

PROJECT PROFILE

HAITI

I. BASIC DATA

Project Name:	Productive infrastructure Program V		
Project Number:	HA-L1143		
Project Team:	Sarah Matthieussent Romain, Team Leader (INE/WSA); Ophélie Chevalier, Alternate Team Leader (CSD/HUD); Corinne Cathala, Sergio Perez Monforte, Juan Alfredo Rihm Silva, Keisuke Sasaki, Manuela Velasquez Rodriguez and Irene Dipasquale (INE/WSA); Pablo Guerrero and Michael De Landsheer (INE/TSP); Jesus Alberto Tejeda Ricardez and Wilkferg Vanegas Rico (INE/ENE); Jose Irigoyen (INE/INE); Laurence Telson (SCL/GDI); Dulce Baptista (SCL/LMK); Serge Troch, Melissa Barandiaran, Sarah Mangones and David Maier (VPS/ESG); Louis-François Chrétien (LEG/SGO); Edwin Tachlian-Degras and Ana Gonzales Vidales (VPC/FMP).		
Beneficiary:	Republic of Haiti		
Executing Agency:	Ministry of Economy and Finance through its Technical Execution Unit (UTE/MEF)		
Financial Plan:	IDB (fund):	US\$	65,000,000
	Local:	US\$	0
	Total:	US\$	65,000,000
Safeguards:	Policies triggered:	OP-703 (B.1, B.2, B.3, B.4, B.5, B.6, B.7, B.10, B.11, B.14, B.17), OP-704, OP-761, OP-102	
	Classification:	A	

II. GENERAL JUSTIFICATION AND OBJECTIVES

- 2.1 **Socioeconomic context.** Haiti has an estimated population of 11.4 million inhabitants, of whom 1.9 million live in the northern region, the fastest-growing region in the country (2020 figures¹). Haiti is the poorest country in the Western Hemisphere, with a Gross Domestic Product (GDP) per capita of \$870 in 2018 and a Human Development Index ranking of 169 out of 189 countries in 2018. Over 6 million Haitians live below the poverty line on less than US\$2.41 per day, and more than 2.5 million people fall below the extreme poverty line of US\$1.23 per day. The country has experienced rapid currency depreciation (close to 30%), high levels of inflation (close to 20%), and a contraction in GDP (projected at 0.5%)

¹ ECLAC/UN, 2020.

during fiscal year 2019. The fiscal deficit narrowed compared to the previous year and is projected at 2.9%.

- 2.2 The Government of Haiti has defined the development of the northern region as one of its top priorities². To promote economic growth, generate local jobs, and increase overall productivity in the region, the Bank's strategy is to provide favorable operational conditions to attract and retain private investment and increase the region's manufacturing base and export capacity. The growth pole strategy for the northern region focuses on the establishment of industrial parks and key infrastructure projects.
- 2.3 **Parc Industriel de Caracol (PIC).** The PIC is the result of an agreement, signed in September 2008 between the Government of Haiti, the United States Department of State (US-DOS), and the Bank, to establish an industrial park at the core of the northern region. The PIC seeks to address key obstacles for private investment by providing: (i) a modern infrastructure and manufacturing facilities; (ii) reliable utilities (water, sanitation, and electricity); (iii) a logistics support and safe road access for importing and exporting activities; and (iv) a secure, professionally managed, operated, and well-maintained industrial park. The PIC opened in 2012 and today counts with six tenants³ and is the largest employer in Northern Haiti with over 14,000 people (62% women). and concentrating a part of the apparel industry in Haiti. PIC exports and domestic sales have continuously increased from 2012 and are valued at US\$21.5 million for 2019. Total payroll for the first three quarters of 2019 totalized an amount of US\$19.9 million⁴. Additional demands for new buildings were confirmed during 2019, coming from current tenants⁵ and new firms. In the new international context of the COVID-19 pandemic, this demand will be reconfirmed in the coming months, as the economic situation in the U.S. market (to which most goods manufactured in the PIC are exported) and the national prevention and treatment strategies against COVID-19 become clearer.
- 2.4 **Challenges.** Despite its success in job creation and income generation, PIC management must improve. The Société Nationale des Parcs Industriels (SONAPI) has the responsibility for developing, promoting and managing industrial parks⁶. Its management of the PIC didn't allow the adoption of international standards for planning and risks purposes. A number of issues need improvement: (i) inadequate collection, transport and storage of hazardous and non-hazardous waste; (ii) the transport system of the Sae-A's workers⁷ lacks a proper management and is unsafe; (iii) the water distributed is heavily colored, requiring a treatment to reduce the Iron and Manganese ions; (iv) the current food vendor system is not appropriate; (v) there is no site maintenance plan; (vi) emergency responses are not conceived in an integral manner; (vii) PIC management does not ensure all entities operating in the PIC follow the rules and regulations, resulting in non-

² Action Plan for National Recovery and Development of Haiti (March 2010); *Plan d'Aménagement du Nord/Nord-Est* (December 2012).

³ Tenants industries currently include apparel, paints, services and sisal.

⁴ 2019 Q3 PIC Report, Mark D'Sa, November 2019.

⁵ SN&H Group, MAS Arkensyel.

⁶ Law establishing and regulating in the territory of the Republic of Haiti the fenced areas known as Industrial Parks, Official Gazette "Le Moniteur" No. 77 of Thursday 26 September 1974, pp. 549 – 551.

⁷ Sae-A's transport system was managed by SONAPI and now UTE whereas the other tenants have mobilized private sector.

compliance with some safety, health and labor items of both international normative framework and Haitian Labor Law; (viii) lack of an integrated training plan for workers⁸; and (ix) the security needs to be enhanced. There are also specific gender related issues, among them: (i) although women are the primary employees at PIC, only 39% have middle or supervisory positions; (ii) lack of solutions for women's general health needs and for lactating women; and (iii) insufficient proactive approaches to addressing gender discrimination, women's safety and gender-based violence⁹. This non-compliance is the result of poor management of SONAPI and its lack of proactivity to remedy the weak management situation. Moreover, as a response to the COVID-19 pandemic, the Government of Haiti closed all factories in the country on March 19th t 2020 until further notice¹⁰.

- 2.5 In 2019 the GoH decided that PIC management would revert to the Technical Execution Unit of the Ministry of Economy and Finance (UTE/MEF)¹¹. UTE has been tasked with completing the corrective action plan of PIC pending management and safeguards issues, building additional factories and operating the park to turn it into a modern and efficiently managed industrial park. UTE has extensive experience with the PIC since it was the executing agency of the previous operations funded by the Bank from 2011 to 2015 responsible for the construction and from 2012 to 2014 for its management.
- 2.6 To-date, the Bank has approved US\$241 million in grants for the PIC: (i) 2552/GR-HA (US\$55 million) approved in July 2011 and fully disbursed; (ii) 2779/GR-HA (US\$50 million) approved in September 2012 and 94% disbursed; (iii) 3132/GR-HA (US\$40.5 million) approved in December 2013 and fully disbursed; (iv) 3384/GR-HA (US\$54 million) approved in December 2014 and fully disbursed; and (v) 3623/GR-HA (US\$41 million) approved in December 2015 but cancelled in February 2019 due to non-completion of eligibility conditions related to management and safeguards issues.
- 2.7 **Lessons learned.** Based on the Bank's experiences in the previous five operations in PIC's support, the following lessons can be drawn: (i) the management of the PIC needs to be professional; (ii) the organization put in place for the management must be clear and enforceable; (iii) the project should emphasize the establishment of a monitoring system and the empowerment of a specialized team responsible for environmental, health and safety aspects in the park; and (iv) adequate on-site technical support and supervision by the Bank is essential to the success of a complex project such as the PIC.
- 2.8 **Program strategy.** The overall strategy of all PIC related operations is to create favorable conditions to attract private investment to Haiti's Northern region, thus generating employment opportunities for the local population. The present grant is

⁸ Adam, C. Cahn, D. Improving the ability of pic tenants to meet requirements of the Haitian Labor Code and the needs of stakeholders. The Cahn Group. June 2015.

⁹ See note 6.

¹⁰ *Arrêté présidentiel du 19 mars 2020 déclarant l'Etat d'urgence sanitaire et Communiqués du Bureau du Premier ministre en date du 25 mars (Circulaire No. 1) et du 3 avril 2020 (Communiqué No.005).*

¹¹ *Protocole d'accord entre le Ministère de l'Economie et des Finances et Ministère du Commerce et de l'Industrie délégrant à l'UTE les compétences d'aménagement et de gestion du PIC*, 5 Juillet 2019.

aimed at helping the PIC achieve international standards¹² in operation and management and continue job creation with the construction of additional factories and facilities. This operation is complemented by HA-L1140 Improving Electricity Access in Haiti, approved in November 2019, which includes a component for installing solar energy at the PIC, thus providing clean energy at lower costs. Finally, this program will be developed in coordination with HA-L1133 Project to support private sector development through investment promotion, approved in 2019, which aim at strengthening CFI¹³ to attract private investments in the country.

2.9 Objective. The general objective is to contribute to the sustainable economic development of Northern Haiti by providing the necessary conditions for the establishment and expansion of firms in the PIC. The specific objectives are (i) to improve the management of the PIC in as sustainable manner and in line with international standards; (ii) to expand infrastructure to meet growing demand; and (iii) to improve labor-force readiness by fostering skills development to match PIC tenants needs, and to foster a safe and inclusive working environment. The program's direct beneficiaries will be the workers employed at the PIC and the firms established there, with benefits spilling-over to the surrounding communities of the North and Northeast departments.

2.10 Component I. A PIC Sustainable and Modern Management (US\$7 million). The objective is to modernize PIC services to its tenants while bringing it to the international safeguards' standards. This includes: (i) a professional and independent management of the PIC and its services (water and wastewater system operation and maintenance, new food-vending system, an improved employee transportation system, waste management¹⁴, recycling, improved public spaces for workers and landscaping). These services will be directly operated by UTE/MEF or delegated to the private sector; and (ii) specific activities to comply with the environmental, social, health, and safety regulations, updating the PIC rules and regulations, and taking in due time the appropriate mitigation measures.

2.11 Component II. Provision of infrastructure in the PIC (US\$50 million). This component will finance further PIC expansion (buildings and related infrastructure) to respond to the expansion plan of the anchor tenant and accommodate the demand. Current tenants in the PIC¹⁵ have already requested four additional large buildings to expand their businesses. UTE is also receiving requests from new investors. A procedure for screening and vetting already exists. The component will finance the following: (i) six large (12,000 to 20,000 m²) and two medium-size (5,000 m²) industrial buildings, workers toilets, warehouses, hangar for solid waste

¹² This operation will take into account international practices in industrial parks to seek, among others, the inclusion of mitigation and adaptation measures and hence contribute to the climate finance objective of the Bank.

¹³ Centre de Facilitation de l'Investissement.

¹⁴ The long-term solution identified through the Solid waste management program (HA-L1106) with Mouchinette site as a first controlled treatment center is subjected to a public utility declaration that is still pending. The actual site used to deposit solid waste from the PIC is overloaded and constitutes a clear bottleneck for new investors and a reputational risk for the Bank. To respond to this situation, the UTE/MEF is working in order to (i) recondition the site of Madras and (ii) identify an alternative site in or outside the PIC. The site of Madras will be reconditioned and extended, that will offer a medium-term solution (5 years) and mitigate the risk. With this temporal solution, there will be no negative impact on the project preparation.

¹⁵ Sae-A and MAS Arkansyel.

sorting and recycling, canteens, boiler rooms and dormitories; (ii) expansion of the park's infrastructure and equipment (internal roads, expansion of the bus fleet, bus depot and bus repair station, fuel reserve, extension of electrical, water and wastewater networks, a hazardous waste storage facility, upgrading of the potable and industrial water treatment plant, a health center and a multipurpose space for workers); (iii) works for the protection of the Trou-du-Nord River embankments at its crossing of the PIC; and (iv) civil works supervision. The PIC Master Plan (Figure below) shows in red infrastructures already implemented and in green the planned infrastructures¹⁶.



- 2.12 Component III. Empowering employees and enhance occupational mobility (US\$5 million).** The objective of the component is to provide skills for current and future jobs for PIC employees and to create a working environment free of gender violence and discrimination. The component will finance studies, training and investment on: (i) identification of skills needs and barriers for training; (ii) develop relevant curricula for training based on those needs and barriers as well as learning pathways; (iii) set quality assurance for workplace training; (iv) delivery of high quality relevant job readiness and professional training; (v) develop vocational and career guidance as well as labor intermediation services with specific actions to support women; (vi) design and implementation of policies and grievance mechanisms to alleviate gender wage gaps, sexual harassment in the workplace as well as enhance women's safety in commuting to/from work; and (vii) develop training on violence against women and girls, gender bias and gender discrimination. The training will be mandatory to all PIC supervisors, garment workers, transport operators, and drivers. All activities will be coordinated with UTE/MEF and will be offered to PIC tenant firms.

¹⁶ As preidentified with actual tenants and potential additional ones. To be confirmed during the preparation process.

- 2.13 **Administrative costs (US\$3 million).** The program will fund administration, monitoring, and auditing activities responsibility of the UTE/MEF.
- 2.14 **Key results indicators.** The present operation's results include: (i) a PIC management complying with international social and environmental standards in particular in the areas of water and sanitation including solid waste management; (ii) 6,000 new workers to the PIC; (iii) 3,500 of these 6,000 direct jobs by women; and (iv) the generation of US\$35,5 million annually in salaries paid to workers.
- 2.15 **Strategic alignment.** The program is consistent with the Action Plan for National Recovery and Development of the Government of Haiti, in particular with its priorities of employment generation and environmental protection. The proposed program is also consistent with the IDB's Country Strategy in Haiti (2017-2021) (GN-2904), through the emphasis in promoting private sector investment and contributing to the development of Haiti's Northern region (1.1 and 3.1 of the CS). The program further promotes the dialogue with the GOH on supporting the continuous development of the PIC. The program is consistent with the Bank's Updated Institutional Strategy (UIS) (AB-3190-2) and is aligned with the development challenges of Social Inclusion and Equality, Productivity and Innovation and Economic Integration by intervening in Haiti, creating jobs and fostering growth through the private sector. It is also aligned with the cross-cutting issues of: (i) Gender Equality and Diversity, by including gender specific activities in trainings, management, among others; and (ii) Climate Change.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Program Execution.** The program will be implemented by the UTE/MEF, which will be responsible for all activities relating to construction, management and operation activities in the PIC. The UTE/MEF team in charge of the execution will include a project manager, engineers, fiduciary specialists, and environmental and social specialist. The protocol between MEF and MICT¹⁷ designating the UTE as the responsible for the PIC will be extended to cover the entire period of the program execution. This will be a condition to fulfill prior to presentation of the project for Board approval.
- 3.2 **Management of the PIC.** In addition to securing the extension of the protocol between the MEF and MCI so that the UTE manages the PIC for the entire implementation of the project, a study will be conducted to analyze and propose alternative management models based on the legal and institutional context in Haiti as well as the PIC environment.
- 3.3 **Sustainability.** The Bank will support the constitution of the PIC into an autonomous public entity with proper legal personality, financial autonomy and the capability of professionally managing the PIC after the period of UTE/MEF administration. This public entity will be set up on the basis of the UTE antenna at PIC, mentioned in 3.1, so as to ensure the continuity of the administration after the completion of the program. A comprehensive institutional and legal analyses on the feasibility of creating the PIC as an autonomous entity will be carried out in order to

¹⁷ Ministère du Commerce et de l'Industrie.

define: (i) its mandate; (ii) the procedure to be followed for its creation, (iii) the governance structure; and (iv) its organizational design and staffing.

- 3.4 **Retroactive financing.** The Bank may finance retroactively under the grant, eligible expenses incurred by the Beneficiary prior to the date of grant approval to resolve major issues at the PIC such as the construction of a fuel reserve (in case of an emergency to ensure workers transportation), up to the amount of 13 million (20%), provided that all the requirements substantially similar to those set out in the grant agreement requirements are met. The GOH will provide all the adequate documentation when requesting the reimbursement. These expenses must have been incurred on or after the approval date of this PP, and under no circumstances shall expenditures incurred more than 18 months prior to the grant approval date be included.
- 3.5 **Risks.** The main risks are: (i) a lack of demand for the construction of new buildings within the PIC in view of (a) a lack of commercial prospects as a consequence of the Covid-19 pandemic (b) the impossibility of reopening the PIC in the medium term in view of the severity of the pandemic, which would be due to the inability of the national authorities to control and contain it and, more particularly, to put in place adequate sanitary measures to reopen the park in coordination with the stakeholders; (ii) political instability that also may discourage private investors and could lead to a lack of demand for new buildings to be funded by this operation; (iii) logistical problems for exporting goods may also discourage private investors; and (iv) changes in Government priorities, as well as a high turnover of officials, could hamper the professional management of the PIC and the establishment of adequate systems, procedures and staff for professional management, resulting in discouragement of companies.

IV. COORDINATION WITH OTHER DONORS.

- 4.1 The Bank has a strong collaboration with the US Government through the State Department for the development of the PIC since 2008 and will continue to support the PIC jointly with this institution. USAID is also an important partner, especially in the energy sector for the PIC and the surrounding areas. Safeguards and Fiduciary Screening.
- 4.2 **Environmental and social impacts and risks.** In accordance with the Bank's Safeguards Policy (OP-703) and as with previous grant operations (HA-L1076, HA-G1035, HA-L1081 and HA-L1091) this operation is classified as category A, due to its significant indirect and cumulative environmental and social impacts, including increased waste volumes, deterioration of water quality and availability, and ecological degradation of the mangrove system. Further impacts include emissions and other environmental factors through an expected increase in the total number of workers by 6,000. Said increase will further trigger several different social impacts, which are mainly related to the expected influx of workers in the nearby communities (Caracol, Terrier Rouge, Trou du Nord, Limonade, and Quartier Morin). These could therefore include impacts on community dynamics, increased burden on and competition for public service provision, a local inflation of prices and increase in traffic and related accidents. As of today, these communities are ill-equipped to cope with these kinds of impacts and will require dedicated support

in adapting to the new circumstances. To fully understand the current situation and liabilities, an environmental and social assessment/audit for the previous operations will be carry out. Nonetheless, important environmental and social milestones have been pre-identified and must be completed prior Board approval¹⁸: (i) Improvement of overall PIC Management (including PIC rules and regulations, functioning EHS¹⁹ team, Security, Emergency response, Food Management); (ii) Better communication and Stakeholder Engagement (Communication, kiosk system, stakeholder engagement, gender); (iii) Rehabilitation and improvement of Solid Waste Management, Water and Wastewater; and (iv) Fixing transportation management and erosion control. In addition, an Environmental and Social Impact Assessment (ESIA) will be prepared to identify construction and operation EHS impacts and risks and mitigation measures (as part of the Environmental and Social Management Plan) of the new operation and the growth of the PIC from currently 14,000 workers to over 20,000 workers. The Environmental Social Strategy (ESS) is presented in Annex III provides more details including the timeline to prepare the environmental and social studies and its relation with the program preparation timeline.

- 4.3 **Fiduciary aspects.** Based on the results of the PACI realized in 2019 for operation HA-L1140 that will be executed by UTE/MEF, an action plan will be elaborated by the Bank fiduciary team to ensure an efficient and transparent execution.

V. RESOURCES AND TIMETABLE

- 5.1 The following timeline is expected: distribution of the Proposal of Operation Development (POD) to the Quality and Risk review (QRR) on October 8th, 2020; approval by the Operations Policy Committee (OPC) on November 3rd, 2020, and presentation to the Board of Directors on December 9th, 2020. The administrative budget and timeline are presented in Annex V.
- 5.2 **Intersectoral coordination.** The program required a multisectoral approach, the project team is made up of members from different sectoral divisions of the Bank (INE/WSA, INE/TSP, INE/ENE, SCD/HUD, SCL/LMK and SCL/GDI). Coordination will be guarantee through bimonthly meetings of the team and joint missions to Haiti for the preparation. During the execution phase, bimonthly meetings will continue to be held by the lead division along with a pool of specialist and consultants, whom together will supervise the execution of the program from the Country Office in Haiti.

¹⁸ Note that this preliminary list might change as a result of the Environmental and Social Audit mentioned above.

¹⁹ EHS: Environmental, Social and Health and Safety.

CONFIDENTIAL¹

¹ The information contained in this Annex is deliberative, and therefore confidential, in accordance with the exception regarding “Deliberative Information” referred to in paragraph 4.1 (g) of the Bank’s “Access to Information Policy” (Document GN-1831-28).



Safeguard Policy Filter Report

Operation Information

Operation		
HA-L1143 Productive Infrastructure Program V		
Environmental and Social Impact Category	High Risk Rating	
A		
Country	Executing Agency	
HAITI	HA-MEF - Ministère de l'Économie et des Finances	
Organizational Unit	IDB Sector/Subsector	
Water & Sanitation	WATER AND SANITATION	
Team Leader	ESG Primary Team Member	
SARAH C. MATTHIEUSSENT ROMAIN	DORIS MELISSA BARANDIARAN SALCEDO	
Type of Operation	Original IDB Amount	% Disbursed
Loan Operation	\$65,000,000	0.000 %
Assessment Date	Author	
18 Dec 2019	SMANGONES ESG Team Member	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	17 Jan 2020	
QRR (Estimated)	28 Apr 2020	
Board Approval (Estimated)	8 Jul 2020	
Safeguard Performance Rating		
Rationale		

Safeguard Policy Items Identified

[B.1 Bank Policies \(Access to Information Policy– OP-102\)](#)

The Bank will make the relevant project documents available to the public.

[B.1 Bank Policies \(Disaster Risk Management Policy– OP-704\)](#)

The operation is in a geographical area exposed to [natural hazards](#) ([Type 1 Disaster Risk Scenario](#)). Climate change may increase the frequency and/or intensity of some hazards.



Safeguard Policy Filter Report

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The sector of the operation is vulnerable to natural hazards. Climate change may increase the frequency and/or intensity of some hazards.

B.1 Bank Policies (Disaster Risk Management Policy– OP-704)

The operation has the potential to exacerbate risk to human life, property, the environment or cause economic disruption ([Type 2 Disaster Risk Scenario](#)).

B.1 Bank Policies (Gender Equality Policy– OP-761)

The operation has the potential to affect negatively women or gender equality ([Negative gender impacts may include the following](#))

B.2 Country Laws and Regulations

The operation is expected to be in compliance with laws and regulations of the country regarding specific women's rights, the environment, gender and indigenous peoples (including national obligations established under ratified multilateral environmental agreements).

B.3 Screening and Classification

The operation (including [associated facilities](#)) is screened and classified according to its potential environmental impacts.

B.4 Other Risk Factors

The borrower/executing agency exhibits weak institutional capacity for managing environmental and social issues.

B.4 Other Risk Factors

The operation may be of high risk due to controversial environmental and associated social issues or liabilities.

B.5 Environmental Assessment Requirements

An environmental assessment is required.

B.6 Consultations

Consultations with affected parties will be performed equitably and inclusively with the views of all stakeholders taken into account, including in particular: (a) equal participation by women and men, (b) socio-culturally appropriate participation of indigenous peoples and (c) mechanisms for equitable participation by vulnerable groups.

B.7 Supervision and Compliance

The Bank is expected to monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.

B.10. Hazardous Materials

The operation has the potential to impact the environment and occupational health and safety due to the production, procurement, use, and/or disposal of hazardous material, including organic and inorganic toxic substances, pesticides and persistent organic pollutants (POPs).



Safeguard Policy Filter Report

B.11. Pollution Prevention and Abatement

The operation has the potential to pollute the environment (e.g. air, soil, water, greenhouse gases).

B.14. Multiple Phase and Repeat Loans

The operation is a repeat or second phase loan.

B.17. Procurement

Suitable safeguard provisions for the procurement of goods and services in Bank financed operations may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.

Potential Safeguard Policy Items

B.1 Bank Policies (Gender Equality Policy– OP-761)

The operation will offer opportunities to promote [gender equality](#) or [women's empowerment](#).

B.9 Natural Habitats and Cultural Sites

The operation will result in the degradation or conversion of Natural Habitat or Critical Natural Habitat in the project area of influence.

Recommended Actions

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s). Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and Safeguard Screening Form to ESR.

Additional Comments

[No additional comments]



Safeguard Screening Form

Operation Information

Operation		
HA-L1143 Productive Infrastructure Program V		
Environmental and Social Impact Category	High Risk Rating	
A		
Country	Executing Agency	
HAITI	HA-MEF - Ministère de l'Économie et des Finances	
Organizational Unit	IDB Sector/Subsector	
Water & Sanitation	WATER AND SANITATION	
Team Leader	ESG Primary Team Member	
SARAH C. MATTHIEUSSENT ROMAIN	DORIS MELISSA BARANDIARAN SALCEDO	
Type of Operation	Original IDB Amount	% Disbursed
Loan Operation	\$65,000,000	0.000 %
Assessment Date	Author	
18 Dec 2019	SMANGONES ESG Team Member	
Operation Cycle Stage	Completion Date	
ERM (Estimated)	17 Jan 2020	
QRR (Estimated)	28 Apr 2020	
Board Approval (Estimated)	8 Jul 2020	
Safeguard Performance Rating		
Rationale		

Operation Classification Summary

Overriden Rating	Overriden Justification
Comments	



Safeguard Screening Form

Conditions / Recommendations

Category "A" operations require an Environmental Impact Assessment or a Strategic Environmental Assessment (see Environment Policy Guideline: Directive B.5 for EIA and SEA requirements) and at least two consultations with affected parties.

These operations will require an environmental assessment (EA), normally an Environmental Impact Assessment (EIA) for investment operations, or other environmental assessments such as a Strategic Environmental Assessment (SEA) for programs and other financial operations that involve plans and policies. Category "A" operations are considered high safeguard risk. For some high safeguard risk operations that, in the Bank's opinion raise complex and sensitive environmental, social, or health and safety concerns, the borrower should normally establish an advisory panel of experts to provide guidance for the design and/or execution of the operation on issues relevant to the EA process, including health and safety. However, these operations will also establish safeguard, or monitoring requirements to address environmental and other risks (social, disaster, cultural, health and safety etc.).

The Project Team must send to the ESR the PP (or equivalent) containing the Environmental and Social Strategy (the requirements for an ESS are described in the Environment Policy Guideline: Directive B.3) as well as the Safeguard Policy Filter and Safeguard Screening Form Reports.

Summary of Impacts / Risks and Potential Solutions

Moderate Greenhouse Gas Emissions are predicted.

Greenhouse Gas (GHG) Assessment: The borrower should promote the reduction of project-related greenhouse gas emissions in a manner appropriate to the nature and scale of project operations and impacts. The borrower should quantify direct emissions from the facilities owned or controlled within the physical project boundary and indirect emissions associated with the off-site production of power used by the project. Quantification and monitoring of GHG emissions should be conducted annually in accordance with internationally recognized methodologies (i.e. IPCC - <http://www.ipcc.ch/>). In addition, the borrower should evaluate technically and financially feasible and cost-effective options for the reduction/offset of emissions that may be achieved during the design and operation of the project. The Sustainable Energy and Climate Change Initiative (SECCI) can help with this task (<http://www.iadb.org/secci/>).

Third party employment practices are inadequate.

Achieve Consistency in Applying Labor Practices: The borrower should be required to improve employment and employment rights for non employees including: (a) clarification of employment practices and terms; (b) support of collective bargaining; (c) approaches to workers' organizations; (d) non-discrimination and equal opportunity; (e) development of appropriate grievance mechanisms (for contract workers only). Depending on the financial product, requirements should be referenced in appropriate legal documentation (covenants, conditions of disbursement, project completion tests etc.).

A natural hazard is likely to occur or be exacerbated due to climate-related changes and the likely severity of the impacts to the project is moderate.

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP) may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations. For details see the DRM policy guidelines.

A [natural hazard](#) is likely to occur or be exacerbated due to climate-related changes and the likely severity of the impacts to the project is [significant or extreme](#).

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific risks the natural hazard poses to the project under climate change, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations. For details see the DRM policy guidelines.

A major [earthquake](#) may occur in the project area and the likely severity of impacts to the project is [significant or extreme](#).

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific risks a major earthquake poses to the project, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general seismic design standards and other related regulations. For details see the DRM policy guidelines.

Borrower and/or third party has only a partial commitment/capacity to comply with applicable [ILO requirements](#) (including commitment to non-discrimination, equal opportunity, [collective bargaining](#) and rights of association) and national employment in relation to [working conditions](#).

Ensure the Development of Adequate Labor Policy and Practices: The borrower should be required to improve employment and employment rights including (as appropriate): (a) clarification of employment practices and terms; (b) support of collective bargaining; (c) approaches to workers' organizations (d) non-discrimination and equal opportunity; (e) fair and transparent retrenchment/redundancy amongst workers; and (f) development of appropriate grievance mechanisms. These issues should be defined in a human resources policy. Depending on the financial product, the policy should be referenced in appropriate legal documentation (covenants, conditions of disbursement, project completion tests, etc.) and require regular (bi-annual or annual) reporting and independent review of implementation.



Safeguard Screening Form

Borrower is committed to complying with applicable [ILO requirements](#) (including commitment to non-discrimination, equal opportunity, [collective bargaining](#) and rights of association) and national employment in relation to [working conditions](#) but does not fully address all employment requirements.

Confirm Labor Practices are Adequate: The borrower should be required to improve employment and employment rights including (as appropriate): (a) clarification of employment practices and terms; (b) support of collective bargaining; (c) approaches to workers' organizations; (d) non-discrimination and equal opportunity; (e) fair and transparent retrenchment/redundancy amongst workers; and (f) development of appropriate grievance mechanisms. These issues should be defined in a human resources policy. Depending on the financial product, requirements should be referenced in appropriate legal documentation (covenants, conditions of disbursement, etc.).

Evidence of child labor or forced labor in the workforce (including third party contractors, suppliers).

Ensure that the borrower Addresses Child Labor or Forced Labor: The borrower should provide details of how child labor and/or forced labor will be addressed (including supply chain as appropriate) in a timely and fair manner as a condition of disbursement. Annual audits by credible third parties should be used to monitor compliance. Failure to fully address this issue will result in non-compliance with IDB policy OP-703.

Likely to have [minor](#) to [moderate](#) emission or discharges that would negatively affect [ambient environmental conditions](#).

Management of Ambient Environmental Conditions: The borrower should be required to prepare an action plan (and include it in the ESMP) that indicates how risks and impacts to ambient environmental conditions can be managed and mitigated consistent with relevant national and/or international standards. The borrower should (a) consider a number of factors, including the finite assimilative capacity of the environment, existing and future land use, existing ambient conditions, the project's proximity to ecologically sensitive or protected areas, and the potential for cumulative impacts with uncertain and irreversible consequences; and (b) promote strategies that avoid or, where avoidance is not feasible, minimize or reduce the release of pollutants, including strategies that contribute to the improvement of ambient conditions when the project has the potential to constitute a significant source of emissions in an already degraded area. The plan should be subject to review by qualified independent experts. Depending on the financial product, this information should be referenced in appropriate legal documentation (covenants, conditions of disbursement, etc.).

Potencial to exclude or discriminate women or men from project benefits based on [gender](#) ***NOTE**

Incorporation of gender analysis into its social impact and risk assessments: Where the Project or its context present potential for discrimination against women or men based on gender, Project preparation should include an analysis of exclusion or discriminatory factors (specific or as part of overall social assessment) and the Project should include information, dissemination, training and other corrective measures as appropriate aimed at overcoming barriers to afford women or men the same protection and access afforded to other groups and equal access to Project-generated resources and benefits (e.g. credit, employment, public services, etc.). The social impact and risk assessment and associated mitigation framework must address all the factors specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation, including participatory monitoring.

Potential to introduce [gender](#) differentiated health and safety [risks](#), or to increase the risk of violence, sexual exploitation, human trafficking or sexually transmitted diseases

Incorporation of gender analysis into its social impact and risk assessments: Where project has the potential to introduce gender differentiated health and safety risks, or to increase the risk of violence, sexual exploitation, human trafficking or sexually transmitted diseases, project preparation and implementation should include specific analysis and consultation regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation.

Potential to introduce conditions that restrict the participation of women or men based on pregnancy, maternity/paternity, marital status

Incorporation of gender analysis into its social impact and risk assessments: Where project has the potential to introduce conditions that restrict the participation of women or men based on pregnancy, maternity/paternity, marital status, project preparation and implementation should include specific analysis and consultation regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation.

Potential to introduce unequal requirements for access to benefits and economic opportunities based on [gender](#)

Incorporation of gender analysis into its social impact and risk assessments: Where project impacts will potentially introduce unequal requirements for access to benefits and economic opportunities based on gender, project preparation and implementation should include specific analysis and consultation/agreements regarding these issues and the social impact and risk assessment and associated mitigation framework must address them specifically. The mitigation framework will be referenced in the legal documentation (covenants, conditions of disbursement, etc.), require regular reporting, frequent and independent monitoring, and independent review of implementation, including participatory monitoring.

Project activities will moderately impact [water quality](#), [water quantity](#) and/or [water availability](#).

Water Resources: A targeted Water Resources Assessment should be undertaken, which in addition to undertaking the relevant analyses, must include justification for assigning a moderate risk classification. Project activities (and any associated facilities) will be required to be constructed and operated so as to avoid impacts to water quality, water quantity and/or water availability. Evidence of appropriate stakeholder consultation should also be provided. Monitoring requirements should be included in relevant legal documentation.

Project construction activities are likely to lead to localized and temporary impacts (such as dust, noise, traffic etc) that will affect local communities and [workers](#) but these are [minor](#) to [moderate](#) in nature.

Construction: The borrower should demonstrate how the construction impacts will be mitigated. Appropriate management plans and procedures should be incorporated into the ESMP. Review of implementation as well as reporting on the plan should be part of the legal documentation (covenants, conditions of disbursement, etc.).

Safety issues associated with structural elements of the project (e.g. dams, public buildings etc), or road transport activities (heavy vehicle movement, transport of [hazardous materials](#), etc.) exist which could result in [moderate](#) health and safety [risks](#) to local communities.

Address Community Health Risks: The borrower should be required to provide a plan for managing risks which could be part of the ESMP; (including details of grievances and any independent audits undertaken during the year). Compliance with the plan should be monitored and reported. Requirements for independent audits should be considered if there are questions over borrower commitment or potential outstanding community concerns.

Security forces will be employed and there is no control over the selection or deployment of security staff.

Manage Use of Security Forces: The use of security forces creates significant potential risk of non-compliance with Bank policy. Develop and evaluate alternative project options and discuss with ESG specialist(s), relevant team members and others before proceeding.

Security forces will be used and industry standards (e.g. Voluntary Principles on Security and Human Rights) in terms of selection and management of security staff will be followed.

Manage Use of Security Forces: The borrower should be required to provide an annual review of security measures (including details of grievances and any independent audits undertaken during the year).

The negative impacts from production, procurement, use and disposal of [hazardous materials](#) (excluding POPs unacceptable under the Stockholm Convention or toxic pesticides) are [moderate](#) to [significant](#) and will comply with relevant national legislation, [IDB requirements on hazardous material](#) and all applicable International Standards.

Hazardous Materials Management Plan: The borrower should document risks relating to the use of hazardous materials and prepare a hazardous material management plan (as part of the ESMP) that indicates how hazardous materials will be managed (and community risks mitigated). The borrower will be responsible for preparing the ESMP, which should include: a management plan that will address identification, labeling, handling, storage, use and disposal of the relevant hazardous materials. The plan might include confirmation from third-party specialists that risks have been adequately assessed and managed. An action plan should be defined and requires regular monitoring, reporting and independent review of implementation; this plan should be included in legal documentation (covenants, conditions of disbursement, etc.).

The project includes dangerous and hazardous [working conditions](#) where there could be [significant](#) negative impacts to [workers](#) or communities.

Ensure that the borrower Addresses Occupational Health and Safety: The borrower should provide details of how occupational health and safety issues will be addressed (including those found in the supply chain as appropriate) in a timely and efficient manner as a condition of disbursement and annual audits by third party experts should be considered. This should be addressed using an occupational health and safety management plan.

The project is located in an area prone to [coastal flooding](#) from [storm surge](#), high wave activity, or erosion and the likely severity of the impacts to the project is [moderate](#).

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP), may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards, coastal retreat and other land use regulations and civil defense recommendations in coastal areas.

The project is located in an area prone to [droughts](#) and the likely severity of the impacts to the project is [moderate](#).

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP) may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations.

The project is located in an area prone to [hurricanes](#) or other [tropical storms](#) and the likely severity of the impacts to the project is [moderate](#).

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP), may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations.

The project is located in an area prone to [inland flooding](#) and the likely severity of the impacts to the project is [moderate](#).

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP), may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. This must take into consideration changes in the frequency and intensity of intensive rainfall and in the patterns of snowmelt that could occur with climate change. The DRMP includes risk reduction measures (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as the financial protection (risk transfer, retention) of the project. The DRM Plan takes into account existing vulnerability levels and coping capacities, the area's disaster alert and prevention system, general design standards, land use regulations and civil defense recommendations in flood prone areas. However, the options and solutions are sector- and even case-specific and are selected based on a cost analysis of equivalent alternatives.

The project is located in an area prone to [sea level rise](#) and the likely severity of the impacts to the project is [moderate](#).

A Disaster Risk Assessment, that includes a Disaster Risk Management Plan (DRMP), may be necessary, depending on the complexity of the project and in cases where the vulnerability of a specific project component may compromise the whole operation. The DRMP should propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project itself to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards and other related regulations.

The project is located offshore or in a coastal plain in an area prone to [tsunamis](#) and the likely severity of impacts to the project is [significant or extreme](#).

A Disaster Risk Assessment that includes a Disaster Risk Management Plan (DRMP) must be prepared. The DRMP should focus on the specific risks a tsunami poses to the project, and propose measures to manage or mitigate these risks to an acceptable level. The measures should consider both the risks to the project, and the potential for the project to exacerbate risks to people and the environment during construction and operation. The measures should include risk reduction (siting and engineering options), disaster risk preparedness and response (contingency planning, etc.), as well as financial protection (risk transfer, retention) for the project. They should also take into account the country's disaster alert and prevention system, general design standards, coastal retreat and other land use regulations and civil defense recommendations in coastal areas.

The project will increase impacts and [risks](#) related to [communicable diseases](#) in local communities (often as a result of an influx of temporary or permanent labor).

Ensure the Borrower Addresses Disease Risks: The borrower should develop a program of education and infection illness prevention with emphasis on HIV and develop a plan to reduce transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor that include measures such as the screening of workers health. Depending on the scale, location and significance of risk educational programs, prophylactics and other measures may also be important.

The project will result in a [minor](#) to [moderate](#) increase in community [risks](#) from disease or natural resources [risks](#).

Manage Increased Risk of Disease: Where a project will generate environmental health risks (such as increased risk from disease and environmental hazards), the borrower should be required to develop an environmental health risk plan (this will require input from professionally competent advisers/ consultants). There should be engagement with affected communities and compliance with the plan should be monitored and reported. Where specific diseases are endemic in communities in the investment area of influence, the borrower is encouraged to explore opportunities to reduce their incidence.

Transport of [hazardous materials](#) (e.g. fuel) with [minor](#) to [moderate](#) potential to cause impacts on community health and safety.

Hazardous Materials Management: The borrower should be required develop a hazardous materials management plan; details of grievances and any independent health and safety audits undertaken during the year should also be provided. Compliance with the plan should be monitored and reported. Depending on the financial product, this information should be referenced in appropriate legal documentation (covenants, conditions of disbursement etc). Consider requirements for independent audits if there are concerns about commitment of borrower or potential outstanding community concerns.

Waste generation (excluding hazardous waste) is [significant](#) or there is no adequate waste management plan in place.

Solid Waste Management: The borrower should be required to prepare a Waste Management Plan (including management and organizational requirements) consistent with relevant national requirements and International Standards (as appropriate). This plan should be part of the ESMP. Specific attention should be placed on reducing and re-cycling solid wastes. As part of this an action plan should be defined and requires regular reporting and independent review of implementation; this plan should be included in legal documentation (covenants, conditions of disbursement, etc). Additionally, impacts of solid waste should be avoided in first instance (i.e. relocate or reconfigure proposed activities). If avoidance is not possible, impacts should be mitigated by management, offsetting impacts or other means. Specifically (if applicable) in the case that national legislations have no provisions for the disposal and destruction of hazardous materials, the applicable procedures established within the Rotterdam Convention, the Stockholm Convention, the Basel Convention, the WHO List on Banned Pesticides, and the Pollution Prevention and Abatement Handbook (PPAH), should be taken into consideration.

Disaster Risk Summary

Disaster Risk Level

High

Disaster / Recommendations

The reports of the Safeguard Screening Form (i.e. of the Safeguards Policy and the Safeguard Classification Filters) constitute the Disaster Risk Profile to be summarized in and annexed to the Environmental and Social Strategy (ESS). The Project Team must send the PP (or equivalent) containing the ESS to the ESR.

The Borrower should consider including disaster risk expertise in the organization of project oversight, e.g. in the project's panel of experts. For the Bank's requirements, the Borrower addresses the screened disaster risks in a Disaster Risk Management Summary reviewing disaster and climate change risks associated with the project on the basis of a Disaster Risk Assessment (DRA). Based on the specified hazards and the exposure of the project area, it demonstrates the potential impact of the rapid onset events and/or slow onset changes for the project and its area including exacerbated risks for people and environment, given local vulnerability levels and coping capacities. Furthermore the DRM Summary presents proposed measures to manage or mitigate these risks in a Disaster Risk Management Plan (DRMP). The DRA /DRMP to which the DRM Summary refers may be a stand-alone DRA document (see Directive A-2 of the DRM Policy OP-704) or included in other project documents, such as feasibility studies, engineering studies, environmental impact assessments, or specific natural disaster and climate change risk assessments, prepared for the project. These documents should be accessible for the Project Team.

The Project Team examines and adopts the DRM summary. The team remits the project risk reduction proposals from the DRMP to the engineering review by the sector expert or the independent engineer during project analysis or due diligence, and the financial protection proposals to the insurance review (if this is performed). The potential exacerbation of risks for the environment and population and the proposed risk preparedness or mitigation measures are included in the Environmental and Social Management Report (ESMR), and are reviewed by the ESG expert or environmental consultant. The results of these analyses are reflected in the general risk analysis for the project. Regarding the project implementation, monitoring and evaluation phases, the project team identifies and supervises the DRM approaches being applied by the project executing agency.

Climate change adaptation specialists in INE/CCS may be consulted for information regarding the influence of climate change on existing and new natural hazard risks. If the project requires modification or adjustments to increase its resilience to climate change, consider (i) the possibility of classification as an adaptation project and (ii) additional financing options for climate change, and consult the INE/CCS adaptation group for guidance.

Disaster Summary

Details

The project has been classified initially as high disaster risk because the likely severity of impacts from at least one of the natural hazards is significant or extreme. During the disaster risk assessment the project may be reclassified. Please contact ESG or a Disaster Risk Management Specialist for guidance.

Actions



Safeguard Screening Form

Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s).
Complete Project Classification Tool. Submit Safeguard Policy Filter Report, PP (or equivalent) and
Safeguard Screening Form to ESR.

Environmental and Social Strategy (ESS)	
Operation Name	Productive Infrastructure Program V
Operation Number	HA-L1143
Prepared by	Sarah Mangones (VPS/ESG) and David Maier (VPS/ESG)
Operation Details	
IDB Sector	Water and Sanitation (INE/WSA)
Type of Operation	Loan – Specific Investment Operation (ESP)
Environmental and Social Classification	A
Disaster Risk Rating	High
Borrower	Republic of Haiti
Executing Agency	Ministry of Economy and Finance through its Technical Execution Unit (UTE)
IDB Loan US\$ (and total project cost)	65 million
Applicable Policies/Directives	OP-703 (B.1, B.2, B.3, B.4, B.5, B.6, B.7, B.10, B.11, B.14, B.17), OP-704, OP-761, OP-102
Operation Description	
<p>Through a series of grants (HA-L1055, HA-L1076, HA-G1035, HA-L1081 and HA-L1091) the Bank is providing the basic infrastructure, industrial facilities, management support required for the construction, operation and expansion of the Caracol Industrial Park (PIC) in the North of Haiti.</p> <p><u>This new operation (HA-L1143) to support the PIC will consist of three components:</u></p> <p><u>Component 1: A sustainable and Modern Management of the PIC.</u> The objective of this component is to bring the PIC to international safeguards' standards. This includes (i) complying with the environmental, social, health, and safety policies and best practices and taking in due time the appropriate mitigation measures; and (ii) ensuring there is a professional and independent management of the PIC, including a new food-vending system, an improved employee transportation system, waste management, hazardous waste management, recycling, improved public spaces for workers and landscaping.</p> <p><u>Component II: Provision of infrastructure in the PIC.</u> This component will finance further expansion of the PIC (buildings and related infrastructure) to respond to the expansion plan of the anchor tenant and accommodate the demand, including: (i) large (11,776 m²) and medium-size (5,000 m²) industrial buildings, warehouses, canteens, boiler rooms and dormitories. The existing canteens will also be refurbished in the context of the improvement of the food-vending system; (ii) expansion of the park's infrastructure and equipment (expansion of internal roads, rehabilitation and expansion of the bus fleet, bus depot, repair station, fuel reserve, electrical water and drainage networks, hazardous waste storage facility, potable and industrial water treatment plant that will address ensure the potable water meets international standards and resolve the sediment and Mg issues in the industrial water used for paint production and steaming of fabrics (all water will continue to be treated at the wastewater treatment plant), health center and a multipurpose space for workers); (iii) works for the protection of the Trou-du-Nord River bank at its crossing of the PIC (such as gabion walls to protect against</p>	

erosion); and (iv) civil works' supervision. The PIC Master Plan (Figure 2 in Appendix 1) shows in green the planned infrastructures.

Component III: Empowering employees and enhance occupation mobility. This component will finance studies and trainings.

The final design of the buildings and supporting infrastructure has yet to be finalized. The design of the cafeterias will differ from its previous design to ensure the space is usable (ventilation, bathrooms, natural lighting). As construction activities will be limited to the space inside the PIC, no physical displacement is expected. A draft design for the buildings will be available for the ESIA and based on the consultations and the continued conversation with the tenants during preparation some adjustments are likely.

UTE does not currently have a complete EHS team or the systems in place to effectively and timely manage ESHS impacts and risks. UTE is currently working on addressing this issue and this will be investigated in the environmental and social assessment/audit for the previous operations as well as in the ESIA for the new operation.

Key Potential ESHS Risks and Impacts

As with previous grant operations (HA-L1076, HA-G1035, HA-L1081 and HA-L1091) this operation is classified as category A. Due to its significant environmental and social indirect and cumulative impacts of the continued expansion of the PIC. These include deterioration of water quality and availability, ecological degradation of the nearby mangrove ecosystem, and issues related to poor urban planning. Further, additional waste generation, emissions and other environmental factors are anticipated through an expected increase in the total number of workers by 6,000. Said increase will further trigger a number of different social impacts, which are mainly related to the expected influx of workers in the nearby communities. The communities that are in the nearby area include; Caracol, Terrier Rouge, Trou du Nord, Limonade, and Quartier Morin. These could therefore include impacts on community dynamics, increased burden on and competition for public service provision, a local inflation of prices and increase in traffic and related accidents. As of today, these communities are ill-equipped to cope with these kinds of impacts and will require dedicated support in adapting to the new circumstances. There will also be direct impacts from the construction activities including the management of construction waste, land clearing, water demand and labor management. The overall impact classification will be subject to further verification during the environmental and social assessment process and adapted accordingly, if necessary.

The PIC was built on 250-hectare greenfield site in the rural community of Caracol which is located in the Three Bay National Park (3BPN). Please refer to the map in Annex 1 showing the location of the PIC and the current site plan. Construction started in September 2011 and during the previous construction and operation phases there have been issues with non-compliances of contractual conditions and safeguard requirements by PIC management (mostly the *Société Nationale des Parcs Industriels* (SONAPI)). These non-compliances issues included improper management of the Madrass waste disposal site, inadequate support and resources to the EHS team, non-completion of the Emergency Response Plan, non-implementation of a hazardous waste management plan and lack of 3rd party monitoring of water quality. Due to the poor management of the PIC, a new mandate by the Government of Haiti was signed in July 2019 that reassigned the management of the PIC to UTE for the next 2 years.

An environmental and social assessment/audit for the previous operations will be prepared that will develop a remediation plan for these legacy issues.

Construction:

Impacts during construction phase include a risk of inadequate attention to gender issues, waste management and water management. In addition, there may be other temporary environmental, social, and health and safety (ESHS) risks and impacts associated with the construction works such as: increased risk of accidents, traffic disruption; dust and minimal air emission and affectation of air quality; noise, impacts on water/soil (including wastewater discharge), especially if waste and hazardous materials are not adequately managed; occupational and community health and safety. There will also be ancillary facilities that will have an impact, including a worker's camp, management area or workshop for heavy equipment, quarries, etc.

Operation:

During the operation of the PIC, the main impacts inside the PIC will be a result of the increased pressure on wastewater treatment, waste management, transportation. The indirect and cumulative impacts include deterioration of water quality due to poor management of the wastewater treatment plant and the increased population in the surrounding communities that can lead to pollution of the ground and surface water. Availability of water can be an issue as the PIC and the surrounding communities use wells for their water supply. Due to the increased population in the area the degradation of the mangrove ecosystems is likely to intensify as a result of the need for firewood and charcoal for cooking as well as space for houses and farming activities. There will be an increased demand for housing which may result in increased rent cost and housing and other activities occurring in more sensitive areas (flood plains, mangroves, etc). There are cumulative impacts in the Northern corridor due to the construction and expansion of the PIC and other projects (including the electrical micro-grid project (HA-L1040) and the construction of the landfill in Mouchinette (HA-L1106)). With the increase in the number of people on the road and there is an increased risk of traffic accidents inside the PIC and in the surrounding communities.

There are gender issues that present themselves during the operation on the PIC including; sexual harassment, sexual favors for work, gender-based violence. Further, unequal access to project benefits may impair the objectives of the operation.

The PIC is exposed the following risks; natural hurricane, earthquakes, flooding and tsunamis. The disaster risk was hence determined as High, for type 1.

Information Gaps and Strategy for Analysis and Management

ESIAs, and other studies have been completed for the previous projects; [HA-L1055](#), [HA-L1076](#), [HA-G1035](#), [HA-L1081](#), and [HA-L1091](#). Due to poor management or the park, there are a number of liabilities from previous operations including issues pertaining to transportation, waste and wastewater management, food management, security, community engagement (including grievance mechanism), emergency response, as well as overall compliance with environmental and social safeguard requirements.

To fully understand the current situation and liabilities of the PIC an environmental and social assessment/audit for the previous operations will be completed. This study is likely to begin in early 2020 and will include measures to prevent similar non-compliances in the new operation. Around the same time, an Environmental and Social Impact Assessment (ESIA) will take place to identify environmental and social impacts of the new operation and the growth of the PIC from currently 14,000 workers to over 20,000 workers. This assessment will include a section on the socioeconomic composition of the adjacent communities of the PIC, which will most likely become the recipients of a

significant influx of workers. Further, it will entail an institutional analysis of UTE's capacity to manage environmental and social aspects as well as a disaster risk assessment (DRA).

The last project was approved on December 14, 2015. Since then, there have been significant changes in the size and tenants of the PIC, especially regarding number of workers. Further, the size and economic composition of the surrounding communities was subject to changes. Currently, there are around 14,000 workers at the PIC. With this new operation, the number of workers will likely increase to over 20,000. The ESIA for this operation will need to investigate the direct, indirect, primary and secondary impacts for the construction and operation phases as well as include socio-economic study of the area. Currently there is a grievance mechanism that is part of the EHS team that is supported by the current operations. This mechanism currently is understaffed and does not have the resources to properly communicate the new phone numbers with the workers at the PIC.

Table 1: ESHS Assessments – Tentative timeline and resources

The current timeframe for the project is tight and adherence to it will depend on the organization of the needed consultancies and their timely completion.

ESHS Documents	Current stage of development – Gap filling needed	Estimated resources needed to finalize	Estimated timeline to finalize and consult
<i>Environmental and Social Impact Assessment (ESIA)</i>	<i>An ESIA needs to be completed that includes a social baseline, indirect impacts, alternative analysis, environmental/biological baseline, assessment of UTE's institutional capacity, impacts related to ancillary facilities (workers camps, quarries, etc.) A disaster risk assessment will be included in this study.</i>	<i>Entity in charge: UTE Consultants: TBD Cost: 100K</i>	<i>Execution: 3-4 month Intended start: March 2020 1st round of consultation: May 2020.</i>
<i>Environmental and Social Management Plan (ESMP)</i>	<i>To be completed as part of the ESIA including a grievance redress mechanism</i>	<i>Entity in charge: Consultants: TBD</i>	<i>Execution: 3-4 month Intended start: March 2020 Consultation: May 2020</i>
<i>Environmental and Social Assessment/Audit</i>	<i>To look at the liabilities from the previous projects.</i>	<i>Entity in charge: UTE consultants TBD Cost: 100K</i>	<i>Execution: 3-4 month Intended start: March 2020</i>
<i>Consultation Plan for ESIA</i>	<i>The consultation plan will be developed as part of the ESIA. For this operation, 2 rounds of consultation will be conducted.</i>	<i>Entity in charge: UTE consultants TBD Source: TBD</i>	<i>Execution: 1 month Intended start: May 2020</i>

Opportunities for IDB Additionality on Environment and Social matters

The dedicated focus on capacity building on environmental and social matters may have positive spillover effects for other operations in the country that are being implemented by the same EA.

Annex Table: Operation Compliance with IDB Safeguard Policies

Please refer to the annex compliance table for information regarding the operational compliance.

Additional Appendices

Appendix 1: Maps

Annex Table: Operation Compliance with IDB Safeguard Policies

Policies / Directives	Policy / Directive Applicable?	Rationale for applicability of Policy / Directive	Actions required during Preparation & Analysis
OP-703 Environment and Safeguards Compliance Policy			
B.2 Country Laws and Regulations	Yes	Applies to all operations.	Contractual documents will ensure country laws and regulations are complied with.
B.3 Screening and Classification	Yes	The operation has been screened and classified as category A based on impacts of the construction waste, deterioration of water quality and availability, ecological degradation of the mangrove ecosystem. In this context, indirect and cumulative impacts deserve particular attention.	N/A
B.4 Other Risk Factors	Yes	Low capacity of the Executing Agency. Liabilities from previous operations. Risks related to ancillary facilities, sub-contractors as well as the use of security personnel.	An assessment of the institutional capacity of the EA will be conducted as part of the ESIA-process. Measures to strengthen its capacity will be included in the ESMP. Measures will need to be developed for managing risks, an assessment will be completed as part of the ESIA, this will also be investigated as part of the environmental and social assessment/audit. A supervision plan will need to be developed to help manage risk with sub-contractors, supply chains and use of security forces. Mitigation measures to reduce impacts of ancillary facilities will be included in the ESMP.
B.5 Environmental Assessment and Plans Requirements	Yes	Applies to all Category A and B operations.	The ESIA and an Environmental and Social assessment/audit process are expected to begin in January 2020. The ESIA and ESMP for the construction and operation phase will be disclosed prior to the analysis mission.
B.5 Social Assessment and Plans Requirements	Yes	Applies to all Category A and B operations.	The ESIA will include a dedicated social assessment (looking at Code of conduct for workers, employment of women during construction) and develop any necessary additional plans. It will also assess if there will be an economic impact due to temporary displacement of vendors, temporary loss of employment due to civil works and infrastructure development
B.6 Consultation	Yes	Category A operations require at least 2 rounds of consultations.	The consultation plan will be developed as part of the ESIA. The results of the consultations will be included in

			the ESIA and Environmental and Social Management Report (ESMR) prior to OPC. The UTE will be responsible for conducting the consultations. Both the ESIA and the environmental and social assessment/audit will be published on the IDB website prior to Analysis mission.
B.7 Supervision and Compliance	Yes	The Bank will monitor Executing Agency/Borrower's compliance. The EA will need to develop a supervision schedule and establish the necessary resources to implement it.	Safeguard requirements will be incorporated into the Loan Contract. The EA will need to establish a supervision scheme for the operation.
B.8 Transboundary Impacts	No	No presence of transboundary issues.	N/A
B.9 Natural Habitats	Yes	Due to the location of the PIC in the 3BPN protected area. Further, the river that crosses the park may develop downstream impacts on natural/maritime habitats if contaminated.	ESIA will be completed for the project area. The document will assess any requirements related to the protected area and mangroves and propose mitigation measures. The wastewater treatment plant is currently in operation and treats all the domestic and industrial wastewater. UTE (the EA) is in the process of getting an independent laboratory to test the water (this information should be available for the ESIA).
B.9 Invasive Species	No	No invasive species will be used	N/A
B.9 Cultural Sites	No	No damage to cultural sites	N/A
B.10 Hazardous Materials	Yes	Hazardous materials will be used, and waste will be generated during construction and operation phases.	A fuel storage and waste management plan will need to be developed as part of the ESMP.
B.11 Pollution Prevention and Abatement	Yes	Emissions and pollution will occur during the construction and operation phases.	The ESIA/ESMP will include specific measures to prevent, reduce or eliminate pollution. Water quality testing results should be available from the independent lab for the ESIA.
B.12 Projects Under Construction	No	The project is not currently under construction.	N/A
B.13 Noninvestment Lending and Flexible Lending Instruments	No	This is a specific loan.	N/A
B.14 Multiple Phase and Repeat Loans	Yes	The operation is part of a multiple phase loan.	An ESIA will be carried out for the new operation. A separate environmental and social assessment/audit will be completed for the previous operations (looking at environmental and social legacies).
B.15 Co-financing Operations	No	Only IDB will be funding this loan	N/A
B.16 In-Country Systems	No	Not using in-country systems	N/A

B.17 Procurement	Yes	Incorporate goods and services that are environmentally and socially responsible.	Sustainable Procurement provisions to be included in the loan documents.
OP-704 Natural Disaster Risk Management Policy			
A.2 Analysis and management of Type 2 risk scenario	Yes	Type 1 is high – risks of earthquakes, hurricanes, tsunami, and flooding. Type 2 is high – due to the exacerbation of risks to human life and safety.	The ESIA and ESMP for the project will include a DRA and mitigation measures for those hazards and exacerbation of hazards
A.2 Contingency planning (Emergency response plan, Community health and safety plan, Occupational health and safety plan)	Yes	An Emergency Response plan is needed as well as implementation of PIC rules and regulations that include occupational health and safety plan.	The borrower must ensure that the Emergency Response Plan will be developed and implemented by the contractor and PIC management.
OP-710 Operational Policy on Involuntary Resettlement			
Resettlement Minimization	No	No involuntary resettlement is expected	N/A
Resettlement Plan Consultations	No	No involuntary resettlement is expected	N/A
Impoverishment Risk Analysis	No	No involuntary resettlement is expected	N/A
Resettlement Plan and/or Resettlement Framework Requirement	No	No involuntary resettlement is expected	N/A
Livelihood Restoration Program Requirement	TBD	No involuntary resettlement is expected – there might be some economic impacts to be confirmed by ESIA.	In case of economic displacement, a Livelihood Restoration Plan will be developed.
Consent (Indigenous Peoples and other Rural Ethnic Minorities)	No	No involuntary resettlement is expected.	N/A
OP-765 Operational Policy on Indigenous Peoples			
Sociocultural Evaluation Requirement	No	N/A	N/A
Good-faith Negotiations and proper documentation	No	N/A	N/A
Agreement with Affected Indigenous Peoples	No	N/A	N/A
Indigenous Peoples Compensation, and Development Plan and/or Framework Requirement	No	N/A	N/A
Discrimination Issues	No	N/A	N/A
Transborder Impacts	No	N/A	N/A

Impacts on Isolated Indigenous Peoples	No	N/A	N/A
OP-761 Operational Policy on Gender Equality in Development			
Consultation and effective participation of women and men	Yes	The consultations should be designed and carried out by UTE with measures to ensure women's participation and that their views and perceptions are fully integrated into the final project design.	Respective measures to ensure proper participation by women will need to be included in the consultation plan.
Application of safeguard and risk analysis	Yes	The ESIA should analyze how the project may exacerbate gender issues, including potential pre-existing gender gaps like exclusions of women from decision-making, involvement of management of the PIC. Additional issues regarding gender-based violence, sex workers, undesired pregnancies can be a result of an influx of workers.	An in-depth analysis and respective mitigation measures will be provided by the ESIA and the ESMP. This will focus on the current recruitment practices of the current companies in the PIC.
OP-102 Access to Information Policy			
Disclosure of relevant Environmental and Social Assessments Prior to Analysis Mission, QRR, OPC and submission of the operation for Board consideration	Yes	Both the ESIA and the ESMP will be published prior to the analysis mission.	The ESIA, ESMP, and Consultation Report will need to be disclosed before the Analysis Mission. Please refer to the section on Information Gaps and Strategy for Analysis and Management for more details on timing for the consultation.
Provisions for Disclosure of Environmental and Social Documents during Project Implementation	Yes	If ESIA's are needed during project implementation they will be disclosed, as well as the Consultation Report documenting the corresponding public consultation.	N/A

Appendix 1: Maps

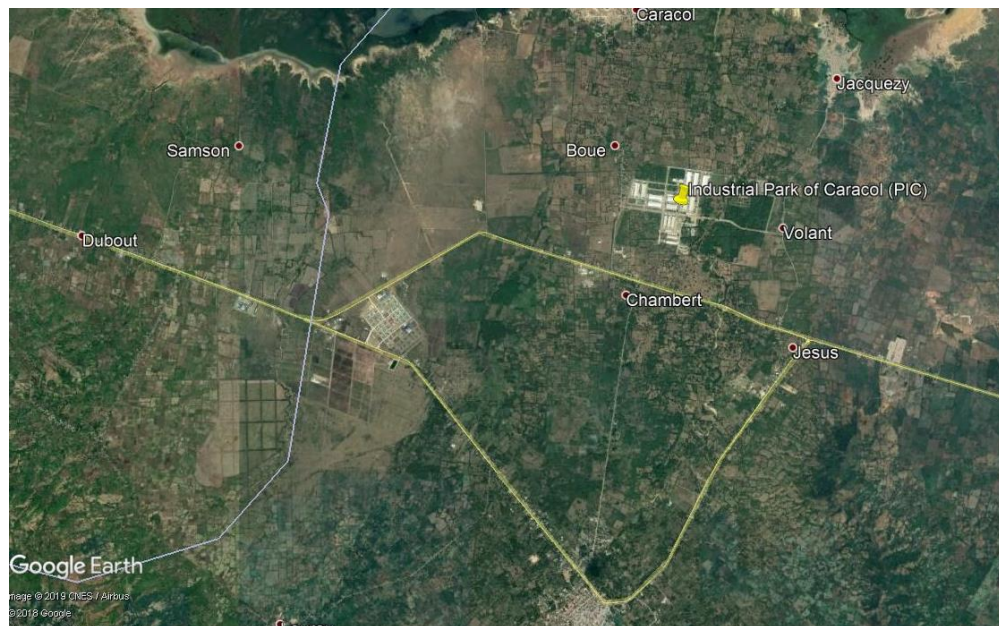


Figure 1 – PIC Location

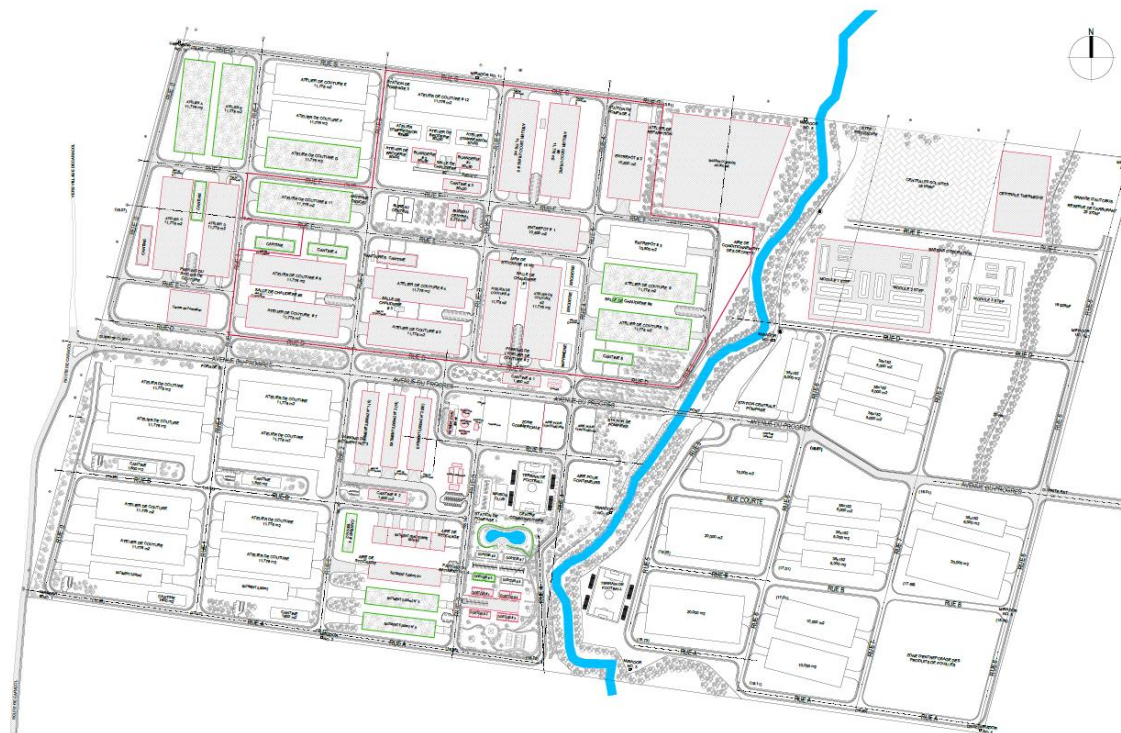


Figure 2 PIC Master Plan (green indicated planned infrastructures)

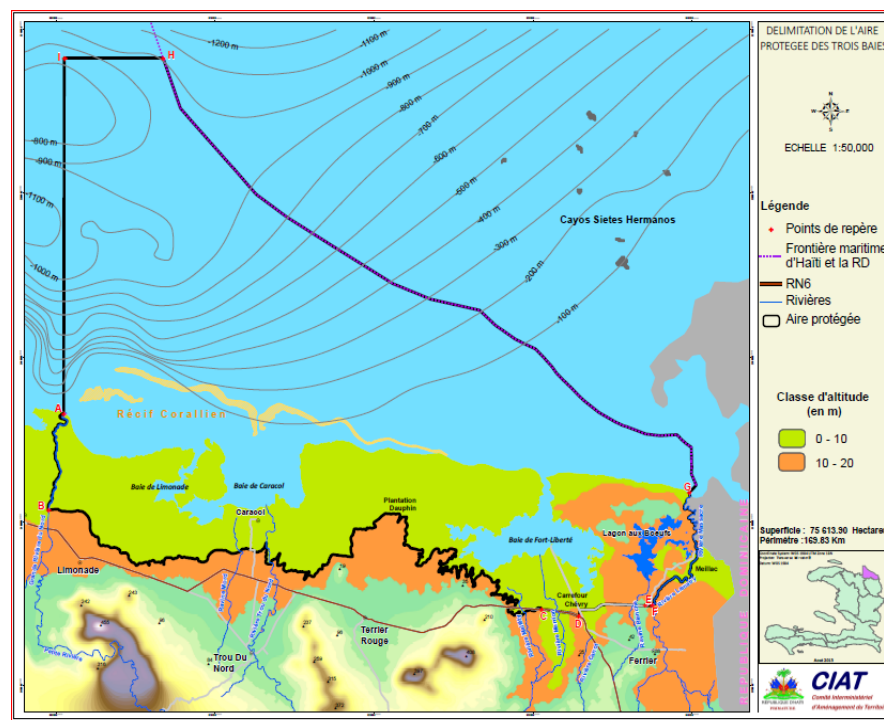
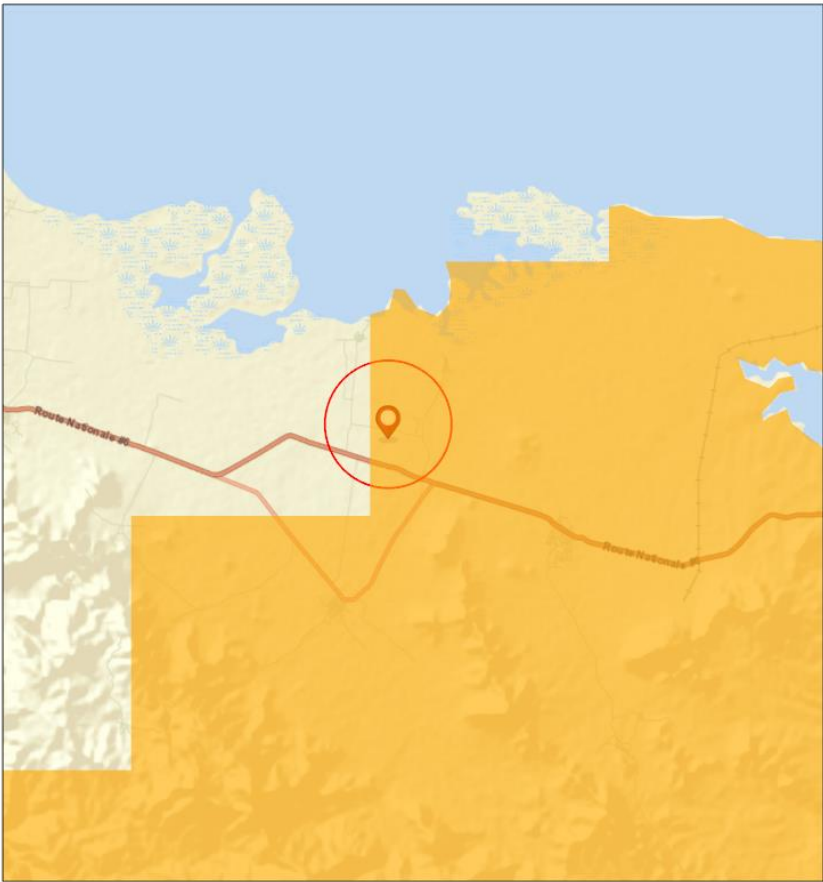


Figure 3 – Boundaries of 3BPN

Earthquake risk



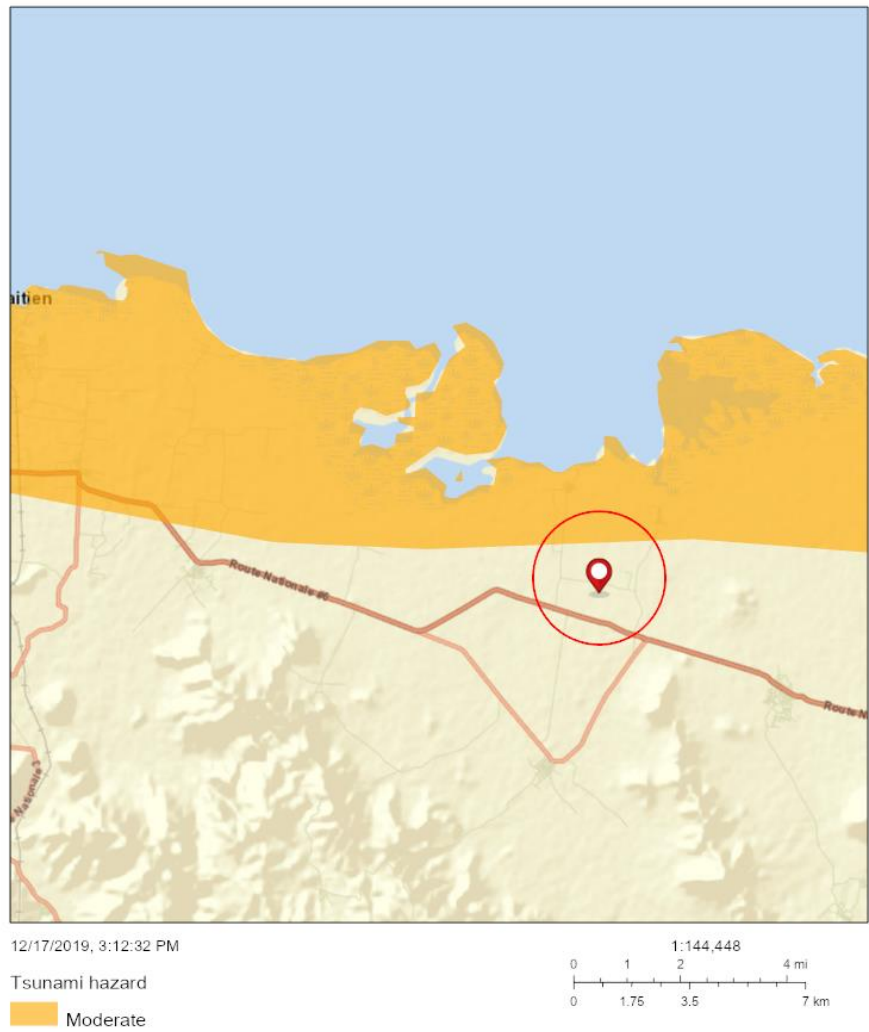
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1:144,448
0 1 2 4 mi
0 1.75 3.5 7 km

Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Esri, HERE, Garmin, NGA, USGS | UNEP (United Nations Environment Programme) & UNISDR (United Nations International Strategy for Disaster Reduction). (2014). Global Risk Data Platform. First

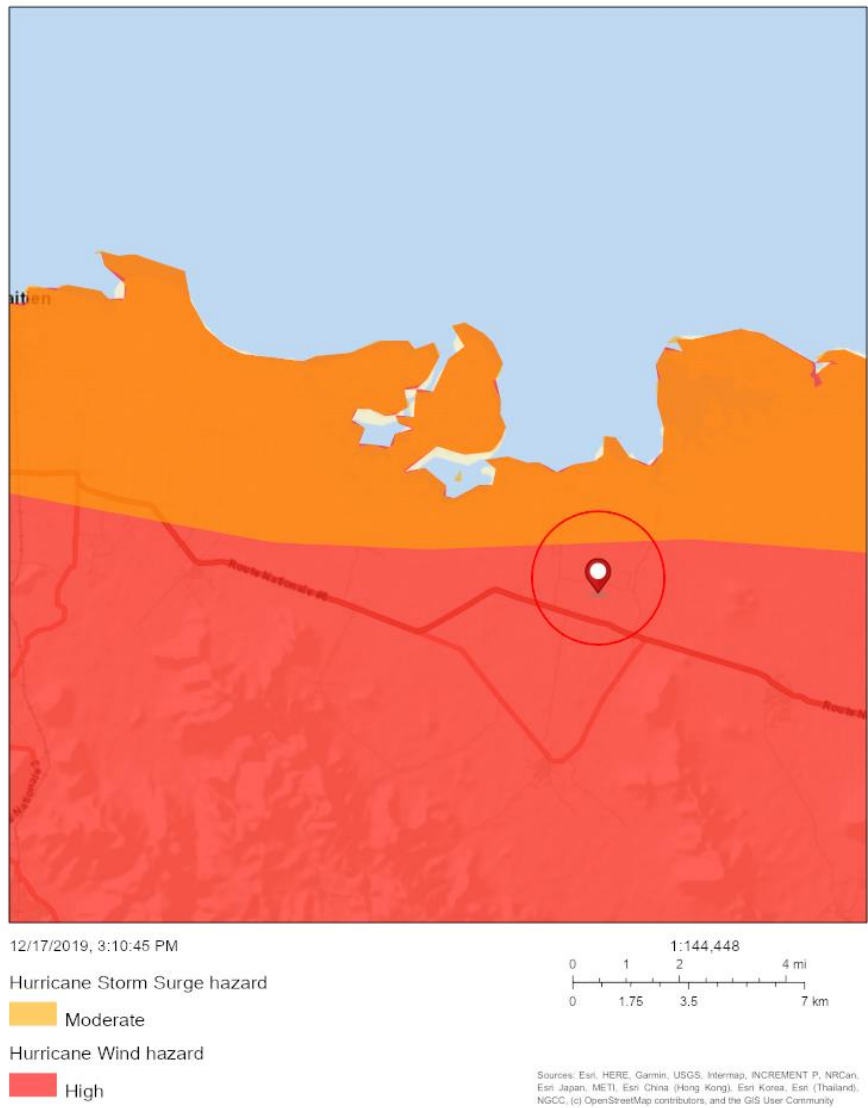
Tsunami Risk



Sources: Esri, HERE, Garmin, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), NGCC, (c) OpenStreetMap contributors, and the GIS User Community

Esri, HERE, Garmin, NGA, USGS | UNEP (United Nations Environment Programme) & UNISDR (United Nations International Strategy for Disaster Reduction). (2014). Global Risk Data Platform. Fires. ESG

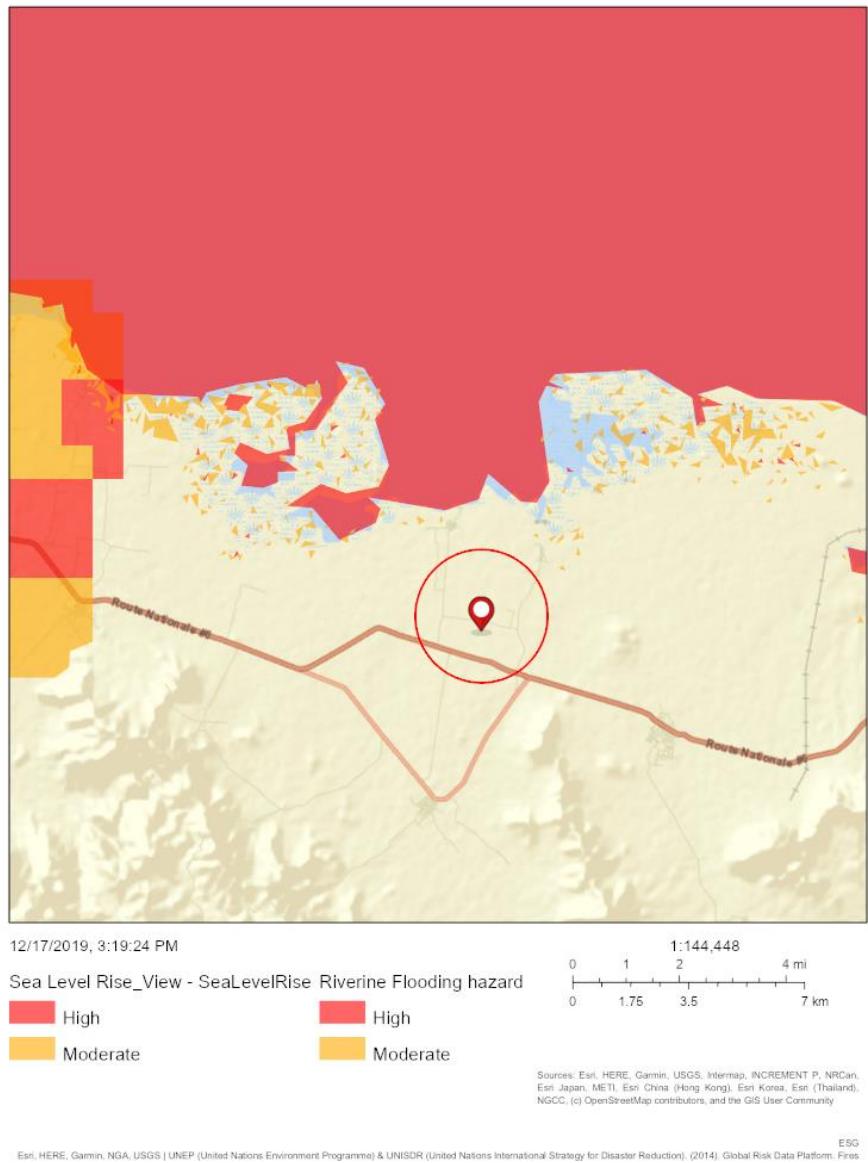
Hurricane Risk



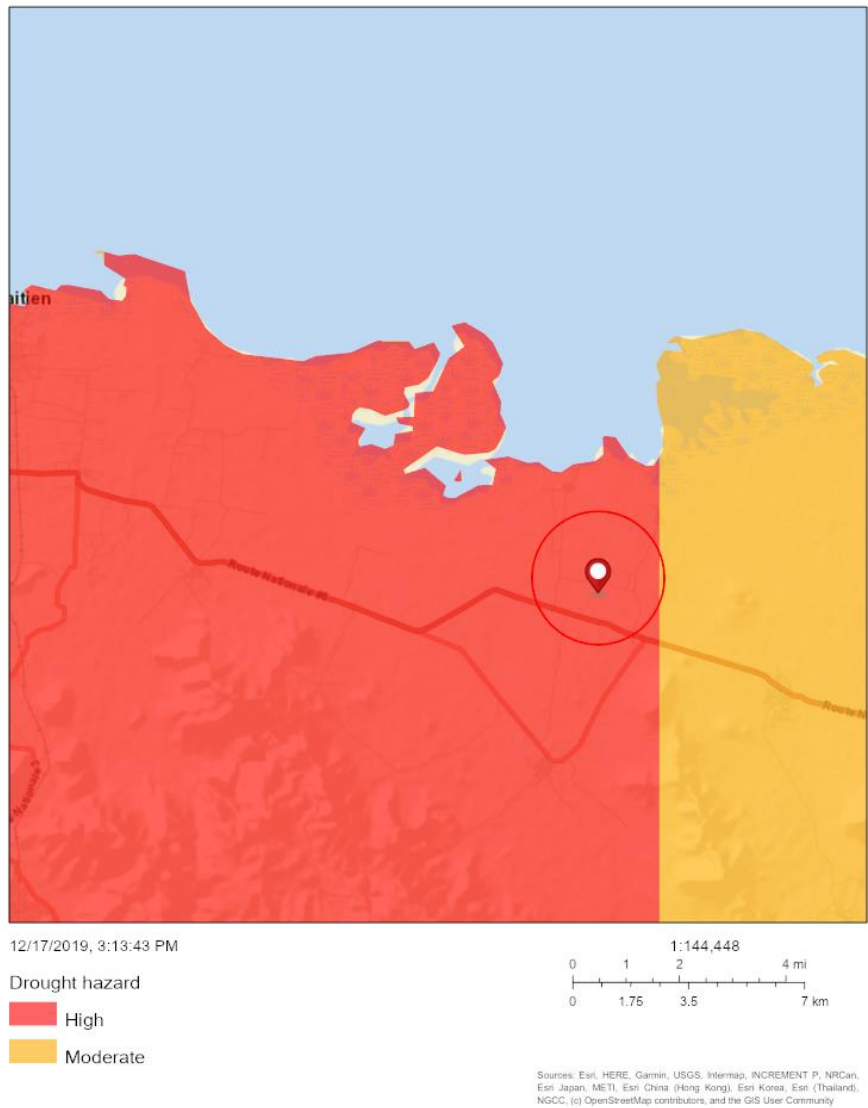
Esri, HERE, Garmin, NGA, USGS | UNEP (United Nations Environment Programme) & UNISDR (United Nations International Strategy for Disaster Reduction). (2014). Global Risk Data Platform. Fires

ESG

Sea level and Ravine Flooding



Drought Risk



Esri, HERE, Garmin, NGA, USGS | UNEP (United Nations Environment Programme) & UNISDR (United Nations International Strategy for Disaster Reduction). (2014). Global Risk Data Platform. Fires. ESG

Index of completed and proposed sector work

Name	Description	Reference/Link
Institutional analysis	The institutional analysis will use the PACI results of the HA-L1140 operation carried out in 2019 for the UTE. Based on this assessment, a risk level and an action plan for strengthening it will be determined.	Institutional capacities analysis PACI (HA-L1140) Ezshare-1640290310-33
Technical studies	Update of PIC masterplan and detailed designed for buildings, kitchen, water plant treatment, energy, water and wastewater networks extension, waste management, health center and green spaces.	No reference
Economic analysis	The project team will carry out a socio-economic evaluation of the interventions. The evaluation will include investment and operation and maintenance costs of the interventions, and the estimation of the social benefits from the technical studies and the application of surveys, establishing the Net Present Value and the Internal Economic Rate of Return for the program.	Analysis of project cost and economic viability
Socio environmental analysis	To fully understand the current situation and liabilities of the PIC an environmental and social assessment/audit will be completed. It aims at analyzing liabilities from the previous 5 operations as well as looking at risks and impacts for how the PIC is currently being managed and operated. Around the same time, an Environmental and Social Impact Assessment (ESIA) will take place to identify environmental and social impacts of the new operation and the growth of the PIC from currently 14,000 workers to over 20,000 workers. A disaster risk assessment (DRA) will also need to be completed as part of the ESIA.	No reference
NOTE: A complete list of studies for the PIC is available in PP HA-L1101 (Annex IV)		

CONFIDENTIAL¹

¹ The information contained in this Annex is deliberative, and therefore confidential, in accordance with the exception regarding “Deliberative Information” referred to in paragraph 4.1 (g) of the Bank’s “Access to Information Policy” (Document GN-1831-28).