



Board of Executive Directors

Short Procedure

Expires on 8 July 2020

PR-4816
30 June 2020
Original: English
Public
Simultaneous Disclosure

To: The Executive Directors
From: The Secretary
Subject: Haiti. Proposal for nonreimbursable financing for the project "Safety Nets for Vulnerable People Affected by Coronavirus"

Basic Information: Loan type Specific Investment Loan (ESP)
Borrower Republic of Haiti
Amount up to US\$60,000,000
Source IDB Grant Facility

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Remarks: This operation is distributed as per the terms of Resolution DE-27/20, "IDB Governance Response to the COVID-19 Pandemic Outbreak", approved by the Board of Executive Directors on 7 April 2020, whereby all operations for COVID-19 preparedness and response shall be submitted for the approval of the IDB Board of Executive Directors by Short Procedure.

The Executive Directors are requested to inform the Secretary in writing with copy to "**SEC-EXE**", no later than **8 July 2020 at 5:30 p.m.**, if they wish to interrupt this procedure. If no such communication is received by that date, the attached resolution will be considered adopted by the Board of Executive Directors, and a record to that effect will be made in the minutes of a forthcoming meeting.

Reference: GN-2996(3/20), GN-2996-4(4/20), DE/27/20

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

SAFETY NETS FOR VULNERABLE PEOPLE AFFECTED BY CORONAVIRUS

HA-L1145

GRANT PROPOSAL

This document was prepared by the project team consisting of: Nicola Magri – Project Co-Team Leader; Alexandre Bagolle – Project Co-Team Leader, Marco Stampini, Nadin Medellin, Sheyla Silveira and Neili Bermudez (SCL/SPH), Marie Evane Tamagnan (SCL/EDU), Marise Etienne Salnave and Edwin Tachlian (VPC/FMP), Monica Centeno Lappas and Louis Chretien (LEG/SGO), Soraya Senosier (VPS/ESG), Rosangela Bando (SPD/SDV), Aurelie Gilles, Jennifer Linares, Boaz Anglade (CID/CID).

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ABBREVIATIONS	
ADIH	<i>Association des Industries d'Haiti</i> (Haitian Association of Industries, in English)
AVSI	<i>Association Volontaires pour le Service International</i> (Association of Volunteers for the International Service, in English)
BND	<i>Bureau de Nutrition et de Développement</i> (Bureau for Nutrition and Development, in English)
CAS	<i>Caisse d'Assistance Sociale</i>
CCC	Caribbean Call Center
CDB	Caribbean Development Bank
CNDDR	<i>Commission Nationale de Désarmement, Démantèlement et Réinsertion</i> (National Commission for Disarmament, Dismantlement and Reintegration, in English)
CODEVI	<i>Parc Industriel de la Compagnie de Développement Industriel S.A</i> (Industrial Development Company, industrial Park)
COVID-19	Coronavirus disease 2019, the disease caused by the 2019 novel coronavirus
ECHO	European Civil Protection and Humanitarian Aid Operations
ECLAC	Economic Commission for Latin America and the Caribbean
FAES	<i>Fond d'Assistance Economique et Sociale</i> (Socioeconomic Assistance Fund, in English)
FMP	IDB Operations Financial Management and Procurement Services Office
HDVI	Haitian Deprivation Vulnerability Index
IDB	Inter-American Development Bank
IPC	Integrated Food Security Phase Classification
LEG	IDB Legal Department
MENFP	<i>Ministère de l'Education et de la Formation Professionnelle</i> (Haitian Ministry of Education and Vocational Training, in English)
MSPP	<i>Ministère de la Santé Publique et de la Population</i> (Haitian Ministry of Health and Population, in English)
PIC	<i>Parc Industriel de Caracol</i> (Caracol Industrial Park, in English)
PIM	<i>Parc Industriel Metropolitain</i> (Metropolitan Industrial Park, in English)
PNCS	<i>Programme National de Cantines Scolaires</i> (National School Feeding Program, in English)
RUB	<i>Registre Unique de Bénéficiaires</i> (Beneficiaries Registry, in English)
SIMAST	Information System of the Ministry of Social Affairs and Work
USAID	US Agency for International Development
USDA	US Dept. of Agriculture
WFP	World Food Program
WHO	World Health Organization

PROJECT SUMMARY
HAITI
SAFETY NETS FOR VULNERABLE PEOPLE AFFECTED BY CORONAVIRUS
(HA-L1145)

Financial Terms and Conditions				
Beneficiary:				
Republic of Haiti		Amortization period:	N.A.	
Executing agency:		Disbursement period:	2 years	
Social and Economic Assistance Fund (FAES)		Grace period:	N.A.	
Source	Amount (US\$)	%	Interest rate:	N.A.
IDB (Grant Facility for Haiti):	60.000.000	100	Credit fee:	N.A.
			Inspection and supervision fee:	N.A.
			Weighted average life:	N.A.
Total:	60.000.000	100	Currency of approval:	U.S. dollars
Project at a Glance				
Project objective/description: The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objective is to support minimum income levels for those affected by the coronavirus in the immediate period and during the recovery.				
Special contractual conditions precedent to the first disbursement of the financing: (i) The Beneficiary through FAES, shall provide evidence to the satisfaction of the Bank of the appointment of the project's coordinator and accountant (¶3.6). Also, see special contractual condition precedent to first disbursement in Annex III, section II.				
Special contractual conditions prior to first disbursement of Component 1 and 2: (i) The Beneficiary through FAES, shall provide evidence to the satisfaction of the Bank of the preparation of the draft contracts to be signed with the specialized operators (¶3.7).				
Exceptions to Bank policy: None				
Strategic Alignment				
Challenges: ^(a)	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>
			EI	<input type="checkbox"/>
Crosscutting themes: ^(b)	GD	<input checked="" type="checkbox"/>	CC	<input type="checkbox"/>
			IC	<input type="checkbox"/>

^(a) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(b) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem to be addressed, and rationale.

- 1.1 **Background.** On March 11th, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 is a respiratory disease caused by the 2019 novel coronavirus, or nCoV-2019. As of May 26th, more than 5.4 million cases were reported worldwide, resulting in 343,562 confirmed deaths.¹ The first cases in Latin America and the Caribbean (LAC) were reported in late February; since then, as of May 26th, their number has been rising fast, with more than 773,021 confirmed cases of COVID-19 and 41,374 deaths reported. Haiti registered its first COVID-19 cases later than most LAC countries. The first 2 cases were confirmed by the Haitian Ministry of Health and Population (MSPP) on March 19th, 2020.² The same day, the State of Emergency was declared through a Presidential Decree.³ As of May 23rd, Haiti has 958 cases and 27 confirmed deaths.
- 1.2 In the fight against COVID-19 Haiti faces multiple important challenges, both in the health and social protection sector. The health system has limited capacity to provide health services to COVID-19 patients while ensuring the continuity of basic non-COVID-19 services.⁴ Even though Haiti has a young population (only 6% of the population is 65 years old or over), comorbidity can boost the impact of COVID-19 in the country. Haitians have high hypertension rate (4 times higher than for African Americans⁵) and the country has the highest tuberculosis incidence in LAC.⁶ Putting in place social distancing measures such as extended lockdown and quarantines, and basic sanitary measures, such as hand washing, is especially challenging in a context where 74.4% of the Haitian population lives in slums⁷ and has very limited access to improved water and sanitation services.⁸ These challenges are made more difficult by a limited fiscal space for social protection and health interventions.

¹ Data from the WHO, link: <https://covid19.who.int/>, accessed on May 26.

² Situation épidémiologique du COVID-19 et des Infections Respiratoires Aigües (IRA) - MSPP <https://mspp.gouv.ht/site/downloads/Sitrep%2019-03-2020.pdf>, accessed on May 24, 2020.

³ See: <https://lenouvelliste.com/article/213815/les-dispositions-de-larrete-declarant-letat-durgence-sanitaire-pour-le-coronavirus>, accessed on May 22, 2020.

⁴ According to 2013 data, only 43% of primary care facilities were classified as good for accessible care. Only 8% of people living in rural areas having access to one of these facilities. Gage, Anna D; Leslie, Hannah H; Bitton, Asaf; Jerome, J Gregory; Thermidor, Roody; Joseph, Jean Paul; Kruk, Margaret E (2017-03-01). "Assessing the quality of primary care in Haiti". *Bulletin of the World Health Organization*.

⁵ Tymejczyk O, McNairy ML, Petion JS, Rivera VR, Dorelien A, Peck M, Seo G, Walsh KF, Fitzgerald DW, Peck RN, Joshi A, Pape JW, Nash D., Hypertension prevalence and risk factors among residents of four slum communities: population-representative findings from Port-au-Prince, Haiti., *Journal of Hypertension* 218,36: 2018.

⁶ See: https://data.worldbank.org/indicator/SH.TBS.INCD?locations=HT&most_recent_value_desc=true, accessed on May 22, 2020.

⁷ See Slum Almanac 2015-2016 published by UN Habitat – link: https://unhabitat.org/sites/default/files/download-manager-files/Slum%20Almanac%202015-2016_PSUP.pdf, accessed on May 22, 2020.

⁸ World Bank, Haiti: Towards a new narrative, Systematic Country Diagnostic, May 2015 – link: <http://documents.worldbank.org/curated/en/319651467986293030/pdf/97341-SCD-P150705-IDA-SecM2015-0130-IFC-SecM2015-0071-MIGA-SecM2015-0046-Box391466B-OUO-9.pdf>, accessed on May 25.

- 1.3 In this context, the Bank has been supporting the Government of Haiti from its portfolio in execution in its response to COVID-19. In the water and sanitation sector, US\$5.2M⁹ has been redirected to provide solutions for hand washing and access to water in critical locations, as well as for communication campaigns. In the education sector, US\$2M¹⁰ has been redirected to provide support to radio and tele-schools, as well as distribution of food to the families of students and specific support for the payment of teachers. Additionally, US\$2M from the tourism program¹¹ has been reassigned to support small actors in the tourism sector in the South. In the health sector, US\$500,000.00¹² executed by FAES are to be transferred to PAHO, in order to purchase adequate first equipment in response to the pandemic. The Bank is also preparing a project reformulation¹³ to mobilize resources to support the Ministry of Health and Population (MSPP) in its response to COVID-19 in collaboration with other partners.¹⁴ The project outlined here focuses on the social protection response and will finance transfers through established operators that have the capacity to rapidly deploy large scale assistance. The project outlined here adds to the grant 4657/GR-HA of which the goal is to create a short-term social safety net for vulnerable urban youth and to create long-term opportunities for training and labor intermediation for youth; such activities will support the recovery from the COVID-19 crisis. Furthermore, the in-kind distribution activities will leverage synergies with the Bank's operations of the agriculture portfolio, in particular with grants 3089/GR-HA and 4359/GR-HA (see Components 1 and 2) by encouraging the purchase of locally produced rice from Bank-supported rice producers. The two operations focus on improving long term farm profitability and generating positive environmental externalities through the adoption of innovative, profitable and sustainable agricultural technologies (see ¶2.9).
- 1.4 **Macroeconomic and social context.** Haiti has registered a chronically low GDP growth over the last 20 years, growing, on average, 1.2% per year. A series of fuel disruptions and repeated bouts of social unrest resulted in a collapse of economic activities in the country in FY2019, resulting in a GDP contraction of -1.2%. The COVID-19 crisis is yet another shock to an already weakened Haitian economy. The IMF projects that COVID-19 — in addition to a series of episodes of social unrest registered at the beginning of the fiscal year — will result in a GDP contraction of 4% in FY2020. The main external factors that will affect Haiti's economic growth are a decrease in remittances and a decrease in demand for Haitian exports. For the former, the IMF projects a contraction of 23% in FY2020, which is of considerable concern, considering that remittances are equivalent to 35% of GDP, providing considerable support to the population's consumption levels. For the latter, the IMF projects a contraction of 19% in FY2020, notably due to a decrease in demand for textile exports from the United States. Due to the pressure that these factors will exert on Haiti's balance of payments, the Government of Haiti requested an emergency loan from the IMF in April 2020 for US\$111.6 million (from its Rapid

⁹ Through projects: 2946/GR-HA, 4353/GR-HA, 4697/GR-HA.

¹⁰ Through project 2863/GR-HA.

¹¹ Project 3383/GR-HA.

¹² From project 2318/GR-HA in order to buy: 5,000 breathing masks, 225,000 surgical masks, 9,000 preventive lenses, 450,000 gloves and 500 thermometers.

¹³ The Bank is working with the Haitian authorities to advance with the reformulation for COVID-19 sanitary response.

¹⁴ Such as Partners in Health (PIH), the Pan-American Health Organization (PAHO), and the UN Office for Project Services (UNOPS).

Credit Facility, or RCF), half of which has been transferred to the central government for budget support. Other multilateral partners have also received similar requests for projects and budget support. Domestically speaking, a reduction in productive activities due to the social distancing and mobility restrictions will further hinder economic growth. Mitigating the COVID-19 will represent a big challenge to the Haitian government, especially considering its limited fiscal space. According to the IMF, if the government does not implement offsetting measures to rationalize spending unrelated to the COVID-19 crisis or increase domestic revenues, the fiscal deficit could expand from -3.5% of GDP in FY2019 to -6.4% of GDP in FY2020. If sources of international financing fall short, this could lead to an accumulation of arrears of up to 2.8% of GDP.

- 1.5 In terms of social performance, Haiti ranks 169th out of 189 countries in the 2019 United Nations Human Development Index Report. The Haitian population faces a series of structural socioeconomic vulnerabilities, including a national poverty rate of 59%, an extreme poverty rate of 24%,¹⁵ and a life expectancy of 64 years, compared to 75.3 years in the rest of LAC.¹⁶ Furthermore 88% of the population works in the informal sector and depend on day-by-day incomes to meet their basic consumption needs.
- 1.6 **Problem to be addressed.** Among the challenges faced by the country, levels of food insecurity are particularly alarming and will be further aggravated by the COVID- 19 crisis. As of October 2019, before the COVID-19 crisis, according to the National Coordination on Food Security (CNSA) based on Integrated Food Security Phase Classification (IPC) data,¹⁷ 3.7 million people (or 35% of the population) were already facing acute food insecurity. Given the deterioration of the economic conditions, in particular due to the 2019 unrest¹⁸ the CNSA projected in October 2019 that the number of people facing acute food insecurity would increase to 4.1 million (40% of the population) between March and June 2020, including an estimated 1.2 million people likely to face emergency levels of food insecurity.
- 1.7 Food insecurity in Haiti is due to both demand and supply factors. On the demand side, even before the crisis, food expenditures represented almost 85% of the total budget of the poorest households and these households relied the most on credit purchases to meet their food needs.¹⁹ On the supply side, the 2018-2019 drought caused a decline in agricultural production by about 12% compared to the previous year.²⁰ Sociopolitical unrest and deteriorating security conditions have caused disruptions in food distribution and rising prices of basic products. Although most of

¹⁵ According to the World Bank, 78% of Haitians live below the international poverty line of \$5.50 a per day (in PPP terms) and 24.2% live below the extreme international poverty line of US\$1.90 a day.

¹⁶ See: <https://data.worldbank.org/country/haiti> - accessed on May 25.

¹⁷ See: http://www.cnsahaiti.org/analyse-ipc_octobre-2019_fiche-de-communication/ - accessed on May 22, 2020. The Integrated Food Security Phase Classification (IPC0 is an exercise led by the National Coordination on Food Security (CNSA). The IPC is a common global scale for classifying the severity and magnitude of food insecurity and malnutrition. Increasingly, the IPC is the international standard for classifying food insecurity and malnutrition. This tool allows classification of areas with acute food insecurity into five phases: 1/Minimal, 2/Stressed, 3/Crisis, 4/Emergency and 5/Famine.

¹⁸ In 2019 the country experienced generalized demonstrations and unrest which resulted in closures of schools and disruption of economic activities.

¹⁹ See: http://www.cnsahaiti.org/Web/Etudes/2019/ENUSAN%202019_CNSA_Rapport%20final.pdf- accessed on May 22.

²⁰ See: http://www.cnsahaiti.org/analyse-ipc_octobre-2019_fiche-de-communication/ - accessed on May 22.

the country's households face demand problems, supply problems are more pressing in certain rural areas where low availability of basic consumer products has been detected in local markets.²¹ Border closures and possible additional shocks are likely to exacerbate the food supply problems in the near future.

- 1.8 The COVID-19 crisis will further aggravate this situation. On March 21st the Haitian President announced necessary measures to fight COVID-19, including the closure of the borders, movement restrictions and curfew, closure of schools and factories and prohibition of groups of more than 10 people. These measures, which have been extended until July 21st, will have lasting economic consequences in terms of GDP contraction (see ¶1.4) and higher levels of inflation (22.2% in Fiscal Year 2020). This situation will in turn aggravate the socioeconomic situation of the most vulnerable. The loss of income generated by the crisis will further affect their ability to obtain food items and consume. Furthermore, the interruption of productive activities and the closure of borders will result in a contraction of exports. The textile sector, which represents 89% of the exported goods and 10% of the national GDP, is particularly exposed to this situation and workers in the sector will be particularly affected (see ¶1.11).
- 1.9 **Three specific segments of the population are particularly exposed to food insecurity during the crisis.** Firstly, primary school-aged children living in areas with a high level of food insecurity are particularly exposed. At the national level, 12% of children are in a situation or at risk of malnutrition (ENUSAN, 2019). Before the COVID-19 crisis it was already estimated that approximately 2,000,000 school-aged children were enrolled in primary school in the six departments in which the IDB education projects operate, of which only about 280,000 were receiving school meal assistance from a donor or government financed program in the pre-COVID- 19 2019 to 2020 school year.²² This situation is particularly worrying since, in Haiti, a school meal is often the only regular meal a child receives in a day.²³
- 1.10 Secondly, vulnerable households that were already in a situation of acute food insecurity prior to the COVID-19 crisis are particularly exposed. In February 2020, it was estimated that, 525,493 households were facing a situation of crisis (IPC phase 3) and that 209,132 households were facing emergency levels of food insecurity (IPC phase 4).²⁴ Among them, women and single-parent households headed by women face a higher level of vulnerability and food insecurity. In 2019, more than 50% of the population was already in a situation of moderate or acute food insecurity (ENUSAN, 2019), and, among poor single-parent households, 57.12% have a female head (DHS 2012). Given deteriorating local market conditions, households in rural areas face difficulties in accessing basic consumer products.
- 1.11 Finally, factory workers in the textile industry are particularly threatened by the current crisis and the restrictive measures. The textile sector is one of the biggest formal employers in the country after the public sector and represents 12.5% of the

²¹ Ídem footnote 16.

²² Due to COVID-19, schools have been closed since March 20th and at the time of the project development, no reopening dates are currently planned. Nevertheless, schools serve as a valuable network to reach children with feeding whether it be through open schools or via take-home rations.

²³ Haiti National School Feeding Policy - accessed on May 25.

²⁴ Ídem footnote 16.

total formal employment.²⁵ Production cannot be carried out without the equipment inside the factories, making remote work measures inapplicable. The minimum salary of the 54,078 daily workers is equivalent to US\$4,71 a day,²⁶ and it often represents the only source of income for the recipients and their households. In this sense, formal textile workers and their families become especially vulnerable during factory closing periods since in this case factory closure was not an employer generated decision, under the Haitian Law and the Haitian Labor Code, there is no obligation for the employer to provide severance pay. Considering that Haiti does not count with a welfare mechanism that provides partial income when workers do not work, so mandated production interruptions translate into a loss of income and consumption for the workers. In the absence of mitigatory measures, the temporary closure of the 43 textile factories ordered by the government between March and April 2020, as well as potential future closures, will generate a significant loss of income and a decrease in the level of consumption in this segment of the population.

- 1.12 **Government response to COVID-19 in Haiti and progress.** On March 27th, 2020, the President of Haiti announced a series of social and economic measures aimed at mitigating the impact of the COVID-19 crisis including, among others, transfers to the most vulnerable segments of the population and the payment of salaries to workers of the closed textile factories. Furthermore, on April 6th, 2020, the Multisector Commission for the Management of the COVID-19 Pandemic was created with the mandate of supporting the MSPP in the health response.²⁷
- 1.13 To implement the announced social and economic measures, the Social and Economic Assistance Fund (FAES), which is the Governmental entity tasked to deploy assistance programs – has been distributing food and hygiene kits to vulnerable groups²⁸ under the framework of the “Kore Pèp” program.²⁹ Furthermore, during the month of April 2020, FAES implemented a temporary wage subsidy program with public funding to support incomes and ensure minimum consumption levels for the formal workers in the textile sector during the closure of the factories. The intervention disbursed an amount equivalent to US\$ 2,000,000. These public funds were directed to the 43 textile companies of the Association of Industries of Haiti (ADIH) to subsidize 50% of the daily minimum wage for the closure

²⁵ See: <https://betterwork.org/better-work-en-francais/better-work-haiti-our-programme/?lang=fr> - accessed on May 22.

²⁶ Based on the exchange rate the Gourdes to the US dollar as of May 25. The figure corresponds to US\$ 500 gourdes/day according to the Decree establishing the minim salary for the textile sector: <https://www.haitilibre.com/article-29201-haiti-flash-augmentation-du-salaire-minimum-tous-les-details.html> – accessed on May 22, 2015.

²⁷ *Commission multisectorielle de gestion de la pandémie de COVID-19*– see : <https://lenouvelliste.com/article/214546/jovenel-moise-cree-une-commission-multisectorielle-de-gestion-du-covid-19>, accessed on May 22, 2015.

²⁸ For instance, FAES distribution has reached remote areas of Haiti such as islands - Haiti - *Distribution de nourriture et de masques dans 5 îles haïtiennes*, Link: <https://www.icihaiti.com/article-30680-icihaiti-social-distribution-de-nourriture-et-de-masques-dans-5-iles-haitiennes.html>, accessed on May 20, 2020.

²⁹ Meaning « support the people », in Haitian Creole.

period of 15 business days;³⁰ the companies were responsible for distributing the subsidies to workers in the sector and FAES is in the process of collecting the reports of the payments to the workers. The intervention was aimed at supporting income and did not include any specific measures regarding employment protection in the sector.

- 1.14 Despite these recent progress in the response to COVID-19, government actors face significant challenges in making rapid and large-scale interventions to respond to the needs of the most vulnerable. In particular, there are no robust targeting and registration mechanisms for beneficiaries in the country. SIMAST,³¹ which is the main beneficiary registration system for social protection programs, only covers 18% of households. Furthermore, existing transfer delivery mechanisms do not allow large-scale interventions. In this context, it is necessary for government actors to partner with non-governmental agencies in order to provide an agile response to the challenges of COVID-19.
- 1.15 **Proposed strategy to support the Government response.** To support and expand the Government's response to the COVID-19 crisis, the proposed strategy consists of three interventions. In a shared effort between governmental and non-governmental actors, these interventions will aim at supporting minimum levels of income, which in turn, will support minimum consumption levels of vulnerable people affected by the COVID-19 crisis. Each of these interventions is presented below in the chronological order of their implementation. [OEL#3](#) provides more details on the timeframe of these interventions.
- 1.16 Firstly, the proposed operation will retroactively finance the temporary wage subsidy intervention implemented by the Haitian government to support income and minimum consumption levels for the formal workers in the textile sector. Depending on the duration of the crisis, this wage subsidy intervention, described in ¶1.34, could be reactivated if the factories have to close again.³²
- 1.17 Secondly, starting from July 2020, the strategy includes the implementation of cash and in-kind transfer mechanisms to support vulnerable households facing a high level of food insecurity. This intervention will benefit 124,000 vulnerable households living in municipalities with high levels of food insecurity, including 30,000 households in the Martissant and Cité Soleil areas of Port-au-Prince and 94,000 households in vulnerable areas outside of Port-au-Prince. This intervention will be targeted at municipalities facing IPC3 or IPC4 levels of food insecurity where the

³⁰ On April 20, 2020, the government authorized the reopening of factories with the condition of applying prevention and health protection measures. To avoid the regrouping of workers in companies, a maximum level of 30% of the factories personnel working at the same time has been established. To do so, a system of rotation of the labor force has been implemented by companies. Other measures such as the installation of hand washing points, the implementation of a distance of 1.50 meters between workstations and the distribution of washable masks have been implemented and are being audited by the Ministry of Social Affairs and Work (MAST) and the MSPP. On April 22, according to the report titled "*Garment Industry in Haiti in the Face of COVID-19, A public policy proposal*" published in May, ADIH reported that 94% of the companies had reopened but that the demand for textile products is declining worldwide.

³¹ Information System of the Ministry of Social Affairs and Work.

³² In case further wage subsidy interventions are not needed, the Bank will support the Haitian authorities to reallocate unused resources, to other activities within the framework of the project presented here.

delivery of the benefit is feasible from a logistical and operational point of view.³³ Municipalities which already receive assistance from other actors will be excluded to avoid duplication of efforts. Within the selected areas, assistance will be provided to the most vulnerable households. Targeting of the households and delivery mechanisms are described in ¶1.32 and ¶1.33. [OEL#4](#) provides more detailed information on the operational arrangements of this intervention.

- 1.18 Finally, in line with the National School Feeding Strategy, the operation will support the government by financing the expansion of an existing school feeding program. This intervention will benefit 100,000 primary school-aged children living in areas with a high level of food insecurity for 140 school days from September 2020 to June 2021.³⁴ The intervention will target the departments of Ouest, Centre, Artibonite, Nord, Nord Est and Nord Ouest, which are the departments with the highest level of children food insecurity in the country.³⁵ In these six departments 14,2% of children are in a situation of acute or moderate malnutrition or at risk of acute or moderate malnutrition, compared to 8% of children in the other four departments of the country. The school feeding intervention will extend the duration of existing school feeding services in the departments of Ouest, Centre, Artibonite, Nord, and Nord Est. In these five departments, the Government of Haiti, with the support of the Inter-American Development Bank (IDB), has implemented a school feeding program since 2017 through the 3355/GR-HA and 2863/GR-HA operations.³⁶ Given that the 2863/GR-HA will close in December 2020, the proposed intervention strategy includes the temporary extension of school feeding in the 36 schools currently covered by 2863/GR-HA from January to June 2021. In addition, the project will expand the coverage of school feeding services from September 2020 to June 2021 to a total of 100,000 beneficiaries, of which 89,500 are new beneficiaries not currently receiving any school meal services in the six targetted departments. This expansion will include the department of the Nord-Ouest due to its IPC 4 (emergency) classification. Targeting of schools and delivery mechanisms are described in ¶1.27 and ¶1.28. [OEL# 5](#) provides more detailed information on the operational arrangements of this intervention.
- 1.19 Importantly, to ensure a rapid and large-scale implementation of the cash and in-kind transfer intervention and of the school feeding program, the strategy will be based on the engagement of non-governmental and humanitarian actors with the necessary operational capacity. The cash and in-kind transfer intervention will be implemented through the World Food Program (WFP) and the *Association Volontaires pour le Service International* (AVSI). The school feeding program will be implemented through the Bureau of Nutrition and Development (BND). These actors

³³ A very limited number of communes may not be included in the intervention in case operators foresee insurmountable logistics or security related constraints that could jeopardize operations or put beneficiaries or partners at risk. For more details of preliminary preselected areas see [OEL#4](#).

³⁴ 140 days represents the number of days that children spend in class during the school year, considering national holidays and vacations. Due to COVID-19, the 2019 – 2020 and 2020 – 2021 academic calendars will be modified, however at the time of the development of the DLP, the official revised calendars have yet to be determined. As such, the project will begin school feeding in September 2020.

³⁵ See [OEL#3](#).

³⁶ After the emergency of Hurricane Mathew, it was allowed to finance school meals through 2863 / GR-HA. The external verification of the 2017 – 2018 program, requested by the executing unit, demonstrated that over 140,000 beneficiaries were reached by the program. Regarding the 2020 program, the executing agency, UCP, via its supervision semester report in February 2020, reported 35 schools were reached by the school feeding intervention.

have a long history of implementing transfer programs in the country and have the capacity to rapidly scale up their interventions to respond to the crisis.³⁷

- 1.20 **Bank experience and lessons learned.** School feeding has proven to be an effective mechanism to respond to the food insecurity situation faced by children in vulnerable areas. Evidence demonstrates that, with the estimated value of school meals equivalent to about 10% of a households' income, school feeding programs can support a reduction of poverty by freeing that income for households to use on other goods and services.³⁸ Regionally 15 of the 26 LAC countries implement school feeding programs. In Haiti, following Hurricane Matthew, the 3355/GR-HA program found that children were traveling further to attend schools with feeding activities, while some children left their previous schools in order to enroll in schools with feeding.³⁹ National experiences with school feeding demonstrate the importance of providing a holistic school feeding experience that goes beyond the simple delivery of meals. For example, success factors include providing feeding to all children in a school rather than selected students; including local produce when possible; training cooks on nutrition and meal preparation; providing the proper kitchen resources for successful preparation; and proper monitoring of the program.⁴⁰ Component 1 of the operation will take into account these key success factors and will finance activities that ensure a holistic approach to school meals and an innovative monitoring program designed to cross-verify stakeholder satisfaction with the program.
- 1.21 Evidence shows that unconditional cash or in-kind transfers are effective strategies to support minimum levels of income and consumption among the most vulnerable households affected by shocks and emergencies (O'Brien et al. 2018) and are being broadly used at the global level to address the coronavirus crisis (Gentilini, Almenfi, and Orton, 2020). Lessons learned based on 26 sovereign guaranteed operations from the IDB's portfolio⁴¹ show that (i) using geographic targeting is considered as a good practice in areas with a high incidence of poverty and with a homogeneous socio-economic structure. For this reason, Components 1 and 2 adopt a geographic targeting mechanism based on the IPC statistics; (ii) it is essential to reinforce the targeting mechanisms existing in the country through, for example, the creation of unified beneficiary rosters. For this reason, the Component 2 will include activities to contribute to the strengthening of SIMAST; (iii) in the context of COVID-19, it is recommended to use digital payment mechanisms to limit the crowding of people at the payment point. Thus, wherever it is possible, Component 2 will use mobile payment mechanisms. Finally (iv) the 4657/GR-HA experience shows the need to

³⁷ The WFP is a crucial actor in the country for cash and in-kind transfers programs. In December 2019, WFP distributed emergency food assistance to 147,870 vulnerable people and it works with a network of partner NGOs to deploy a large scale response. AVSI played an important role in the hurricane Matthew response, assisting 10,000 direct (and 30,000 indirect) beneficiaries; furthermore, among other interventions, since September 2018 AVSI has been assisting 5,000 households in IPC3 and IPC4 areas of the country. In the case of BND, in school year 2019 – 2020, before the crisis, the NGO provided school feeding to 209,587 beneficiaries in 745 schools.

³⁸ WFP, The impact of school feeding programs, November 2019 – link: https://docs.wfp.org/api/documents/WFP-0000102338/download/?_ga=2.43126816.4893917.1589164556-1617792346.1589164556, accessed on May 10, 2020.

³⁹ See [OEL#5](#).

⁴⁰ See [OEL#5](#).

⁴¹ Pablo Ibararán, Nadin Medellín, Ferdinando Regalia, Marco Stampini, How Conditional Cash Transfers Work: Good Practices after 20 Years of Implementation. Available at: <https://publications.iadb.org/publications/english/document/How-Conditional-Cash-Transfers-Work.pdf>.

work with specialized operators to ensure the execution of the project activities on such a large scale, while strengthening the administration, supervision, and monitoring capacity of FAES. For this reason, the execution mechanism of the cash and in-kind transfers intervention is based on the hiring of operators specialized in food aid and cash transfer programs, and the operation includes activities to strengthen the functional execution capacity of FAES as part of the administration, evaluation and auditing costs category.

- 1.22 Some countries have implemented wage subsidies to protect formal workers facing the risk of job and income loss and to ensure minimum level of consumption during the crisis.⁴² Experience with this type of mechanism shows that it can be effective in times of crisis but can become costly and regressive over time since transfers benefit mainly formal sector workers.⁴³ For this reason the wage subsidy mechanism financed by the Component 3 will be implemented for a limited and well defined period of time.
- 1.23 **Coordination with other multilaterals and/or donor agencies.** The design and planning of this project was closely coordinated with the World Bank for both school feeding and cash and in-kind transfers activities. Regarding school feeding, the proposed operation will maintain the traditional World Bank and IDB coordination already established in the country by request of the Ministry of Education (MENFP). In line with the 2016 National School Feeding Policy the World Bank and the IDB funding support robust and identical school feeding programs. While the World Bank funds the intervention in Nippes, Sud, Sud-Est, and Grand Anse, the IDB funds the Ouest, Artibonite, Nord, Nord-Est, Nord-Ouest, and the Center departments, thereby ensuring a fully coordinated national response in line with the National School Feeding Strategy. Moreover, considering that government funding is limited, school feeding interventions rely on the support from donors and actors such as the IDB, WB, CDB, WFP, and USAID/USDA. These actors will continue to ensure adequate targeting, avoid duplication of beneficiaries and reach as many students as possible during the 2020-2021 school year. Regarding cash and in-kind transfers activities, the World Bank is exploring reallocating funds to a complementary WFP intervention using the same modalities which would allow, if confirmed, to reach more households in IPC3 and IPC4 areas. Furthermore, considering that the vulnerable population in need of assistance has been expanding well beyond available resources, the Bank participates in the Cash Transfer Working Group and the Social Protection Sector Table, which are platforms involving main donors and implementing actors, to discuss and coordinate intervention priorities, targeting and mobilization of resources. These two platforms encourage complementarity and allow to avoid duplications in the areas of intervention.
- 1.24 **Strategic alignment.** The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the challenges of: (i) Social Inclusion and Equality, through support for maintaining minimum levels of income and welfare for the populations most vulnerable to COVID-19. The program is also aligned with the cross-cutting areas of gender equality and diversity, since it will give priority to households headed by single mothers, pregnant or lactating

⁴² See [OEL#2](#).

⁴³ Robalino and Banerji, 2009, Addressing the employment effects of the financial crisis: The Role of Wage Subsidies and Reduced Work Schedules.

women and girls, and households with people with disabilities within the framework of component 2 and this component will also have a specific target regarding the participation of women. The program will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicators “beneficiaries of anti-poverty programs.” The program is aligned with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) in the areas of enhancing equity and supporting vulnerable populations. It is also consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-7), which underscores the importance of supporting vulnerable populations, particularly from external shocks, through responsive social protection policies. This program is consistent with the Proposal for the IDB Group’s Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996), since it contributes to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19.

B. Objectives, components, and cost

- 1.25 **Objectives.** The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objective is to support minimum income levels for those affected by the coronavirus in the immediate period and during the recovery.
- 1.26 **Component 1. Support to protection using the existing school feeding program. (US\$12,500,000)** This component will finance school meals for 100,000 beneficiaries for 140 school days from September 2020 to June 2021. The component will provide all beneficiaries in selected public and non-public schools with a morning snack and hot lunch, for approximately 1,200 kilocalories per child per day.⁴⁴ The intervention will use nutrition-sensitive planning and will provide daily servings of fresh fruits and vegetables as well as protein to make meals as nutritious as possible. BND will be in charge of the implementation of this component during the school year and execution of 12 months is expected from September 2020.
- 1.27 This component will finance the hiring of BND that will be responsible for the following activities: (i) distributing food to schools for the snacks and for preparing the lunch meals;⁴⁵ (ii) explaining to the school stakeholders the modalities of the feeding program, building awareness about COVID-19, and teaching health and hygiene practices; (iii) training cooks on preparing balanced school meals while ensuring that they respect COVID-19 health and hygiene best practices; (iv) providing 2 doses of de-parasitic medication to all program beneficiaries;⁴⁶ (v) offering Vitamin A to all program beneficiaries;⁴⁷ (vi) distributing improved

⁴⁴ According to the MSPP 1,200 kilocalories represent 60% of the energy needs for children, under the assumption that children will receive their remaining caloric needs from their households. MSPP & Aba Grangou, 2012. ‘Politique Nationale de Nutrition’, accessed on May 22, 2020.

⁴⁵ Snack and hot meal are estimated at US\$.84 per beneficiary per day.

⁴⁶ De-parasitic medications such as Albendazole in school feeding programs have proven to significantly reduce the rate of parasitic infections in children in Haiti. Source MSPP Etude de Prevalence: EZSHARE-2032895945-64.

⁴⁷ Vitamin A deficiency affects about 190 million preschool-age children, mostly from Africa and South-East Asia. In infants and children, vitamin A is essential to support rapid growth and to help combat infections. MSPP & UNICEF, 2006. ‘Enquête sur la Prévalence de la Carence en Vitamine A et de la Déficience en lode en Haïti’, accessed on May 22, 2020.

cookstoves, propane stoves and tanks to schools where needed;⁴⁸ (vii) purchasing and delivering cooking and eating utensils to schools where needed; and (viii) implementing a take-home ration modality in case schools do not reopen in September. The component will also finance the administration fees charged by the specialized operator.

- 1.28 *Targeting of schools:* The selection of schools participating in the school feeding program will be based on the following inclusion criteria: (i) food insecurity level of the areas (see ¶1.18); (ii) the schools must be located in one of the six departments targeted by the intervention which are Ouest, Centre, Artibonite, Nord, Nord Est and Nord Ouest; (iii) the schools must have basic infrastructure, including the capacity to store food and prepare the meals on-site; and (iv) all schools having previously benefitted from IDB financed school feeding interventions, as well as schools built through IDB financing, will be included in the intervention. Both public and non-public schools will be eligible. Schools receiving school meal assistance funded by other actors or donors will be excluded from the intervention in order to avoid duplication of efforts.⁴⁹ All children in selected schools will benefit from the school meal program.
- 1.29 *Delivery mechanisms and protocols:* School meals will be distributed on a monthly basis through the network of selected schools. In the case of a reopening of schools in September 2020, the daily meals will be distributed to beneficiaries during the school day. If schools remain closed in September 2020, school meals will be distributed as take-home rations that children's parents can prepare at home. The proposed school feeding program will take special health and security measures considering COVID-19 and will align with MSPP and WHO recommendations. As part of regular school feeding programming the intervention will include the delivery of soap for hand washing as well as potable water kits to all schools. The program will require all stakeholders and beneficiaries to wash their hands before and after meals. Moreover, masks will be used by all service provider delivery personnel and school kitchen staff when serving meals. The school feeding program will consider feasible social distancing measures in schools.
- 1.30 **Component 2. Support to protection for the vulnerable population not on the rosters of transfer programs, working in the informal sector. (US\$42,700,000).** This component will finance cash and in-kind transfers to a total of 124,000 vulnerable households, including 30,000 households in the Cité-Soleil and Martissant areas of Port-au-Prince and 94,000 households in vulnerable areas

⁴⁸ Not all schools in Haiti meet the norms of having cooking capacity, as such the program will take into account the needs of schools and distribute stoves and gas as needed. Particularly in this economic crisis, the costs of energy can be quite high for a school to take in, as such the component will supply schools with all services needed to ensure that the feeding program is successful.

⁴⁹ In particular, the program will continue previously established methodology of working closely with other school feeding partners (the WFP) in the departments of the Ouest, Artibonite, Nord, Nord-Est and Nord-Ouest to avoid duplication of services to schools. In the department of the Centre, the proposed operation will only work with schools currently benefiting from feeding services under the 2863/GR-HA and will not expand schools in that department in order to avoid duplication with school feeding partners in that department (the WFP, the Caribbean Development Bank (CDB) and the World Bank). Finally, schools in the departments of the, Nippes, Grande Anse, Sud and Sud-Est will be excluded from the proposed school feeding program to avoid duplication with the World Bank / CDB school feeding program (87,000 student beneficiaries).

outside of Port-au-Prince. Each household will receive up to four transfers.⁵⁰ Each transfer will be for an amount up to 75% of the basic food basket.⁵¹ AVSI will be in charge of the implementation of this component in the Martissant and Cité Soleil areas in Port-au-Prince and the WFP will be charged with the implementation in the areas outside of Port-au-Prince. An execution period of 9 months is expected from July 2020.

- 1.31 The component will finance the hiring of AVSI and WFP that will be responsible for the following activities: (i) the targeting, identification, and selection of beneficiaries; (ii) the delivery of benefits (in cash, voucher, through of mobile money or in kind food kits); (iii) the design and implementation of communication campaigns to inform about the temporary nature of the intervention, taking into account the country's linguistic and cultural diversity; (iv) the definition and implementation of protocols to deliver benefits aligned with the WHO guidelines to prevent COVID-19 spreading and,⁵² where applicable, those on humanitarian operations in fragile settings;⁵³ (v) the monitoring and reporting of progress and activities; (vi) the expansion and strengthening of SIMAST by registering the program beneficiaries in SIMAST and collecting complementary surveys to measure the vulnerability and the resilience of households. The component will also finance the administration fees charged by the specialized operators, and if needed, costs that might arise from increased distribution challenges due to social unrest or insecurity.
- 1.32 *Targeting of households:* It will be done through the SIMAST where SIMAST lists are available, or through a community-based approach (frequency listing methodology) when SIMAST lists are not available. With the frequency listing methodology, the first targeting criteria is the general vulnerability of the households, defined as households that are unable or face major challenges to meet their essential needs (food, health, education, among others). Additional demographic criteria will be applied to target the most vulnerable, such as households headed by single mothers, pregnant or lactating women and girls, and households with people with disabilities, given their special exposure to food insecurity. A specific target of at least 60% of women among beneficiaries will be established.
- 1.33 *Delivery mechanisms and protocols:* Depending on the specific areas of intervention, transfer mechanisms can be (i) electronic transfers using mobile payments, (ii) food vouchers, (iii) cash-in-envelope or (iv) food kits (in-kind). Irrespective of the transfer modality, beneficiaries will be register into an electronic system to verify their identity at each distribution. In the specific case of WFP transfers, beneficiaries will be registered into the SCOPE system used by WFP worldwide and will obtain a SCOPE ID card upon registration that they will have to present each time they receive cash-in-envelope or the food kits. Mobile payments will be preferred in urban areas other than Port-au-Prince, where more people have

⁵⁰ Distributions are expected to take place between 4 to 6 weeks from one another; the first distribution will be implemented as soon as the targeting of the beneficiaries is complete. The exact timing between distributions might vary due to external factors such as the security situation of each distribution area.

⁵¹ The food basket is based on the CNSA food basket upgraded to match the 2,100 Kcal per person per day threshold. In April 2020, the value of this food basket reached 10,006 HTG, approximately 110 USD for a household of 5 people for 1 month. The amount of 75% was established by the humanitarian assistance stakeholders in Haiti together with CNSA. See [OEL#4](#) for more details.

⁵² See: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public>, accessed on May 22, 2020.

⁵³ See: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/technical-guidance/humanitarian-operations-camps-and-other-fragile-settings>, accessed on May 22, 2020.

a mobile phone and the mobile network has better coverage. In the specific areas of Martissant and Cité Soleil, part of Port-au-Prince, the modality of food vouchers, redeemable at preselected vendors, will be preferred because it has already been implemented successfully in these areas characterized by particularly high levels of insecurity and poverty. WFP will use the cash-in-envelope modality in those rural areas with limited mobile coverage, with limited presence of agents to withdraw resources received with mobile payments and it will be done in cooperation with a financial partner of WFP. In-kind transfers will be preferred in rural areas that are particularly exposed to the risk of market disruption. To inform decisions on the proportion of in-kind and cash assistance, baseline and ongoing market monitoring will be undertaken throughout the project lifecycle to assess factors such as availability and price trends of food products (based on the national food basket), security and logistical constraints affecting the areas, and the capacity of local vendors to meet increased demand. In case of in-kind food distribution, the activities will leverage synergies with the Bank's operations of the agriculture portfolio, in particular with grants 3089/GR-HA and 4359/GR-HA which focus on improving long term farm profitability and generate positive environmental externalities through the adoption of innovative, profitable and sustainable agricultural technologies. The intervention of this component will comply with strict sanitary and social distancing measures at the food distribution and payment points following the WHO guidelines to prevent COVID-19 spreading and, where applicable, those on humanitarian operations in fragile settings.⁵⁴

- 1.34 **Component 3. Support to protection for the vulnerable population not on the rosters of transfer programs, working in the formal sector (US\$4,000,000).** This component will finance temporary wage subsidies to 43 formal enterprises in the textile sector, to support minimum levels of income and consumption for the textile sector workers during the closures of factories that might become necessary to tackle the pandemic. The subsidy is equal to 50% of the minimum daily wage and covers a period of 15 to 22 working days per month.
- 1.35 This component will retroactively finance the subsidies already granted by the Government to textile companies during the month of April 2020, which was equivalent to 15 days of work, and it will finance the reactivation of this wage subsidy mechanism in the case that the factories are closed again in the future.
- 1.36 *Targeting mechanism:* Only companies in the textile sector during periods of factory closure due to COVID-19 will be eligible to receive transfers.
- 1.37 *Delivery mechanism:* funds are delivered in the form of direct transfers to the textile enterprises of the Association of Industries of Haiti (ADIH). Enterprises are in charge of the payroll payments.
- 1.38 **Program administration, evaluation, and auditing costs (US\$800,000).** This item will finance: (i) external evaluations of the school feeding and cash and in-kind transfer interventions; (ii) the hiring of a call center to monitor the execution and performance of the interventions; (iii) financial audits; (iv) a technical audit of the school feeding program; and (v) the project administration costs. The administration costs include the hiring of a (i) a junior procurement consultant, and (ii) an accounting consultant to strengthen the capacity of FAES, in particular in the areas of project

⁵⁴ See footnote 52 and 53.

coordination, accounting, procurement, financial management and project supervision, and to mitigate fiduciary risks (see ¶2.3).

- 1.39 **Beneficiaries.** The actions proposed in this operation will target individuals directly affected by COVID-19 (loss of income and consumption). Specifically, the number of expected beneficiaries is approximately 100,000 primary school children, 124,000 vulnerable households (equivalent to 620,000 people), and 54,078 formal workers.

C. Key results indicators

- 1.40 **Expected outcomes.** The program will contribute to maintaining standards of living for persons vulnerable to the effects of COVID-19 whose income and consumption levels are affected. The main expected outcomes are to provide support through cash and in-kind transfers to persons vulnerable to the effects of COVID-19, including beneficiaries of an existing school feeding program and individuals who do not receive regular support but are vulnerable in the current context. The program also seeks to protect the minimum income and consumption levels of formal workers in the textile industry affected by the crisis.
- 1.41 **Economic viability.** The economic rationale for the proposed actions is based on the economic effect of policies that protect consumption and income levels and reduce food insecurity. The potential benefits include the economic multiplier of transfers, consumption smoothing and nutrition effects. Based on the foregoing, a cost-benefit analysis was conducted in which a net present value (NPV) of US\$31 million was estimated in the base case scenario,⁵⁵ suggesting that the program is economically beneficial. The results are robust to different assumptions on the discount rate. This estimate does not take into account the potential reductions, due to the support to social isolation, of COVID-19 related mortality and morbidity. ([OEL#1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation will be financed by the IDB Grant Facility for an amount of US\$60 million. The disbursement period will be of 24 months. US\$ 49 million are expected to be disbursed in 2020 and US\$11 million in 2021.

Table 1: Estimated program costs (US\$)

Components	IDB	%
Component 1. Support to protection using the existing school feeding program	12,500,000	20.80
Component 2. Support to protection for the vulnerable population not on the rosters of transfer programs, working in the informal sector.	42,700,000	70.12
Component 3. Support to protection for the vulnerable population not on the rosters of transfer programs, working in the formal sector	4,000,000	6.70
Administration, evaluation and auditing costs	800,000	1.30
Total	60,000,000	100

⁵⁵ Base case scenario assumes a 5% discount rate (3.5% for nutrition interventions) and the Modified Internal Rate of Return is 7.3% not including nutrition interventions.

B. Environmental and social safeguard risks

- 2.2 Given that no investments are foreseen in infrastructure, this operation has been classified as Category "C" under the Environmental and Safeguard Compliance Policy (OP-703) and OP-704. The project has been classified low under natural disaster risk issues. Socioenvironmental impacts on implementation will be minimal. The operation will generate significant positive social impacts through the distribution of food to school children and families in marginal neighborhoods. Distribution in marginal neighborhoods may lead to possible social negative impacts, in particular to the organizations responsible for distribution and beneficiary communities. To mitigate such risks the project will follow the WHO guidelines to prevent COVID-19 spreading and,⁵⁶ where applicable, those on humanitarian operations in fragile settings.⁵⁷

C. Fiduciary risks

- 2.3 Despite noted improvements in financial reporting and procurement capacities due to ameliorations to their financial management and procurements systems, the Bank considers FAES overall risk to remain medium due to possible delays in the preparation of financial reports and the justification of funds due to increased workload and to the execution of activities in urban and rural areas which could affect the timely submission of supporting documents. To mitigate these risks, the following mitigation measures will be implemented: strengthening of fiduciary capacity with the (i) hiring of a junior procurement consultant; and (ii) the hiring of an accounting consultant. In addition, for the logistics and operational activities related to the school feeding the cash and in-kind transfer programs, specialized operators will be hired for the implementation of said activities to ensure the delivery of services to selected beneficiaries and preparation of technical reports.

D. Other key risks and issues

- 2.4 In the specific case of school meals, COVID-19 related risks and risks of social unrest and insecurity have been identified. These risks can result in more school closures during the 2020-2021 school year. Should this risk materialize, the operator will pivot its implementation to the distribution of take-home rations that children's parents can prepare at home. This methodology has been experimented within the existing Bank-financed school meals program and is aligned with the World Food Program (WFP) standard operating procedures for safe food distributions in Haiti (see [OEL#3](#)).
- 2.5 Both relevant for the school feeding and cash and in-kind transfers program, shocks to the agriculture sector may affect the provision of locally produced food. Agricultural production, at the moment, has not decreased as a consequence of the COVID-19 crisis, but droughts and low yields have been affecting its level in the last years and add to the seasonal risk of hurricanes to which Haiti is exposed. If the COVID-19 crisis is protracted for several months, other risks for the sector might loom. In particular, labor shortages, disruption in the availability of imported agricultural inputs and reduction of investment capital (due to a reduction of

⁵⁶ See footnote 53.

⁵⁷ See footnote 54.

remittances and lower internal demand) might affect agricultural production in Haiti in the coming months. To mitigate these risks, the Bank project team will explore synergies with the Bank-funded agriculture and rural development projects to facilitate access for the operators to local production sources.

- 2.6 In the Port-au-Prince areas of Cité Soleil and Martissant, security risks have been identified. To mitigate this risk, the implementation of the activities in these areas will be carried out through a specialized operator with deep knowledge of the area and good local acceptance. Furthermore, implementation will rely on close collaboration with the National Commission for Disarmament, Dismantlement and Reintegration (CNDDR) to monitor the situation and reduce the risk of insecurity. In particular, the CNDDR will facilitate the dialogue with all stakeholders to explain the goal of the activities so that AVSI can proceed to target the beneficiaries and deploy the intervention. The Bank will coordinate with FAES, AVSI and CNDDR to ensure the timely exchange of information and, if needed, advise on changes to the implementation modalities.
- 2.7 Similar to what happened during the 2019 unrest, the risk of social unrest and security deterioration is very high, and this can severely limit the possibility to access certain areas to implement the activities. The operators hired to implement the activities are highly specialized and have experience adapting their work to a volatile environment; in case disruptions materialize the operators will adapt their implementing modality as much as possible to minimize delays.⁵⁸
- 2.8 To tackle and limit the risk of coronavirus contagion during distributions, the program will implement specific mitigation measures. The school feeding operator will build the capacity of selected schools to implement special protocols to deliver the meals respecting hygiene and social distance measures, in line with WHO guidelines to prevent COVID-19 spreading.⁵⁹ The protocols will include, among others, frequent hand washing and soap distribution, respect of mask-wearing by school personnel, organizing shifts to reduce the number of children in a room, or providing the hot meals while children are sitting at specific distances at their desks. In the case of Component 2, the intervention mobile payment modalities that allow for limited movement of people will be used whenever it is possible. When it is not possible to avoid the delivery of benefits in person – as it is the case for food distribution, strict protocols of hygiene and social distancing will be implemented at the points of distribution.
- 2.9 **Sustainability.** This operation supports the efforts of the government of Haiti to respond to the COVID-19 pandemic, mitigate the economic impacts on the most vulnerable groups and is meant to focus primarily on the emergency response with the main goal of saving lives and supporting an inclusive recovery once the emergency has been contained. Other main donors have announced resource mobilization or are in the process of mobilizing resources for social intervention. Despite being a short-term intervention, the country will keep part of these social protection mechanisms even after the crisis has been overcome and will develop lessons learned to ensure that the Haitian government is better prepared to respond

⁵⁸ Adaptations can include a reduction in the number of transfers but with an increase in the amount of cash-in-kind being transferred each time.

⁵⁹ See: <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public>, accessed on May 22, 2020.

to similar situations in the future, whether health emergencies, natural disasters or other shocks. For instance, as part of Component 1, this operation will introduce a minimum of 30% of locally produced food items to allow a diversification of meals, stimulate local production, and strengthen the purchasing power of local producers. While Haiti does not produce vegetable oil and it is challenging to obtain high quantities of beans in the local market, up to 25% of the rice to be distributed under Component 2 will be purchased in the country to support income generation for local producers, leveraging synergies with the operations of the agriculture portfolio (see ¶1.32). As part of Component 2, this operation will finance the enhancement and expansion of SIMAST which is a key element of the national social protection system and a fundamental tool to increase the country capacity to respond to future shocks.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Implementation arrangements

- 3.1 **Beneficiary and executing agency.** The beneficiary is the Republic of Haiti. The Executing Agency will be FAES, which was created by decree in 1990⁶⁰ as an autonomous organization under the Ministry of Finance with the mission to fund socio-economic measures and programs to support the most vulnerable population. FAES has a tradition of executing social protection programs. Furthermore, it is already responsible of the execution of the 4657/GR-HA grant⁶¹ which includes institutional strengthening activities that have successfully allowed FAES to expand its procurement, administrative and fiduciary management through the incorporation of specialized personnel and the deployment of management software. Under 4657/GR-HA FAES has experience hiring operators responsible for project implementation and it is the same modality that will be used for this intervention.
- 3.2 **Execution and administration.** A project team in FAES will be assigned to this operation and will be responsible for carrying out all the operational, administrative and fiduciary obligations for all components necessary for the successful project implementation as well as the communication with the Bank. The capacity of the project team will be reinforced by specialized consultants that will be hired, including (i) a project coordinator, (ii) a junior procurement consultant; (iii) an accounting consultant; (iv) two monitoring and supervision consultants; and (v) a monitoring and evaluation consultant.
- 3.3 For Component 1 and 2, FAES will contract operators in charge of all the activities related to the implementation of the school feeding program and the cash and in-kind transfers program. Contracts between FAES and the operators will be signed

⁶⁰ The Decree was published on "Le Moniteur" n. 49 of Monday June 3, 1990.

⁶¹ 4657/GR-HA "[Temporary Social Safety Net and Skills for Youth](#)" - The overall objective is to create a short-term social safety net for vulnerable urban youth and to create long-term opportunities for training and labor intermediation for youth. There are three specific objectives: (i) provide short term income opportunities to youth through short term employment in vulnerable neighborhoods; (ii) improve skills of youth living in vulnerable neighborhoods to create long term economic opportunities; and (iii) strengthen FAES' procurement, administration and project management capacity and the Ministry of Social Affairs and Labor (MAST) -for its French acronym- labor intermediation capacity. The project has suffered implementation delays because the short-term employment activities in vulnerable neighborhoods (cash for work) cannot take place until the social distancing and restrictive measures due to COVID-19 are lifted.

and will describe their roles in the implementation process. For Component 1, the non-governmental organization, Bureau National de Developpement (BND), will be responsible for the activities described in ¶ 1.27. For Component 2, two specialized operators will be contracted by FAES: (i) *Association Volontaires pour le Service International* (AVSI) to cover Martissant and Cité Soleil areas in Port-au-Prince and (ii) WFP to cover areas outside of Port-au-Prince. The two operators, which have been partners for distribution activities and coordinate regularly, will be charged with all the activities described in ¶ 1.31. For Component 3, FAES will realize transfers to the formal companies working in the textile sectors which will then transfer the resources to the impacted workers throughout their payroll mechanisms. The companies will produce reports that include the name and last name of the workers, their ID numbers, the amounts paid to each of them and their signatures.

- 3.4 For the school feeding program and the transfer programs in Martissant and Cité Soleil areas in Port-au-Prince, in addition to the regular supervision visits conducted by FAES and other technical supervision visits conducted by the specialized consultants, a call center and hotline will be established through the hiring of the Caribbean Call Center (CCC) to monitor program implementation to ensure successful delivery of the meals and the vouchers. CCC, in line with the successful modality currently being used under 2863/GR-HA, will be responsible for calling directors, teachers, and parents of students benefiting from school meals. Furthermore, it will call beneficiaries of in-kind transfers. CCC will also activate a hotline to allow stakeholders and beneficiaries to contact the program regarding any school meal issues that may arise. For the school feeding program, additional technical inspection will also be carried out through the engagement of a specialized consultant to identify lessons learned and potential improvements. CCC will complement the work of a specialized consulting firm to be identified and which will be responsible for the technical supervision of the meals and vouchers distribution. Furthermore, BND and AVSI, as part of their periodical reporting to FAES, will provide details of all expenses.
- 3.5 **Interagency coordination.** To ensure efficient implementation, mechanisms will be developed to facilitate coordination between those institutions that can identify vulnerable groups and those responsible for carrying out the transfers. Regarding Component 1, FAES will ensure coordination with the MENFP which is the mandated regulating body for school feeding. In particular, the MENFP will be advised on the list of schools selected for the program and will provide their final approval. Regarding Component 2, FAES and operators will coordinate with *Ministère des Affaires Sociales et du Travail* (MAST) through data exchange protocols to access SIMAST information on vulnerable populations and to transfer data from the program to SIMAST to contribute to its expansion. Furthermore, the sharing of information and coordination will be guaranteed through the Cash Transfer Working Group and the Social Protection Sector Table (see ¶ 1.22). Regarding Component 3, FAES will coordinate with ADIH to monitor and supervise the execution of transfers and monitor the final delivery of the subsidies to the workers.
- 3.6 **Special contractual conditions prior to first disbursement: (i) The Beneficiary through FAES, shall provide evidence to the satisfaction of the Bank of the appointment of the project's coordinator and accountant.** This condition is

necessary to ensure that FAES has increased its capacity to administer the operation and the advances of resources to the operators.

- 3.7 **Special contractual conditions prior to first disbursement of Component 1 and 2: (i) The Beneficiary through FAES, shall provide evidence to the satisfaction of the Bank of the preparation of the draft contracts to be signed with the specialized operators.** This condition is necessary to ensure that FAES rapidly finalizes the negotiation of the contracts and implementation can start as planned; once received and reviewed, the Bank will provide its non-objection to the draft contracts.
- 3.8 **Retroactive financing.** The Bank may retroactively finance eligible expenditures incurred by the Beneficiary prior to the grant approval date for the payment of wage subsidies to the textile sector companies (equal to 50% of the minimum daily wage for a period of 15 working days per supported worker), up to the total amount of US\$ 2,000,000 (3,3% of the grant amount), provided that requirements substantially similar to those established in the grant agreement have been met. Such expenditures must be limited to the activities described under Component 3 and must have been made on or after 19 March 2020 when the government declared the sanitary emergency and the closure of factories in the textile sector. Even though this predates the project officially entering the pipeline (document GN-2259-1), recognition of expenditures on an exceptional basis is justified as from that date, given the exceptional circumstances surrounding the global health emergency.
- 3.9 **Procurement.** Procurement financed in whole or in part with proceeds from the Bank financing will be undertaken in accordance with the Policies for the Procurement of Works and Goods Financed by the IDB (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15), or those in effect at the time of project execution. The Procurement Plan ([REL#2](#)) includes details of the planned procurement processes.
- 3.10 **Special procurement measures.** The special measures approved by the Board of Executive Directors and set forth in document GN-2996, paragraph 4.2, and Resolution DE-28/20, paragraph 2, will be applied to the procurement policies. See details in Annex III.
- 3.11 **Single Source Selection.** The project will single source the following contracts: BND, WFP, AVSI and CCC, all of which have been selected in accordance with the Policies for Selection and Contracting of Consultants Financed by the IDB (GN- 2350-15), paragraph 3.10 (d). See [REL#2](#) for more details.
- 3.12 BND has been selected because it has unique and exceptional expertise in implementing school feeding programs on a large scale throughout the country, as well as its established relations with the MENFP and other school feeding actors such as the WFP. Externally conducted monitoring on the quality of school feeding, based on stakeholders' responses, as well as external technical audits confirm that BND provides above satisfactory service. Furthermore, BND has won multiple national competitive procurement processes for school feeding in Haiti and was recently awarded a direct contract in December 2019 with the approval of the IDB Procurement Committee.

- 3.13 WFP has been selected because it has a unique and exceptional experience deploying large scale cash and in-kind distribution throughout the country. WFP counts with the capacity to (i) target, select and register beneficiaries; (ii) procure large stocks of food in the national and international market; (iii) leverage existing partnerships with a financial institution and mobile payments providers to reach beneficiaries on large scale; and (iv) rapidly mobilize a network of partners to ensure distribution in remote areas. Furthermore, WFP had a deep knowledge of the SIMAST, has a longstanding relationship with MAST, and FAES and can adapt its logistics operations to the volatile situation of the country.
- 3.14 AVSI has been selected because it has a unique and exceptional experience to implement social programs involving food distribution, in the most challenging areas of Haiti. AVSI has been present in Haiti since 1999 and has successfully deployed social assistance initiatives including in the areas of Cité Soleil, ranging from food distribution, to violence reduction, to vocational training. AVSI has successfully implemented a variety of large scale social project and social assistance projects funded by European Civil Protection and Humanitarian Aid Operations (ECHO), WFP, and UNICEF; its most recent interventions focusing on emergency in-kind and cash transfers include Hurricane Matthew and “Peyi Lok” responses. AVSI is also a vetted partner of WFP which enables them to coordinate the work and ensure the highest standards. Thanks to two decades of operation in Haiti, and their experience working with the most vulnerable including in the most challenging areas of Port-au-Prince, AVSI is the operator which is best equipped to deploy food distribution in Cité Soleil and Martissant.
- 3.15 CCC has been selected because it has unique and exceptional experience conducting monitoring of social program programs, at a competitive price; furthermore it has the infrastructure to deploy large scale monitoring as needed under the operation. Under 2863/GR-HA, CCC has provided outstanding service for the monitoring of the school feeding program. Furthermore, CCC has been awarded contracts under the World Bank to monitor the identical school feeding program as the IDB’s.
- 3.16 **Disbursements:** Disbursements will be made through the advance of funds based on liquidity needs for periods of up to six months and reimbursement of expenses modality pursuant to provisions established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12) or the guidelines in effect at the time of program execution and the Fiduciary Agreements and Requirements (Annex III). For each new advance, due to the emergency nature of the operation and given that activities will be executed in urban and rural areas throughout the Country, FAES will need to justify 60% of cumulated advance received. The justification of advances of funds will be submitted by FAES to the Bank on a quarterly basis, within 45 days after the end of each fiscal quarter.
- 3.17 **Audit.** Throughout the disbursement period, FAES will submit to the Bank the project’s semi-annual audited financial statements within 90 days after the close of each semester including a reasonable assurance report for Component 2. The audit will be conducted by a Bank-eligible independent audit firm. The audit’s scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. Audit costs will be financed with project

resources. For audit and financial reporting purposes, the Haitian fiscal year will be used.

B. Summary of arrangements for monitoring results

- 3.18 **Monitoring.** FAES will be responsible for implementing the monitoring and evaluation plan. In light of the crisis, the main monitoring tools for this program will be the results matrix and the procurement plan. The main sources of information for monitoring the impact, outcome, and output indicators will be administrative records from transfer programs, and other complementary sources such as reports from operators and from the call center. FAES will prepare multiyear and annual execution plans as soon as the situation has stabilized. The main reporting tool will be the progress monitoring report, which will use the program's annual and semiannual reports as its main sources of information. ([REL#1](#))
- 3.19 **Evaluation.** Given the nature of this operation, program evaluation will evaluate the program's contribution to the specific program objective through the following results indicators: Beneficiaries of the existing school meal program that receive school meals for an extended 6-month period as part of the strategy to counter the impacts of COVID-19; Beneficiaries that receive special school meals who were not participating in an existing school meal program before COVID-19; Households that receive special transfers who were not listed in the transfer programs' beneficiary rosters or information systems before COVID-19; Total temporary unemployed textile workers that received subsidies during the temporary closure of factories compared with the total temporary unemployed population in the textile sector. To assess the program's contribution to the ultimate objectives of ensuring a minimum quality of life for persons vulnerable to the crisis caused by COVID-19, a final results evaluation will be performed. This evaluation must be submitted within a maximum period of 90 days after the last disbursement of the operation. It will consist of a "before and after" analysis using information from available time series on results indicators, a review of the theory of change supported by relevant evidence of the effectiveness of similar interventions in comparable contexts and complementary qualitative evidence. ([REL#1](#))

Development Effectiveness Matrix		
Summary		HA-L1145
I. Corporate and Country Priorities		
1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Students benefited by education projects (#) -Beneficiaries of targeted anti-poverty programs (#) -Jobs supported (#)	
2. Country Development Objectives		
Country Strategy Results Matrix		
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		This project is consistent with the Proposal for the IDB Group's Response to the Pandemic Outbreak of COVID 19 (document GN-2996), since one of its priorities is to protect the incomes and consumption levels of affected vulnerable populations.
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.6
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		3.0
4. Ex ante Economic Analysis		9.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
5. Monitoring and Evaluation		7.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		4.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

Evaluability Assessment Note:

The general objective of the operation is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. To achieve this goal, the proposal sets the specific objective to support ensuring minimum consumption levels for those affected in the immediate period and during the recovery. The document includes a description of the COVID-19 impact on the country on health and restrictions to economic activity.

The proposal identifies around 35 percent of the population to face acute food insecurity with projections to 40 percent (CNSA, 2020). Thus, the project proposes to support three segments of the population. First, the project identifies school-aged children as a vulnerable group with 12% at risk of malnutrition (ENUSAT, 2019). Second, over 200 thousand households were facing emergency levels of food insecurity in February 2020 (CNSA, 2020). In this group, single-parent households are more vulnerable, and 57 percent are headed by a female head (DHS, 2012). Third, factory closings affect workers' income in the textile sector which represents 13 percent of formal employment (BetterWork, 2020). The project proposes school-meals, cash and in-kind transfers, and wage subsidies to ameliorate the situation. The effectiveness of the intervention is supported by evidence (O'Brien et al, 2018).

The economic analysis estimates a net present value of 28 million and an internal return rate of 18 percent. The main assumptions behind the calculation of the benefits are: (i) school feeding decreases disability and mortality increasing Disability-Adjusted Life Years among the population, (ii) Transfers have a multiplier effect on the economy as they increase demand and stimulate productive capacity, (iii) improved consumption decreases school dropouts, protecting human capital, and (iv) avoiding layoffs retains worker's human capital. The sensitivity analysis shows positive returns when considering changes on assumptions regarding intervention effectiveness, the discount rate, and the marginal propensity to import.

Monitoring is based on technical audits, reports, and data collection by FAES, WFP, ADHI, and CNSA. The ex post evaluation to verify the achievement of objectives relies on a reflexive methodology complemented by a qualitative evaluation. The monitoring and evaluation plan for the project includes data collection activities and has an associated budget to carry them out.

The main risks identified are associated with school closures, hurricane season, security in distribution, and social unrest. To mitigate these risks the project proposes to consider take-home rations, use of local production sources and adjustments, and distribution by a specialized operator. The project will also implement health protocols in line with WHO guidelines to prevent COVID-19 spreading.

INDICATIVE RESULTS MATRIX

PROJECT OBJECTIVE:	The general development objective of this project is to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19. The specific objective is to support minimum income levels for those affected by the coronavirus in the immediate period and during the recovery
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline year	Final target	Means of verification	Comments
General development objective: To contribute to ensuring minimum levels of quality of life for vulnerable persons amid the crisis caused by COVID-19						
Food consumption level of vulnerable families compared to that of nonvulnerable families 12 months after the onset of the crisis	Percentage points	6.7	2019	≤ 6.7	Enquête Nationale d'Urgence sur la Sécurité alimentaire et nutritionnelle (ENUSAN) 2019, CNSA	Vulnerable families are those in wealth quintiles 1 and 2 and non-vulnerable families those in wealth quintiles 3,4, and 5. Food consumption level is calculated based on ENUSAN (2019) methodology ¹ . Considering that these two groups are exposed to other factors that will continue to affect their livelihoods that the project cannot control (e.g.: the vulnerable groups are more exposed to shocks than the non-vulnerable) and assuming that the project will mitigate the potential widening of the gap in consumption between the vulnerable and the non-vulnerable, the final target could be either maintaining the baseline value or improve it.

EXPECTED OUTCOMES

Indicator	Unit of measure	Baseline	Baseline year	2020	2021	Final target	Means of verification	Comments
Specific development objective: Support minimum income levels for those affected by the coronavirus in the immediate period and during the recovery								

¹ See: https://docs.wfp.org/api/documents/WFP-0000112422/download/?iframe_

Indicator	Unit of measure	Baseline	Baseline year	2020	2021	Final target	Means of verification	Comments
Beneficiaries of the existing school meal program that receive school meals for an extended 6-month period as part of the strategy to counter the impacts of COVID-19	Percentage	100	2019	0	100	100	End of year technical audit, FAES	<p>Baseline: Records of school feeding distributions using service provider reporting and delivery receipts in the 2019 – 2020 school year of the existing program (2863/GR-HA).</p> <p>Numerator: Beneficiaries having benefitted from 2863/GR-HA school feeding that received school meals during the COVID-19 response from January-June 2021.</p> <p>Denominator: Beneficiaries that received school meals through ACEQH (2863/GR-HA) program up to December 2020.</p> <p>Existing program: 2863/GR-HA. The 6-month extension period is from January-June 2021.</p>
Beneficiaries that receive special school meals who were not participating in an existing school meal program before COVID-19.	Percentage	0	2019	4.9	4.9	4.9	End of year technical audit, FAES	<p>The baseline is established using DPCE-MENFP data on school enrolment in the target departments and subtracting from it the beneficiaries of IDB, WB, and WFP school feeding in the 2019 – 2020 school year.</p> <p>Numerator: Beneficiaries that received special school meals in the target departments who were not participating in an existing school meal program before COVID-19.</p> <p>Denominator: the 1,800,000 school children enrolled in public and non-public fundamental schools in the target departments (Education Sector Analysis 2019) not having received school meal services via IDB, World Bank or WFP financed programs in the 2019 – 2020 school year.</p> <p>Existing program: 2863 / GR-HA</p>

Indicator	Unit of measure	Baseline	Baseline year	2020	2021	Final target	Means of verification	Comments
Households that receive special transfers who were not listed in the transfer programs' beneficiary rosters or information systems before COVID-19	Percentage	0	2019	15		15	Semester Reports, FAES	<p>Numerator: households receiving cash based or in-kind transfers that were not previously in other transfer rosters.</p> <p>Denominator: 3,673,127 people equivalent to 734,625 households facing crisis and emergency level of food insecurity (Integrated Food Security Phase Classification (IPC) 3 and IPC 4) according to CNSA (2019) prior to COVID-19..</p>
Total temporary unemployed textile workers that received subsidies during the temporary closure of factories compared with the total temporary unemployed population in the textile sector	Percentage	100	2020	85		85	Short enterprises survey, FAES	<p>Numerator: textile workers that received wage subsidies during the closure of factories.</p> <p>Denominator: the total number of textile sector workers (54,078) that were placed in a situation of temporary unemployment in March 2020.</p>

OUTPUTS

Output	Unit of measure	Baseline	Baseline year	2020	2021	Final target	Means of verification	Comments
Component 1: Support to protection using existing school feeding program								
Students in primary schools who receive school meals in the existing school meal program during the 6- month extension period	Students	10,500	2020	0	10,500	10,500	End of year technical audit, FAES.	One beneficiary is someone who has received at least one school meal through the emergency program. Existing school meal program refers to program 2863 / GR-HA. This program will close in December 2020 and the extension period will take place from January to June 2021. Primary aged students will receive a morning snack and a hot lunch.
Students in primary schools who receive school meals who were not participating in an existing school meal program before COVID-19.	Students	0	2020	89,500	0	89,500	End of year technical audit, FAES.	One beneficiary is someone who has received at least one school meal through the emergency program. Existing program: 2863 / GR-HA, World Bank and WFP school feeding in the 2019 – 2020 school year in the target departments.
Component 2: Support to protection for the vulnerable population not on the rosters of transfer programs, working in the informal sector								
Households that receive special transfers but were not listed in the transfer programs' beneficiary roster or information systems	Families	0	2020	124,000	0	124,000	Semester Reports, FAES	One beneficiary is someone who has received at least one transfer through the emergency program. 124,000 vulnerable households living in IPC3 and IPC4 areas not covered by existing transfer programs: 30,000 households in the Cité-Soleil and Martissant areas of Port-au-Prince plus 94,000 households in vulnerable areas outside of Port au Prince. Pro Gender, at least 30% of beneficiaries will be women. Each household receives up to 4 cycles of assistance. Each cycle

Output	Unit of measure	Baseline	Baseline year	2020	2021	Final target	Means of verification	Comments
								corresponds to one month of assistance.
New households registered in the SIMAST system	Families	0	2020	0	35,000	35,000	SCOPE and SIMAST data bases, WFP	<p>SIMAST is the main national roster of social protection programs to register beneficiaries. In order to be registered a survey has to be collected. Once it is collected, it is possible to measure the Household Deprivation and Vulnerability Index.</p> <p>Beneficiaries identified through frequency listing and registered in the SCOPE system from WFP will be registered in SIMAST. In order to do so, a data sharing protocol will be signed between WFP and MAST to allow the exchange of data of beneficiaries already registered in SCOPE.</p>
Component 3: Support to protection for the vulnerable population not on the rosters of transfer programs, working in the formal sector								
Textile companies that receive temporary wage subsidies during temporary company closures	Number	0	2020	43		43	List of companies, Association of Industries of Haiti, ADHI	The Haitian textile sector is composed by 43 companies, and employ 54,078 workers (ADIH, 2020). The companies would receive transfers to provide wage subsidies for up to two months of closure of textiles companies.

Country: Haiti	Sector: SPH	Project Number: HA-L-1145	Year: 2020
Co-financing: N/A		Co-execution: N/A	

Fiduciary Agreements and Requirements

Executing Agency: FAES

Project Name: Safety nets for Vulnerable People affected by Coronavirus

I. Executing Agency Fiduciary Context

1. Use of Country System in the Project¹ : The country's financial management and procurement systems require further improvements to conform to levels consistent to the fiduciary management of Bank's funded programs. As a result, no country systems will be used for the financial management and procurement of this program. To mitigate these weaknesses the Bank will continue to: (i) rely on special project executing units for the execution of all projects while at the same strengthening institutional capacities; and (ii) implement special fiduciary arrangements for project implementation and conduct close supervision of project executing units. External control will be performed for all Bank operations by independent audit firms acceptable to the Bank and in accordance with its financial reporting and audit guide.

Budget	<input type="checkbox"/>	Reporting	<input type="checkbox"/>	Information System	<input type="checkbox"/>	National Competitive Bidding (NCB)	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	Internal Audit	<input type="checkbox"/>	Price Comparison	<input type="checkbox"/>	Advanced NCB	<input type="checkbox"/>
Accounting	<input type="checkbox"/>	External Control	<input type="checkbox"/>	Individual Consultancy	<input type="checkbox"/>	Consultancy Firm	<input type="checkbox"/>

Applicable National Laws:

- a) Haiti's 1987 Constitution which defined the prerogatives of the executive and legislative powers in matters of public finance and the role of the "Court Supérieure des Comptes et du Contentieux Administratif" (CSCCA) in matters related to the control of the implementation of financial laws;
- b) Decree of 16 February 2005 laying down general rules of public accounting and
- c) the Law No. CI. 06 2009 009 laying down general rules on public procurement and concession agreements for work and public service.
- d) During the state of emergency, the accelerated procedures foreseen in the 15 April 2010 law amending the Law on the State of Emergency of September 9, 2008.

2. Executing Agency Fiduciary Capacity

FAES will be responsible for the execution and administration of the project. Despite noted improvements in financial reporting and procurement capacities due to improvements to their financial management and procurements systems, Banks considers FAES overall risk to remain medium due to possible delays in the preparation of financial reports and the justification of funds due to increased workload and to the execution of activities in urban and rural areas which could affect the timely submission of support documents.

3. Fiduciary Risk and Mitigation Actions

Fiduciary Risk:

High ☐

Medium ☒

Low ☐

¹ Any system or subsystem that is subsequently approved could be applicable to the operation, in accordance with the terms of the validation conducted by the Bank.

Risk	Mitigation Plan
Possible delays in the preparation of financial reports and the justification of funds due to increased workload and to the execution of activities in urban and rural areas which could affect the timely submission of support documents.	Strengthen financial management by recruiting an accountant for the daily recording of transactions, the reconciliation of accounts, the preparation of financial reports and disbursement requests. In addition, for the logistics and operational activities related to the school feeding the food aid and cash transfer programs, specialized operators will be hired for the implementation of said activities to ensure the delivery of services to selected beneficiaries and the preparation of technical reports.

II. Aspects to be considered in the Special Conditions of the Contract

<p>Conditions Prior to First Disbursement:</p> <ul style="list-style-type: none"> • Hiring of Fiduciary Staff. The following personnel will be hired: (i) an accountant and a junior procurement specialist for the for the timely execution of financial management and procurement activities. • Exchange rate: (a) In the case of justification of the advances received in the special account, the effective exchange rate on the date of conversion of the currency of the disbursement to the local currency of the Borrower will be used to convert expenses in made in local currency as indicated in the subsection (b) (i) Article 3.10 of the General Standards. In the case of reimbursements of subsidies provided to the workers in the textile industry, the effective exchange rate on the date payment made by FAES will be used as indicated in subsection (b) (ii) of Article 3.10 of the General Standards. The Central Bank of Haiti exchange rate published will be used as the reference rate. • Audit and financial reporting: Throughout the loan disbursement period, the executing agency will submit to the Bank the project's semi-annual audited financial statements within 90 days after the close of each semester including a reasonable assurance report for component 2. The audit will be conducted by a Bank-eligible independent audit firm. The audit's scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audit. Audit costs will be financed with project resources. For audit and financial reporting purposes, the Haitian fiscal year will be used. • Designated Accounts and authorized signatures: FAES will open two designated accounts (one in US dollars and one in Haitian gourdes) at the Central Bank, <i>Banque de la République d'Haïti</i> (BRH), under the name of the Project exclusively for management of project funds and send authorized signatures to the IDB via the Ministry of Finance (MEF).
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III. Agreements and Requirements for Procurement Execution

Exception to the Policies and Guides:

<p>Special and temporary measures to the Procurement Policies as approved by the Board of Executive Directors and provided for in document GN-2996, paragraph 4.2 and Resolution DE-28/20, paragraph 2 may be applied, as appropriate:</p> <ul style="list-style-type: none"> • 1. Goods from non-Bank member countries may be eligible for procurement, and that suppliers, contractors, consultants or service providers originating from countries that are not members of the Bank may participate in procurement processes.

- 2. Procurement policies of the Procurement Agencies and specialized agencies may be used when they are contracted as such by the Borrower or, where appropriate, by the Executing Agency; and.
- 3. That international consolidated contracts, as well as acquisitions by adhering to the Borrower's existing contracts, may be used as procurement methods in addition to those described in the Procurement Policies.

Retroactive Financing and/or Advanced Procurement²	The Bank may recognize eligible expenditures made by the Beneficiary prior to the grant approval date for up to US\$2,000,000 (3,3% of the grant amount), provided that requirements substantially similar to those established in the grant agreement are met. Such expenditures must be limited to the activities described under Component 3 and must have been made on or after 19 March 2020 when the government declared the sanitary emergency and the closure of factories in the textile sector. Even though this predates the project officially entering the pipeline (document GN- 2259-1), recognition of expenditures on an exceptional basis is justified as from that date, given the exceptional circumstances surrounding the global health emergency.
Procurement Complementary Support	<ul style="list-style-type: none"> • N/A
Procurement Agents	The project provides for direct contracting and/or recognition of agreements entered into with procurement agencies and specialized agencies operating as such (e.g. UNOPS, UNDP, PAHO, IOM, FAO, UNFPA, UNICEF, IICA, UNESCO, WFP, OEI, etc.).
Direct Contracting	<p>The following direct contracting are authorized:</p> <ol style="list-style-type: none"> 1. Food distribution service for meals within a network of primary schools - School Canteen (Bureau de Nutrition et Développement -BND - US\$12.5 million) 2. Large-scale cash and food transfer to vulnerable populations across the country (World Food Program - US\$40.7 million) 3. Food distribution service, through coupons, in certain areas of Port au Prince (AVSI - US\$2 million) 4. Monitoring and survey on food distribution activities to schools and other areas of the country through phone calls (Caribbean Call Center - US\$100,000)

Operational Expenses will be financed: Includes the cost of salaries of FAES personnel and other recurrent costs required for supporting program administration in its implementation	National Preference: N/A
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General Procurement Supervision Method of the Project:

² In accordance with the retroactive financing policy, expense recognition and early procurement GN-2259-1, or the equivalent policy that was in effect at the time of the operation.

Supervision Method: Ex ante or ex post	For: As agreed in the project procurement plan.
Thresholds by Country: www.iadb.org/procurement	

IV. Agreements and Requirements for Financial Management

Programming and Budget	<ul style="list-style-type: none"> FAES will prepare a Pluriannual Execution Plan (PEP) which will include the overall financial plan of the project. Annually, FAES will prepare a comprehensive financial plan, which will include budgets and cash flow needs, based on activities identified in the Annual Operating Plan (AOP) and Procurement Plan (PP). The execution of the project's financial plan will be evaluated every six months and reported in the semiannual Project Monitoring Report. The financial plan will respect budget lines defined in the grant agreement (categories of investment).
Treasury and Disbursement Management	<ul style="list-style-type: none"> Program funds will be deposited in project designated US dollar account opened at the Central Bank by IDB and transferred to project designated local currency account as needed by FAES for the payment of expenses made in local currency. Disbursement methods. The Bank will disburse resources under the Advance of Funds and reimbursement of expenses modalities established in Guide OP-273-12. For advance of funds, FAES will submit to the Bank a detailed Financial Plan indicating cash flow needed for periods of up to six months. The supervision of disbursements will be ex-post, however the Bank may review a percentage of supporting documentation prior to the processing of the justification of advances of funds which will be submitted by FAES to the Bank on a quarterly basis, within 45 days after the end of each fiscal quarter. For each new advance, due to the emergency nature of the operation and given that activities will be executed in urban and rural areas throughout the Country, FAES will need to justify 60% of cumulated advance received. FAES will also be responsible for the funding of the Specialized Operators accounts for the execution of activities and payment of beneficiaries. For payment to BND for the execution of component I related to school feeding activities, payment will be made based on invoices calculated for the number of actual meals provided. For payments to WFP and AVSI for the execution of component II related to cash subsidies and in-kind transfer (food vouchers or food kits) to vulnerable households, payment will be made according to: (i) established mechanism and the payment terms defined in the contracts signed with FAES and submission of quarterly technical and financial reports including the listing of beneficiary paid and the number of food vouchers or food kits delivered. Depending on the specific areas of intervention, cash transfer mechanisms can be electronic transfers using mobile payments or cash-in-envelope. Targeting of the households will be done through the SIMAST where SIMAST lists are available, or through a community-based approach (frequency listing methodology) when SIMAST lists are not available. Reimbursement of expenses will be subject to eligibility of expenses and as long as payments were made using Government resources.

Accounting, Information System and Report Generation	<ul style="list-style-type: none"> FAES will use TOMPRO software system for the financial administration of the project which will generate financial reports according the chart of accounts and investment components approved for the project. Modified cash basis will be used for accounting purposes and the International Financial Reporting Standards will be followed when applicable, in accordance with the established national criteria. Financial reports will be presented in US dollars.
External Control	<ul style="list-style-type: none"> The external audit of the Project will be carried out by an independent auditing firm (IAF) eligible to audit operations financed by the Bank, selected and contracted in accordance with the terms of reference (TOR) and model contract previously agreed with the Bank.
Financial Supervision of the Project	<ul style="list-style-type: none"> Financial supervision will be conducted quarterly on an EX-Post basis and will consider on-site supervision visits and “desk” reviews, as well as the analysis and follow-up of the results and recommendations of the audits of the financial reports, the review of justification of advance of funds and the reconciliation of project accounts.

V. Information relevant to the operation

Policies and Guides applicable to the operation

Financial Management	Procurement
<ul style="list-style-type: none"> GN-2811 [OP-273-12] 	<ul style="list-style-type: none"> GN-2349-15 [ES] [POR] [FRE] GN-2350-15 [ES] [POR] [FRE]

Records and Files

The FAES will be responsible for establishing the necessary controls for safeguarding and integrity of the project documents including original files of acquisitions, contracting, payments including supporting documents and accounting records incurred and prepared during execution of the Project for a period of three years following the last disbursement date of the project. The Bank may, at any time, verify the standards of organization, control and security of the files.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/20

Haiti. Nonreimbursable Financing ___/GR-HA to the Republic of Haiti
Safety Nets for Vulnerable People Affected by Coronavirus

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Haiti, as beneficiary, for the purpose of granting it a nonreimbursable financing to cooperate in the execution of the project "Safety Nets for Vulnerable People Affected by Coronavirus". Such nonreimbursable financing will be for an amount of up to US\$60,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Grant Proposal.

(Adopted on ____ 2020)