Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 27-Aug-2020 | Report No: PIDISDSA30287
The Project Development Objective is to scale-up renewable energy investments in Haiti in order to expand and improve access to electricity for households, businesses and community services.

Components
- Grid-connected distributed renewable energy
- Off-grid distributed renewable energy

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

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<tr>
<th>Description</th>
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<tr>
<td>Total Project Cost</td>
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<tr>
<td>Total Financing</td>
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<td>of which IBRD/IDA</td>
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<td>Financing Gap</td>
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#### DETAILS

**World Bank Group Financing**

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<tr>
<td>IDA Grant</td>
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B. Introduction and Context

Country Context

Haiti is the poorest country in the Western Hemisphere and one of the poorest in the world, with a GDP per capita of only US$755 in 2019. The GDP growth averaged only 1.3 percent over the past two decades, barely keeping up with population growth, resulting in a stagnation of real income per capita. There has been no significant progress towards poverty reduction with poverty rates estimated at 57 percent in 2017 against 58.5 percent in 2012. With 70 percent of the poor living in rural areas in 2017 compared to 52 percent in 2012, the poverty gap between urban and rural areas is increasing. According to the Human Capital Index, a child born today in Haiti will be only 45% as productive as an adult if he/she enjoyed full education and health.

Haiti is among the countries in the world with the highest exposure to multiple natural hazards, and climate change exacerbates these risks. Over 93 percent of its surface and more than 96 percent of its population are exposed to two or more hazards. The human and economic impacts of disasters tend to be extremely severe, given Haiti’s large exposure to such hazards, the high vulnerability of its infrastructure, and institutional fragility. Climate change is expected to increase the frequency, intensity and impacts of extreme weather events in the country, including hurricanes, storm surges, and flooding.

Since February 2019, Haiti’s fiscal, political, and security situation has deteriorated. Weak revenue mobilization continues to pose severe constraints to public investment, undermining growth and exacerbating the economy’s vulnerability to shocks. Recurrent mass demonstrations, the uncertain political situation, and persistent security challenges have hampered the country’s growth and development prospects, contributing to rapid currency depreciation and rampant inflation, as well as growing physical insecurity. The shock of the COVID-19 global pandemic has further exacerbated the existing challenges in Haiti, including the somber socio-economic situation and security crisis. The pandemic is expected to affect disproportionately the poor and the most vulnerable populations, including women, reinforcing existing social inequalities and increasing the gap between urban and rural areas.

Haiti’s COVID-19 cases continue to grow. The available COVID-19 test results show that the disease is spreading throughout the Haitian territory, with confirmed cases growing in all ten Haitian Departments (administrative regions).
The risk of local transmission and further imported cases, particularly from the Dominican Republic, continues to be high. Low levels of access to clean water, sanitation and hygiene facilities, low electricity access rates, and limited surveillance capacity increases Haiti’s vulnerability to epidemics, recurrent natural disasters and climate change impacts.

Sectoral and Institutional Context

The electricity sector poses a major constraint to economic development and COVID-19 emergency response and recovery in Haiti. According to the latest Tracking Sustainable Development Goal 7 (SDG7) report, access to electricity currently stands at 45 percent, with a dramatic disparity between urban and rural areas. Average electricity tariffs are among the highest globally at cUS$35/kWh due to reliance on expensive imported fossil fuels and operational inefficiencies of the national utility Electricité d’Haïti (EDH). EDH’s technical and non-technical losses are 65 percent, in part due to electricity fraud and theft. Further, the collection rate is only about two-thirds, hence EDH ultimately recovers less than a quarter of the value of the electricity purchased and generated. EDH has difficulties paying for operating costs and relies on government subsidies to bridge the gap, contributing to fiscal deficits. Even before the pandemic, EDH was able to supply only about 13 hours of electricity a day in the capital, and 4-6 hours in the smaller isolated grids. The COVID-19 crisis is exacerbating EDH weaknesses, and consequently availability, reliability and quality of electricity supply is worsening. Haiti’s high reliance on diesel fuels is extremely costly, contributes to climate change and local air pollution, and exacerbates fiscal deficits (since diesel is subsidized).

The lack of reliable and affordable energy access exacerbates the impact of the COVID-19 pandemic in Haiti. Lack of reliable electricity is constraining the capacity of laboratories to test for COVID-19, distribution and safe storage of medicine (and eventually vaccine), and prohibits the use of life-saving equipment, such as oxygen concentrators where and when needed. The latter is probably the most specific and cost-effective tool that exists to treat COVID-19 hospitalized patients (and prevent their deterioration to critical stages). Reliable electricity is also needed for basic sustenance measures like fresh water, air conditioning, lights and cell phone chargers, and to make sure that awareness campaigns can reach even the most remote populations. Haiti’s hospitals rely heavily on backup diesel generators, as grid electricity is often available only for a few hours a day or not at all. Diesel fuel shortages are common, which add risk to an already fragile situation where budget shortfalls on the delivery of health care services are a well-known reality.

C. Proposed Development Objective(s)

Original PDO
The Project Development Objective is to scale-up renewable energy investments in Haiti in order to expand and improve access to electricity for households, businesses and community services.

Current PDO
No change to the PDO
Key Results

The proposed AF and restructuring would scale-up selected outcome and intermediate outcome targets, and add (sub-)indicators reflecting the Project’s COVID-19 response and social inclusion activities, including gender. Specifically, as part of the COVID-related activities, a sub-indicator at PDO level and at each Component level would be added to measure the number of prioritized health and water facilities in the context of COVID-19. A new indicator at Component 1 level would further track the number of people with access to prioritized facilities with new or improved electricity supply in the context of COVID-19.

D. Project Description

The purpose of the AF is to scale up renewable energy investments in Haiti, with a particular focus on helping the Government of Haiti (GoH) respond to the COVID-19 crisis, notably by expanding the provision of clean and reliable electricity for prioritized healthcare and water facilities, and supporting economic recovery and building back better with clean, reliable, affordable and locally available renewable energy sources. The AF will scale-up investments through (i) solar PV+battery energy storage installations for at least four additional hospitals/healthcare facilities, prioritized for COVID-19 response; and associated water systems, and (ii) completion of rehabilitation of the Drouet mini hydroelectric plant, which will provide clean and reliable electricity to nearby communities and priority loads in the Artibonite regional grid.

The AF would consist of a US$2.9 million grant from the ESMAP to support electrification of healthcare and water facilities and US$4.00 million equivalent from IDA to complete rehabilitation of the mini hydroelectric plant at Drouet and scale-up renewable energy investments under Component 1. The AF will affect only Component 1.

E. Implementation

Institutional and Implementation Arrangements

The AF will follow the established implementation arrangements of the SREP Project. The SREP Project’s PIU will be strengthened with additional staff, including the key staff from the PRELEN PIU and an additional safeguards (social/gender) specialist to ensure smooth implementation of the scale-up activities.

The SREP Project has acceptable procurement and Financial Management (FM) arrangements for the implementation of the proposed AF. The AF will use SREP Project’s existing FM arrangements, including planning, budgeting, accounting, internal control, and funds flows. The parent project is in compliance with audit and financial management reporting requirements. The AF will also follow SREP Project’s procurement arrangements.
F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Project locations are not known, pending final proposals by off-grid developers, as well as final decision on prioritization of hospitals to treat COVID-19 patients. The location of the Drouet mini-hydro rehabilitation activity is known. The activities will occur completely within the perimeter of an existing EDH mini-hydro facility at Drouet along the Petite Rivière de l’Artibonite river. Drouet will be implemented in line with the measures set out in the ESMP, which was originally developed under the PRELEN project, and disclosed in-country and on the World Bank site on August 9, 2012. The main additional potential risk identified since the original ESMP is related to the overall security situation in the Artibonite region which will require a scaled-up security presence. As such, in addition to COVID- and GBV-related updates, the Drouet ESMP will be updated to include a code of conduct for any private security personnel deployed on-site to provide auxiliary support for the existing EDH security for the remainder of project execution.

G. Environmental and Social Safeguards Specialists on the Team

Hana Salah, Social Specialist
Kevin McCall, Environmental Specialist
Bruce MacPhail, Social Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
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<tr>
<th>Policy</th>
<th>Application</th>
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<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
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<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
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<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>Yes</td>
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<td>Projects on International Waterways OP/BP 7.50</td>
<td>No</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
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KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:
The AF is being processed under an ESF waiver in order to provide timely financial support in the context of the global COVID-19 pandemic. As such, COVID-19 poses a risk generally across all economic sectors and to communities, and this includes the activities that will be financed as part of the AF. Beyond COVID, potential environmental impacts include production of waste in the form of batteries, associated to solar PV, possibly on a large scale; loss or modification of aquatic environment from micro-hydro; health and safety issues with all models of RE; impacts on soil, vegetation and/or biodiversity when installing infrastructure (solar panel arrays, power transmission lines, micro-hydro, etc.). More generally there are standard occupational health and safety (OHS) risks and impacts associated with small-scale construction activities, which may also include those associated with noise, traffic disruption and dust during construction. Further potential risks may include those not explicitly referenced under OP/BP 4.01 although explicitly included under the ESF, in particular related to labor influx, such as risks on SEA/SH, Discrimination, Child Labor, etc.

The PV and rooftop solar installation activities supported under the AF are not expected to result in land acquisition, resettlement and loss of economic livelihood and as such the RPF (Resettlement Policy Framework) will not be triggered. Hence, the existing SREP RPF prepared by the GoH, consulted with stakeholders in Haiti, and disclosed in French on June 2, 2017 on GoH’s website and on June 5, 2017 on the World Bank’s website does not require an update. For the Drouet mini-hydro sub-project, OP 4.12 was not applicable as all works take place within an existing EDH footprint. As such, resettlement was not required and no livelihood impacts are anticipated.

None of these potential impacts are assessed as significant, large-scale, or irreversible.

On the positive side, the AF will increase Project’s climate benefits in terms of the expected GHG reductions. It has been estimated that the original Project activities will result in about 43,000 t GHG emission reductions a year. The exact impact of the AF on GHG emission reduction is not known yet, since it will depend partially on the choice of the supported healthcare and water facilities, and the extent to which the solar PV generation will be displace diesel and other fossil fuel (which may vary depending on the size, location and type of the facility), but broadly it is estimated that the AF could increase the original project’s emission reductions by additional 20 to 40%.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

For the Drouet mini-hydro rehabilitation that will be included in the AF, there are potential long-term impacts in the locality of the hydro plant should the activity not be completed as scheduled (hence its inclusion in the AF); these impacts may include localized flooding due to loss of river flow regulation capacity as well as community discontent that the works to the formerly functioning power plant remain unfinished.

More broadly, potential indirect and long-term effects identified with the parent project may include individuals who charge phones for community members for a fee as well as kiosk owners who use generators to provide refrigeration services. When people have access to a sustainable power supply, such individuals may be forced to shut their business. The ESMF includes mitigation measures targeting this group. Additional potential longer-term effects of the project include indiscriminate dumping of batteries, some of which could be toxic (containing lead). The ESMF includes mitigation
measures related to the disposal of batteries and there is ongoing discussion with the PIU to provide technical assistance to develop a national e-waste strategy over the medium term.

However, beneficial impacts include increased use of solar power that would reduce use of diesel, kerosene, candles and disposable batteries, and overall, the beneficial impacts of the activities under the AF greatly outweigh any potential negative impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. Different alternatives were considered and were informed by two previous projects, Rebuilding Energy Infrastructure and Access (IDA funding) (PRELEN) (P127203) and Modern Energy for All Project (CTF funding) (P154351). Lessons learned in these projects, as well as from similar projects in other regions, were applied in selecting the current project design to overcome the key energy access barriers identified by the key stakeholders during the preparation of the SREP Investment Plan for Haiti in order to initiate a transformation from primarily diesel-based power generation to a more diverse generation mix relying on an increasing share of renewable energy (RE). The key barriers include the evolving legal policy and regulatory framework; fiscal policies that are unfavorable to RE; limited knowledge of RE systems with energy professionals, technicians, and users; lack of local capacity and skills; and the spoilage of the market due to an influx of low quality RE products. Based on this knowledge, the market-based, technology-neutral and business model-neutral alternative was selected.
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

For the parent project, the Borrower engaged a consultant to address safeguards issues through the preparation of the ESMF and RPF, which have now been completed. The ESMF and RPF includes guidelines for the production of specific EAs, EIAs or RAPs for subprojects, depending on the magnitude of impacts e.g., solar panel arrays, biomass, wind turbines, micro-hydro, etc. These EAs/EIAs and RAPs will be subject to review and approval by the Bank, and will address, as needed, environmental, social, health and safety impacts. In the case of micro-hydro, generic safety measures designed by qualified engineers will be included as part of the EIA for small dams (large dams will not be financed by the project).

To manage used batteries, which will become obsolete in the next 5-10 years; the Borrower will:

1) Promote low toxicity (Li-ion) batteries. Sub-projects will provide recycling and disposal plans for larger batteries (e.g. for mini-grids), and propose systems to collect and dispose of used batteries (from SHS and lanterns) as part of their application for SREP funding.

2) In the meantime, the MTPTC will commission a study that will cover (i) evaluation of risks posed by batteries produced under the project; (ii) evaluation of options for disposal and (iii) possible private sector solutions to recycling/disposal of batteries. MTPTC will solicit financing to carry out the recommendations of the study once it is concluded. The Energy Cell and MTPTC have indicated that they are favorable to allocating land for the disposal/storage of used Li-ion batteries.

For the AF, the existing ESMF has been updated to address newly identified risks, particularly those generated by COVID-19 as well as potential risks of gender-based violence (GBV), more as a potential impact across the energy sector more generally and not a specific project-generated risk. Mitigation measures contained in the ESMF to address all these risks draws on international good practice as well as World Bank guidance (technical notes and good practice notes), including: (i) the ESF/Safeguards Interim Note: COVID-19 considerations in construction/civil works projects (April 7, 2020); (ii) the Technical Note on public consultations and stakeholder engagement in WB-supported operations when there are constraints on conducting public meetings (March 20, 2020) as well as other global COVID guidelines as set out by the World Health Organization (WHO). With respect measures for GBV prevention, the ESMF draws on the good practice note on Addressing Sexual Exploitation and Abuse/Sexual Harassment.

The AF will include an activity from the PRELEN project for which the project ESMP will apply. Completion of all scheduled activities were delayed due to COVID-19 restrictions but are now expected to resume and be completed early in 2021. The ESMP for the activity under PRELEN is updated to integrate the same measures noted above in the ESMF, as well incorporating provisions from the World Bank’s good practice note on Assessing and Managing the Risks and Impacts of the Use of Security Personnel and the IFC good practice handbook on the use of security forces.

As detailed section II above, the project will benefit from the extensive past safeguards experience of the MTPTC PIU to plan and implement safeguards measures, which managed safeguards of complex energy infrastructure investments in Haiti for the last ten years, both Government and donors financed. More recently, MTPTC has created the Energy Cell in 2012, implementing unit for SREP, which includes a socio-environmental safeguards specialist. The socio-environmental specialist is trained on environmental and social screening and monitoring of sub-projects and on the design/implementation of the project level Grievance Redress Mechanism. To bolster safeguards capacity in
the PIU as part of the AF, a gender specialist will be hired to help support full implementation of the GBV-related mitigation measures set out in project safeguard instruments. In addition, entities implementing sub-projects will be provided with support and training during the course of the project to ensure adequate impact monitoring.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Stakeholders include entrepreneurs, households, businesses, communities, NGOs, the Ministry of Public works (MTPTC) and its Energy cell and FDI. Consultations were held in Port-au-Prince targeting entrepreneurs, Government agencies, and civil society. Going forward, consultations will engage the Ministry of Health (MSPP) and key donor partners and NGO actors in the health sector regarding identification of sites for health-care center rooftop solar deployment. As noted above, these consultations will at all times be conducted in line with the guidance set out in the World Bank’s Technical Note on public consultations and stakeholder engagement in WB-supported operations when there are constraints on conducting public meetings (March 20, 2020). Individual elements of all substantive updates to the project instruments have been shared with direct project parties (namely, construction firms and other units within MTPTC/EDH involved with the project) to apply immediately in any ongoing works, principally the Drouet rehabilitation. No rooftop solar installation activities financed under the AF will be commenced until the revised ESMF has been widely consulted and redisclosed in country and on the World Bank’s website.

Lastly, individual subprojects will be subject to dialogue and consultation between the sponsor and the beneficiary, as the private sector will present competing proposals for available sites.
B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>08/17/2020</td>
<td>8/27/2020</td>
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"In country" Disclosure
The draft revised ESMF was received by the Bank on August 17. World Bank comments have been integrated in August 21 version. The revised ESMF was disclosed in-country on August 25, 2020 and submitted for disclosure on the World Bank website on August 27, 2020.

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<th>Date of submission for disclosure</th>
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"In country" Disclosure

Not applicable

The activities under the AF are not expected to result in land acquisition, resettlement and loss of economic livelihood and as such the RPF (Resettlement Policy Framework) will not be triggered. Hence, the existing SREP RPF prepared by the GoH, consulted with stakeholders in Haiti, and disclosed in French on June 2, 2017 on GoH’s website and on June 5, 2017 on the World Bank’s website does not require an update.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)
CONTACT POINT

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Senior Energy Specialist

Dana Rysankova
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Borrower/Client/Recipient

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