



## One year later: World Bank Group Support for Haiti's Recovery

### Impact of the Earthquake

The earthquake that struck Haiti on January 12, 2010, was a human tragedy. Over 230,000 people perished, 300,000 more were wounded, and well over a million displaced. The earthquake ravaged cities including Port au Prince, the capital, destroying whole neighborhoods, wiping away roads, collapsing public buildings, and damaging businesses. The disaster struck the country's political, economic and administrative nerve center, where an estimated 65 percent of GDP and 85 percent of government revenues were generated. A year later, surviving remains difficult for the Haitian population. About one million continue to live in tent camps and depend on aid organizations for water, food, sanitation, health, and education services. Furthermore, on October 21, 2010, an outbreak of cholera was confirmed. The latest UN data indicate that about 149,000 cases have been reported and more than 3,000 people have died.

### International Response

Innumerable public and private organizations were mobilized in an unprecedented outpouring of international support after the earthquake. At the International Conference on Haiti in March 2010, US\$9 billion were pledged of which US\$5.3 billion were for 2010-2011 to support the [Government Action Plan for Reconstruction and National Development](#). At the end of 2010, the international community had delivered over half of its pledge for the first 24 months: US\$ 1 billion in debt relief had been provided and US\$2.7 billion approved for projects and programs, with US\$1.2 billion of these funds spent.

### Haiti Reconstruction Fund

At the request of the Government of Haiti, in April 2010, the World Bank set up the Haiti Reconstruction Fund (HRF), a multi-donor trust fund. The World Bank serves as a trustee for the HRF. In March 2010, donors pledged over US\$500 million to the HRF. To date, 12 donors have confirmed their pledges for a total of US\$267 million, all of which has been received. Since June, the HRF has allocated US\$193 million for reconstruction.

### Political Update

The continuing existence of some 1,300 camps for displaced people, the weak capacity of rule-of-law institutions, and the political unrest associated with the electoral period, all contribute to a volatile environment. Presidential elections, held on November 28, 2010, resulted in a political stalemate. A runoff with the two leading candidates was originally scheduled for early January but has been postponed, pending a review of first round results by the National Electoral Commission, with the support of the Organization of American States (OAS).

### Economic Update: Some Macroeconomic Indicators are Showing Signs of Recovery

The contraction projected for 2010 will be lower than expected (7.0 percent rather than 8.5 percent), and sector-based growth in textiles in particular is promising. Merchandise exports recovered in full by mid-year of 2010, and the third quarter output level exceeded that of 2009. The economy has already seen some initial benefits from debt forgiveness and remittances. Together with high aid inflows, these have allowed the Central Bank to build up international reserves

and stabilize the currency. Inflation has been contained at 4.7 percent (against initial forecasts at 8.5 percent). Government revenue recovered to 80 percent of their 2009 level, after a sharp decline early in the year, and fiscal policy is on a reasonable track.

### **World Bank Group (WBG) Support**

The WBG promised US\$479 million for the first 24 months of reconstruction. One year after the earthquake, two thirds of this pledge has been delivered. The WBG allocated US\$340 million to Haiti in the form of new grants for reconstruction, disbursements to the Government of Haiti, communities and non-governmental actors, debt relief, and private sector funding. So far, the Bank disbursed US\$129 million or US\$11 million per month for interventions that have protected displaced persons from flooding, fed infants and provided supplements to pregnant women, kept children in school, trained teachers, rebuilt roads and bridges, provided support to communities, started neighborhood upgrading and community housing reconstruction, rebuilt government facilities, and continued long-term investments in education, water, and electricity access and agricultural productivity, while maintaining the strictest fiduciary standards.

### **WBG Disbursements and Debt Relief**

The Bank portfolio currently includes 16 active projects for a total of US\$337 million. The Bank has also provided US\$42.5 million in budget support to the Government of Haiti since January 2010. The International Development Association (IDA), the Bank's fund for the poorest, has disbursed over US\$11 million per month on average since the earthquake. Following the earthquake, the Haiti portfolio was restructured to direct resources toward urgent post-earthquake priorities through the reallocation of funds and the modification of activities in order to adapt to institutional capacity changes. In May 2010, the Bank was able to cancel Haiti's remaining US\$39 million debt to IDA, thanks to contributions by IDA.

### **New WBG Programs**

In early 2011, from newly approved resources, the WBG will launch the following programs and projects.

- US\$95 million for a neighborhood upgrading and housing reconstruction program financed by IDA and the Haiti Reconstruction Fund (HRF).
- US\$15 million for an Emergency Cholera Project.
- US\$11 million for a Line Item Budget Support Operation to cover specific expenditures in education and agriculture.
- US\$ 3 million to establish a US\$35 million Partial Risk Guarantee Fund for private operators in Haiti, co-financed by the Inter-American Development Bank, the US Treasury and the HRF.

### **Support for the Private Sector**

Since the earthquake, the World Bank Group's International Finance Corporation (IFC) approved five projects for US\$49.6 million. Three of these projects, worth US\$15.3 million, in the garments, hotels, energy, and mining industries, are already under implementation, in addition to a trade finance guarantee facility, an equity investment in a local bank to expand access to finance to SMEs, and a 30 MW energy project approved prior to the quake. IFC advisory services also ramped up operations to foster a better investment climate, improve access to finance, and to develop management skills for more than 600 small entrepreneurs. IFC's combined investment and advisory projects are

supporting the creation of 5,000 new jobs as well as safeguarding 5,000 existing jobs. IFC also completed the structuring of the international bidding process for TELECO, which is bringing the country's largest foreign direct investment since the earthquake—a US\$100 million investment by Vietnam's biggest mobile telephone operator, Viettel—to expand telecommunications services in Haiti.

**Selected Concrete Results:**

- Assessed structural state of 400,000 buildings in Port au Prince, crucial to reconstruction planning.
- Removed 100,000 cubic meters of trash and debris from key drainage canals in Port-au-Prince, reducing flood risk to camps in the capital.
- Provided 50,000 solar lanterns to families in Port-au-Prince, increasing safety and reducing fire hazard.
- Provided food supplements to 200,000 children under two, and health care services to pregnant and lactating women and infants, in collaboration with the World Food Program and the Pan-American Health Organization.
- Funded 180,000 children to attend school and fed 80,000 school children a hot meal every day.
- Completed six water supply systems, benefiting 37,000 people in rural communities.
- Housed and equipped Ministry of Economy and Finance and Tax Office (over 500 staff), allowing salaries to be paid and revenues to be collected.
- Supported the creation of 5,000 new jobs as well as safeguarding 5,000 existing jobs.