Actual (Nov 2021)	End-Target Revised	End-Target Original
Improve the conditions for private sector investment and inclusive growth	Private sector investment in supported value chains (Amount(USD))	0	896,155	1,000,000	5,000,000
	Increased value added of supported MSMEs in the selected value chains (Percentage)	0	348	50	15
	Of which MSMEs in the poorest Departments (poverty rate above 60%)	*0*	*348*	*50*	*15*
Improve capacity to respond promptly and effectively to an Eligible Emergency	Number of MSMEs that receive cash or in-kind assistance to continue or restart productive activity in their value chain	0	1205	1000	260
	Of which, are women (Number)	*0*	*560*	*500*	*40*

31. The end-targets of the PDO indicators were revised in the November 2021 restructuring, which is unusual given the late stage of project implementation. All the targets were revised upwards with the exception of the private sector investment in supported value chains, which was revised downwards (see Table 2). Increases to the end-target reflect positively as they indicate a more ambitious results framework. On the other hand, the end-target reduction reflects a difficult decision that weighs a partial loan cancellation against bank responsiveness ensure that the results framework accurately captured realistic potential achievements. Part of the loan was cancelled given limited absorptive capacity (due to extensive implementation delays) in the remaining project lifespan and the GoH request

[2] Value addition increase calculated as the average price increase of the prices received by exporting using the project vs the prices received by using intermediaries. Number of beneficiaries by value chain: Mango – 68 farmers; Coffee – 16 Cooperatives; Cocoa – 784 farmers.

to reallocate project funds to the 2021 post-earthquake recovery efforts. These delays were caused by an extensively delayed procurement initiated as an alternative solution to a service provider contract breach in mid-2020 given force majeure. Ultimately, this decision was approved by the restructuring process, which was informed by the country office reservations about these late-stage changes.

32. *Achievements per Intermediate Indicators:* 9 of 10 Intermediate Indicators met or exceeded their end targets. The indicator that missed the end-target on Haitian public servants that satisfactorily completed the Value Chain Strategic Analysis Program still showed some good progress, with more than 70% of the end-target achieved despite the socio-political constraints in addition to other changes in the country context. As with the PDO indicators, the value of these indicators significantly increased during the last year of implementation. Due to aforementioned delays, the timeframe to actually implement project activities was shortened but most of these intermediate results were achieved or exceeded.

Table 3. Achievement as measured by Intermediate indicators

Intermediate Indicator	Baseline (2013)	Actual (Nov 2021)	End Target
Component 1 - Business Environment and Investment Generation			
Number of recommended laws, regulations, amendments, codes presented to the Parliament (Number, Custom)	0.00	5.00	3.00
Number of MSMEs registered in the electronic moveable registry who are able to secure loans (Number) (Number, Custom)	0.00	91.00	50.00
Of which, are women (Number) (Number, Custom Breakdown)	*0.00*	*17.00*	*15.00*
Electronic moveable collateral registry (to secure loans) system available for use by MSMEs (Text, Custom)	No system	System completed	System completed
Component 2 - Business Development Services for MSMEs			
Number of pre-bidding conferences on the value chain tenders (Number, Custom)	0.00	15.00	7.00
Number of firms providing new services in selected value chains (Number, Custom)	0.00	12.00	4.00
Number of MSMEs registered in the MCI project database (Number, Custom)	0.00	3,141.00	1,200.00
Of which, are women owned or operated (Number, Custom Supplement)	*0.00*	*610.00*	*360.00*
Firms benefiting from private sector initiatives (Number, Custom)	0.00	1,342.00	700.00
Of which, are women (Number, Custom Breakdown)	*0.00*	*267.00*	*210.00*
Of which, are located in the Southern region affected most by Hurricane Matthew (Number, Custom Breakdown)	*0.00*	*426.00*	*360.00*
Of which, are women (Number, Custom Supplement)	*0.00*	*125.00*	*50.00*
Number of participants in public consultations (Number, Custom)	0.00	1,940.00	1,000.00
Of which, are women (Percentage, Custom Supplement)	*0.00*	*25.00*	*30.00*
Number of Haitian public servants that have satisfactorily completed the Value Chain Strategic Analysis Program (Number, Custom)	0.00	22.00	30.00
Number of completed value chain diagnostics (Number, Custom)	0.00	20.00	20.00

Justification of Overall Efficacy Rating

33. *The overall Efficacy is rated as Substantial.* The project objectives were mostly achieved and most of the results indicators were met or exceeded despite various challenges. The project assisted with various business environment reforms, particularly during the early phases of implementation until the sociopolitical crisis significantly stalled momentum. In addition, the project successfully demonstrated proof of concept that an innovative approach to value chain development can contribute to inclusive growth in Haiti. Lastly, the project helped to provide emergency

response following Hurricane Matthew and the August 2021 earthquake. Although, the mechanism implemented to improve capacity during emergencies was not particularly effective during Hurricane Matthew response, the task team deployed an alternative approach following the August 2021 earthquake that was more efficient in reaching beneficiaries.

C. EFFICIENCY

Assessment of Efficiency and Rating

34. *The overall Efficiency is rated as Modest.* The economic analysis indicates that the project attained benefits achieved benefits that exceeded end-target expectations with a significantly reduced investment. In addition, the project made a number of achievements, including successfully implementing an innovative approach to value chain development. However, there were challenges with implementation that substantially compromised project efficiency, including a series of natural hazard shocks, including a declining socio-political situation, a partial loan cancellation, extensive procurement delays, and issues with the design and implementation of the IRM.

35. *Economic Analysis:* This assessment finds that the project attained benefits (outputs and outcomes) at a low cost. Project achieved benefits that exceeded end-target expectations with a significantly reduced investment amount. At appraisal, the Economic Rate of Return (ERR) was estimated at 23%, with net benefits of US$2.6 million (subtracting US$ 3 million of management costs), and a Net Present Value (NPV) was estimated at US$1.03 million. At project completion, the ERR was estimated at about 27%, with net benefits of US$4.3 million (subtracting US$ 2.5 million of management costs), and a Net Present Value (NPV) was estimated at US$2.8 million.

36. At appraisal, the ERR and NPV were calculated assuming a 2% increase in FDI (over 2011 baseline value) and a 5% return on BDS activities over the five-year lifetime of the Project. The ERR of this project, therefore, considers the costs of the project, the expected return from sub-component 1.2 and component 2, the discount rate applied to both costs and benefits (10%), as well as the additional effects expected to take place in the economy as a result of the initial project funds and the increase of firm activity or investment into IEZs, such as increased demand, additional jobs created, and wages spent in the economy. Given the restructured project design, the ERR and NPV at project completion were calculated assuming a 5% return on BDS activities as investment generation activities were not undertaken. So, the project-end ERR considers the same elements as at appraisal, but only the expected return from component 2 and not sub-component 1.2.

37. *Efficiency in Component 1*: The project made a number of achievements as mentioned in Section 2.B. However, aspects of project implementation reduced efficiency, notably:

(a) *Delayed and/or stalled implementation progress due to deteriorating socio-political situation:* This was largely due to: i) the inability to enact or implement developed reforms (Parliament ceased operations in January 2020); ii) the lack of high-level political support (e.g. high GoH counterpart overturn particularly at senior levels, especially within the main implementing agency - MCI) affected progress on competition assessments of 2 sectors; and iii) the stalled consolidation of business arbitration chamber. Further, these sociopolitical constraints adversely affected the project's ability to support institutional strengthening, which remains weak at present.

(b) *Infrastructure deficiencies*: Weak infrastructure in the country hampered the establishment of the collateral registry, specifically connectivity issues affected effective functionality of the collateral registry and prevented its public launch.

38. *Efficiency in Component 2*: The revised project design allowed for a more nimble and innovative approach, through the provision of technical assistance and working capital instead of subsidies, which yielded large impacts and ensured sustainability despite difficult country context. This approach to value chain development used a combination of solutions to alleviate market and coordination failures that prevented MSMEs (including local producers/farmers) from directly accessing lucrative export markets and increasing their value addition. These solutions included: advanced logistics services, extensive business development services, blockchain technology (where possible), and pooled matching grants. With this approach, the target number of small producers in the poorest regions exporting doubled (1,342 vs 700). The value addition achieved was well above the target of 15% (i.e., 262% in mango, 348% in cocoa). However, the following aspects of project implementation reduced efficiency substantially:

(a) *Partial loan cancellation:* This resulted in the partial implementation or cancellation of project activities in the coffee, cocoa, mangos, avocados, and apparel value chains. All together US$6 million was cancelled shortly before the project closure given: i) limited absorptive capacity due to extensive implementation delays that were exacerbated by changes in the country context; and ii) the GoH request to reallocate project funds (where possible) to the 2021 post-earthquake recovery efforts. It should be noted that these delays were caused by an extensively delayed procurement initiated as an alternative solution to a service provider contract breach in mid-2020 given force majeure.

(b) *Extensive Procurement delays*: Procurement challenges were persistent, both at the client and at the World Bank (WB) side, causing significant implementation delays and resulting in the transfer of the final contract to the new Haiti Private Sector Jobs and Economic Transformation (PSJET) project. These challenges are further elaborated below in the section 3. These delays also affected the ability to fully achieve the end-target of the PDO indicator on Private sector investment in supported value chains. In addition, these delays reduced the implementation timespan, resulting in limited pilot shipments for certain value chains. Despite these delays, outcome results still exceeded the end-targets, but it is clear that timely procurement would have led to even greater results.

39. *Efficiency in Component 4*: The project supported some achievements, however design and implementation aspects adversely affected efficiency, in particular: a) procurement and bureaucratic delays experienced after Hurricane Matthew led to a long delay in the issuance of emergency response benefits, resulting in only 53% of beneficiaries collecting benefits[3]. Efforts to contact beneficiaries that did not collect benefits were then affected by 2021 earthquake; and b) high administrative costs - after 2021 earthquake, IRM costs were too high relative to the amount needed for urgent repairs by affected producers within supported value chains (mostly coffee). So instead of utilizing the IRM, the project disbursed benefits electronically to support damaged common processing facilities of value chain cooperatives using mechanisms established by the project.

[3] The share of beneficiaries receiving emergency response benefits via similar electronic payments/mobile payments solutions is higher (about 70%) in other WB projects within countries of comparable income levels to Haiti. However, this is largely explained by generally higher level of electronic/mobile payments within these countries compared to Haiti. The current Adaptive Social Protection for Increased Resilience Project (P174111) in Haiti registered even less uptake via electronic payments (about 30%), however cash payments were much higher at about 85%.

40. See Annex 4 for a more detailed Efficiency Analysis.

D. JUSTIFICATION OF OVERALL OUTCOME RATING

41. *The overall outcome is rated Moderately Satisfactory*. Despite significant challenges posed by the country context, the project registered a number of achievements and outcomes. Notably, the project demonstrated that inclusive growth is possible in Haiti with results exceeding targets in terms of beneficiaries and their ability to add value. In addition, the project contributed significantly to the strengthening of certain value chains that offer valuable opportunities for the country in terms of investment and export in regional and international markets. Over 3,000 MSMEs (and/or producers) were beneficiaries to project activities that were implemented while a number of legal and regulatory reforms were achieved before escalating sociopolitical tensions stalled progress. However, a partial loan cancellation reduced the number of activities implemented and the total amount invested in the private sector. In addition, multiple implementation and procurement delays shortened implementation timeframe, dampening outcome results. Lastly, although the project supported beneficiaries affected by Hurricane Matthew and the 2021 earthquake, the IRM design was not effective in improving the capacity and pace of responding to an emergency.

Table 4. Overall Outcome Ratings

Relevance of Objectives	Efficacy	Efficiency	Overall Outcome
Substantial	Substantial	Modest	Moderately Satisfactory

42. The above rating accounts for both, the original and the revised outcome targets that were scaled up during various restructurings, and the individual ratings for Relevance, Efficacy, and Efficiency (see Table 4).

43. *A split rating was not considered applicable.* Although the December 2015 restructuring of the project narrowed the scope of component 1, the scope of component 2 was expanded. As such, the overall scope and ambition of the project remained the same. This is in part evidenced by no changes to the PDO objective. Moreover, changes to the PDO indicators and their end-targets (often-times increases) ensured more accurate monitoring of implementation progress and achievement of the PDO without changing the objectives of the project. Additionally, the partial loan cancellation in the November 2021 restructuring did not change the scope or the project objectives. This cancellation was also initiated at the behest of the GoH to provide funds for an emergency post-earthquake recovery efforts in 2021. All other changes introduced did not compromise with the level of ambition or the quality of outcome achieved.

E. OTHER OUTCOMES AND IMPACTS

Gender

44. The project targeted women through activities in components 1, 2, and 4. The project enabled women-owned-or-operated MSMEs to gain direct access to export market for the first time, increasing their earnings and growth prospects. In addition, the project supported women-owned firms to gain access to the collateral registry, and to have better access to emergency benefits. As shown by the project results, through component 1, 17 women-owned firms were registered in the electronic moveable collateral registry (exceeding the end-target of 15). Through component 2 activities: i) 610 women-owned-or-operated firms were registered in the MCI project database (exceeding the end-target of 360); ii) 267 women-owned firms benefitted from private sector initiatives (exceeding the end-target of 210), including 125 women-owned firms that were located in the region most affected by

Hurricane Matthew (exceeding the end-target of 50); iii) 25 women-firms participated in public consultations (lower than the end-target of 30). Through component 4, 560 women-owned firms received cash or in-kind assistance to continue or restart productive activity in their value chain (exceeding the end-target of 500).

Institutional Strengthening

45. Components 1 and 2 provided institution strengthening support through provision of goods, technical assistance, training, and operating costs to MCI, MEF, and other relevant public sector entities. Unfortunately, gains made by these public sector institutions were limited and/or reversed by the deterioration of the socio-political situation. In addition, a MSME support ecosystem was developed (the 10 SAEs) with private sector actors (logistics services providers) which proved resilient during the socio-political disruptions and the series of natural disasters.

Mobilizing Private Sector Financing

46. The MSME financing provided by the project through matching grants to groups of MSMEs in value chains, as opposed to individual MSMEs. A results based matching grants approach proved successful and sustainable as producers that successfully exported their goods can use these receipts as collateral for supply chain financing, which can be provided by local financial institutions. One local financial institution is keen to continue providing this support after the project closed.

Poverty Reduction and Shared Prosperity

47. Given the challenging country context, marked by a deteriorating socio-political situation as well as economic, environmental and health crises, the project struggled to foster a climate conducive to local and foreign investment needed to stimulate the economy, generating jobs, and ultimately reducing poverty levels. However, as mentioned earlier, the project showed that inclusive growth was possible in Haiti, which is another key component to poverty reduction and shared prosperity. In particular, the project provided direct export market access which significantly increased small farmers' value addition, earnings, and prospects.

Other Unintended Outcomes and Impacts

48. This was one of the first projects in the WB and in Haiti to implement an operative blockchain solution combined with advanced logistics services as well as matching grants for supply chain financing. The blockchain technology and logistics services enabled: i) full traceability from the producer at tree-level to the consumer; ii) transparency of cost along the value chain; and iii) direct payments and financing from final buyer to producer. As a result, the project allowed producers (farmers and/or MSMEs) to gain direct access to export markets, which significantly increased their earnings and value-addition. In addition, innovative data-rich monitoring and evaluation tools were developed by the project, another first in the WB and in Haiti.

49. Furthermore, the creation of a geo-registration database of more than 1000 farmers, as part of the blockchain solution, helped to provide critically lacking market data needed to develop better market linkages and to strengthen selected value chains. These developments offer valuable investment and export opportunities within in regional and international markets.

3 KEY FACTORS THAT AFFECTED IMPLEMENTATION AND OUTCOME

A. KEY FACTORS DURING PREPARATION

50. Key factors and events influencing the Project's achievements during preparation included:

<u>*Positive factors*</u>

(i) *Favorable macroeconomic outlook for 2013 to 2015*, given substantial externally financed reconstruction plans and an alignment with government priorities focusing on economic growth and increasing formal employment

(ii) *A supportive reform agenda was underway*, notably the establishment of the Presidential Commission for the Reform of Commercial Laws in September 2012, developing a high-level public-private taskforce to improve the business environment, new regulations on Free Zones, and initiatives to support MSME development

(iii) *Clear opportunities for inclusive growth*: Critical strengths and opportunities include: the proximity to major markets, preferential trade agreements with the US, Canada and Europe, comparative advantages in economic sectors selected by the project

(iv) *Previous WBG diagnostic work and technical assistance,* e.g., Advisory work in Investment Generation (International Financial Corporation (IFC)/Investment Climate Department (CIC) Haiti Investment Generation project) and support to Business Environment reforms, including on financial inclusion and secured transactions (WB Doing Business memorandum and Action Plan)

<u>*Negative Factors*</u>

(i) *Difficult country context:* As a country classified as affected by fragile, conflict, and violence (FCV) challenges, Haiti is under constant threat and suffers from high incidence of political instability, civil unrest, natural disasters

(ii) *Weak institutional capacity:* Haiti has struggled with institutional fragility and weakness for many years, given a persistent legacy of political and economic elite capture which is compounded by the absence of institutional mechanisms, policy fundamentals and adequate technical capacity essential to inclusive development. Weak capacity within the implementing anchor agency (MCI) was considered a high implementation risk due to a number of factors, including the lack of fiduciary capacity, low monitoring and evaluation (M&E) technical capacity, amongst others.

(iii) *High counterpart turnover within relevant GoH institutions,* mostly at high levels, caused delays in project preparation as these changes also shifted GoH development priorities and goals, impacted institutional capacity, and held up the process of obtaining agreements needed to finalize project objectives and design. Key changes in high-level counterparts during project preparations include: 2 Presidents, 3 Prime Ministers, 3 Ministers of Finance, and 2 Ministers of Commerce and Industry, amongst others.

(iv) *Weak supportive structural fundamentals:* Haiti has made limited development and structural transformation gains over the years due to frequent economic contractions explained by political instability, institutional fragility, and an extreme vulnerability to natural hazard shocks. As a result, structural fundamentals needed to support private sector development are largely lacking in Haiti, including: (a) extremely low competitiveness levels; (b) chronically poor business environment, especially contradictory and outdated regulations, which discourage both local and foreign investors; (c) small and informal MSME sector, lacking skills, access to finance, and access to stable markets; and (d) poor physical infrastructure.

B. KEY FACTORS DURING IMPLEMENTATION

51. Key factors and events influencing the Project's achievements during implementation included:

Positive factors

(i) *Use and pioneering of innovative solutions:* As part of the change in project design in the December 2015 restructuring, the project adopted an approach (that was previously inaccessible during project preparation) to address numerous challenges, e.g., a blockchain solution that introduced a data-oriented approach and providing direct market linkages to MSMEs, results based matching grants for supply chain financing instead of matching grants to individual firms/producers.

(ii) *Diligent implementation supervision support and reporting:* The following factors played a critical role in ensuring close supervision of the project: i) low task team leader (TTL) turnover, including having a TTL stationed in-country during the early years of project implementation (resources for this in-field position provided by supplemental WBG technical support detailed below); ii) appropriate adaption of implementation to better accommodate changing conditions and emerging challenges through numerous restructurings; iii) WB task team support to M&E functions given the lack of capacity within the Project Implementation Unit (PIU) housed at MCI; and iv) candid and good quality reporting of implementation challenges in project implementation support documentation.

(iii) *Supplemental WBG Technical support and analytics:* Follow up diagnostics and supplemental WBG technical assistance commissioned to support the project provided the technical basis for changes in project activities, the technical capacity to fill gaps in the client's implementation capacity, and additional financial resources. Notable analytics and technical support projects were:

a. the WBG 2014 demand survey on IEZs, which provided supporting evidence for the December 2015 restructuring

b. the WB technical assistance project to Strengthening Competitiveness Implementation Capacities (P147205), which provided technical support for the reorientation of the project design in the December 2015 restructuring and for the strengthening of competitiveness implementation capabilities needed to carry out the project's activities. In addition, this project provided resources needed to ensure more flexibility in the task team responses to the changes in country circumstances.

c. the WB Competition Policy and Indicator-Based Reform Advisory (IBRA) Technical Assistance project (P131158) for the Latin America and Caribbean region (LAC), which funded technical experts to review drafts of government legislation drafts.

Negative Factors

(i) *Fast-changing country context as well as deteriorating socio-political and security conditions:* A series of aforementioned shocks, separately and combined, adversely impacted and aggravated an already fragile country context. This situation both caused and exacerbated multiple implementation delays given: i) ensuing disruptions of public and private sector coordination and engagement; ii) weakened government commitment and leadership to maintain project implementation momentum as priorities shifted to focus on urgent emergency needs; and iii) increased complexity in the process of selecting appropriate solutions or risk mitigation strategies in a timely manner to address routinely emerging and changing implementation challenges.

(ii) High counterpart turnover, mentioned earlier especially within high levels of the GoH, increased administrative barriers while limiting the absorptive capacity of development partner technical support and capacity building.

(iii) *Weak technical capacity, particularly in procurement:* While commendable, the innovative and pioneering solutions deployed by this project were not familiar to the WB and to Haiti, which aggravated complex technical aspects related to contracts for supply value chain services and contributed to delays in WB support on procurement procedures. In addition, the main implementing agency (MCI) lacked fiduciary capacity. Therefore, fiduciary responsibility was given to the Project Coordination Unit (l'Unité de Coordination de Projet, UCP) at the MEF, outside the preview of MCI where the PIU was housed. The project provided technical assistance to develop the necessary capacity within MCI, but multiple challenges affected the success of these capacity building efforts. The separation of the fiduciary functions, especially procurement, from the PIU caused coordination and collaboration challenges that exacerbated procurement delays. See Annex 4 for more details.

(iv) *Administrative delays:* Procurement on the GoH side was affected by the contract approval process at MEF required high level clearance, which created a backlog in all contract approvals. This issue was further exacerbated by high counterpart turnover. Also, as mentioned above, the separation of the PIU from the fiduciary functions (particularly procurement) contributed to these delays. See Annex 4 for more details.

(v) *Lack of key pre-requisite conditions to support IEZ development:* In addition to weak private sector demand of IEZs detailed earlier, the IEZ investment policy in place was inadequate, including a non-transparent system of incentives and subsidies used to attract new investments.

(vi) Extreme vulnerability to natural disasters: Recurrent shocks that hit Haiti during project implementation abruptly shifted national priorities and commitments while disrupting and/or reversing gains achieved by project beneficiaries (e.g., damages to MSME and cooperative production facilities).

(vii) Global trends: The COVID-19 pandemic adversely impacted the private sector through four channels: (a) falling demand, (b) disrupted input supply, (c) tightening of credit conditions, and (d) rising uncertainty[4]. These conditions led to an economic contraction and massive layoffs, which posed a threat to an already fragile socio-political and security situation. Movement restrictions delayed project activities and affected implementation supervision.

[4] See the WB Haiti Country Private Sector Diagnostic (CPSD) June 2021. Tighter credit conditions in Haiti were challenging during 2020 and 2021 given the increase in the non-performing loans ratio from 2.55% at end-2018 to 5.61% at end-2021, double-digit inflation for more than 5 years, and less than 5% growth in total net loans extended by the banking sector.

4 BANK PERFORMANCE, COMPLIANCE ISSUES, AND RISK TO DEVELOPMENT OUTCOME

A. QUALITY OF MONITORING AND EVALUATION (M&E)

M&E Design

52. The results framework of the project was prepared per WB guidelines. As stated above, the Project's theory of change is clear, and adequate indicators were identified after considering various aspects, including technical, financial, economic, institutional, and procurement. This approach ensured flexibility needed to evolve M&E framework as changes were made to the project design approach and activities. PDO and intermediate indicators were revised via various restructurings, resulting in a more simplified but effective framework. See Section I. B above for more details on changes to the results framework.

53. MCI was responsible for the overall M&E system with substantial support from IDA. The Project implementation arrangements, including M&E arrangements were agreed by MCI and other relevant entities implementing project activities. Following the December 2015 restructuring, a sophisticated and innovative range of M&E tools and system was developed, including using the following tools: Open Data Kit (ODK) for data collection; Google Streak (a Customer Relations Management (CRM) software); and ONA.io (a data aggregator and visualizer). Various data was collected by these tools all MSMEs within the value chains supported, then the data was integrated into a comprehensive database (DOBO database). Although the project provided resources to build M&E capacity at MCI, they were not sufficient to support the necessary complex M&E system needed by the blockchain technology solution, Instead, supplemental WB technical assistance primarily designed this revised M&E system and supported the strengthening of MCI M&E capacity while enhancing the availability of credible market data on cluster performance in Haiti.

M&E Implementation

54. The results framework was primarily collected and prepared by the WB task team given limited and weak capacity at MCI despite project support to build these capabilities. M&E Data for component 2 was collected by the SAE staff and then entered into the comprehensive database. This M&E implementation was supplemented by discussions during implementation supervision missions (ISMs) related to institutional capacity building, technical reviews and site visits, which all provided an effective means of monitoring progress. A M&E specialist was hired in 2016 and was active during the start of the revised M&E framework design. However, this position was left vacant in the subsequent years of project implementation.

55. Overall, the Project was subjected to regular ISMs that monitored progress and provided extensive support The progress and guidance were recorded in 17 Implementation Status Reports (ISRs) and Aide Memoires (AMs). The WB task team regularly collected data, updated implementation progress, and highlighted issues for the Bank management's attention in a timely manner. A Mid-Term Review (MTR) provided a detailed implementation progress report and was conducted on May 14, 2018. WB task team widely consulted counterparts and reached out to relevant experts within the WB to provide required support.

M&E Utilization

56. Appropriate data and information were collected on indicators and implementation progress throughout the life of the Project, and they were evaluated and used to positively influence and steer project implementation amidst a highly uncertain and changing environment. All Project restructurings were initiated based on the evolution of the results framework's indicators and other ISR/MTR recommendations, as well as based on country demand

Justification of Overall Rating of Quality of M&E

57. *The overall quality of M&E is considered Substantial*. The M&E design was flexible because of which the Project team was able to adjust the results indictors and target values. The M&E reports were prepared timely to keep track of Project status at any given time. The moderately satisfactory rating for M&E in the ISRs did not reflect the WB M&E processes but rather the contribution by the implementing agency and the delays in delivering timely data, particularly in the early years of implementation.

B. ENVIRONMENTAL, SOCIAL, AND FIDUCIARY COMPLIANCE

58. *The original Project was rated Category B for environmental and social safeguards.* The physical implementation of IEZs was not financed, and the activities supported by matching grants were not expected to have significant environmental impacts. The revised Project (after the main restructuring in 2015) maintained the same rating, although social and environmental safeguards were substantially reduced with the December 2015 restructuring and the elimination of IEZs feasibility studies. The Environmental and Social Management Framework (ESMF) was subsequently updated accordingly. As of its closing date, the Project completed all planned mitigation activities and complied with applicable/triggered safeguards policies.

59. *Financial Management (FM) performance is rated as Moderately Satisfactory.* Moderate shortcomings were observed during the implementation period, mainly: i) the accounting system in use does not allow for automatically producing Project IFR, which are manually prepared from financial information exported from the system to Excel files; ii) UCP internal control unit was not functional; and iii) delays in the conduction and preparation of audits. There was only one downgrade of FM performance to Moderately Unsatisfactory caused by an overdue audit for FY15. However, once the audit was submitted, the rating was upgraded during the subsequent implementation supervision mission.

60. *Procurement performance is rated as Moderately Unsatisfactory,* given the number of errors and delays experienced and how they impacted implementation. Procurement challenges were persistent during the life of the Project, both at the client's and the WBG's side, causing significant implementation delays and resulting in the final contract for four mobile packing units for mangoes and avocados (US$2.3 million) being transferred to the new PSJET project (see Section 3. B. for details affecting procurement implementation).

C. BANK PERFORMANCE

Quality at Entry

61. *The overall quality of Bank performance in ensuring quality at entry is considered Moderately Unsatisfactory.* The project worked to balance the realities of Haiti's context during preparation with pursuing medium-term development objectives. During appraisal, the task team considered the project design and major aspects including technical, institutional, fiduciary, and safeguards were adequately prepared to achieve the PDO. Task team also accounted for risk factors and incorporated lessons learned from earlier projects, particularly in FCV countries. An experienced and committed task team based in Washington D.C. was constituted to provide technical support to the Project right from the onset.

62. Quality at Entry was adversely affected by a perfect storm of changing circumstances in Haiti and the WB, which led to a costly and lengthy preparation period as well as the need to significantly restructure the project shortly after project effectiveness (Restructuring in December 2015). As mentioned earlier, a difficult country context in Haiti shifted country priorities and commitments, requiring multiple revisions of project designs while high counterpart turnover held up the process of obtaining agreements needed to finalize project objectives and design. Meanwhile, internal restructuring at the WB changed business priorities and project approaches, which in turn affected the project design, preparation, and costs. For instance, the original project concept was narrowed with the removal of a large tourism support component (which was transferred into another project led by the WB Urban team). It should be noted that project preparation costs include the costs incurred to prepare the broader project concept, e.g., a large technical task team that changed its composition many times given changing circumstances. The project restructuring finalized in December 2015 was lengthy as diagnostics needed to be developed to provide technical underpinnings for the new project design. As a result, implementation of component 2 was significantly delayed.

Quality of Supervision

63. *The overall quality of Supervision was Satisfactory.* The task team was led by experienced and seasoned professionals in private sector development and value chain competitiveness. The team composition included a good mix of skills that provided thorough supervision of technical and financial management issues. The task team proactively leveraged supplemental WBG technical support and analytics to: i) support the major project redesign finalized in the December 2015 restructuring; ii) bolster technical capacity that was weak and/or lacking within the PIU as well as the main implementing agencies; and iii) mobilize additional financial resources to ensure implementation progress. In addition, the task team went above and beyond to find solutions to many implementation problems, i.e., organizing roadshows for service providers in various international markets to address extremely low investor interest in Haiti and ensure sufficient bids in tenders issued by the project. Moreover, the team initiated various restructurings to make changes in the project that helped to keep implementation on track to meet the development objectives. Regular supervision missions and close contact with the PIU ensured timely awareness of implementation progress and challenges. Using financial resources from supplemental WBG projects, a TTL was based in the field during the early years of implementation, which improved understanding of the fast-changing country context and guided the restructuring process in December 2015. Frequent communication between the TTLs and the Project coordinator helped to maintain close implementation monitoring after the TTL in the field left. While this approach ensured that thorough supervision of the project continued, timely awareness of issues was affected. The ISRs and AMs were candid and detailed, highlighting critical emerging issues and proposed responses.

64. Quality of Supervision was mostly impacted by procurement issues,. As detailed in Section 3. B., project procurement was problematic, exacerbating weak capacity of client. The following issues affected the quality of procurement supervision: i) high turnover in procurement specialists; ii) poor transitionary arrangements; iii) complicated technical aspects of various calls for tenders of innovative and unfamiliar services needed for supply value chains; and iv) delays in providing support on procurement procedures, in part due to limited experience with this type of procurement process.

65. Implementation support was also affected by limited in-country presence (particularly in the later years of the project), the lack of clarity in ISR project ratings, and late ISR submissions. There was a lack of critical in-person engagement during the global pandemic as routine in-person ISMs were replaced with virtual ISMs. Further, there were no WB task team members based in-country during these years. It should be noted that limited in-country presence was largely caused by issues beyond the task team's control, such as project supervision resources and mobility restrictions imposed during the COVID-19 pandemic. Close monitoring protocols already in place, given the lack of WB task team staff in the field, helped to mitigate some of these issues. Despite candid and detailed ISRs, project performance ratings in the ISRs did not always reflect the substantive qualitative assessments provided in these reports. These ratings could have been better calibrated to reflect the country office observations and reservations while balancing task team positive reinforcement. This was a challenge noted by the task team as the fast-changing country context made it difficult to fully ascertain the magnitude of emerging challenges and the effectiveness of deployed solutions. Lastly, the last few ISRs were submitted and cleared in 8 month intervals, which is much slower than the expected 6 months intervals. Delays in these submissions were in part attributed to challenges of working in a FCV environment where data collection can take longer than expected.

Justification of Overall Rating of Bank Performance

66. Considering both ratings of the Quality at Entry (Moderately Unsatisfactory) and the Quality at Supervision (Satisfactory), *the overall Bank performance rating is considered Moderately Satisfactory.*

D. RISK TO DEVELOPMENT OUTCOME

67. *The likely impact of threats posed to the achieved outcomes include:*

(i) *Technical:* The project relied on technical capacity provided by the WB tack team and supplementary WB technical assistance support. Some good technical capacity on value chain and MSME support was developed within MCI regional and central offices as well as within the private sector partnerships. Without WB technical support, low technical skills continue to hinder implementing capacity while retaining some of the technical capacity developed by this project remains challenging given a difficult country context and high counterpart turnover.

(ii) *Financial:* The financial resource envelope to support the project development objective continues to depend heavily on support from development partners. Lack of financial resources, equipment and infrastructure at MCI remains a hindrance to accomplishing their work. In addition, providing resources in a resource-constrained environment is increasingly challenging. Fiscal constraints and weak management and governance in the public sector makes the management of project assets difficult. Following the closure of this project, the PSJET project is supporting much of this development agenda, which should help to continue realizing some of the outputs and impacts of this project.

(iii) Social/Political and Economic: A protracted socio-political crisis, the global pandemic, and a series of natural disasters have caused a 3-year economic contraction and a precarious socioeconomic and security conditions, which continue to challenge the pursuit of medium-term development objectives.

(iv) Government commitment: Sustained high-level commitment remains problematic given socio-political instability and pressing post-disaster recovery issues. Recurrent shocks over recent years have weakened economic and institutional frameworks and adversely affected administrative capacity.

(v) *Sustainability:* The project illustrated that inclusive growth gains are possible in Haiti, encouraging further support to sustain these activities. Consequently, PSJET project is executing the last contract of the project and continues to support value chain competitiveness using the same innovative approach initiated by the project. Consultations with a number of these producers indicated that many of the producers supported by the project continue to export their products using the market linkages created with logistics service providers. Meanwhile, a local financial institution (Fonkoze) has secured a contract to continue managing and providing supply chain financing. Lastly, IFC has initiated deep dive assessment on the supported value chains to evaluate the potential for further investment.

(vi) Unforeseen events: Haiti continues to have high exposure to a wide range of risks, primarily on the downside, including: i) extreme vulnerability to natural disasters; ii) fragile socio-political stability; iii) vulnerability to global trends – rising fuel prices; iv) lower than expected remittances and/or external financing.

5 LESSONS AND RECOMMENDATIONS

68. The Project offers several important lessons that are broader and generally applicable for the region. These are summarized below:

(i) *Project teams should proactively restructure projects to ensure effective approaches to maintaining implementation progress in a difficult and fast-changing country context.* Multiple project restructurings were used in this project to respond to emerging issues and challenges, however restructuring procedures caused delays. It is through one of this project's multiple restructurings that an innovative approach to value chain development was introduced and implemented, which helped to drive this project's success. It should be noted however that procurement procedures and systems, both at the bank and the client, were not sufficiently adaptive to technically complex contract processes which caused significant delays. Changes within the bank's and the client's procedures are needed to address these challenges.

(ii) *This project was a proof of concept that the innovative value chain development approach could be successful in a challenging context like Haiti.* The project was the first in WB to use this innovative approach that combined a number of solutions to alleviate market and coordination failures that prevented MSMEs from directly accessing lucrative export markets and increasing their value addition. These solutions included: advanced logistics services, extensive business development services, blockchain technology (where feasible), and pooled matching grants for supply chain financing. It should be noted that when blockchain data technology could not be used, data was stilled collected using technology that readily available and usable in Haiti. As such, this approach could be replicated and adapted to other country contexts. This approach has since been which have seen been incorporated into other WBG projects providing industry level support and value chain competitiveness, e.g., Peru, Jordan, Tunisia, Croatia, Cote d'Ivoire, Egypt, Belarus, Dominican Republic. Meanwhile, the current PSJET project intends to scale up these activities within Haiti. In addition, the sophisticated M&E tools developed by this project to support the implementation of this solution represented an innovation that have been shared with other WBG projects with similar needs.

(iii) *Implementing similar projects in FCV countries requires in-country task team presence to ensure timely management of emerging challenges and implementation delays.* This is particularly needed for countries with weak technical and institutional capacity, high counterpart turnover, and a rapidly evolving context. This project benefitted substantially from having a TTL based in the field during the early years of implementation. With this TTL, there was a much better understanding of the fast-changing country context, which informed and shaped the project design restructuring of December 2015. Further, this presence helped to mitigate emerging challenges with high counterpart turnover.

(iv) *Changes to emergency support delivery yielded positive gains in results outcomes, highlighting the importance of using project activities mechanisms already in place.* Given difficulties with the IRM in delivering benefits after Hurricane Matthew, the project relied on built with cooperatives to implement project activities to delivery benefits following the 2021 earthquake. This change drove the results recorded by the PDO indicators. In addition, the detailed data M&E tools developed by the project facilitated the rapid preparation of the Damages and Losses Assessment (DALA) - within 2 weeks of the 2021 earthquake.

(v) *Capturing data on special interest population segments, for instance Gender, need to be enforced at the project design or at the start of project implementation.* In an attempt to give more autonomy to the MCI, the WB task team paid limited attention to recruiting criteria for SAEs, i.e., the academic fields advertised only included agronomy, industrial engineering, and economics (which are traditionally male dominant fields in Haiti). As a result, out of 30 SAE agents, only 2 were female. Furthermore, project beneficiaries in the early years of project implementation were predominantly male (only 18.5% females among the first 10 value chains). To address this issue, a gender specialist worked with the Project Coordinator, the SAE agents, and the task team to identify opportunities for identifying more women. As a result, the representation of women in the project database has increased to 22.7%.

ANNEX 1. RESULTS FRAMEWORK AND KEY OUTPUTS

A. RESULTS INDICATORS

A.1 PDO Indicators

Objective/Outcome: Improve the conditions for private sector investment and inclusive growth

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Private sector investment in supported value chains	Amount(USD)	0.00 29-Nov-2013	5,000,000.00 01-Nov-2019	1,000,000.00 30-Nov-2021	896,155.00 19-Nov-2021
Comments (achievements against targets):					

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Increased value added of supported MSMEs in the selected value chains	Percentage	0.00 31-May-2016	15.00 29-Nov-2019	50.00 30-Nov-2021	348.00 18-Nov-2021
Increased value added of supported MSMEs in the poorest Departments (poverty rate above 60%)	Percentage	0.00 08-May-2017	15.00 29-Nov-2019	50.00 30-Nov-2021	348.00 18-Nov-2021

Comments (achievements against targets):

Objective/Outcome: Improve capacity to respond promptly and effectively to an Eligible Emergency

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of MSMEs that receive cash or in-kind assistance to continue or restart productive activity in their value chain (Number)	Number	0.00 04-Oct-2016	260.00 01-Aug-2018	1,000.00 30-Nov-2021	1,205.00 18-Nov-2021
Of which, are women (Number)	Number	0.00 04-Oct-2016	40.00 01-Aug-2018	500.00 30-Nov-2021	517.00 19-Nov-2021

Comments (achievements against targets):

A.2 Intermediate Results Indicators

Component: Component 1 - Business Environment and Investment Generation

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of recommended	Number	0.00	3.00		5.00

laws, regulations, amendments, codes presented to the Parliament		02-Dec-2013	30-Nov-2021		19-Nov-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of MSMEs registered in the electronic moveable registry who are able to secure loans (Number)	Number	0.00 29-Nov-2013	50.00 30-Nov-2021		91.00 15-Nov-2021
Of which, are women (Number)	Number	0.00 29-Nov-2013	15.00 30-Nov-2021		17.00 15-Nov-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Electronic moveable collateral registry (to secure loans) system available for use by MSMEs	Text	No system 29-Nov-2013	System Completed 30-Nov-2021		System completed 01-Oct-2021

Comments (achievements against targets):

Component: Component 2 - Business Development Services for MSMEs

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of pre-bidding conferences on the value chain tenders	Number	0.00 02-Jan-2017	7.00 30-Nov-2021		15.00 26-Nov-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of firms providing new services in selected value chains	Number	0.00 01-Sep-2017	4.00 30-Nov-2021		12.00 26-Nov-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion

Number of MSMEs registered in the MCI project database	Number	0.00 30-Jun-2014	1,200.00 30-Nov-2021		3,141.00 15-Nov-2021
Of which, are women owned or operated	Number	0.00	360.00		610.00

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Firms benefiting from private sector initiatives	Number	0.00 09-May-2017	700.00 30-Nov-2021		1,342.00 19-Nov-2021
Of which, are women	Number	0.00 09-May-2017	210.00 30-Nov-2021		267.00 19-Nov-2021
Of which, are located in the Southern region affected most by Hurricane Matthew	Number	0.00 04-Oct-2016	360.00 30-Nov-2021		426.00 19-Nov-2021
Of which, are women	Number	0.00	50.00		125.00

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of participants in public consultations	Number	0.00 01-Jan-2015	1,000.00 30-Nov-2021		1,940.00 26-Nov-2021
Of which, are women	Percentage	0.00	30.00		25.00

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised Target	Actual Achieved at Completion
Number of Haitian public servants that have satisfactorily completed the Value Chain Strategic Analysis Program	Number	0.00 01-Aug-2014	30.00 30-Nov-2021		22.00 26-Nov-2021

Comments (achievements against targets):

Indicator Name	Unit of Measure	Baseline	Original Target	Formally Revised	Actual Achieved at

				Target	Completion
Number of completed value chain diagnostics	Number	0.00 30-Jun-2014	20.00 30-Nov-2021		20.00 26-Nov-2021
Comments (achievements against targets):					

B. KEY OUTPUTS BY COMPONENT

Component	Key Output
1. **Business Environment and Investment Generation**	1. Drafts of dozen laws and regulations to improve the business climate, including the Companies Act, the Leasing Law, the Matrimonial Regime Law (addressing gender imbalances in private enterprise), Implementation of the articles of the law on electronic signature, the Secure transactions Law, Self-employed (trader status), the Insolvency Law, and contributions to the Haiti Finance Law of 2020. 2. 5 laws were presented for formal enactment, with 2 presented to the parliament and 3 approved via Presidential decree 3. Creation of an electronic online collateral registry – soft launch on October 1, 2021 4. Training for 30 stakeholders and 91 MSMEs on the electronic collateral registry 5. Technical workshops to train and provide awareness on arbitration provided by CCAH 6. Review and amendment of the legal and regulatory framework of the investment incentive system 7. Implementation of investment incentive system reforms, including the publication of public sector notices on the incentives granted (to increase transparency), the development of templates for incentive agreements, by sector (to improve consistency), and the modification of the Commission's internal regulations which grant incentives. 8. Capacity building workshops on the reform of the investment incentives regime provided to CFI, MEF, and other relevant stakeholders 9. 2 Technical workshops provided to build capacity on competition policy and assessment 10. Technical support provided to MEF unit responsible for competition policy for the preparation of market competition assessments in 2 sectors (telecommunications and bottled water). Technical support provided the methodology to select the 2 sectors of focus. 11. 2014 IEZ market demand survey
2. **Business Development Services (BDS) for MSMEs**	1. Establishment of 10 SAEs in the ten geographical departments of the country, each with a staff of 7 resource people (1 industrial engineer, 1 agronomist, 1 economist, 1 driver, 1 lawyer, 1 accountant, 1 administrative assistant) and equipped with adequate operating equipment 2. Training of about 30 resource persons assigned to SAEs for more than 200 hours.

	3. Preparation of 20 assessments on promising value chains, including coffee, cocoa, avocado, mango, and textiles 4. Preparation of 7 business improvement plans focusing on export opportunities 5. Linkages with logistics services for international marketing and exportation of fresh as well as semi-perishable products (cocoa, coffee, mangoes, avocados) 6. Development and publication of a geo-registration database of more than 900 farmers, with detailed information on various aspects of their production system 7. Provision of working capital via pooled matching grants which enabled the development of supply chain financing 8. Revenues increased for small farmers who had direct access for the first time to markets in United States, Europe, and Japan (in partnership with four logistics service providers. Value added increased: 262% in mango, 428% in cocoa
3. **Project Implementation, Evaluation and Monitoring**	1. Recruitment of 15 staff for the PIU at the MCI and at the UCP. 2. A total of 32 approved procurement activities, of which 29 were executed for a total of US$13.58 million and 3 were transferred to the PSJET project 3. Establishment of an M&E system including the following tools: Google Open Data Kit, Streak and ONA (ona.io) 4. Purchase of office equipment and equipment for PIU
4. **Immediate Response Mechanism**	1. Support to project beneficiaries that were affected by Hurricane Matthew 2. Support to project beneficiaries that were affected by the earthquake of August 14, 2021

ANNEX 2. BANK LENDING AND IMPLEMENTATION SUPPORT/SUPERVISION

A. TASK TEAM MEMBERS

Name	Role
Preparation	
Maria Deborah Kim	Task Team Leader(s)
Prosper Nindorera	Procurement Specialist(s)
Fabienne Mroczka	Financial Management Specialist
Nyaneba E. Nkrumah	Social Specialist
Valerie Hickey	Social Specialist
Peter F. B. A. Lafere	Social Specialist
Supervision/ICR	
Emiliano Duch Navarro, Mariana Vijil	Task Team Leader(s)
Khadija Faridi, Aboubacar Magassouba	Procurement Specialist(s)
Lucas Carrer	Financial Management Specialist
Jean Marie Dominique Lebon	Procurement Team
Coralie Brunet	Team Member
Maria Cristina Rosa Lucia Villani	Procurement Team
Wilford Souffrant	Team Member
Maria Laettitia Antoine	Team Member
Jean Nicolas Arlet	Team Member
Lillian Thyssen	Team Member
Andrea Patton	Team Member
Kevin McCall	Environmental Specialist
Matthieu Louis Bonvoisin	Counsel
Beth Wanjeri Mwangi	Team Member
Bruce MacPhail	Social Specialist

Georgiana Pop	Team Member
Hung Hoang Ngovandan	Team Member
Pedro Andres Amo	Team Member
Ingrid Sandra Milord	Team Member
Andrianirina Michel Eric Ranjeva	Team Member
Rahmoune Essalhi	Procurement Team
Nyaneba E. Nkrumah	Environmental Specialist
Cara Zappala	Team Member

B. STAFF TIME AND COST

Stage of Project Cycle	Staff Time and Cost	
	No. of staff weeks	US$ (including travel and consultant costs)
Preparation		
FY11	18.637	116,503.01
FY12	83.220	473,333.27
FY13	59.799	334,328.23
FY14	.042	794.92
FY15	0	0.00
Total	**161.70**	**924,959.43**
Supervision/ICR		
FY14	34.700	172,096.16
FY15	43.474	234,887.68
FY16	41.653	187,321.05
FY17	36.226	207,958.25
FY18	35.264	257,405.75
FY19	26.260	254,422.41
FY20	22.122	211,815.15

FY21	32.792	230,367.13
FY22	34.297	222,157.37
FY23	.963	9,947.63
Total	**307.75**	**1,988,378.58**

ANNEX 3. PROJECT COST BY COMPONENT

Components	Amount at Approval (US$M)	Actual at Project Closing (US$M)	Percentage of Approval (US$M)
Component 1 - Business Environment and Investment Generation	0	1.70	0
Component 2 - Business Development Services for MSMEs	0	11.26	0
Component 3 – Project Management, Evaluation and Monitoring	0	2.50	0
Component 4 – Immediate Response Mechanism	0	.25	0
Total	**0.00**	**15.71**	**0.00**

ANNEX 4. EFFICIENCY ANALYSIS

Economic Analysis

At project appraisal, the Economic Rate of Return (ERR) was estimated to be 23% for the Project, with net benefits of US$ 2.6 million (after subtracting US$3 million in management costs) and a net present value (NPV) of US$1.03 million. This is based on assumptions of a 2% increase in FDI (over 2011 baseline value) and a 5% return on BDS activities over the five year lifetime of the Project. This ERR of this project, therefore, considers the costs of the project, the expected return from sub-component 1.2 and component 2, the discount rate applied to both costs and benefits (10%), as well as the additional effects expected to take place in the economy as a result of the initial project funds and the increase of firm activity or investment into IEZs, such as increased demand, additional jobs created, and wages spent in the economy. For all calculations, the time horizon of the Project is set at 2018. This means that NPVs and ERRs are calculated in a five-year window, from 2013 to 2018. The actual returns to project investments are likely to extend far beyond 2018, but these are not included in the calculations, in order to give only a conservative estimate of project benefits. We assume a discount rate of 10%, a conservative rate considering that the ceiling rates for Haitian Government bonds vary between 1% (7-day bond) to 3% (91-day bond.) See Annex 6 in the PAD for more details on the methodology and assumptions.

With the December restructuring, the economic and financial rates of return of the Project activities, calculated using the same methodology, were estimated to improve as the funds are being reallocated to activities that had a higher ERR. In fact, the only change was the reallocation of US$8.0 million from Component 1.2 (Investment Generation), that had an estimated ERR of 56%, to the original Component 2 (Business Development Services) activities, that included Capacity Building of the government provided BDS (US$3.0 million) and matching grants (US$4.0 million), that had and estimated ERR of 75%. The original estimation of economic benefits relied more on the assumption of an increase of a 2% in FDI as a result of the Investment Generation component, whereas the restructured project relies more on the increased revenue of MSMEs benefiting from business development services support (estimated at 5% per five years).

Using the same methodology with incurred costs and estimated benetfits, the ERR is estimated to be about 27% for the project, with net benefits of US$ 4.3 million (after subtracting US$ 2.5 million in management costs) and a NPV of US $2.8 million. This calculation assumes a 5% return on BDS activities over the 8 year project lifespan. This ERR considers the costs of the project, the expected return from the BDS activities in component 2, the discount rate applied to both costs and benefits (10%), as well as the additional effects expected to take place in the economy as a result of the initial project funds and the increase of firm activity, such as increased demand, additional jobs created, and wages spent in the economy. For all calculations, the time horizon of the Project is set at 2021. This means that NPVs and ERRs are calculated in an eight-year window, from 2013 to 2021. The actual returns to project investments are likely to extend far beyond 2021, but these are not included in the calculations, in order to give only a conservative estimate of project benefits.

Component 1 - Business Environment and Investment Generation

Efficiency in Sub-Component 1 - Business Environment Reform: As mentioned in Section 2. B. and elaborated in Annex 1. B., the project made a number of acheivements to: i) design and implement Business environment action plan and reforms, with a special focus on insolvency, secured transactions, and alleviating MSME constraints in the licensing and inspection regimes; ii) strengthen the Competition Policy Framework, through competition assessments and improvements to the investment incentives system; iii) build capacity for the business environment reform process.

The PIU worked with the main implementing counterparts, MCI and MEF, to spearhead these efforts, who coordinated and collaborated with other relevant public and private sector entities. International consultants and WB technical support (funded by the project or supplementary projects) were utilized to bolster technical capacity and to provide external reviews of government-led drafts. Although, not all review recommendations were taken on board, this process allowed for the introduction of several international best practices in the first drafts.

However, aspects of project implementation reduced efficiency, notably:

(i) *Delayed and/or stalled implementation progress due to deteriorating socio-political situation*: This was largely due to: i) the inability to enact or implement developed reforms (Parliament ceased operations in January 2020); ii) the lack of high-level political support (e.g. high GoH counterpart overturn particularly at senior levels, especially within the main implementing agency - MCI) affected progress on competition assessments of 2 sectors; and iii) the stalled consolidation of business arbitration chamber. Further, these sociopolitical constraints adversely affected the project's ability to support institutional strengthening, which remains weak at present.

(ii) *Infrastructure deficiencies*: Weak infrastructure in the country hampered the establishment of the collateral registry, specifically connectivity issues affected effective functionality of the collateral registry and prevented its public launch.

(iii) Weak institutional capacity impeded the required collaboration and coordination efforts across mulitple government agencies, causing implementation delays. These challenges were particularly significant in the establishment of the online collateral registry where MEF was the leading implementing agency, but the registry was installed at Tax Authority or la Direction Générale des Impôts (DGI). It should be noted that some of these delays allowed for the integration of the collateral registry with the tax management system, "RMS", which enabled the registry to: a) retrieve information from taxpayers based on their national/tax identification numbers; b) collect and record tax payments for registry transactions; c) perform functions of identity and access management; and (d) perform financial management and reporting.

Efficiency in Sub-Component 2 – Investment Generation: Although this sub-component was canceled by the December 2015 restructuring, the project made some achievements with a gap assessment of the IEZ legal framework and a market demand survey.

Component 2 - Business Development Services for MSMEs

Efficiency in Component 2: As shown in Section 2. B. and detailed in Annex 1. B., the project made a number of acheivements through a revised project design approach to: i) develop 10 SAEs with the different geographical departments in the country; and ii) provide matching grants to groups of MSMEs in value chains, as opposed to individual MSMEs. The combination of these services and pooled matching grants worked to alleviate market and coordination failures that prevented MSMEs (including local producers/farmers) from increasing their value addition or directly accessing lucrative markets, while avoiding the provision of subsidies. These market and coordination failures include: logistical constraints on access to markets, lack of access to international buyers, lack of managerial and technical skills to export and improve productivity, lack of knowledge in production and quality techniques, and limited access to finance for working capital and investment in innovative technologies, processes and products. The recruitment of 30 high-quality SAE personnel was ensured through observations and evaluations of the top 40 candidates by MCI and the WB task team. The 20 value chain assessments were conducted in 2 phases using the

Competitive Reinforcement Initiative (CRI) methodology, a joint public-private analytical process conducted in the field to identify market failures and develop action plans for each supported value chain. Contracts for service providers were designed and executed in accordance with the rules and guidance contained in the project Matching Grants Handbook. WB technical support (funded by the project or supplementary projects) was used to bolster technical capacity and provide capacity building. Given the difficult country context, there is a lack of international investor interest in bidding for tenders in Haiti. As such, the WB task team and the MCI organized information sessions on upcoming tenders outside of Haiti to generate investor interest in bidding.

The revised component design approach was nimble and innovative, yielding large impacts despite an increasingly difficult country context. The target number of small producers in the poorest regions exporting doubled (1,342 vs 700). The value addition achieved was well above the target of 15% (i.e., 262% in mango, 348% in cocoa). In addition, the "results based matching grants" model used ensured its sustainability as producers that sucessfully exported their goods can use these receipts as collateral for supply chain financing, which can be provided by local financial institutions. There is 1 local financial insitution that is willing and able to contnue providing financial support to producers following the close of the project.

However, the following aspects of project implementation reduced efficiency substantially:

(i) *Partial loan cancellation*: This resulted in the partial implementation or cancellation of project activities in the coffee, cocoa, mangos, avocados, and apparel value chains. All together US$6 million was cancelled given limited absorptive capacity in the remaining implementation timeline and the GoH request to reallocate project funds to the 2021 post-earthquake recovery efforts.

(ii) *Extensive Procurement delays*: Procurement challenges were persistent, both at the client and at the World Bank (WB) side, causing significant implementation delays and resulting in the transfer of the final contract to the new Haiti Private Sector Jobs and Economic Transformation (PSJET) project. These delays were largely caused by: a) the complexity of the contracting process for highly specialized technical specifications (especially those that are not familiar to the WB or to Haiti) and contract management problems, and; and b) the lack of international investor interest for tenders in Haiti.

(iii) *Administrative delays*: The signing of all contracts is done by the highest level of MEF, which creates a backlog in contract approvals. This issue was further exacerbated by high counterpart turnover. Also, as mentioned above, the separation of the PIU from the fiduciary functions (particularly procurement) contributed to these delays. Meanwhile, time needed to set up the SAE network within MCI as well as delays in processing payments at MEF signifincalt slowed the implementation progress of BDS activities. Challenges affecting the establishment of the SAE network included: a) delays in delivering daily allowances for field missions; b) delays in rent payment in many deparments; and c) extremely difficult working conditions: e.g., Lack of reliable electricity and internet supply, insufficient office space and furniture, and challenges related to the non-project related usage of project resources (i.e., SAE cars).

Separately and together, these delays signifincantly slowed implementation progress, affecting the ability to fully achieve the end-target of the PDO indicator on Private sector investment in supported value chains. Further, these delays reduced the implementation timespan, resulting in limited pilot shipments for certain value chains. Despite these delays, outcome results still exceeded the end-targets, but it is clear that timely procurement would have led to even greater results.

Component 3 - Project Implementation, Evaluation and Monitoring

Efficiency in Component 3: As the main implementing agency (MCI) lacked fiduciary capacity, this responsibility was given to the UCP at the MEF, outside the preview of MCI where the PIU was housed. The separation of the fiduciary functions, especially procurement, from the PIU caused coordination and collaboration challenges that exacerbated procurement delays.

Component 4 - Immediate Response Mechanism

Efficiency in Component 4: As indicated in Section 2. B. and detailed in Annex 1. B., the project supported some achievements, however the design and implementation aspects adversely affected efficiency, in particular:

(i) *Procurement and bureaucratic delays experienced after Hurricane Matthew* led to a long delay in the issuance of emergency response benefits, resulting in only 53% of beneficiaries collecting benefits[5]. Efforts to contact beneficiaries that did not collect benefits were then affected by 2021 earthquake. The procurement of the electronic payments delivery solution took more than a year, which affected beneficiaries' ability to collect their assistance benefits (i.e., some had moved, some had changed their contact details, some were unaware that benefits could still be collected, etc.).

(ii) High administrative costs after the 2021 earthquake: IRM costs were too high relative to the amount needed for urgent repairs by affected producers within supported value chains (mostly coffee), so an alternative solution was deployed to provide benefits to damaged common processing facilities of value chain cooperatives.

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[5] The share of beneficiaries receiving emergency response benefits via similar electronic payments/mobile payments solutions is higher (about 70%) in other WB projects within countries of comparable income levels to Haiti. However, this is largely explained by generally higher level of electronic/mobile payments within these countries compared to Haiti. The current Adaptive Social Protection for Increased Resilience Project (P174111) in Haiti registered even less uptake via electronic payments (about 30%), however cash payments were much higher at about 85%.

ANNEX 5. BORROWER, CO-FINANCIER AND OTHER PARTNER/STAKEHOLDER COMMENTS

Excerpts below from the Borrower prepared Project evaluation. The Full report is available as an attachment in at the end of this excerpt.

LEÇONS APPRISES ET RECOMMANDATIONS

Plusieurs enseignements peuvent être tirés de la mise en œuvre du PDAI sur la base de l'évaluation finale réalisée. Malheureusement, eu égard au manque de documents mis à la disposition du consultant, il a été difficile de faire une analyse approfondie des activités réalisées dans les 4 composantes du projet. Toutefois, des leçons d'ordre général, peuvent être déduites à la lumière de l'analyse documentaire réalisée, notamment:

- Dans le cadre de projets d'une telle envergure, il est prépondérant de mettre en place un Comité de Pilotage avec un mandat et une composition élargis permettant de suivre régulièrement les activités du projet. Ce comité servira également d'instance décisionnelle pour la prise de décisions rapides pour s'adapter au contexte d'évolution de la mise en œuvre du projet ;
- Les mécanismes de suivi-évaluation ainsi que la stratégie de sortie doivent être clairement définis dès le début du projet ;
- Les processus de communication, de visibilité et de redevabilité du projet sont indispensables. Il est crucial de les mettre en place au moment du lancement du projet, et pas en cours de route, encore moins vers la fin du projet ;
- L'intégration de la dimension genre est cruciale dans un pays comme Haïti basé sur un mode de société patriarcale où la dimension genre est souvent négligée ;
- Pour des projets portés par l'administration publique, il est essentiel de garantir l'appropriation et l'intégration du projet dans les structures institutionnelles, de sorte à assurer la pérennisation des résultats et capitaliser les enseignements générés dans le cadre de la mise en œuvre du projet. Par exemple, il est crucial que les SAE soient intégrés de manière permanente au sein du MCI, en mettant à leur disposition des ressources et supports nécessaires pour consolider les acquis du projet ;
- La réussite de tout projet/programme de développement passe avant tout par la création d'un climat de confiance indispensable pour attirer de nouveaux investissements. Ce climat de confiance est tributaire du rétablissement de la sécurité des vies et des biens, le respect de l'autorité de l'Etat, le leadership et l'engagement politique du gouvernent.

CONCLUSION ET PERSPECTIVES

Tenant compte de l'objectif ultime du projet qui visait à réduire la pauvreté en Haïti, il n'en demeure pas moins évident que ce dernier est loin d'être atteint. Le contexte de mise en œuvre du projet, marqué notamment par la dégradante situation socio-politique et les crises économiques, environnementales et sanitaires, n'était pas favorable à la création d'un climat propice aux investissements locaux et étrangers pour stimuler l'économie nationale, générer des emplois et ainsi réduire la pauvreté dans le pays.

Néanmoins, la mise en œuvre du projet a contribué au renforcement de certaines chaînes de valeur qui offrent de précieuses opportunités pour le pays en matière d'investissement et d'exportation sur les marchés régionaux et internationaux. Le projet a permis, entre autres d'identifier les forces et opportunités suivantes :

- Amélioration des chaînes de valeur (mangue, café, cacao, avocat, entre autres) grâce au renforcement de la coopération entre les producteurs et coopératives agricoles et les fournisseurs de services logistiques ;
- Disponibilité des variétés West Indian et Hass dans des régions géographiquement proches de la zone métropolitaine notamment le Centre et le Sud-Est ;
- Demande grandissante sur le marché américain pour la consommation et la transformation (huile et guacamole) ;
- Disponibilité des mangues pendant les saisons dans les zones d'intervention ;
- Disponibilité de fruits organiques, à saveur agréable et de bonne qualité ;
- Implication des communautés locales et participation de la main d'œuvre locale dans les processus de production et de transformation ;
- Longue expérience des acteurs au niveau de certaines chaînes de valeur pendant plus de 60 ans ;
- Proximité du marché américain par rapport en Haïti ;
- Demande croissante des mangues au marché d'exportation ;
- Marge brute favorable ;
- Image positive des agriculteurs Haïtiens ;
- Demande croissante d'avocats au marché d'exportation ;
- Marge brute favorable;

Ces forces et opportunités, exploitées intelligemment doivent permettre de valoriser durablement les filières porteuses, ce qui aura pour conséquence de créer de la richesse, en générant des emplois stables et durables et en améliorant les moyens d'existence des communautés bénéficiaires.

Link to the Borrower Evaluation Document:
https://worldbankgroup.sharepoint.com/:f:/r/sites/P123974/Shared%20Documents/Project?csf=1&web=1&e=HWxdeQ

Please find below a summary of Borrower comments provided following a presentation of the ICR on January 5, 2023.

- **Le renforcement des capacités et de la compréhension des institutions publiques responsables de la politique de concurrence**
  - Une étude a été réalisée par l'équipe de la BM dans le cadre du projet et c'est ainsi que la DEE a été chargée de cette activité. Il a été souligné que l'entité chargée de la concurrence devrait être légalement sous la tutelle du MCI.
- **Les changements ministériels**

- Les changements répétés des ministres du MCI ont fragilisé l'exécution de ce projet. L'approche institutionnelle qui a été adoptée, malgré qu'elle n'ait pas été modifié, a permis d'atteindre certains objectifs en lien avec le projet. Cependant, les nouveaux ministres du MCI ont pris du temps pour s'adapter au projet. De plus, les fonctions fiduciaires étaient séparées des fonctions techniques ainsi elles ont ralenti l'exécution du projet.

➢ **L'approche de sous-traitante**

- Plusieurs personnels ne faisant pas partie des institutions responsables de la mise en œuvre de certaines activités étaient chargés d'implémenter ces activités à travers d'autres institutions qui ne sont pas légalement de ces activités, tel est le cas pour l'avant-projet des lois. Plusieurs décrets ont été élaborés pour améliorer le climat des affaires. À date, la majorité des documents n'ont toujours pas été soumis au conseil des ministres pour être approuver puisque la plupart de ces activités ont été pilotées par des consultants n'ayant pas de lien étroit avec le MCI. Étant donné que le MCI est le responsable pour acheminer l'avant-projet des lois au conseil des ministres, ces types d'activité doivent être réalisés sous le leadership du MCI qui a le pouvoir d'intervenir dans le secteur, notamment en ce qui a trait aux actions du gouvernement dans le développement du secteur prive. Par conséquent, les décisions n'ont pas pris au sein de l'institution qui est chargée de ces activités. Ceci a créé un manque en termes de durabilité des résultats et d'appropriation.

➢ **L'approche innovante**

- Étant donné que ce sont des consultants indépendants qui étaient principalement chargés de plusieurs activités et ont participé aux différentes formations internationales et locales, les directions techniques n'ont pas reçu les connaissances nécessairement pour ses approches, tel est le cas pour la blockchain. De ce fait, la performance du projet PDAI a été affectée particulièrement la durabilité des résultats et le partage de connaissance.

Le projet PSJET utilisera pratiquement la même approche institutionnelle que ce projet. Cependant, les leçons apprises du PDAI ont conduit à la mise en place d'un comité technique impliquant l'ensemble des acteurs institutionnels clés pour mieux assurer l'adaptation du projet PSJET. Toutefois, le projet PDAI avait pas une forte appropriation institutionnelle bien qu'il y a eu une volonté tout au début. Les obstacles rencontrés ont favorisé l'exécution du projet et des contrats sans tenir compte de l'appropriation institutionnelle du projet par le MCI et les résultats qui devraient être durables. Pour cela, le MCI a suggéré l'importance d'implémenter une unité fiduciaire au sein du MCI.

Le MCI a d'une façon ou d'une autre eu un certain renforcement institutionnel à travers le projet. Il a permis au MCI de mieux appréhender certaines filières à travers les différentes formations locales et internationales. Cependant, le MCI n'a pas su conserver son personnel structurellement et a perdu beaucoup de personnel compétant ayant été affecté par différents projets. Il serait nécessaire de partager ces connaissances a nouveau ou faire appel à ces consultants afin d'intervenir dans les projets futurs.

ANNEX 6. SUPPORTING DOCUMENTS

DETAILED PROJECT DESCRIPTION

Component 1: Business Environment and Investment Generation (US$ 10 million equivalent)

1.1 Business Environment Reform:

This subcomponent was included to contribute to the design and implementation of economy-wide business environment reforms, as an improved business environment is correlated with higher private sector growth. Its activities comprised:

a) Assisting the Recipient in the design and implementation of economy-wide business environment reforms to improve the business environment through: (i) the implementation of a detailed action plan to: (A) revise the regulatory framework for secured lending; establish an electronic collateral registry; and provide training to enhance the capacity of registry staff and financial market clients; (B) improve the insolvency framework by updating the regulatory framework; building awareness and enhancing the capacity of the judiciary; and support the establishment of a regulatory framework and oversight mechanisms for insolvency administrators; and (C) carry out the regulatory and administrative business reforms covered by the said action plan; and (ii) the improvement of the licensing and inspection regimes in selected industries, all through the provision of goods, technical assistance, training and operating costs.

b) Provision and support to MCI for: (i) conducting a competition assessment and scoping review of the existing constraints and barriers to competitive markets in selected sectors; and (ii) identifying the legal and institutional changes required for fostering greater opening of markets to competition and addressing constraints specific to such sectors, all through the provision of goods, technical assistance, and training.

c) Provision of support to: (i) the entity under the auspices of the MCI, responsible for the legal reform related to the business environment; and (ii) the coordinating entities to be designated by the Recipient to improve the business environment, all through the provision of goods, technical assistance, training and operating costs.

1.2. Investment Generation:

In order to foster local and international private sector investment and growth, this subcomponent comprised the provision of support to MCI for: (a) carrying out an assessment of the existing institutions governing the industrial park and free zones to determine if the current regulatory and institutional frameworks needed to be restructured; (b) preparing an action plan acceptable to IDA, based on the recommendations of said assessment; (c) strengthening the IEZ supervisory authority, provided that the action plan referred to above had been carried out in a manner satisfactory to IDA; (d) preparing feasibility studies for the establishment of one or more new IEZs; (e) carrying out market demand analyses and investment facilitation for existing and future IEZs; and (f) the establishment of a one stop shop (OSS) for IEZ investors, all through the provision of goods, technical assistance, Training and Operating Costs.

The government had announced that it may request IDA support for the development of basic on-site infrastructure for at least one IEZ, if the feasibility studies funded by this Project showed promising results. In this case, IDA would consider the request in the form of additional financing to this Project or under another project, if adequate legal, regulatory, and incentive frameworks were in place at that time.

Component 2: Business Development Services for MSMEs (US$ 7 million equivalent)

Business Development Services (BDS): The objective of this component was to build the capacity of MSMEs to serve the tourism value chain and to enter into the supply chain of IEZs supported by the Project, principally in the agribusiness and apparel sectors, thus contributing to a more inclusive model of development. The component would address an important constraint to their growth, namely their lack of business skills. This Project would target smaller MSMEs not reached by the IADB or other institutions through:

a) Provision of support to MCI for: (a) preparing a needs assessment of MSMEs in selected municipalities; (b) conducting sector-specific value-chain diagnostics; and (c) preparing the Matching Grants Manual; (d) developing a communication strategy to promote business development services; and (e) carrying out a census data mining exercise, all though the provision of technical assistance.

b) Providing business development services to MSMEs, through: (a) the provision of training to MSMEs on business improvement; (b) the provision of technical assistance to assist the trained MSMEs in preparing business improvement plans; and (c) the provision of Matching Grants to Beneficiaries to carry out subprojects.

c) Enhancing the capacity of the central and regional offices of MCI for the management, implementation, monitoring and evaluation of Parts 1 and 2 of this Component through the provision of goods, technical assistance, and operating costs.

Component 3: Project Implementation, Evaluation and Monitoring (US$ 2.5 million equivalent)

This component will support project management, monitoring and evaluation through the:

a) Provision of support to MEF and MCI for the Project implementation, monitoring and evaluation, through the provision of goods, technical assistance, training and operating costs.

b) Provision of technical assistance to MCI for conducting a series of workshops for public awareness and consultation on the progress of Project.

Component 4: Immediate Response Mechanism (US$ 0.5 million equivalent)

This component will provide support to respond to an Eligible Emergency, such as a natural disaster. Given that the Project area is exposed to several hazards, particularly geotechnical (earthquakes and earthquake-generated hazards (tsunami, soil liquefaction, landslides), hydro-meteorological (wind, hurricanes, cyclone, raz de maree) and climate-change effects (sea level rise, coastal erosion), the government may request the Bank to re-allocate Project funds to support response and reconstruction generated by a natural disaster. A similar approach will be adopted to deal with man-made disasters. This component will support the carrying out of Emergency Recovery and Rehabilitation Sub-projects and/or the implementation of a subsidy scheme for eligible beneficiaries affected by the emergency. Additional funds could also be made available through this window for the same purpose.

Changes in the Project's Components

Original	Restructured
Component 1: Business Environment and Investment Generation	
1.1. Business Environment Reform: This subcomponent focused on the design and implementation of economy-wide business environment reforms, as an improved business environment is correlated with higher private sector growth. Activities comprised: (a) Support to the design and implementation of economy-wide business reforms; (b) Strengthening institutional capacity of MCI; and Strengthening entities under MCI and coordinating entities responsible for the legal reform and/or improvement of the business environment.	No change
1.2. Investment Generation: This subcomponent focused on fostering local and international private sector investment growth through support to MCI to develop and strengthen IEZs.	**1.2. Investment Generation:** Revised This subcomponent provided support to review and evaluate the IEZ legal framework then remaining activities were cancelled.
Components 2: Business Development Services (BDS) for MSMEs	
This component focused on building capacity of MSMEs in the tourism value chain and to enter the supply chain of IEZs supported by the Project, principally in the agribusiness and apparel sectors. Activities comprised: (a) Technical Assistance to MCI to better promote and support MSME development; (b) Providing BDS to MSMEs, including provision of matching grants to MSME beneficiaries; and (c) Enhancing the capacity of MCI central and regional offices.	This component focused MSMEs within strategic value chains. The scope was increased to: i) provide matching grants to groups of MSMEs in value chains, as opposed to individual MSMEs; and ii) enhance the capacity of the central MCI office and all regional offices (increased from 1 regional office).
Component 3: Project Implementation, Evaluation and Monitoring	
This component focused project management, monitoring, and evaluation of the project through support to MCI and MEF.	No change.
Component 4: Immediate Response Mechanism	
This component focused on the provision of support to respond to an Eligible Emergency.	No change.