**TC Document**

1. **Basic Information for TC**

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| * Country/Region: | HAITI |
| * TC Name: | Support to the Preparation of Productive Infrastructure Program V |
| * TC Number: | HA-T1273 |
| * Team Leader/Members: | Matthieussent Romain, Sarah C. (INE/WSA) Team Leader; Chevalier, Ophelie (CSD/HUD) Alternate Team Leader; Barandiaran Salcedo, Doris Melissa (VPS/ESG); Baron, Marie Edwige (CID/CHA); Chretien, Louis-Francois (LEG/SGO); Denea Larissa, Trejo Carcamo (INE/WSA); Dipasquale, Irene Etelvina (INE/WSA); Dugas, Fabrice Ghisler (CID/CHA); Lopez, Liliana M. (INE/WSA); Maier, David (VPS/ESG); Mangones, Sarah Ocwieja (VPS/ESG); Perez Monforte, Sergio (INE/WSA) |
| * Taxonomy: | Operational Support |
| * Operation Supported by the TC: | HA-L1143, Productive Infrastructure Program V |
| * Date of TC Abstract authorization: | 05 Mar 2020 |
| * Beneficiary: | Republic of Haiti |
| * Executing Agency and contact name: | Inter-American Development Bank |
| * Donors providing funding: | OC Strategic Development Program  for Infrastructure(INF) |
| * IDB Funding Requested: | US$500,000.00 |
| * Local counterpart funding, if any: | US$0 |
| * Disbursement period (which includes Execution period): | 24 months |
| * Required start date: | April 2020 |
| * Types of consultants: | Firms and individual consultants |
| * Prepared by Unit: | INE/WSA-Water & Sanitation |
| * Unit of Disbursement Responsibility: | CID/CHA-Country Office Haiti |
| * TC included in Country Strategy (y/n): | IDB’s Country Strategy in Haiti (2017-2021) (GN-2904) by promoting private sector investment and contributing to the development of Haiti’s Northern Region |
| * TC included in CPD (y/n): | no |
| * Alignment to the Update to the Institutional Strategy 2020-2023: | Social inclusion and equality; Economic integration |

1. **Description of the grant**
   1. The beneficiary of the project HA-L1143 (Productive Infrastructure Program V) is the Republic of Haiti and the executing agency will be the Ministry of Economy and Finance (UTE/MEF) through its Unité d’Execution Technique (UTE/MEF). UTE/MEF is in charge of the PIC (Parc Industriel de Caracol) management.
   2. The project is aimed at actively supporting the PIC to achieve international standards in operation and management and create an enabling environment that could foster job creation with the construction of additional factories and facilities. The project objective is to contribute to the sustainable economic development of Northern Haiti and to aid in the creation of formal employment in the North and Northeast Departments of Haiti by providing the necessary conditions for the establishment and expansion of firms in the PIC and ensuring its adequate management and long-term financial sustainability. 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. The project’s results include: (i) a PIC management complying with international social and environmental standards; (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[[1]](#footnote-2).
   3. The project is aligned with 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.  The project includes three main components:
   4. **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: 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 management, recycling, improved public spaces for workers and landscaping). These services will be directly operated by UTE/MEF or delegated to the private sector 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. This component will support all the necessary studies and actions to foster a modern PIC management.
   5. **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, including: (i) large (12,000 to 20,000 m2) and medium-size (5,000 m2) industrial buildings, workers toilets, warehouses, hangar for solid waste 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.
   6. **Component III. Empowering Haitian 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 to confront gender wage gaps as well as sexual harassment and gender-based violence; and (vii) training on violence against women and girls, gender bias and gender discrimination to all PIC direct and indirect workers, including transport operators and drivers.
2. **Objectives and Justification**
   1. The objective of this technical cooperation is to support the preparation of the operation Productive infrastructure V (HA-L1143) by financing all the necessary studies such as detailed designed for infrastructures to be built, socioeconomic analysis, environmental and social audit and impact assessments. The TC will finance all the final designs for the preparation of the tender documents with the aim of accelerating the construction process of new infrastructures inside the PIC (factories, boilers, kitchens, water treatment plant etc.) and the protection of Trou-du-Nord River embankments when the project will reach its eligibility. It will also fund the socioeconomic analysis and the socio-environmental assessments required for the preparation of the operation.
   2. **Strategic alignment.** The proposed TC is 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 TC is consistent with the Bank’s Updated Institutional Strategy 2020-2023 (UIS) (AB-3190-2) goals by supporting the preparation of a program that aims at fostering growth through the private sector. It is also focusing on key priority areas, such as: (i) social inclusion and equality by promoting jobs creation at the PIC since the program benefits residents of a poverty area and (ii) economic integration by supporting foreign trade and openness (most of the PIC’s inputs come from abroad and its production is exported). It is also aligned with the cross-cutting issues of:  
      (i) gender inclusion, by including gender specific activities in trainings, management, among others; and (ii) climate change since it will consider mitigation and adaptation measures in the services and standards promoted, resilient infrastructures and renewable energy.
   3. **Lessons learned.** Based on the Bank’s experiences in the previous five operations in support of the PIC, 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 training and 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. The new project (HA-L1143) will be conceived considering these lessons learned. Regarding the present TC, based on the past experience and especially the non-eligibility of the last operation approved (HA-L1101) for noncompliance of the previous conditions to disbursement, the studies that the TC is contemplating will support the attainment of socioenvironmental and gender conditions that were not met in past projects and that constitute prior conditions to approval or first disbursement of the new project. In other words, these studies will generate deliverables that will contribute to the realization of the [action plan](http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-21) agreed with the GOH as a condition prior to approval of the new operation.
   4. **TC sustainability.** The sustainability of the studies and bidding documents is guaranteed since works, based on these studies, will be executed by UTE/MEF during the first three years of execution of the project.
   5. **Results expected from the TC.** Through the products and activities planned with this TC, two main results will be achieved: (i) execution readiness of the investment project (HA-L1143) will be guaranteed since tender document will be ready to launch the bidding process in parallel with the process of operation approval (new buildings, cafeteria, dormitories and other works could begin as soon as the operation will be eligible to first disbursement); and (ii) include in the project adequate mitigation measures to socio environmental risks as identified by the assessments.
3. **Description of activities and outputs**
   1. **Component I – Support to the design of infrastructures (US$250,000)**.   
      The products of this component are: (i) detailed designed for works of protection of the Trou-du-Nord River embankments at its crossing of the PIC; (ii) tender documents for the construction of new factories; (iii) new model for the food vendor system; and  
      (iv) a socio-economic evaluation of the new program. These activities will facilitate the execution of the component II of the project HA-L1143 related to the realization of infrastructures, the main component in terms of amount (US$50M).
   2. **Activity 1.1 (US$50,000)**. Feasibility study for the protection of the Trou-du-Nord River embankments at its crossing of the PIC. A firm will be contracted to realize the  
      primary and final design of the protection works, a detailed budget and the corresponding plans.
   3. **Activity 1.2 (US$100,000)**. Final design for new 20,000m2 building and other infrastructures to be built with the new operation (new dormitories, bus depot etc.). Based on existing design for the factories already built with previous operation, a firm will be contracted to prepare the final designs for the new buildings including detailed budget, plans and tender documents.
   4. **Activity 1.3 (US$75,000)**. Study for a new model of food vendor system. With the increasing number of workers (14,000 versus 20,000 with the new buildings), the system of food vendor should be redesigned in terms of infrastructures but also of management. A consultant will be contracted to propose a new model taking into account socio-economical and financial constraints.
   5. **Activity 1.4 (US$25,000)**. Socio-economic evaluation that 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. The socio-economic evaluation will use available information and will not depend on the results of the other studies that will be fund with this TC. A consultant will be contracted to realize this evaluation.
   6. **Component II – Environmental and Social Assessments (US$250,000).**The products of this component are: (i) an environmental and social audit that will analyze the liabilities from the previous five operations as well as an analysis of risks and impacts of how the PIC is currently being managed and operated (other source of funds will finance the realization of the technical and economic evaluation of the previous operations); and (ii) and 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. This component will facilitate the process of preparation of the project HA-L1143 since it is classified by ESG as category A. These assessments should be done at the stage of the preparation and related reports have to be disclosed before the analysis mission. This component will include two activities:
   7. **Activity 2.1 Environmental and social audit (US$88,000).** The purpose of this consultancy will be to evaluate environmental, social and health and safety legacy issues as well as evaluate current overall management of environmental, social and health and safety aspects at the PIC as part of an integrated environmental and social audit for the previous bank-financed PIC operations ([HA-L1055](https://convergence.iadb.org/Operation/HA-L1055), [HA-L1076](https://convergence.iadb.org/Operation/HA-L1076),   
      HA-L1081, HA-L1091). The audit will also include specific recommendations to resolve the different legacy issues and current environmental, social and health and safety management. A consultant firm will be contracted.
   8. **Activity 2.2 Environmental and Social Impact Analysis (ESIA) (US$162,000).**   
      This study will propose the ESIA for the planned operation and the long-term operation of the PIC and will Prepare an Environmental and Social Management Plan for the construction and operation phases of the project. A consultant firm will be contracted.
   9. The total budget amounts US$500,000. It will be covered by the Strategic program for the development of infrastructure funded by INF.

**Indicative Budget (US$)**

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| **Activity/Component** | **IDB/Fund Funding** | **Total Funding** |
| Component I - Support to the conception of infrastructures | 250,000 | 250,000 |
| Component II - Environmental and social assessments | 250,000 | 250,000 |
| **TOTAL** | **500,000** | **500,000** |

This TC will be executed during a period of 24 months. The [schedule of planned activities](http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-10) presents the timeline and how the proposed activities relate to the preparation and/or execution readiness of HA-L1143 operation.

1. **Executing agency and execution structure** 
   1. According to the TC taxonomy and in line Appendix 10 of the Operational Guidelines for Technical cooperation products (GN-2629-1), as requested by the GOH, the Bank, through INE/WSA, will execute this TC in order to prepare in a timely manner the new PIC program (HA-L1143) to be approved this year. It is justified since the GOH, through its executing agency (UTE/MEF), doesn’t have the necessary technical capacity to timely execute the activities planned and concentrates all its efforts in the execution of Bank’s investments operations.
   2. The Bank will work in close collaboration with the GOH through UTE/MEF by monitoring TC activities through the following mechanisms: (i) technical meetings between the executing agency, the Bank and the consultants funded by this TC; and (ii) review of the technical reports by the Bank and the executing agency. This coordination will be as proactive as possible putting the emphasis on the inclusion at all stage of the executing agency, which is key in terms of sustainability and good project management.
   3. **Procurement**. The planned procurement activities under this TC are included in the procurement plan. They will be executed by the Bank according to the procurement policies and procedures in application: (i) selection and contracting of individual consultants in accordance with the guidelines set out in the AM-650. The procurement process for consulting firms of intellectual nature will follow the Bank’s new Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1) and related Operational Guidelines (OP-1155-4). Some direct contracts are planned for the following consultations: (i) activity 1.2 justified by the small assignment for this firm consultation (US$100,000), (ii) activities 1.3 and 1.4 justified by the length of the individual consultations (less than 6 months).
2. **Project Risks and issues** 
   1. The main risk associated with this TC is that of a (i) delay in the implementation of the studies due to their complexity and/or lack of information; and (ii) lack of local firms with the capacities and experience needed to carry out the activities. These risks can be mitigated by recruiting firms or consultants that have already delivered results in the preparation of projects in Haiti. The project team, in coordination with UTE/MEF,  
      will also have to facilitate them access to information and to realize a close follow-up to the consultants who will work in the field. Moreover, the political climate remains unstable in Haiti and this could affect the implementation of the TC. This operation will be executed in Cap Haitian which represents a lower risk compared to the Haitian capital. Another potential risk is that the studies carried out will not be validated by the GOH. To mitigate this risk, the Bank team will work closely with the UTE/MEF during the preparation of the studies.
   2. In light of the COVID pandemic 19, activities at the PIC will be probably impacted. The Bank will evaluate jointly with the GOH how the new operation could help mitigate those impacts. For the TC, the pandemic could affect the realization of the studies. The Bank will review with UTE/MEF the terms of reference and especially methodology of interventions to guarantee their feasibility in this new context.
3. **Exceptions to Bank policy**
   1. No exceptions.
4. **Environmental and Social Strategy** 
   1. Considering that this TC will only finance studies, no negative impact is envisaged during the execution of the TC, but it will support the preparation of HA-L1143. It will have the same ESG classification which is category "A". ([See environmental filters](http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-6)).

**Required Annexes:**

[Request from the Client - HA-T1273](https://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-2)

[Results Matrix - HA-T1273](https://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-3)

[Terms of Reference - HA-T1273](https://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-5)

[Procurement Plan - HA-T1273](https://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=EZSHARE-597883687-4)

1. In view of the exceptional COVID 19 pandemic situation and given the current global downturn prospects, the decrease in global foreign direct investments (FDI) flows, and potential disruptions in the supply chain/imports of textiles and other manufacturing goods, these expected results will be reviewed during the preparation of the project. Nonetheless, the operation has a time horizon of 3-4 years, in which we can hope there will be economic recovery and an opportunity for the PIC to attract FDI to Haiti again. [↑](#footnote-ref-2)