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Report No: PAD3509

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED GRANT

IN THE AMOUNT OF SRD 40.5 MILLION  
(US\$56 MILLION EQUIVALENT)

TO THE

REPUBLIC OF HAITI

FOR A

CAP-HAITIEN URBAN DEVELOPMENT PROJECT

February 13, 2020

Urban, Resilience And Land Global Practice  
Latin America And Caribbean Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective Dec 31, 2019)

Currency Unit = Haitian Gourdes  
(HTG)

HTG 94.33 = US\$1

US\$1 = SDR 0.72315469

## FISCAL YEAR

October 1 – September 30

Regional Vice President: Humberto Lopez (acting)

Country Director: Anabela Abreu

Regional Director: Anna Wellenstein

Practice Manager: Ming Zhang

Task Team Leader(s): Paula Restrepo Cadavid, Claudia Ruth Soto Orozco

## ABBREVIATIONS AND ACRONYMS

BCA	Center and Artibonite Regional Development Project
CASEC	Communal Sections ( <i>Section Communal</i> )
CERC	Contingent Emergency Response Component
CHUD	Cap-Haitien Urban Development Project
EHS	Environmental Health and Safety
EIRR	Economic Internal Rate of Return
ESCP	Environmental and Social Commitment Plan ( <i>Plan d'Engagement Environnemental et Social</i> )
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework ( <i>Cadre de Gestion Environnemental et Social</i> )
ESMP	Environmental and Social Management Plan ( <i>Plan de Gestion Environnemental et Social</i> )
ESRS	Environmental and Social Review Summary
FCV	Fragility, Conflict and Violence
FM	Financial Management
GDP	Gross Domestic Product
GoH	Government of Haiti
GRM	Grievance Redress Mechanism
IDA	International Development Association
IDB	Interamerican Development Bank
IFRs	Interim Financial Reports
IPF	Investment Project Financing
LMP	Labor Management Plan ( <i>Plan de Gestion de la Main D'œuvre</i> )
MDOD	Delegated Implementing Agencies ( <i>Maître d'Ouvrage Délégué</i> )
MDUR	Municipal Development and Urban Resilience Project
MTPTC	Ministry of Public Works, Transport and Communications ( <i>Ministère de Travaux Publics, Transports et Communications</i> )
MTR	Mid-term Review
NPV	Net Present Value
O&M	Operations and Maintenance
OGDNH	Destination Management Organization of the North of Haiti ( <i>Organization de Gestion de la Destination Nord d'Haiti</i> )
PARR	Rural Accessibility and Resilience Project
PAST	Cultural Heritage Preservation and Tourism Sector Support Project
PDO	Project Development Objective
PIU	Project Implementing Unit
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
PREKAD	Port-au-Prince Neighborhood Housing Reconstruction Project ( <i>Projet de Reconstruction des Quartiers Défavorisés de Port-au Prince</i> )
PRGRD	Disaster Risk Management and Reconstruction Project

PRODEPUR	Urban Community Driven Development Project ( <i>Projet de Développement Participatif Urbain</i> )
PSDH	Strategic Development Plan of Haiti ( <i>Plan Stratégique de Développement d'Haïti</i> )
RAP	Resettlement Action Plan ( <i>Plan d'action de Réinstallation</i> )
RED	Roads Economic Decision Model
RPF	Resettlement Policy Framework ( <i>Cadre de Politique de Réinstallation</i> )
SCD	Systematic Country Diagnostic
SEP	Stakeholder Engagement Plan ( <i>Plan de Mobilisation des Parties Prenantes</i> )
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
ToRs	Terms of Reference
UCE	Central Executing Unit ( <i>Unité Centrale d'Exécution</i> )
UMI	Urban Management Initiatives
UNOPS	United National Office for Project Services



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Haiti	Cap Haitien Urban Development Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P168951	Investment Project Financing	Substantial

**Financing & Implementation Modalities**

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
06-Mar-2020	31-Mar-2027

Bank/IFC Collaboration

No

**Proposed Development Objective(s)**

The Project Development Objective is to improve selected urban infrastructure and public spaces to support a more livable and resilient Cap-Haitien city-region.

**Components**

Component Name	Cost (US\$, millions)
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Component 1: Urban Infrastructure Investments	48.90
Component 2: Capacity Building	1.90
Component 3: Contingent Emergency Response	0.00
Component 4: Project Management and Implementation Support	5.20

**Organizations**

Borrower: Ministry of Finance

Implementing Agency: Ministry of Public Works, Transport and Communications

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	56.00
<b>Total Financing</b>	56.00
<b>of which IBRD/IDA</b>	56.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	56.00
IDA Grant	56.00

**IDA Resources (in US\$, Millions)**

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
<b>Haiti</b>	0.00	56.00	0.00	56.00
National PBA	0.00	56.00	0.00	56.00
<b>Total</b>	<b>0.00</b>	<b>56.00</b>	<b>0.00</b>	<b>56.00</b>

**Expected Disbursements (in US\$, Millions)**



WB Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Annual	0.00	1.43	3.13	8.09	9.14	12.65	11.94	9.62
Cumulative	0.00	1.43	4.56	12.65	21.79	34.44	46.38	56.00

**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Urban, Resilience and Land

**Contributing Practice Areas**

Transport

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● High
9. Other	
10. Overall	● Substantial



**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

Sections and Description



Schedule 2 Section I A 1, 2 and 3

1. The Recipient shall vest the overall responsibility for the implementation of the Project in MTPTC and ensure that: (a) MTPTC shall carry out Parts 1, 2 and 4 of the Project; and (b) the Coordinating Authority shall carry out Part 3 of the Project; all in accordance with the Operational Manual, the ESCP and the CER Operations Manual, as applicable.
2. The Recipient shall operate and maintain, at all times during the implementation of the Project, the Project Implementing Unit under the administrative authority of MTPTC, with functions, staffing and resources satisfactory to the Association, as further detailed in the Operational Manual.
3. The Recipient shall ensure that the Project Implementing Unit shall be responsible for the day-to-day administration, overall planning, coordination, fiduciary (procurement, disbursement, safeguards and financial management), monitoring evaluation reporting and communication of Project activities; as further detailed in the Operational Manual.

Sections and Description

Schedule 2 Section I B 1 and 2

1. The Recipient shall carry out the Project in accordance with a manual (the Operational Manual), satisfactory in form and substance to the Association, which consists of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:
  - (a) the detailed description of all Project activities, their sequencing and the prospective timetable and benchmarks in relation thereto;
  - (b) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;
  - (c) the monitoring indicators for the Project; and
  - (d) The grievance mechanisms and the code of ethics and conduct.
2. The Operational Manual shall only be amended from time to time in consultation with, and after approval of, the Association. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

Sections and Description

Schedule 2 Section IV A and B

- A. The Recipient shall, through MTPTC, cause the Project Implementing Unit to ensure that any and each urban infrastructure investment and neighborhood upgrading investment to be carried out during Project implementation



under Part 1 of the Project, is duly discussed and agreed between the Parties before activities are included in the procurement plans. To this end, the Recipient shall include in each Project Report, a list of all urban infrastructure investments and neighborhood upgrading investments discussed and approved by the Association, as further detailed in the Operational Manual.

B. 1. The Recipient shall, no later than six (6) months after the Effective Date, hire under terms of reference and in form and substance satisfactory to the Association, the MDOD, and thereafter operate and maintain during the implementation of the Project, the MDOD with functions, staffing and resources satisfactory to the Association, as further detailed in the Operational Manual

2. Without limitation to the provisions of Sections I.A.1 and I.A.2 of this Schedule, the Recipient shall ensure that the MDOD shall, if applicable (as determined by the Association), assist in the carrying out of selected activities under Parts 1 and 2 of the Project; as further detailed in the Operational Manual.

#### Sections and Description

##### Schedule 2 Section I C 1, 2 and 3

1. In order to ensure the proper implementation of Part 3 of the Project (“CER Part”), the Recipient shall take the following measures:

(a) prepare and furnish to the Association for its review and approval, an operations manual (“CER Operations Manual”) which shall set forth detailed implementation arrangements for the CER Part, including: (i) designation of terms of reference for, and resources to be allocated to, the entity to be responsible for coordinating and implementing the CER Part (“Coordinating Authority”); (ii) specific activities which may be included in the CER Part, Eligible Expenditures required therefore (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the CER Part; (iv) procurement methods and procedures for Emergency Expenditures to be financed under the CER Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) environmental and social safeguard management frameworks for the CER Part, consistent with the Association’s policies on the matter; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the CER Part;

(b) afford the Association a reasonable opportunity to review the proposed CER Operations Manual;

(c) promptly adopt the CER Operations Manual for the CER Part as shall have been approved by the Association;

(d) ensure that the CER Part is carried out in accordance with the CER Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the CER Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and

(e) not amend, suspend, abrogate, repeal or waive any provision of the CER Operations Manual without prior approval by the Association.

2. The Recipient shall, throughout the implementation of the CER Part, maintain the Coordinating Authority, with adequate staff and resources satisfactory to the Association.



3. The Recipient shall undertake no activities under the CER Part (and no activities shall be included in the CER Part) unless and until the following conditions have been met in respect of said activities:

(a) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in the CER Part in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and

(b) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CER Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments.

#### Sections and Description

#### Schedule 2 Section I E 1, 2, 3 and 4

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.

2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:

(a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;

(b) sufficient funds are available to cover the costs of implementing the ESCP;

(c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

(d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall:

(a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, including RAPs, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and



(b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, gender-based violence and violence against minors, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

4. The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

**Conditions**

Type

Disbursement

Description

Notwithstanding the provisions of Section III A above, no withdrawal shall be made:

(a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed SDR 200,000 may be made for payments made twelve months prior to this date for Eligible Expenditures under Categories (1) and (3); or

(b) under Category (2), for Emergency Expenditures, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said activities:

(i) the Recipient has determined that an Eligible Emergency has occurred, has furnished to the Association a request to include said activities in the CER Part in order to respond to said Eligible Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

(ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, and the Recipient has implemented any actions which are required to be taken under said instruments, all in accordance with the provisions of Section I.C of this Schedule 2;

(iii) the Recipient’s Coordinating Authority has adequate staff and resources, in accordance with the provisions of Section I.C of this Schedule 2, for the purposes of said activities; and

(iv) the Recipient has adopted the CER Operations Manual in form, substance and manner acceptable to the Association and the provisions of the CER Operations Manual remain - or have been updated in accordance with the provisions of Section I.C of this Schedule 2 so as to be appropriate for the inclusion and implementation of said activities under the CER Part.

(c) under Category (4) unless the pertinent RAP has been prepared, consulted, adopted, and published by the Recipient in form and substance satisfactory to the Association, and in accordance with Section I.E of this Schedule.



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## I. STRATEGIC CONTEXT

### A. Country Context

1. **Haiti's geography, people, and history provide it with many opportunities.** The third largest Caribbean nation by area and population (11 million in 2017), Haiti has an illustrious early history, as the first independent nation in the region. It is close to major markets, has a young labor force, a dynamic diaspora, and substantial geographic, historical, and cultural assets. The country possesses untapped markets and a pent-up demand for the private sector to explore, including agribusiness, light manufacturing, and tourism.<sup>1</sup>

2. **Despite these opportunities, Haiti remains the poorest country in the Western hemisphere and suffers from recurrent episodes of institutional and political instability, as well as civil unrest.** The country's GDP per capita was only US\$766 in 2017 and 57 percent of the population was considered poor in the same year.<sup>2</sup> Historically, political violence and instability have been both a symptom and a driver of fragility in Haiti. Recurrent episodes of institutional instability and civil unrest have severely impaired its progress in poverty reduction. The social contract between the Government of Haiti (GoH) and its citizens remains weak, as over the past decades there has been little improvement in living conditions, service provision and enforcement of the rule of law.

3. **Haiti is also highly exposed to natural hazards, which pose clear challenges for its economic development.** Over 93 percent of its surface and more than 96 percent of its population are exposed to two or more hazards.<sup>3</sup> The human and economic impacts of disasters have been extremely severe, given Haiti's exposure to hazards, the high vulnerability of its infrastructure, unplanned urban expansion, and institutional fragility.<sup>4</sup> Between 1961 and 2012, the damages and losses associated with hydro-meteorological events alone amounted, on average, to the equivalent of almost two percent of annual GDP.<sup>5</sup> Climate change is expected to increase the frequency and severity of hydro-meteorological hazards.<sup>6</sup>

4. **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.<sup>7</sup> Unproductive expenditures and subsidies – including subsidized prices of fuel products – also contribute to the Government's fiscal constraints. Since May 2019, the country's Parliament has not been able to ratify

<sup>1</sup> World Bank's Country Partnership Framework (CPF) with Haiti for the FY16-21 period. Report No. 98132-HT

<sup>2</sup> Haiti has not produced any official poverty data since 2012. Poverty data estimated through a Survey of Well-being via Instant and Frequent Tracking methodology show that changes in poverty between 2012 and 2017 were only marginal: the predicted poverty rate for 2017 is 57 percent against 58.5 percent in 2012.

<sup>3</sup> Primarily hurricanes, floods, earthquakes and landslides, but also tsunamis and drought. Haiti Country Risk Profile, World Bank 2018.

<sup>4</sup> Between 1961 and 2012, the country experienced more than 180 disasters causing the death of more than 240,000 people. Source: "Diagnostic on the Economic and Fiscal Impact of Disasters in Haiti", World Bank 2014.

<sup>5</sup> The 2010 earthquake destroyed the equivalent of 120 percent of GDP and Hurricane Matthew resulted in estimated damages and losses equivalent to around 32 percent of GDP.

<sup>6</sup> Climate projections for the Caribbean estimate that temperatures could rise between 0.5 to 2.3 °C by 2060, possibly leading to cyclonic events of increased duration and intensity. According to the US Climate Change Science Program Climate Change simulations, for each 1°C increase in sea surface temperatures, rainfall caused by hurricanes may rise by 6 to 17 percent and surface wind speeds of the strongest hurricanes by 1 to 8 percent. In addition, the dry season will likely intensify further with an increase of between 8 percent to 19 percent of the present duration. Likewise, increases in maximum temperatures in recent years have led to greater propensity for extreme rainfall events and flash floods; this pattern is expected to worsen with the effects of climate change.

<sup>7</sup> Haiti has one of the lowest domestic resource-mobilization rates in the Western Hemisphere. At just 12.6 percent of GDP in 2018 (down from 13.6 percent in 2017), domestic tax revenues finance less than three-quarters of total public spending.



the nominated Prime Minister, leaving the country without a fully functioning government. Recurrent mass demonstrations, the uncertain political situation and persistent security challenges are hampering the country's growth and development prospects.

## B. Sectoral and Institutional Context

**5. Haiti is urbanizing very rapidly, in an uncoordinated and unregulated manner, resulting in over-crowded cities with poor livability.** Between 2000-2016, Haiti's urban population grew, on average, 5 percent annually. According to national official statistics, 52 percent of Haiti's population resides in urban areas but estimates from the recent Haiti Urbanization Review suggest that the number could be closer to 64 percent, making it the 4<sup>th</sup> most urbanized country in Latin America and The Caribbean.<sup>8</sup> Haitian cities are overcrowded, with wide gaps in urban infrastructure and services, and are far from being livable places.<sup>9</sup> As many as 35 percent of urban residents lack access to clean water, two thirds lack improved sanitation, and only 12.4 percent benefit from solid waste collection. Only a small fraction of urban land is dedicated to road infrastructure and open space, limiting the movement of people and the number of gathering places for human interaction. Growing levels of crime and violence in urban areas are also hampering investments and business growth. Furthermore, more than half of urban areas are exposed to flood hazards and urban expansion continues to occur in hazard-prone areas, resulting in a growing number of people and assets exposed to climate change and disaster risks. Women, girls, and sexual and gender minorities are more susceptible to climate risk due to poverty, lower socioeconomic status and gender norms – factors that often determine survival skills.

**6. Cap-Haitien - the country's second largest city - has the potential to become a growth pole in the north.** The city itself was estimated to have around 320,000 inhabitants in 2015; in the same year its larger metropolitan area was home to around 500,000 inhabitants. It is the second-largest commercial center in the country and is strategically located in the center of the Caribbean basin, with its port, the country's largest, providing direct access to the United States and other markets, e.g., the Dominican Republic.<sup>10</sup> The city also has a well-defined historical center and is near world-class in terms of cultural and natural heritage assets which could support the development of a prosperous tourism industry.<sup>11</sup>

**7. The city nevertheless faces significant urban development challenges that constrain its economic potential and quality of life.** Access to basic services is low and decreasing, as local governments are not able to catch-up with population growth and the city's expansion. The situation is particularly severe in the case of solid waste collection and disposal<sup>12</sup>, and water supply and sanitation. Beyond the well-planned historic center, the city has developed in an uncontrolled manner. Most of the population lives in high-density<sup>13</sup>, high-risk areas<sup>14</sup>, with poor road infrastructure and few open

<sup>8</sup> This section draws heavily on the work done by Lozano-Gracia and Garcia Lozano (2017), Haitian Cities: action for today with an eye on tomorrow.

<sup>9</sup> Haitian cities rank among the least livable places: Port-au-Prince ranks 4th least livable city according to Mercer's Quality of Living ranking (2018); only Sana'a (Yemen), Bangui (Central African Republic), and Baghdad (Iraq) have worse livability ratings.

<sup>10</sup> The city is also located near the Caracol Industrial Park, which has created close to 6,000 jobs and is a strategic node of the Cap-Haitien-Ouanaminthe Development Corridor, which is a key trade axis between Haiti and the Dominican Republic.

<sup>11</sup> Among these assets are the National Historic Park-Citadelle, Palais Sans Souci and Ramiers – a UNESCO World Heritage Site - and the tourism port of Labadie, where Royal Caribbean Cruise Line ships arrive weekly.

<sup>12</sup> The lack of solid waste collection and proper disposal is generating externalities across the city and the region, increasing flood risks, contaminating water, and reducing the area's attractiveness for tourism development. The lack of water supply, sanitation, roads and proper drainage also leads to unsanitary conditions.

<sup>13</sup> As many as 74 percent of the population lives in high-density neighborhoods. The city's average population density is estimated at 7,800 people per sq.km. A large share of the population (60 percent) do not commute or commute by foot.

<sup>14</sup> Around 72 percent of its buildings are in flood-prone areas. 73 percent of built-up areas within 3 km of the city center are in areas with high



spaces<sup>15</sup>. The city is also quickly urbanizing over the remaining open green spaces and wetlands – which tend to correspond with high-risk areas, thus increasing hazard exposure<sup>16</sup>. The municipality of Cap-Haitien is responsible for service delivery, including land use planning, solid waste management, and parks and recreation. However, limited and unpredictable financing, delays in central government transfers combined with limited own-source revenue mobilization, and low institutional capacity contribute to poor service delivery outcomes. While the city's economic potential is unquestionable, its urban development challenges are so vast, that they require a sustained and coordinated territorial effort to be solved.

**8. A coordinated territorial effort is underway to make Cap-Haitien a better place to live, visit and do business.** Given the considerable challenges and the strategic importance of Cap-Haitien, the city has benefited from the development of several planning and visioning instruments<sup>17</sup>, as well as a large and diverse set of investments from the World Bank, the Government and other donors.<sup>18</sup> Efforts from other donors focus on improving solid waste collection and disposal, as well as access to water and sanitation. The World Bank has two ongoing operations in the city: the US\$45 million Cultural Heritage Preservation and Tourism Sector Support Project (the PAST Project<sup>19</sup>), and the US\$55.4 million Municipal Development and Urban Resilience Project (the MDUR Project<sup>20</sup>). The PAST Project aims at supporting tourism development using Cap-Haitien city as a hub, and includes, among others, restoration investments in its historic center and in key world-heritage sites near the city (e.g., La Citadelle), as well as increasing local capacity for destination management. The MDUR Project focuses on supporting efforts to reduce urban flooding through specific investments along water-ways and strengthening the capacity of municipalities, including Cap-Haitien, to plan, finance and deliver basic services. Both the PAST and the MDUR projects include small-scale urban infrastructure investments in municipalities neighboring Cap-Haitien. A proposed US\$66 million Haiti - Caribbean Regional Air Transport Connectivity Project (the CATCOP) is designed to support investments in Cap-Haitien's international airport aimed at improving air transport safety and enhancing the airport's resilience to natural disasters. A map showing completed, on-going, and planned World Bank-supported projects in the Cap-Haitien city-region is provided in Annex 3.

**9. By focusing on improving urban infrastructure and public spaces, the Project fits within this coordinated territorial approach, complementing existing operations.** The Project will support a combination of urban infrastructure and public space improvements concentrated in the Cap-Haitien municipality (the Municipality) and technical assistance aimed at strengthening the capacity of the local government. The Project's scope is aligned with the findings of the Haiti Urbanization Review, which recommends: (i) concentrating in the short-term on investing in basic services by leveraging

exposure.

<sup>15</sup> The city center has a much more defined urban grid, with a well-defined road network, but lacks open space. In the city 8.7 percent of the space is occupied by roads and only 2.2% is open space. The rest of the city contrasts with the city center with its very low road density (only 2.3 percent of space is occupied by roads) but has a larger availability of open space (7.0 percent) when compared to the city center. The amount of space dedicated to roads is much lower than that of developed countries world-wide (e.g., New York 36 percent and Paris 29.7 percent) and is significantly lower than many African cities (e.g., Kigali 15.0 percent, Dakar 14.3 percent): From, UN-Habitat 2013. "The Relevance of Street Patterns and Public Space in Urban Areas." UN Habitat Working Paper.

<sup>16</sup> Three major floods affected the city in the last decade (2012, 2014, 2016) causing deaths and severe damage to homes and infrastructure and disrupting business activities.

<sup>17</sup> Such as the Urban Development Plan for Cap-Haitien (2013), the Cap2020 initiative, and the Disaster Risk Reduction Plan in Cap-Haitien (2018).

<sup>18</sup> Efforts from other donors, such as the French Development Agency (AFD), the Spanish Cooperation, and the Interamerican Development Bank (IDB) focus on improving solid waste collection and disposal, and water supply and sanitation.

<sup>19</sup> P144614, approved on May 19, 2014

<sup>20</sup> P155201, approved on June 20, 2017



community engagement; (ii) focusing on the north of the country, due to population growth pressures, gaps in basic services, and significant disaster risks; and (iii) guiding urban expansion towards accessible and safe locations.

**10. The Project includes a public-space citizen-centered approach, which is justified from various angles.** First, this approach has proven to be a useful way to strengthen the social contract between governments (including municipalities) and citizens. This is particularly important in the local context, as the Government does not have a tradition or good record of providing services to its population or creating an environment conducive to sustainable growth. Second, as recognized recently through the Sustainable Development Goals, for cities to function in an efficient, equitable and sustainable way, there needs to be a symbiotic relationship between private and public spaces.<sup>21</sup> Well-planned and managed public spaces can have a wide-range of positive impacts on cities, contributing to equality and social cohesion, improving health and environmental sustainability (e.g., green spaces), and supporting the emergence of agglomeration economies and local economic development (e.g., roads, parks). Public spaces (e.g., pedestrian corridors, accessible sidewalks and crossings) can also contribute to the development of secure non-motorized means of transportation, improving the mobility of low-income groups and to the generation of a higher-sense of community, and common identity. Third, a public-space-centered approach can be a useful tool for disaster risk management and climate resilient urban development, if it is designed for such-purposes. Among others, open spaces such as linear parks, are increasingly being used to protect flood prone areas from land encroachment and have proven to play important roles in earthquake events, as they can act as emergency evacuation points. They also allow water infiltration and reduce run-off.

### **C. Relevance to Higher Level Objectives**

**11. Promoting Shared Prosperity and Ending Extreme Poverty.** The Project will contribute to the World Bank’s twin goals of ending extreme poverty and promoting shared prosperity. It will target poverty alleviation by creating better living conditions, services and opportunities in a department where poverty incidence is almost 69 percent, and extreme poverty is above 30 percent.<sup>22</sup> The Project will address shared prosperity by addressing urban development needs in Cap-Haitien, a city where around 30.6 percent of households are considered poor, and will target part of the investments to particularly vulnerable neighborhoods where urbanization is possible, given their hazard-exposure.<sup>23</sup> It will also directly contribute to Sustainable Development Goal (SDG) 11, “Making cities inclusive, safe, resilient and sustainable”, especially Target 7 of Goal 11 which is “to provide universal access to safe, inclusive, and accessible green and public spaces, particularly for women and children, older persons, and persons with disabilities”.

**12. The Project is aligned with the World Bank Group’s Haiti Country Partnership Framework (CPF) for the FY16-21 period<sup>24</sup>,** as it places emphasis on: (i) strengthening the social contract, and (ii) building resilience, including to climate change, in urban areas.<sup>25</sup> The Project also incorporates lessons from the Performance and Learning Review of the FY16-21 CPF (PLR, 2018),<sup>26</sup> such as the need to continue to include emergency components (CERCs) in investment projects, the use of local governments as an entry-point to strengthen the social contract with citizens, and the need for simple project designs and streamlined implementation arrangements.. The Project is also aligned with Haiti’s Strategic Development

<sup>21</sup> In recognition of the importance of public spaces for sustainable urban development, the Sustainable Development Goals include an indicator linked to the availability of open space for public use accessible for all (Indicator 11.7).

<sup>22</sup> World Bank (2015) Haiti - Toward a new narrative: systematic country diagnostic, based on ECVMAS 2012 data

<sup>23</sup> World Bank (2019). Household Poverty and Vulnerability to Floods: Evidence from Cap-Haitien. *Forthcoming*

<sup>24</sup> Report No. 98132-HT. Discussed by the Board on September 29, 2015.

<sup>25</sup> Corresponding to Results Area 1, Inclusive Growth, and Results Area 3, Resilience, and taking into consideration the CPF’s guidance to strengthen citizen’s engagement in the WBG program to promote a more robust social contract.

<sup>26</sup> Report No. 124812. Discussed by the Board on June 27, 2018.



Plan (2012), which highlights the need to invest in secondary cities, as well as with other regional planning documents, including the Nord/Nord-Est Development Plan (CIAT, 2015) and the Cap-Haitien-Ouanaminthe Development Corridor Regional Comprehensive Plan (2012).

## II. PROJECT DESCRIPTION

### A. Project Development Objective

#### PDO Statement

The Project Development Objective (PDO) is to improve selected urban infrastructure and public spaces to support a more livable and resilient Cap-Haitien city-region.

#### PDO Level Indicators

13. The Project's progress towards its PDO will be measured by the following PDO indicators:

- a) People directly benefiting from resilient urban infrastructure and public space improvements (Number, disaggregated by gender);
- b) New or rehabilitated urban public spaces (sq. mt); and
- c) Time saved to go from National Road 1 to National Road 3 (percentage)

14. Section VI contains the complete Results Framework, including PDO-level indicators and intermediate results indicators by component, along with the corresponding baselines, as well as intermediate and end-of-project targets.

### B. Project Components

15. The Project will comprise the following four components:

16. **Component 1: Urban Infrastructure Investments (US\$48.9 million).** This Component will support the Government of Haiti (GoH) to carry out large urban infrastructure investments; and neighborhood upgrading investments, including the preparation of required feasibility studies, environmental and social studies, detailed designs, construction works and construction supervision. Investments will include: the upgrading of open and green areas, such as parks, playgrounds, squares and waterfronts<sup>27</sup>; and/or the rehabilitation of roads<sup>28</sup> and associated infrastructure, such as drainage<sup>29</sup>, sidewalks, pedestrian walkways, street lightning<sup>30</sup> and bike paths<sup>31</sup>; and the rehabilitation of facades or public buildings and the rehabilitation or expansion of basic infrastructure, such as water supply and sanitation networks.<sup>32</sup> All investments will incorporate climate change and disaster risk considerations, as well as gender, when appropriate. Budget for

<sup>27</sup> Including the planting of trees and coastal erosion protection measures, providing additional climate co-benefits

<sup>28</sup> With due regard for using weather resistant paving material to withstand extreme weather events and drainage to accommodate heavy precipitation

<sup>29</sup> To accommodate heavy precipitation and flooding, and incorporating climate change in infrastructure design

<sup>30</sup> All street-lights will incorporate either energy efficient technologies or will use solar power.

<sup>31</sup> To support the use of green forms of transportation

<sup>32</sup> Underground infrastructure, such as water supply and sanitation networks can be included as part of street network improvement when needed to assure the right sequencing of investments (e.g. first networks, then roads).



resettlement compensation and assistance has also been included in this Component. A flexible and phased approach, as further outlined below, will be incorporated`.

17. **Large urban infrastructure investments.** Two large urban infrastructure investments have been identified for project support: (i) the upgrading of a section of the Cap-Haitien waterfront, and (ii) the rehabilitation/expansion of a key link road, the SOS road.<sup>33</sup> The section of the waterfront to be upgraded, located along the *Boulevard du Cap-Haitien* and known as the '*Picolet Bord de Mer*', already plays an important role for tourism and commercial development and can be further strengthened as a local economic node. The rehabilitation of the SOS road is expected to improve traffic in the city center by providing an alternative, all-season route connecting the National Road 1 (RN1) and National Road 3 (RN3). The preliminary project envelope for these two investments is US\$23.7 million, including studies, construction works and technical supervision.

18. **Neighborhood Upgrading.** The neighborhood upgrading investments will improve the living conditions for inhabitants of Cap-Haitien by focusing on upgrading areas where urbanization is possible, given the level of risk. A spatial analysis of the Cap-Haitien city-region was conducted to inform neighborhood selection and prioritization.<sup>34</sup> Neighborhoods were prioritized to select areas: (i) located along the urban expansion axis of the city, and (ii) with relatively low exposure to natural hazards, in order to disincentivize further urbanization of high hazard-prone areas. Based on these criteria, two priority neighborhoods were identified for project support: *Petit Anse* and *Balan*. The envelope allocated to support neighborhood upgrading in *Petit Anse* and *Balan* is US\$13.7 million.

19. **Flexible and phased approach.** At appraisal, 80 percent of the funds under Component 1 were allocated to: (i) upgrade of one section of the city's waterfront; (ii) support the rehabilitation of the SOS road; and (iii) upgrade the neighborhoods of *Petit Anse* and *Balan*. The remaining 20 percent of funds under Component 1 are unallocated. The use of the remaining funds will be determined during the second year of implementation, taking into account the evolution of the local context, the performance of the project implementing unit and following a set of principles and procedures (described in Section IV A and detailed in the Project Operational Manual (POM)). The Project's duration has been adjusted to seven years to allow sufficient time to implement project activities.

20. **Component 2: Capacity Building. (US\$1.9 million).** This Component will support the GoH to carry out infrastructure planning, technical studies and activities under Component 1 by strengthening its capacity and the capacity of the Municipality to maintain urban infrastructure investments, including training on climate resilient operation and maintenance, to implement small urban management initiatives, and to manage its tourism destinations. It will complement the technical assistance being provided by the MDUR Project to the municipalities in the Cap-Haitien city-region – which focuses on urban planning and financial management - and the support the PAST Project is providing to the destination management organization of the North of Haiti (*Organization de Gestion de la Destination Nord d'Haiti - OGDNH*). The urban management initiatives (UMIs) will be designed so that their implementation is largely driven by the municipality: with a strong community engagement, and to produce visible results in the short-term, require minimal financial resources to be put in place, and take into consideration existing institutional capacity constraints. Three UMI's have been identified for project support: (i) the development of a street-addressing platform; (ii) the implementation of

<sup>33</sup> The rehabilitation of the SOS road, which serves as a bypass road, was identified as a priority investment in the framework of the Cap-Haitien Region Development Plan or *Esquisse de Schéma d'Aménagement du Pole de Cap-Haitien* (2013). The urban mobility diagnostic recently conducted by the Bank also identified the need for a bypass to reduce traffic congestion downtown, which would provide mitigation co-benefits.

<sup>34</sup> The spatial assessment included urban expansion patterns, hazard exposure, quality of construction, poverty and land uses.



tactical urbanism initiatives<sup>35</sup>; and (iii) the implementation of a community mobilization campaign for the use of public spaces.

21. **Component 3: Contingent Emergency Response (CERC) (US\$0 million).** This Component will finance provision of support upon occurrence of an Eligible Emergency. It includes the implementation of emergency works, rehabilitation and associated assessments, at the Government’s request in the event of a disaster. Uncommitted funds may be reallocated from other components in accordance with an Emergency Action Plan prepared by the GoH, and the CERC’s implementation modalities. A dedicated chapter of the POM details the guidelines and instructions to trigger a qualifying emergency and the use of funds under this Component. The amount of uncommitted funds to be allocated to this Component will be decided at the time of the emergency in agreement with the World Bank.

22. **Component 4: Project Management and Implementation Support (US\$5.2 million).** This Component will finance costs related to Project management and implementation as needed by the Project Implementation Unit, including: (i) hiring specialized staff or consultants for project implementation; (ii) carrying out monitoring and evaluation activities; (iii) carrying out reporting and project audits; (iv) conducting capacity building and training activities linked to project implementations for procurement, safeguards, monitoring and evaluation, communication, citizen engagement, technical and financial management; and (v) covering operating costs.

**C. Project Financing**

23. The total project cost is estimated at US\$56 million, to be financed entirely by the proposed IDA grant. Table 1 contains a detailed breakdown of project cost by component and subcomponent/activities.

**Table 1. Project financing by Component (USD million)**

Project Components	Cost (USD million)	Subcomponent / activities	Cost (USD million)
Component 1: Urban infrastructure investments	48.9	Subcomponent 1.1. Large urban infrastructure investments	23.7
		Subcomponent 1.2. Neighborhood upgrading investments	13.7
		Unallocated (Flexible and phased approach)	10.6
		Resettlement compensation	0.9
Component 2: Capacity building	1.9	UMI 1: Street Addressing	0.5
		UMI 2: Tactical Urbanism	0.3
		UMI 3: Community mobilization campaign	0.2
		OGNDH support	0.9
Component 3: Contingent Emergency Response	0.0	Contingent Emergency Response	0.0
Component 4: Project Management and Implementation Support	5.2	Project Management and Implementation Support	5.2
<b>Total Costs</b>	<b>56.0</b>	<b>Total Costs</b>	<b>56.0</b>

<sup>35</sup> *Tactical urbanism* is a place-making approach which can offer visible and impactful transformation of public spaces quickly and at low-cost. By showing results quickly, policy makers and communities can build confidence that they can produce real changes, and that the community’s opinions are reflected in the process.



#### **D. Project Beneficiaries**

24. The Project's primary beneficiaries will be the inhabitants of the Cap-Haitien city-region, who will benefit from improved urban infrastructure and increased quantity/quality of public spaces. The direct beneficiaries of project investments will differ depending on the type of infrastructure. *Large urban infrastructure* investments are expected to benefit the Cap-Haitien city-region through the improvement of large and central urban public spaces (waterfront upgrading) and the rehabilitation/expansion of the SOS road. Benefits from the SOS road improvement are also expected to spillover to the entire region of the north, as the connection between RN1 and RN3 is strengthened. The benefits of *neighborhood upgrading* investments are expected to be concentrated in the selected neighborhoods of the municipality of Cap-Haitien. The GoH, the Municipality and its Communal Sections (*Conseil d'Administration de la Section Communale*, CASEC) will also benefit from project investments and the *technical assistance* provided by increasing their institutional capacity to manage and influence the city's growth, engage with communities, maintain and operate assets. The Project's investments are also expected to contribute to local economic development, benefitting businesses adjacent to the improved public spaces and the SOS Road, as well as businesses using the road infrastructure for the transportation of goods.

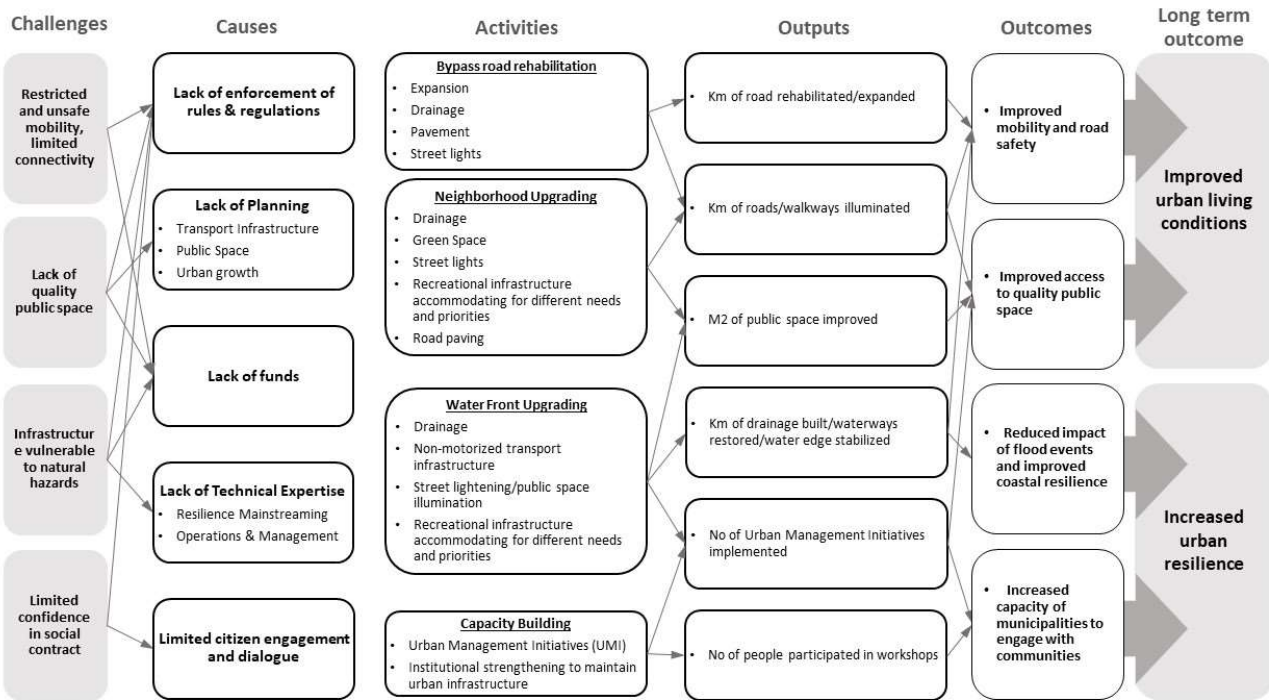
25. The Cap-Haitien municipality had a population estimated at 320,000 in 2015, while the larger metropolitan area is home to around 500,000 inhabitants. The population benefiting directly from neighborhood upgrading investments and in the vicinity of large urban infrastructure investments was estimated to be at least 73,500<sup>36</sup>, of which at least 50 percent will be women. The Project's activities will be designed to be inclusive and to benefit a wide range of beneficiaries, including marginalized groups such as women, children, differently abled people, and the elderly.

#### **E. Results Chain**

26. The figure below highlights the urban development challenges and their causes that will be addressed by the Project, resulting in outputs, outcomes, and long-term outcomes.

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<sup>36</sup> This corresponds to inhabitants living in the neighborhood selected for urban upgrading and within 500m of the waterfront (Section II) or of the SOS road investments. Estimation was based on the analysis of spatial imagery using the Global Human Settlements Layer population (2015).



### F. Rationale for Bank Involvement and Role of Partners

27. The World Bank is uniquely positioned to support the city of Cap-Haitien through the Project due to its considerable experience in carrying out similar projects in Haiti. These include the Port-au-Prince Neighborhood Reconstruction Project (PREKAD – P125805), the Urban Community-Driven Project (PRODEPUR – P106699) and its current experience in the same territory (e.g., PAST and MDUR). The World Bank’s global experience in addressing livability issues in cities around the world is an added advantage, as well as the existence of specialized World Bank knowledge teams (e.g., urbanscapes, smart cities, city resilience, Fragile, Conflict and Violence Cross-Cutting Solution Area) which can provide inputs and share experiences for the design and implementation of the project.

28. The Project complements investments and activities of other development partners in Cap-Haitien: (i) the Inter-American Development Bank (IDB) financed Solid Waste Management Project, which includes the construction of a landfill outside the city and the development of a formal solid waste collection system; (ii) a recently-approved IDB-financed project, which will focus on improving and expanding water supply in the city of Cap-Haitien, covering both the city center and historic core, as well as the peripheral neighborhoods – which will benefit from the Project; (iii) a recently-restarted United States Agency for International Development (USAID) project to improve the port facilities in the city; and (iv) the targeted initiatives of Non-Governmental Organizations (NGOs) like the Sustainable Organic Integrated Livelihoods (SOIL), which focus on sanitation by providing dry toilets and a corresponding waste collection service. Project investments have been discussed with the various development partners, the private sector and NGOs to assure close coordination for the sequencing of activities and exploiting project synergies.

29. The Project has a clear rationale for public sector provision and financing, as it targets the improvement of local public



goods (e.g., urban infrastructure and public spaces). Most investments fall under the direct responsibility of the local government (which has limited fiscal capacity to finance capital investments) and will cover areas where private sector financing is currently absent and is unlikely to materialize in the near term. The value-add of the World Bank consists in providing significant resources for large capital investments that would otherwise be difficult to obtain, given the constrained fiscal environment of the country.

## **G. Lessons Learned and Reflected in the Project Design**

30. Several lessons learned from ongoing and previous Government- and World Bank-financed projects around the world and in Haiti are reflected in the project design<sup>37</sup>. These include:

31. *Lesson 1: Investing in public spaces, neighborhood upgrading, and livability improvements can be catalysts for urban transformation.* Examples of projects from around the world have shown that improved urban livability through public space improvement in poor neighborhoods can have positive impacts on accessibility, engaging in social activities, health, and improved perception of security, wellbeing and quality of life.<sup>38</sup> Catalytic urban upgrading interventions in urban areas of historic significance or city-centers has also shown to enhance the competitiveness of a location to attract economic activity and to contribute to poverty-alleviation.<sup>39</sup>

32. *Lesson 2: Public spaces and livability improvements in urban settings can also contribute to strengthening the social contract in a fragile context.* Global experience shows that more livable and inclusive urban settings allow for improved social inclusion, social mixing, civic participation, recreation, safety<sup>40</sup>, and a sense of belonging. Improved access to public spaces and mobility brings visible improvements for the residents of particularly poor neighborhoods, in which the state may be perceived as absent. In Haiti, institutions have traditionally been weak and public spending remains limited, constraining the Government's ability to provide basic services and offer equal opportunities to its citizens, thereby creating a sense of disconnect and mistrust of government institutions by the vulnerable population.<sup>41</sup> The use of local labor force and implementation of labor intensive or cash for civil work approaches has also proven to be a useful tool for job creation and strengthening of the social contract.

33. *Lesson 3: Community involvement is essential for successful and sustainable urban upgrading.* World Bank financed urban upgrading projects in Nigeria, Vietnam, Honduras<sup>42</sup> and Haiti demonstrated that engaging stakeholders (including community groups, private sector and non-profits) throughout the planning and design process strengthens ownership and contributes to sustainability. The Project will follow a participatory planning approach for the prioritization, design

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<sup>37</sup> Including: PRODEPUR (closed in 2017); PREKAD (closed in 2017); the Emergency Recovery and Disaster Management Project (closed in 2012 – P106689); the Transport and Territorial Development projects (closed in 2013, P095523); the Emergency Bridge Reconstruction and Vulnerability Reduction Project (closed in 2015, P114292); MDUR (ongoing); and PAST (ongoing).

<sup>38</sup> In Singapore, well-integrated and designed public spaces have transformed the city into a greener, more vibrant and more livable place. In India, slum upgrading interventions focusing on roads and public spaces have proven to have statistically significant impacts on mobility, perception of the environment (security), activity levels, health and quality of life (Amis (2001), Rethinking UK aid in urban India: reflection on an impact assessment study of slum improvement projects).

<sup>39</sup> Economics of Uniqueness: Investing in Historic City Cores and Cultural Heritage Assets for Sustainable Development, The World Bank, 2012

<sup>40</sup> The Barrio Ciudad project (Bank financed project in Honduras, closed in June 2013 – P088319) result assessment identified health benefits of having better roads (e.g., improved access to health units), improved sense of safety due to the installation of public lights (specially for women and girls), and improved sense of trust in the Government. Street-lights have also proven to have statistically significant effects in reducing crime (Chalfin et al, 2019).

<sup>41</sup> Haiti: Towards A New Narrative Systematic Country Diagnostic, The World Bank, 2015

<sup>42</sup> The Barrio Ciudad Project in Honduras.



and management of public spaces which capitalizes on local community assets and inspiration, with the intention of creating public spaces that promote health, happiness, social-inclusion, and support closing existing gender gaps.

34. *Lesson 4: Implementation capacity can be strengthened by using Delegated Implementing Agencies (Maître d’Ouvrage Délégué – MDOD) for smaller-scale infrastructure projects.* Various projects in Haiti have successfully utilized MDODs for the implementation of infrastructure sub-projects.<sup>43</sup> This implementation approach, which combines oversight through a government agency with on the ground implementation by MDODs, combined with community outreach efforts during implementation, has proven to be a realistic and effective way of delivering results in a challenging environment. MDODs have been successful in complementing the technical capacity of the Government’s implementing agencies and can provide a more hands-on approach to project communication and outreach, and citizen engagement. MDODs have also proven to be effective in reducing and mitigating local social and security risks through continuous and strong engagement with local communities and stakeholders.

35. The Project’s design also incorporates lessons learned from ongoing and closed operations by considering the following principles for its design and preparation, to: (i) identify a few technically simple investments with limited environmental and social impacts, which can be delivered in the short-term and produce visible results for the population; (ii) incorporate resilience as a cross-cutting theme; and (iii) take into consideration infrastructure maintenance capacities of the local government and communities up-front. The Project’s design also incorporates lessons identified in the Performance and Learning Review of the FY16-21 CPF, discussed in section I C.

### III. IMPLEMENTATION ARRANGEMENTS

#### A. Institutional and Implementation Arrangements

36. The Project’s key partners are the Ministry of Public Works, Transport and Communications (MTPTC) and the municipality of Cap-Haitien. MTPTC, as the line ministry responsible for the planning, execution and maintenance of urban infrastructure and the development of urban planning regulations, will be responsible for overall project oversight. The *Unité Centrale d’Execution (UCE)* within MTPTC will be responsible for project implementation, and will use the institutional framework, procurement, financial management and disbursement arrangements in place under other World Bank-financed projects implemented by the MTPTC.<sup>44</sup> The UCE/MTPTC will have primary responsibility for all aspects of project implementation, including fiduciary aspects, compliance with social and environmental safeguards, and ensuring citizen communication and consultation, as well as routine communication with the World Bank. A more detailed description of the implementation arrangements is presented in Annex 1 and further elaborated in the POM.

37. *UCE/MTPTC* will be directly in charge of the implementation of large urban infrastructure investments under Component 1. Drawing on lessons from PREKAD, PRODEPUR and other World Bank-financed projects in Haiti, the implementation of neighborhood upgrading investments under Component 1 – which require strong community engagement – will be delegated to a MDOD. Activities under Component 2: Capacity building - which require hands-on engagement with the municipality, as well as strong engagement with communities and other stakeholders – will also be delegated to a MDOD.

38. The municipality of Cap-Haitien, as the main beneficiary of project activities, has been closely involved in project preparation and will continue to play a key role during implementation. During implementation the municipality will

<sup>43</sup> Such as PRODEPUR (closed in 2017) and PREKAD (closed in 2017).

<sup>44</sup> Municipal Development and Urban Resilience Project (MDUR), Disaster Risk Management and Reconstruction Project (PRGRD), Center and Artibonite Regional Development Project (BCA), and the Rural Accessibility and Resilience Project (PARR).



continue to be consulted through-out the conceptualization and implementation of project activities and will play a key coordinating role in the development of the UMIs (Component 2), as detailed in the POM.

## B. Results Monitoring and Evaluation Arrangements

39. The UCE/MTPTC will be responsible for overall results monitoring and evaluation. UCE/MTPTC will monitor project progress through a dedicated monitoring and evaluation (M&E) system, with dedicated M&E staff. The GoH will prepare bi-annual progress reports in accordance with the format outlined in the POM. Progress reports will include information on PDO-level results indicators and intermediate outcome indicators, disbursements, financial management (including project financial reports and audits), procurement, social and environmental safeguards, updated annual plan of works and activities, and specific assessments of women's participation in project design and implementation, as well as the Grievance Redress Mechanism (GRM). A beneficiary survey will be conducted at the beginning of project implementation, at mid-term and upon its completion to assess the Project's impact on a broad set of topics (e.g. closing the gender gap, improving urban design, supporting local economic development).

## C. Sustainability

40. Two specific risks for the sustainability of project outcomes have been identified: (i) the lack of technical and financial capacity of the GoH and local governments to operate and maintain urban infrastructure, and (ii) the Project area's high levels of exposure to natural disasters, and the increasing frequency and intensity of disasters due to climate change.

**41. Incorporating Operations and Maintenance (O&M) in infrastructure design.** The Terms of Reference (ToRs) for the design of infrastructure will require providers to actively incorporate O&M constraints in infrastructure design, including climate resilience aspects. The use of locally sourced materials, low-maintenance materials and low-maintenance construction practices will be encouraged whenever possible. A detailed maintenance strategy or plan will also be required as one of the deliverables.

**42. Involving communities and project stakeholders for increased asset ownership and O&M.** To ensure ownership of the Project by the community and to be able to tap into the community to support asset maintenance, a strong community engagement strategy is a key element of the Project. Workshops with different focus groups to capture the needs and desires of all population groups are integral part of both the waterfront upgrading as well as the neighborhood upgrading investments. Some of these activities will include design/build workshops, creating opportunities for capacity building in the communities and building a base for self-guided replicability in the future. The MDOD managing the contracts for the neighborhood upgrading will be asked to hire members of the community for construction whenever possible, and to provide specific training for investment maintenance upon infrastructure completion. In addition, partnerships will be established with local businesses to maintain assets, when possible.<sup>45</sup> In addition, the Municipality and CASEC will need to assure that the rehabilitated assets are incorporated in their asset registers, and that sufficient budget is allocated for maintenance, as outlined in the POM.

**43. Incorporating resilience in investment prioritization and design.** For large urban infrastructure investments, a hazard screening exercise was conducted with the support of a GFDRR grant<sup>46</sup>. The screening exercise intended to ensure that the proposed investments are: (i) in line with the existing multi-hazard assessment conducted for the city of Cap-Haitien"

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<sup>45</sup> The waterfront – along the Boulevard the Cap-Haitien – is currently being maintained by adjacent hotels and restaurants.

<sup>46</sup> Financed through the ACP-EU Natural Disaster Risk Reduction Program (TF0B0298)



Plan for Disaster Risk Reduction in Cap-Haitien” (2018), and (ii) that exposure to hazards is well accounted for and incorporated in key technical documents to ensure the structural resilience of infrastructure to be built/upgraded under the Project (e.g., ToRs for feasibility or detailed designs). In addition, to protect the large urban infrastructure investments against flood hazards, flood protection measures will be integrated in their design and construction. Where possible, an integrated approach will be used to outline flood protection measures that aim at improving flood safety levels in the entire project area. For neighborhood upgrading investments, the prioritization process for neighborhoods and investments will be done in a way that incorporates an analysis of existing hazards and best practices for resilient construction and vulnerability reduction. All designs will incorporate features to assure resilience towards floods and earthquakes and consider climate change effects. All permanent construction executed in the framework of the project will adhere to national and international standards on earthquake resistance and rainwater drainage.

## IV. PROJECT APPRAISAL SUMMARY

### A. Technical, Economic and Financial Analysis

#### (i) Technical

44. Background analysis that informed project design includes: (i) a rapid urban assessment to identify priority large urban infrastructure investments; (ii) a spatial-analysis to identify priority neighborhoods for project support; and (iii) preliminary technical assessments for the SOS road, for waterfront upgrading, and for neighborhood upgrading investments. Multiple consultations were also conducted with the key project partners, community leaders, donors, and private sector stakeholders. An assessment of similar World Bank- and non-World Bank- financed projects implemented in Haiti and around the globe – including in other Fragile, Conflict and Violence (FCV) contexts – was conducted to integrate lessons learned in the Project’s design.

45. **Upgrading of the Cap-Haitien waterfront.** The project investments will focus on upgrading the northern section of Cap-Haitien’s waterfront on the *Boulevard du Cap-Haitien*, known as the *Bord de Mer Picolet*. Investments will focus on improving non-motorized transport infrastructure (e.g., sidewalks, bike lanes), expanding drainage to increase climate resilience, solar street lighting, strengthening of the existing boardwalk to better protect it from coastal erosion<sup>47</sup>, and the installation of vegetation and trees.<sup>48</sup> Minor road repairs will also be financed. About 60 percent of the financing for this activity will cover expansion of drainage, and coastal erosion measures to increase resilience to climate events and climate change.

46. **Rehabilitation of the SOS road.** The technical assessment of the SOS road’s rehabilitation during project preparation included an assessment of rehabilitation alternatives to assure both a safe traffic and a road that is resilient to flooding. It also included a review of potential flood risk reduction measures which could be incorporated in the areas surrounding the road. Based on the technical assessment, the improvement of the drainage system inside and outside the airport was considered the best option to deal with the road’s recurrent flooding and in the neighborhoods to the east of the airport. Investments for the rehabilitation of the SOS road will involve constructing a new bridge over the *riviere Haut du Cap*<sup>49</sup>, expanding non-motorized transport infrastructure (e.g., sidewalks and bike lanes, where possible) and solar street lighting,

<sup>47</sup> Incorporating both in-land and at-sea protective measures.

<sup>48</sup> All public spaces supported by the project will incorporate greening features to increase vegetation cover and increase soil permeability.

<sup>49</sup> The current bridge does not have the capacity for heavy traffic and is recurrently flooded.



upgrading the existing road (e.g., re-alignment and paving<sup>50</sup>) and replacing/expanding key drainage infrastructure along the road and around the airport. Minor dredging works along the *Riviere Any*, aimed at reducing floods will also be supported.<sup>51</sup> The SOS Road rehabilitation and associated drainage investments are expected to directly lead to the reduction of flood risks of the SOS road and of the neighborhood east of the airport. About 50 percent of the financing for this activity relates directly to the implementation of flood risk reduction measures.

**47. Neighborhood upgrading investments.** A neighborhood vision plan for the two selected neighborhoods will set the framework for the neighborhood upgrading investments.<sup>52</sup> It will be developed using a participatory planning approach and will include nature-based solutions and incorporate gender-sensitive approaches as further described in Section IV A ii. Investments may include rehabilitation of streets, the expansion of non-motorized transport infrastructure (e.g., sidewalks and bike lanes), expansion of drainage, energy efficient street lighting, and the rehabilitation/creation of public spaces, such as squares, recreation areas, and parks, including the planting of trees and other vegetation. The selection criteria for neighborhood upgrading investments is detailed in the TORs of the consultancy for developing the vision plan and is part of the POM. Investments will be sequenced to implement simpler subprojects first, and more complex subprojects (which might require the development and implementation of Resettlement Action Plans) later. The MDOD will be delegated the responsibility for the implementation of neighborhood upgrading investments, under the oversight of UCE/MTPTC.

**48. Support to Urban Management Initiatives.** The three UMIs identified for project support include: (i) development of a street-addressing platform; (ii) implementation of tactical urbanism pilots; and (iii) implementation of community mobilization campaigns for the use of public space, enabling and facilitating women's participation with appropriate logistical measures. These UMIs were prioritized based on their strong ownership by the municipality of Cap-Haitien and are complementary to project investments Component 1 and the technical assistance provided by the MDUR and the PAST projects.

**49. A flexible and phased approach.** At appraisal, 20 percent of funds under Component 1 remain unallocated. During the second year of project implementation, the national and the local situation as well as additional priorities will be assessed jointly by GoH and the World Bank, and the allocation of these unallocated funds will be determined and agreed. The principles and procedures for the allocation of these funds are detailed in the POM, and summarized below:

a. *Principles for the use of non-allocated funds:* (i) investments or activities should be aligned with the PDO and fit within the description of Component 1 in the Project Appraisal Document (PAD) and the Financing Agreement; (ii) for large urban infrastructure investments, priority will be given to those identified in existing urban planning or visioning instruments or to those having synergies with investments financed by the CHUD, MDUR, PAST or CATCOP Project; and (iii) all activities identified should have implementation boundaries which are compatible with the Project's implementation arrangements. A negative list of investments that are not eligible for financing under the Project is included in the POM.

b. *Procedures for the use of non-allocated funds.* A screening for social and environmental risks and - in the case of

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<sup>50</sup> With due regard for using weather resistant paving material to withstand extreme weather events and drainage to accommodate heavy precipitation

<sup>51</sup> The Project will finance all drainage investments outside the airport, while the CATCOP project will focus on improving the internal drainage system of the airport

<sup>52</sup> A neighborhood vision plan is a planning instrument developed using participatory approaches and outlines a set of objectives for the development of the neighborhood. It is used as the basis for the prioritization of investments at the neighborhood level.



large urban infrastructure - a preliminary technical assessment should be conducted to assess potential environmental and social risks and technical validity. If the environmental and social screening exercise identifies risks that are either Substantial or High, a more in-depth environmental and social assessment may be required prior to including the investment in the Project. In all cases, a formal World Bank no-objection should be obtained for the investment to be included for financing under the Project and incorporated in the procurement plan.

50. **Project implementation readiness.** ToRs have been finalized for the detailed designs of the SOS road rehabilitation and tenders have been launched for the detailed designs of neighborhood upgrading investments. ToRs for the MDOD have also been finalized and the tender will be launched in February 2020. The tender for the detailed design and supervision for the waterfront upgrading is also expected to be launched in early to mid-March 2020. The Project has been designed to show results on the ground during the first year through the implementation of tactical urbanism pilots in *Petit Anse* and *Balan*. The POM, which includes guidelines and instructions for the use of CERC funds have been finalized and adopted by UCE/MTPTC. A Social Development Specialist has been hired and an M&E Specialist has been made available for project support. UCE/MTPTC has launched the recruitment of an architect, an environmental specialist, a communication specialist and an accountant. Four of the six safeguards instruments required under the new Environmental and Social Framework (ESF) – *The Environmental and Social Management Framework (ESMF)*, *the Resettlement Policy Framework (RPF)*, *the Environmental and Social Commitment Plan (ESCP)* and *the Stakeholder Engagement Plan (SEP)* - have been finalized and disclosed on the Association’s website on December 3, 2019 and on the MTPTC website on December 4, 2019. Consultations on these documents were conducted on December 20, 2019. The *Labor Management Procedures (LMP)* has been finalized and will be disclosed shortly. A draft *Environmental and Social Impact Assessment (ESIA)* will be available, prior to consideration of the Project by the World Bank’s Board of Directors. The disclosure and consultations of the ESIA will take place in mid-March of 2020.

### Corporate priorities

51. **Climate Change co-benefits.** Project’s investments and technical assistance will bring significant climate change co-benefits by adapting to and mitigating the consequences of climate change, especially the increased frequency and intensity of adverse hydro-meteorological events. Urban infrastructure investments under the Project will make use of resilient design and construction practices that account for exposure to natural hazards and climate change effects. The design and upgrading of the SOS road, the waterfront, and the drainage works around the airport will take into consideration risk assessments and hydrological modelling of present-day and future floods, sea level rise and storm surge. Project investments at the neighborhood level will contribute to a more resilient and sustainable urban development by: (i) conserving existing public spaces and green areas in areas that are exposed to flood hazards (by avoiding their urbanization), and (ii) redirecting urban growth to less exposed areas through urban upgrading. Climate change mitigation measures will be applied through the: (i) use of solar energy to the extent possible; (ii) creation and maintenance of pedestrian and non-motorized accesses and public spaces to disincentivize the use of vehicles; and (iii) incorporation of green areas in public spaces to decrease water runoff and absorb air pollution. The rehabilitation of the SOS road will contribute directly to a reduction in Greenhouse Gas (GHG) emissions (Section IV A iii), as it will reduce travel time between the RN1 and RN3 through an improved road surface, and also provide an alternative shorter route to the existing road which passes through the city center. It will also contribute to the reduction of flood risks in the neighborhood to the east of the airport. All investments will incorporate design features to increase the city’s resilience by reducing flood risk through improved drainage and the implementation of permeable surfaces, as well as increasing coastal resilience by stabilizing the coast line and managing wave impact.



52. **Citizen Engagement.** The Project incorporates a wide range of measures to encourage citizen engagement. During project preparation, consultations were held with private sector stakeholders, community leaders and CASECs to receive feedback on the proposed design and the prioritization of investments. The project Stakeholder Engagement Plan (SEP) identifies the stakeholders, the means to assure effective project communication and consultation with each stakeholder group, and indicators to monitor its implementation. All project-supported interventions, including social and environmental safeguard measures, will be disclosed and discussed in public to ensure that stakeholders' input is considered in subproject selection (e.g., for neighborhood upgrading), design, and implementation arrangements. Inputs and comments discussed at community meetings and the decisions and/or actions taken based on community feedback will be recorded in meeting minutes, which will be publicly disclosed. The visioning and investment prioritization exercise will use participatory planning principles to assure that the areas for project intervention are well understood and the proposed investments and priorities are in line with the needs of citizens. The contracted MDOD will assure that the neighborhood upgrading investments are implemented in close partnership with beneficiary communities, and local labor is used for construction works to the extent possible. The design process for both large infrastructure investments and neighborhood upgrading investments will include frequent, regular consultations and interactions with the beneficiary communities (including women, youth, and the private sector) and other project stakeholders to assure that their needs and interests are well-understood and considered in subproject design. The Project's grievance redress mechanism will routinely report and keep records of all salient issues or grievances; and UCE/MTPTC will ensure timely follow-up and tracking of grievances to their resolution. More information on stakeholder engagement is available under the SEP).

53. **Gender.** Haiti faces several challenges regarding gender equality.<sup>53</sup> Gender disparities not only exist in education and health outcomes, labor market participation, and access to financial services but are also deeply reflected in access to public spaces and urban infrastructure. An initial field assessment conducted in Cap-Haitien as part of project preparation revealed two main gaps in outcomes between men and women: (i) inadequate and unsafe public spaces and urban infrastructure prevent equal access and mobility for women and men, and (ii) women's exclusion from the decision-making processes regarding public spaces and infrastructure design prevent them from benefitting equally from the built environment. The Project will therefore focus on closing the gaps in (i) women's access to urban infrastructure and public spaces, and in (ii) women's voice, participation, and leadership.

54. **Gender gap.** The urban environment in Cap-Haitien interacts with and sustains gender inequalities on several levels, especially regarding the design of public spaces and transportation and transit systems. Transit and transportation systems are often shaped by male-dominated commuting patterns that do not serve the needs of women and sexual and gender minorities, which hinders their mobility and results in reduced economic opportunities. Inadequate and unsafe public spaces and urban infrastructure is likely the result of women and women's representatives (such as local women's groups and associations) being left out of decision-making and design processes. As an example, most existing recreational spaces in Cap-Haitien do not take into consideration women's needs and preferences (e.g., basketball or soccer courts) and are thus disproportionately used by men.

55. **Gender Actions.** Under Component 1: Urban infrastructure investments, the Project will collect gender disaggregated data to measure initial gender differences and their evolution during implementation (e.g., perception of safety in public spaces, usage of public spaces, and perception of the design of public spaces). The collected data will also inform how,

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<sup>53</sup> Haiti: Towards A New Narrative Systematic Country Diagnostic, The World Bank, 2015



where and when women - particularly female commuters who travel with children or elderly family members - and the vulnerable population use the urban space for mobility.<sup>54</sup> The Project will involve and consult with local women's organizations and other relevant stakeholders to ensure that their priorities and needs are taken into consideration in the identification, selection and design of investments. The Project's PIU has already hired a Gender Specialist to ensure mediation with all stakeholders, and to facilitate participatory planning approaches that are gender-sensitive (e.g., by organizing women only consultations to ensure a safe space where women and girls can feel confident to voice their concerns and needs). Eventually, the Project will empower women by giving them the platforms, knowledge and tools to access leadership roles, such as transport to and from the community meetings, day care for children, and information on project processes. The Project will ensure that participatory activities and consultative processes are held in venues and formats that are suitable and possible for women to attend, including separate discussions with women, when needed. The Project will pay close attention to women's and girls' priorities in the identification and funding of small-scale municipal investments, will avoid or minimize resettlement impacts on women-headed households, and promote the recruitment of female staff in social mobilization.

56. **Gender M&E.** The Project will monitor improvements in women's access to public spaces, such as parks, recreation facilities and playgrounds, through the indicator: "Increase in the number of people accessing enhanced public spaces, of which are women (Percentage). The intermediary and end targets are significantly higher for women, to ensure a compelling increase in women beneficiaries of the improved built environment. Progress towards women's empowerment will be monitored in the Results Framework through the following indicator: "number of women-only meetings for the planning of urban infrastructure", to ensure a safe space where women and girls to voice their concerns and needs.

57. **Gender Based Violence (GBV).** The completion report of PREKAD and PRODEPUR revealed that investing in upgrading urban infrastructure resulted in improved safety in neighborhoods and particularly benefited women, who reported that gender-related violence had decreased, due in part to improved street-lighting. The World Bank GBV risk assessment tool was applied to the proposed Project during preparation, and the GBV risk was rated "Moderate". GBV risk mitigation and prevention measures during project implementation will include: (i) sensitizing the PIU/MDOD to the importance of addressing GBV; (ii) reflecting GBV considerations as a part of safeguards monitoring, as appropriate; (iii) creating a service-providers map; (iv) developing a GBV action plan, as well as holding consultations with women's groups; and (v) integrating GBV considerations in all relevant contracts, including a code of conduct.

## (ii) Economic Analysis

58. The Project is expected to have positive impacts on the population of Cap-Haitien and visitors by providing improved access to urban infrastructure and public spaces. The economic benefits of access to quality public spaces, such as parks, plazas and green areas, are hard to attribute directly and to monetize. However, there is growing evidence from international studies of their positive effects on welfare, social cohesion, health and environmental sustainability. Recent World Bank-financed projects to improve public spaces using integrated urban development approaches yielded economic internal rates of return (EIRR) in the order of 8-28 percent (China) to 33 percent (Georgia). The following approaches have been used to assess the economic benefits and cost of project investments. The economic analysis for the project is based on the rehabilitation of the SOS road.

- a. **The rehabilitation of the SOS road.** The quantified economic benefits of the SOS road rehabilitation were computed using the Roads Economic Decision Model (RED) and comprise savings in vehicle operating costs, travel

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<sup>54</sup> Such as: where they wait for shared transport vehicles; if and how they use rest areas; and if and how lighting and sidewalk design impact their mobility.



time costs, and road maintenance costs due to the road improvements, and social costs of CO2 emissions computed over a 20-year evaluation period. The overall EIRR of the rehabilitation of the SOS road was estimated to be 10.5 percent, and the Net Present Value (NPV) of US\$4.49 million at a 6 percent discount rate, corresponding to NPV/Investment Cost ratio of 0.46. Sensitivity analysis shows that If construction costs were 20 percent higher and the project benefits were 20 percent lower, the overall EIRR would drop to 6.3 percent. Switching value analysis shows that construction costs would have to increase by 55 percent for the EIRR to drop to 6 percent. The gross CO2 emissions over the 20-year evaluation period under the “without-project” scenario is estimated at 26,868 tons, and under the “with-project” scenario at 26,682 tons, resulting in net CO2 emission reduction of 186 tons (9 tons per year).

Table 2: Distribution of Net Benefits and results of sensitivity analysis results

Distribution of Net Benefits	
Item	Net Benefits (M US\$)
Capital Works	-8.080
CO2 Emissions	0.010
Maintenance Works	0.056
Normal Traffic	9.912
Generated Traffic	2.595
<b>Total Project</b>	<b>4.492</b>

	Sensitivity Analysis Results			
	Base	A: Costs+20%	B: Benefits-20%	C: A & B
Economic Internal Rate of Return (%)	10.5%	8.4%	8.0%	6.3%
Net Present Value (M US\$)	4.492	2.887	1.989	0.384

- b. **The upgrading of the ‘Picolet’ Waterfront.** The upgrading of the ‘Picolet’ waterfront will contribute to the strengthening of non-motorized and pedestrian-friendly corridors connecting residential neighborhoods to the historic city, where most of the city’s economic activities and jobs are concentrated. It is also expected to strengthen this area as a corridor for local economic development, which will likely lead to an increase in job opportunities. Changes in property prices will be used to quantify the economic benefits of the waterfront upgrading during project implementation. A household and a firm level survey (and census) will be conducted, once the security situation improves, to asses property prices at entry and will be repeated prior to completion.<sup>55</sup> The survey will also allow other expected economic benefits which are hard to directly monetize to be captured (e.g., increase in mobility, perception of security, wellbeing, etc.). An upgraded waterfront can also become an anchor for the growth of local economic activities along the waterfront and in adjacent neighborhoods. The firm level survey and census at the beginning and completion of the Project will also allow the assessment of the

<sup>55</sup> Existing information on land and property prices in Cap-Haitien does not properly cover the type of dwellings (e.g. quality and type) or overlaps with the area around the Picolet waterfront. As such it was not possible to estimate – at appraisal – the potential economic benefits emerging from the waterfront upgrading. The economic analysis will be conducted when the baseline survey data becomes available.



potential impacts of the waterfront upgrading on firm and job creation and revenue generation.<sup>56</sup>

- c. **Neighborhood upgrading investments.** The investments in *Petit Anse* and *Balan* will focus on improving mobility and road safety, increasing access to quality public space and reducing the impact of flood events. Project activities will be designed to be inclusive and to benefit a wide range of beneficiaries, including marginalized groups such as women, children, youth, differently abled people, and the elderly. As part of the subproject prioritization process for the neighborhood upgrading investments, the PIU will produce a cost benefit analysis of the various proposed subprojects. For small public space subprojects or small projects, where the main intention is to bring a minimum service standard, a cost-effectiveness analysis will be carried out to assure that the costs are in line with similar interventions in the country. Beneficiary surveys are also expected to track conditions at entry, mid-term and exit. The EIRR (at project closure) of recently closed PRODEPUR and PREKAD projects – which included financing of neighborhood upgrading - was estimated at 37 percent and 19 percent respectively.

## B. Fiduciary

### (i) Financial Management

59. The financial management (FM) function will be carried out by an existing coordination unit UCE/MTPTC under the MTPTC, which is currently responsible for this function under other IDA-financed projects (the Disaster Risk Management and Reconstruction Project - PRGRD, the MDUR Project, the Center and Artibonite Regional Development Project - BCA and the Rural Accessibility and Resilience Project - PARR). The increased volume of work related to any new projects assigned to this unit without a corresponding increase in its capacity would pose challenges to its ability to maintain acceptable FM arrangements. UCE/MTPTC will also need to put in place adequate supervision and monitoring procedures for delegated activities to ensure that project activities and investments are satisfactorily implemented and accounted for. An institutional capacity diagnostic was conducted by the United Nations Office for Project Services (UNOPS) to identify current and future obstacles to the implementation of projects in the World Bank's Haiti portfolio, and to set out relevant improvement measures and recommended actions.

60. A FM Assessment was conducted in accordance with OP/BP for Investment Project Financing (IPF) and in line with the Financial Management Manual for World Bank IPF Operations (OPCS5.05-DIR.01, issued February 10, 2017). The assessment identified the main challenges to be: (i) insufficient FM staffing; (ii) outdated accounting software and financial reports being prepared in auxiliary systems (excel datasheets); (iii) need for specific control mechanisms for expenditures executed by MDODs to be put in place; and (iv) need to operationalize the recommendations of the UNOPS institutional capacity diagnostic.

61. In order to manage fiduciary risk, the following measures have been or will be taken: (i) an additional accountant, dedicated to the Project, will be recruited; (ii) the accounting software will be updated to allow reporting in the World Bank format; (iii) a POM that includes financial management and disbursements arrangements for the Project has been prepared and adopted; and (iv) an action plan addressing recommendations of the UNOPS institutional capacity diagnostic will be implemented.

62. The project is eligible for US\$200,000 in retroactive financing for eligible expenditures incurred twelve months prior

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<sup>56</sup> While it will not be possible to directly attribute job and firm creation along the waterfront to project investments, as causality will be hard to prove, the firm survey and census can provide some evidence of the benefits which are thought to be linked to the project.



to signing date of the Financing agreement.

**(ii) Procurement**

63. Procurement will be carried out in accordance with the World Bank’s Procurement Regulations. The World Bank’s Systematic Tracking of Exchanges in Procurement (STEP) system will be used to prepare, clear, and update the Project’s Procurement Plans and to carry out procurement transactions. The textual part, along with the Procurement Plan tables in STEP, will constitute the Procurement Plan for the Project.

64. The World Bank’s standard procurement documents will be used for all contracts that are subject to international competitive procurement. When approaching the national market, GoH procurement procedures may be used in accordance with the National Procurement Arrangements (paragraph 5.3) of the Procurement Regulations; these will be specified in the Procurement Plan tables in STEP. When the GoH uses its own national open competitive procurement arrangements, as set forth in the 2009 Law laying down the general rules relating to Public Contracts and Public Service Concession Agreements, such arrangements will be subject to paragraph 5.4 of the Procurement Regulations and the conditions included in the Grant Agreement. When national procurement arrangements other than national open competitive procurement arrangements are applied by the GoH, such arrangements will be subject to paragraph 5.5 of the Procurement Regulations.

65. The Project Implementation Unit in the Ministry of Public Works, UCE/MTPTC, will have overall responsibility to carry out procurement activities. A procurement capacity assessment of UCE revealed that UCE has strong experience in GoH and World Bank procedures for implementing World Bank-financed projects. The unit has a POM in place. The main challenge identified during the assessment is the additional workload in UCE and the limited resources available on procurement as well as on the technical side. The assessment also noted the lack of delegation in the decision-making mechanism, the absence of an appropriate filing system, the non-publication of contract awards, and the lack of internal and external oversight on procurement activities. The main risks identified are: (i) delays in the implementation and poor-quality deliverables, and (ii) non-compliance with the procurement framework and a significant number of complaints. To mitigate these risks, the following measures will be taken: (i) a review of workload distribution between the two procurement staff; (ii) the appointment of a Procurement Assistant to help with administrative tasks and filing; (iii) strengthening of the technical team; (iv) preparing an appropriate procurement plan for some key contracts; (v) use of United Nations (UN) Agencies or MDODs to implement some key works contracts; (vi) conducting an annual procurement audit throughout implementation; and (vii) providing training to the procurement specialists and technical experts on the World Bank Procurement Regulations and on contracts management.

**C. Legal Operational Policies**

	<b>Triggered?</b>
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

**D. Environmental and Social**

66. The Project could potentially have a transformational impact on Cap-Haitien, improving resilience, livability and



influencing the city's development trajectory for decades to come. However, there are a number of potential risks to achieving this outcome. Given this context, the Environmental and Social risk is rated 'Substantial', for the reasons outlined below.

**67. Environmental Risk.** Project parameters defined to date indicate that any potential impacts will, for the most part, be highly localized in scope, limited in duration, likely be reversible, and not result in any significant harm. Neighborhood upgrading investments will be confined to small areas where the main associated environmental risks – improper waste disposal and occupational health and safety practices – can be mitigated to acceptable levels. For the larger urban infrastructure works (e.g., the SOS upgrading), potential risks are similar in profile, mostly waste-management, flood-risk management, and occupational health and safety-related; the anticipated impacts are not expected to be significant. However, linear works across a broader geography means that work sites will be difficult to close off entirely and will require careful management of occupational health and safety, and community health and safety risks. At the same time, there is non-negligible contextual risk, as illustrated by the recent and ongoing socio-political unrest that may affect project supervision activities. To respond to these challenges, project design has focused on ensuring that potential risks are mitigated to the fullest, so that there is a low likelihood of significant harm resulting from project-financed activities.

**68. Social Risk.** The main social risks identified include: (i) community health and safety risks, particularly for traffic management and road safety; (ii) potential land acquisition, physical and economic resettlement, especially potential adverse impacts on economic activities, given the large number of street vendors around the city and the number of informal settlements; (iii) social exclusion risks, especially for vulnerable stakeholders, including: (a) residents with disabilities and the elderly, who may not access project benefits; (b) women and/or local youth not fully benefiting from available job opportunities created by the Project, and (c) community/day/rotating workers, who may not have access to occupational health and safety provisions; and (iv) overall operational risks, given the dynamic security situation in Haiti, including in Cap-Haitien, which may hamper effective implementation and challenge the capacity of the PIU to prepare and implement the project according to the ESF.

**69. Risk Mitigation Measures.** Mitigation measures for the above-mentioned environmental and social risks are set out in the ESIA, ESMF, RPF, SEP and LMP. The commitments from these instruments are captured in the ESCP and include: (i) comprehensive community health and safety measures; (ii) waste management; (iii) labor and contract management procedures, including the enforcement of codes of conduct, transparency, inclusiveness and participation of beneficiaries in designing and implementing the project activities; (iv) communication and stakeholder engagement activities to continue throughout project implementation; and (v) a grievance mechanism, covering both workers and project stakeholders at large. The PIU is being strengthened by hiring social, environmental and communications specialists to be based in Cap-Haitien. The ESMF, and the RPF were disclosed on the Association's website on November 26, 2019 and on the MTPTC's website on December 4, 2019. The SEP and the ESCP were disclosed on the Association's website on December 3, 2019 and on the MTPTC's website on December 4, 2019. Public consultations on these instruments were held between late December 19, 2019 and early February 2020. An advanced draft of the LMP was completed in early December 2019 and will be finalized before consideration of the Project to the World Bank's Board of Directors. The draft ESIA will be submitted to the World Bank in early February 2020 and will be finalized end-March. A detailed description of risks and a summary of proposed measures are included in the ESRS.

**70. Borrower Capacity.** The PIU has expanded its team by hiring an additional Social Specialist and will hire a Communications Specialist, both of whom will be based in Cap-Haitien. An Environmental Specialist will be shared with the MDUR Project and is expected to be hired before consideration by the World Bank's Board of Directors. This expanded



staffing, along with targeted client capacity building and training during project implementation, will support UCE/MTPTC in adhering to the provisions of the risk management documents and in the ESCP.

71. **Grievance Redress.** A Grievance Redress Mechanism (GRM) will be put in place to allow beneficiaries to submit complaints and ensure timely feedback and resolution. The scope of the GRM will include, but will not be limited to, issues such as compensation linked to land acquisition and resettlement, safety, contractor performance, and potential violations of the code of conduct (which will include clauses on violence and harassment). The GRM of the MDUR Project has been adapted to the Project's activities, as described in the Stakeholder Engagement Plan (SEP) and Labor Management Procedures (LMP). It includes MDODs and incorporates new ESF requirements, which require stand-alone grievance channels for workers. The GRM system will rely on local level focal points, the Administrative Council of the Communal Section (CASEC) to uptake complaints, complemented by consultations, documentation, and monitoring led by the Project's Safeguards team and MDODs. The grievance channels specifically designed for workers will incorporate Contractors and Supervision Engineers to play an uptake, redress and monitoring/documentation role. The GRM will: (i) place emphasis on communications and on closing the feedback loop among the project team, contractors and project stakeholders; (ii) require that all contractors assign community focal points for addressing grievances; and (iii) ensure frequent reporting and monitoring by the PIU on grievances received and steps for their resolution.

#### V. GRIEVANCE REDRESS SERVICES

72. Communities and individuals who believe that they are adversely affected by a World Bank-supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project-affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

#### VI. KEY RISKS

73. The overall project risk has been rated as **Substantial**, due to the fragile political and governance context, paired with weak implementation capacity of government counterparts at the national and subnational levels. Key risks to achieving results and their respective mitigation measures are discussed below.

74. **Political and governance risk is rated High.** Political uncertainty and potential instability are the main risks in Haiti. The country experienced particularly serious social unrest for long periods during February 2019 and later in September 2019. Since May 2019, Haiti's Parliament has not been able to ratify the nominated Prime Minister and the government. At the project level, these factors have the potential to create delays in implementation. Social and security risks linked to the political situation might also lead to a reduction in the interest of foreign firms to bid on contracts and/or an increase in contract prices. This risk will be partially mitigated through dialogue and close collaboration with Government entities, as well as proactive engagement by the World Bank as issues arise. The flexible approach included in the Project's design will also allow increased construction and/or operating costs to be better absorbed. Given the fragile and volatile



institutional context in which the Project will be implemented, periodic evaluations will be carried out to adjust its implementation model and design to reflect the changing national and local context.

75. **Macroeconomic risk is rated High.** Despite modest growth in 2018, Haiti's fiscal deficit increased significantly, putting pressure on the exchange rate and inflation. The fiscal deficit was somewhat contained in 2019 with drastic cuts in capital investment and social programs. The unabated social unrest and ongoing economic decline further weaken growth prospects and increase the risk of macroeconomic instability. At the project level, macroeconomic risks could lead, among others, to reduced local government budgets and a lower capacity to maintain improved public spaces and urban infrastructure. This risk will be partially mitigated by closely monitoring the situation and putting in place project-specific measures (e.g. lowering maintenance costs through infrastructure design).

76. **Sector Strategies and Policies risk is rated Substantial.** Several strategic urban plans exist to guide decision making across different levels of the decentralized government structure. However, implementation of these plans has not been promising. There are huge gaps between expectations set out by the plans and the financial and technical capacity to implement them. The project focuses on addressing some of these capacity gaps by supporting the government in implementing the key infrastructure investments identified in the strategic urban plans.

77. **Technical design risk is rated Substantial.** The technical complexity of investments varies within the Project. Large urban infrastructure investments are technically more complex, compared to the neighborhood-level investments. All technical designs will need to integrate hydraulic and seismic considerations, as well as inputs from communities and other stakeholders. Dedicated expertise in civil and hydraulic engineering, as well as communication and stakeholder engagement, will be mobilized as part of project implementation. The Project has also been designed using a phased approach for most project investments, which would allow moving from less complex to the more complex investments, as the Project advances.

78. **Social and environmental risks are rated Substantial.** The project location is composed of densely populated urban areas and peri-urban zones at high flood risk, poor traffic regulations and road safety, and high degree of informal settlements and street vendors. The environmental and social risk management instruments present an overview of the main risks and potential impacts associated with the project and robust mitigation measures have been developed and disclosed. These include an ESMF, RPF, SEP, and ESCP as highlighted above, as well as an ESIA and LMP that are under preparation. While project interventions are not likely to result in any significant or irreversible harm, the socio-political context, security challenges and travel restrictions may pose supervision challenges. This risk is being addressed by having key environmental and social focal points based in Cap-Haitien, to facilitate implementation support. Nonetheless, the dynamic political context may still limit capacity for day-to-day oversight. The appraisal ESRS and ESCP outline a series of capacity building and institutional strengthening activities for PIU staff during project implementation.

79. **Institutional Capacity for Implementation and Sustainability risk is rated Substantial.** Haiti is characterized by weak institutional and technical capacity to coordinate multi-stakeholder projects. To mitigate this risk, the Project has minimized design complexity and will provide technical assistance to strengthen the operational capacity of the PIU for project design, prioritization, management, and supervision. The Project is also contracting an MDOD to complement PIU capacity to implement neighborhood investments which require intensive social mobilization.

80. **Fiduciary risk is rated Substantial.** The main fiduciary risks and the corresponding mitigation measures have been discussed in the Appraisal Summary in Section IV B i and ii and further elaborated in Annex 1. In order to manage fiduciary risk, the project will support the UCE team and help strengthen the financial management systems and practices.



81. **Stakeholders risk is assessed as high.** Stakeholders' risk is assessed as high given the multiplicity of government actors responsible for urban infrastructure provision and urban planning. The Project will support regular consultations, dialogue fora, and conflict resolution mechanisms for constructive engagement among municipal authorities, MTPTC, and beneficiary population groups. A key Stakeholder Engagement Plan was developed for the Project and includes concrete measures to engage early on with the stakeholders.



**VI. RESULTS FRAMEWORK AND MONITORING**

**Results Framework**

**COUNTRY: Haiti**

**Cap Haitien Urban Development Project**

**Project Development Objectives(s)**

The Project Development Objective is to improve selected urban infrastructure and public spaces to support a more livable and resilient Cap-Haitien city-region.

**Project Development Objective Indicators**

<b>Indicator Name</b>	<b>DLI</b>	<b>Baseline</b>	<b>End Target</b>
<b>Improved access to quality public spaces and reduced impact of flood events</b>			
People directly benefiting from resilient urban infrastructure and public space improvements (Number)		0.00	73,500.00
disaggregated by gender (women) (Number)		0.00	36,750.00
New or rehabilitated urban public spaces (Square Meter(m2))		0.00	24,000.00
<b>Improved mobility and road safety</b>			
Time saved to go from National Road 1 to National Road 3 (Percentage)		0.00	30.00



**Intermediate Results Indicators by Components**

Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
<b>Component 1: Urban Infrastructure Investments</b>									
Km of roads rehabilitated or expanded (Kilometers)		0.00	0.00	0.00	2.20	2.20	6.30	8.50	14.35
Km of non-motorized transport infrastructure constructed/rehabilitated (Kilometers)		0.00	0.00	0.00	2.00	4.00	6.00	10.00	12.53
Km of roads/pedestrian paths with improved street lighting (Kilometers)		0.00	0.00	0.00	0.00	5.00	6.00	8.00	10.00
Increase in the number of people accessing enhanced public spaces (Percentage)		0.00	0.00	0.00	0.00	35.00	35.00	35.00	70.00
of which are women (Percentage)		0.00	0.00	0.00	0.00	60.00	60.00	60.00	60.00
Detailed designs for integrated urban upgrading developed (Percentage)		0.00	25.00	50.00	70.00	100.00	100.00	100.00	100.00
<b>Component 1 and 2: Urban Infrastructure Investments and Capacity Building</b>									
Semi-annual community meetings held to discuss the decisions and/or actions taken based on feedback from key project stakeholders (Number) (Number)		0.00	4.00	8.00	12.00	16.00	20.00	24.00	28.00



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Number of meetings held with women's focus groups to discuss their inputs to the design of the urban infrastructure investments (Number)		0.00	2.00	4.00	6.00	8.00	10.00	10.00	10.00
<b>Component 2: Capacity Building</b>									
Number of Urban Management Initiatives (UMI) implemented (Number)		0.00	1.00	1.00	2.00	3.00	3.00	3.00	3.00
Number of community meetings chaired by the local authorities (Number)		0.00	4.00	8.00	12.00	16.00	20.00	24.00	28.00
<b>Component 4: Project Management and Implementation Support</b>									
Baseline study conducted (Text)		No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender gap monitored (Text)		No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
People directly benefiting from resilient urban infrastructure and public space	The beneficiaries were accounted for as follows	Semi-annual	MDOD (Neighborhoods)	Upon completion of the investments of each of	MDOD (Neighborhoods) / UCE-



improvements	(taking into account the spatial overlap of beneficiaries for certain investments): Balan: 17,316 Petite Anse: 22,432 Waterfront Section II (Picolet): 15,681 Route SOS: 13,782 Balan & Route SOS: 3,777 Petite Anse & Route SOS: 544  Total: 73,531		ods) / UCE-MTPTC (Large urban infrastructure)	the above mentioned investment categories the listed number of beneficiaries can be accounted for. Collected as part of project M&E based on advancement of works.	MTPTC (Large urban infrastructure)
disaggregated by gender (women)	The beneficiaries were accounted for as follows (taking into account the spatial overlap of beneficiaries for certain investments): Balan: 8,658 Petite Anse: 11,216 Waterfront Section II (Picolet): 7,840 Route SOS: 6,981 Balan & Route SOS: 1,888 Petite Anse & Route SOS: 272  Total: 36'765	Semi-annual	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)	Upon completion of the investments of each of the above mentioned investment categories the listed number of beneficiaries can be accounted for. Collected as part of project M&E based on advancement of works.	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)



<p>New or rehabilitated urban public spaces</p>	<p>Public spaces are understood as boardwalks, public parks, green spaces, plazas, pedestrian walkways - including sidewalks. The total amount was calculated based on the following contribution:</p> <p>Waterfront upgrading Section II (Picolet): 3,400 sq. mts</p> <p>Neighborhood upgrading : 8,200 sq. mts</p> <p>Route SOS: 12,400 sq. mts.</p> <p>Total: 24,000 sq. mts</p>	<p>Semi-annual</p>	<p>MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)</p>	<p>Construction supervision.</p>	<p>MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)</p>
<p>Time saved to go from National Road 1 to National Road 3</p>	<p>This indicator measures the reduction in time to go from the RN1 to the RN3 in minutes. The proposed target means a 30 percent reduction in the average time required.</p>	<p>Twice during project implementation (prior to the commencement of works and at the end of construction works).</p>	<p>Baseline to be established in the beginning of the project by UCE/MTPTC</p>	<p>Traffic survey</p>	<p>UCE/MTPTC</p>



**Monitoring & Evaluation Plan: Intermediate Results Indicators**

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Km of roads rehabilitated or expanded	<p>This indicator includes road rehabilitation from the SoS road, the waterfront upgrading, as well as municipal roads improved as part of the neighborhood upgrading investments. The total 14.35 kms are obtained as follows;</p> <p>Waterfront Picolet (Section II): 0.85 km            Petite Anse: 4.3 km            Balan: 3.00 km            Route SOS: 6.2 km</p> <p>Total: 14.35 km</p>	Semi-annual	Progress reports from MDOD/ UCE-MTPTC	Collected as part of project M&E based on detailed designs and advancement of works	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)
Km of non-motorized transport infrastructure constructed/rehabilitated	<p>This indicator included pedestrian walkways such as promenades, pedestrian stairs and roads, and bike-lanes. The total of 12.53 km is obtained as follows;</p> <p>Waterfront Picolet (Section</p>	Semi-annual	Progress Reports from MDOD/UCE-MTPTC	Collected as part of the M&E based on detailed designs and advancement of works	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)



	<p>II): 0.85          Petite Anse: 2.25          Balan: 3.23          Route SOS: 6.20</p> <p>Total: 12.53</p>				
Km of roads/pedestrian paths with improved street lighting	<p>This indicator measures the km of roads and pedestrian paths with improved street lighting. The total 10 kms are obtained as follows;</p> <p>Waterfront Picolet (Section II): 0.85 km          Petite Anse: 4.3 km          Balan: 3.00 km          Route SOS: 1.86 km</p> <p>Total: 10.00 km</p>	Semi-annual	Progress reports from MDOD/ UCE-MTPTC	Collected as part of project M&E based on detailed designs and advancement of works	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)
Increase in the number of people accessing enhanced public spaces	<p>This indicator measures the change in the number of visitors or users of public space amenities improved by the project (such as parks, recreation facilities and playgrounds) in percentage of the baseline.</p>	Baseline, mid-term and closing.	Study conducted/c ommissioned by MDOD	Beneficiary survey and counts.	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)
of which are women	<p>This indicator measures the percentage of women among the increased number of visitors or users</p>	Baseline, mid-term and closing.	Study conducted/c ommissioned by MDOD	Beneficiary survey and counts.	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)



	of public space amenities improved by the project (such as parks, recreation facilities and playgrounds) in percentage of the total increase.				
Detailed designs for integrated urban upgrading developed	<p>This indicator allows to assess progress in the development of urban public space and urban infrastructure designs (approved by the Bank). It is composed of the following:</p> <p>Waterfront Section II (Picolet): 30%  SOS Road: 20%  Neighborhood Upgrading: Petite Anse: 25%  Balan: 25%</p> <p>Total: 100%</p>	Semi-annual	MDOD /UCE-MTPTC	Collected as part of project M&E based on the development of detailed designs	MDOD (neighborhoods) / UCE-MTPTC (large urban infrastructure)
Semi-annual community meetings held to discuss the decisions and/or actions taken based on feedback from key project stakeholders (Number)	Number of meeting minutes documenting the discussion on decisions and/or actions taken based on community feedback. Key project stakeholders defined as project affected parties- positive or negative- or other interested parties, such as NGOs and	Semi-annual	Minutes of the stakeholder meetings which will be shared with the public on UCE's website	Collected as part of the project M&E	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)



	beneficiary communities.				
Number of meetings held with women's focus groups to discuss their inputs to the design of the urban infrastructure investments	Number of meeting minutes documenting the discussion on decisions and/or actions taken based on women's focus group's feedback.	Semi-annual	Minutes of the women-only consultation meetings.	Collected as part of project M&E	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)
Number of Urban Management Initiatives (UMI) implemented	Number of UMI implemented successfully by the project. UMIs identified at project appraisal include: (1) Street addressing platform, and (2) implementation of tactical urbanism pilots and (3) a community mobilization campaign for the use of public spaces.	Semi-annual	MDOD/UCE-MTPTC	Collected as part of the M&E based on advancement and completion of UMIs	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)
Number of community meetings chaired by the local authorities	Number of meeting minutes documenting the discussion on decisions and/or actions taken based on community feedback were chaired by the local authorities.	Semi-annual		Collected as part of project M&E based on detailed designs and advancement of works	MDOD (Neighborhoods) / UCE-MTPTC (Large urban infrastructure)
Baseline study conducted	Beneficiary baseline conducted	Annual	UCE-MTPTC	Collected as part of the project M&E	UCE-MTPTC
Gender gap monitored	Gender gap analysis conducted as part of baseline survey, mid-term survey and at closing.	Gender Gap will be measured at baseline,	UCE-MTPTC	Collected as part of the project M&E	UCE-MTPTC



		mid-term and closing			
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## ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Haiti

Cap-Haitien Urban Development Project

### Implementation Arrangements

- 1. Project implementation will be the responsibility of MTPTC.** All project activities will be implemented by UCE/MTPTC. The technical, fiduciary and safeguards teams at UCE/MTPTC have long experience in implementing Bank-financed operations. UCE/MTPTC also has a local office in Cap-Haitien that is currently supporting the implementation of the MDUR project. Both the central and local offices have technical, safeguards, monitoring and evaluation and fiduciary (accounting) specialists.
- 2. MDODs.** Implementation of neighborhood upgrading investments under Component 1 and the UMIs under Component 2 will be delegated to the MDODs, who will be selected based on the eligibility criteria and selection process agreed with the World Bank, as described in the POM. The MDODs will be required to have expertise in engineering, architecture and construction to ensure the effective management of small infrastructure investments, and to enforce the contractual commitments of consultants and contractors. Specific provisions will be included in the MDODs' contracts to ensure compliance with Bank requirements on procurement, financial management, safeguards, and anti-corruption policies.
- 3. Strengthening of UCE/MTPTC capacity.** UCE/MTPTC capacity will need to be strengthened by the hiring of additional technical, safeguards and supervision staff as follows (i) a project team leader (*chargé du projet au Nord*); (ii) a hydraulic engineer; (iii) an architect; (iv) a social safeguards specialist; (v) an accountant (central office); and (vi) a communication specialist. A social safeguards specialist has been appointed to support the project. The environmental specialist of the MDUR project will also support this project.
- 4. Municipality of Cap-Haitien.** Besides playing an active role in the selection of priority investments during preparation and in the discussion of technical solutions, the municipality is expected to provide inputs to key activities during project implementation, including visioning exercises for neighborhoods and large urban investments. The municipality will also play an active role in setting construction timelines and traffic management procedures, and in the commissioning of assets. It will also play a key role in citizen engagement, supporting the dissemination of project activities, and directly overseeing and contributing to the implementation of the UMIs under Component 2.
5. The POM describes the project implementation arrangements in detail, including the roles and responsibilities of key project stakeholders, as well as an ordered set of instructions on the organization, procedures, and resources dedicated to the efficient and effective achievement of the PDO.
6. The GoH will prepare bi-annual progress reports in the format outlined in the POM. The progress reports will cover: (i) physical and financial progress achieved against agreed indicator targets (presented in Section VI); (ii) issues and problem areas, including remedial actions; and (iii) work programs and cost estimates for the coming year, including revised estimates for the current period.



## **Financial Management**

7. **Organization and Staffing.** FM staffing currently comprises an FM specialist and three accountants, who support all World Bank projects implemented by UCE/MTPTC. An additional accountant will need to be recruited to help manage the additional work load generated by the project. FM training will be provided, once this additional staff is in place.

8. **Budgeting.** The project will be financed entirely by IDA grant proceeds. UCE/MTPTC will be responsible for planning project activities and preparing the annual operational plan and budget, to be approved by the Bank before the end of the fiscal year and monitored periodically through overall and fiduciary supervision, and project progress and financial reports (bi-annual interim unaudited financial reports and annual audits). The annual operational plan and budget will specify activities under each project components and sub-component and will include detailed information on operational costs; these will be reviewed and approved by the Bank.

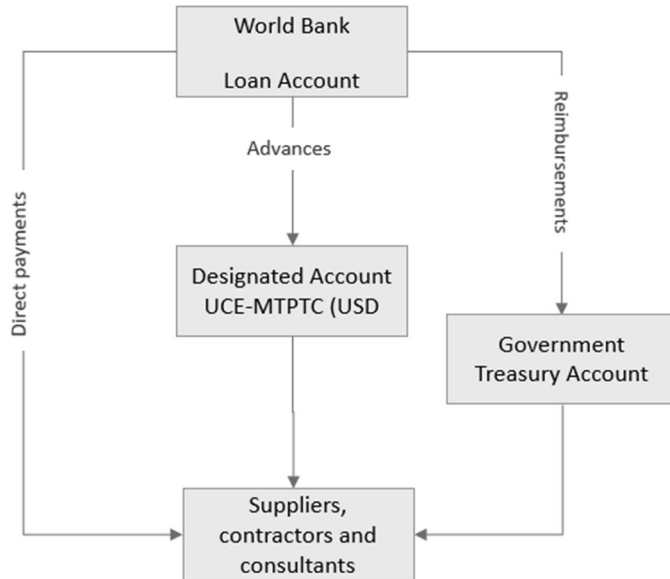
9. **Accounting.** UCE/MTPTC uses the ACCPAC accounting system for IDA projects currently under implementation. The current version of the system does not allow the preparation of financial reports that meet Bank requirements. The required reports are prepared using an auxiliary system (Excel sheets). Once the new version of the system is in place, the PIU will need to ensure that the users are trained to track and report project expenditures in accordance with Bank financial management requirements.

10. **Financial Reporting.** For Bank projects currently under implementation, UCE/MTPTC has not been preparing Interim unaudited Financial Reports (IFRs) regularly and has not been transmitting them to the World Bank in a timely manner. The recruitment of an additional accountant would alleviate this problem. IFRs will be prepared and submitted bi-annually to the Bank, no later than sixty days after the end of each fiscal semester in a format and content detailed in the POM. The IFR will allow the Bank to monitor disbursements, as well as financial and budgetary status. Project financial information will include the use of funds by MDODs. MDODs will submit progress and financial reports to UCE/MTPTC, and this information will be consolidated by UCE/MTPTC and presented in project IFRs and audited financial statements.

11. **Internal control and internal audit.** The POM describes the specific financial management arrangements and internal control procedures. Mechanisms to control and safeguard project financial information and assets are incorporated in the POM, which also includes detailed eligibility criteria and procedures to select and engage MDODs. It also incorporates guarantees or insurance mechanisms for funds transferred to MDODs, until they are fully documented or recovered. The POM also includes adequate supervision and monitoring procedures for delegated activities under Component 1.

## **Disbursement and Flow of Funds**

12. The main disbursement method used by the project will be the advance of funds. Project funds will be advanced in US dollars to a designated dedicated account at the Central Bank (Bank de la Republique d’Haiti – BRH). This account will be managed by UCE/MTPTC for making payments for project activities and to MDODs. UCE may open and manage another account denominated in Haitian Gourdes (HTG) at the BRH to process local payments. Funds advanced will be documented by UCE/MTPTC to account for grant proceeds and for replenishing the designated account through Statements of Expenditure (SOE), as agreed with the Bank. Other disbursement methods include Direct Payments and Reimbursements. For MDODs, the direct payment method will be used.



\*For MDODs, the direct payment method will be used

13. The funds flow and disbursement arrangements are described in the Disbursement and Financial Information Letter.

14. **External Audit.** Annual audits of project financial statements and eligibility of expenditures will be carried out by an independent auditor under terms of reference acceptable to the Bank. The scope of the audit will include the review of project investments and activities delegated to MDODs and ensure that project proceeds are used for intended purposes.

15. **FM supervision.** The Bank will conduct at least two FM supervisions per year. FM performance and compliance will also be monitored through the review of bi-annual IFR and yearly audit reports and may also include the inspection of MDODs' records and documents.

16. **Retroactive Financing.** The project is eligible for US\$200,000 in retroactive financing for eligible expenditures incurred twelve months prior to signing date of the Financing agreement.

### Procurement

17. Procurement for works, goods, non-consulting, and consulting services to be financed by the credit will follow the procedures specified in the "World Bank Procurement Regulation of Goods, Works and Non-Consulting Services" under "World Bank Procurement Regulations for Borrowers under Investment Project Financing", dated July 1, 2016 revised August 1, 2018 and the World Bank's Anti-Corruption Guidelines: "Guidelines on Preventing and Combatting Fraud and Corruption," revised in June 2016. The STEP system will be used to prepare, clear, and update the Procurement Plans and for procurement transactions. This textual part, along with the Procurement Plan tables in STEP, constitute the Procurement Plan for the project.



18. **The Bank’s standard procurement documents will be used for all contracts** that are subject to international competitive procurement. For procurement in the national market, GoH procurement procedures may be used in accordance with the National Procurement Arrangements (paragraph 5.3) of the Procurement Regulations. This will be specified in the Procurement Plan tables in STEP. When the GoH uses national open competitive procurement arrangements, as set forth in the 2009 Law specifying the general rules relating to Public Contracts and Public Service Concession Agreements, such arrangements will be subject to paragraph 5.4 of the Procurement Regulations and the conditions included in the Grant Agreement. National procurement arrangements, other than national open competitive procurement arrangements applied by the GoH, will be subject to paragraph 5.5 of the Procurement Regulations. recruitment of civil servants as individual consultants or as part of the team of consulting firms will abide by the provisions of paragraph 3.23 (d) of the Procurement Regulations and the ESF requirements on civil servants.

19. Procurement arrangements applicable under the Contingent Emergency Response component will be described in the Emergency Operation Manual, which will be prepared by MTPTC/UCE and agreed with the Bank.

20. **Procurement assessment:** The Project Implementation Unit in the Ministry of Public Works, UCE/MTPTC will have the overall responsibility to carry out procurement activities. A procurement capacity assessment of the UCE revealed that the UCE has strong experience in Bank and GoH procedures for implementing bank financed projects. The unit has a developed and adopted a POM. The project will bring additional workload to the technical staff in UCE and in the ministry, as they already support several Bank and IDB projects that are under implementation.

21. The procurement risks identified by the assessment and the agreed mitigation measures are summarized in the table below. The project procurement risk prior to mitigation is rated “**Substantial**”. The risk can be reduced to a residual rating of “**Moderate**” on successful implementation of the mitigation measures.

**Procurement Risks and Mitigation Measures**

Risk Description	Description of Mitigation	Risk Owner
Heavy workload and delays in project implementation	Appropriate share of workload between the two Procurement Specialists  Hire a Procurement Assistant to help on administrative tasks and filling  Strengthen the technical team in UCE and in Cap-Haitien	UCE / MTPTC
Poor deliverables	Train the procurement staff and technical expert on contract management.  Use UN Agencies/MDODs to implement some key contracts	UCE/MTPTC and WB
Loss of documents - Archiving System	Provide details of documents filing. File hard copies and use STEP procurement for electronic filing.	UCE/MTPTC
Non-compliance with the Procurement Framework	Training on the Procurement Framework and the Annual Procurement Audit.	UCE/MTPTC and WB



22. **Project Procurement Strategy for Development (PPSD).** A PPSD, acceptable to the Bank, has been prepared to consider, among others, the market situation, operational context, past experiences and risks. The PPSD identified six activities estimated to cost about \$44 million that are critical for the project: (i) studies and supervision for the renewal and the water front; (ii) construction and rehabilitation for the water front; (iii) rehabilitation works for the SoS Road; (iv) Supervision of the road works; and (v) selection of an MDOD to implement the Neighborhood Upgrading sub component. For these contracts, the international and competitive approach will be used, as indicated in the procurement plan uploaded and approved by the Bank in STEP.

23. **Procurement Methods and Thresholds.** Thresholds for procurement methods and prior review are shown below.

**Table 1: Prior Review Thresholds for Substantial risk**

<b>Expenditure Category</b>	<b>World Bank Prior Review or as Indicated in the Procurement Plan</b>
1. Works	All contract estimated to \$10,000,000 and above
2. Goods and Non-Consultant Services	All contract estimated to \$2,000,000 million and above
3. Consultant Services	All Terms of Reference
	All contracts estimated to \$1,000,000 and above
	All contracts for Individual Consultant estimated to \$300,000 and above

24. **Procurement plan.** UCP has prepared a procurement plan which has been approved by the Bank in STEP. The Procurement Plans will be updated in agreement with the Bank Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

**Implementation Support Plan**

25. The strategy for implementation support has been determined based on the risks to achieving the PDO identified in the SORT table. As all risks are rated either Substantial or High, the project will require dedicated implementation support as well continuous evaluation to adjust the project implementation arrangements and design to reflect the changing national and local contexts. The Bank will conduct regular missions, video-conferences, and periodic fiduciary compliance reviews. An MTR will be conducted after approximately 36 months of implementation to review performance in depth, based on progress and studies commissioned for the MTR, and make any adjustments necessary. In addition to the MTR, the team will conduct yearly reviews of the project progress to assess whether any adjustments are needed to the project design or implementation models.

26. It is projected that a total of 22 implementation support missions will be required over the life of the project. Beyond the startup of the project, these are intended to take place every four months. Key areas of focus for the first year of project implementation include:

- a. Monitoring the procurement for (i) the MDOD, and (ii) the waterfront urban design concepts and detailed designs.
- b. Monitoring and supporting the implementation process of the neighborhood upgrading consultancy and the SOS road and drainage improvement consultancy.
- c. Assuring that UCE/MTPTC is fully staffed and equipped for project implementation.
- d. Assuring that all project implementation requirements needed to allow disbursement are in place (e.g.,



- establishment of the designated account and specimen signatures).
- e. Launch the implementation of the stakeholder and project communication strategies.
  - f. Conduct training to assure that newly recruited staff is knowledgeable on Bank fiduciary and ESF requirements.
  - g. Coordinate with the main partners (IDB, AFD) to ensure synergies with other planned and ongoing projects, in particular those on solid waste management and water supply and sanitation.

The estimated skill mix and resource needs are shown in Table 2 below.

**Table 2: Implementation support**

<b>Skill Needs</b>	<b>Number of staff weeks (for the duration of the project)</b>	<b>Number of trips</b>	<b>Comments</b>
TTL	70	22	4 implementation support missions during the first year; 3 the following years + technical visits to solve bottlenecks as needed.
Co-TTL	70	20	4 implementation support missions during the first year; 3 the following years + technical visits to solve bottlenecks as needed.
Urban Development Specialist	50	15	Twice a year missions, routine support as needed.
Transport Specialist	30	Based in country office	Twice a year missions, routine support as needed.
Procurement	50	15	Twice a year missions, routine support as needed.
Architect/Urban Planner	50	15	Twice a year missions, routine support as needed.
Hydraulic Engineer	30	12	Twice a year missions, routine support as needed.
Financial Management	30	12	Twice a year missions, routine support as needed.
Transport Engineer	30	12	Twice a year missions, routine support as needed.
Environmental Safeguards	50	15	Twice a year missions, routine support as needed.
Social Safeguards	50	15	Twice a year missions, routine support as needed.
Program Assistant	30	Based in country office	Support as needed for mission planning, etc.
Legal	2	0	Staff weeks if restricting is needed
Disbursement	2	0	

**ANNEX 2: Project team**

<b>Name</b>	<b>Role</b>	<b>Title</b>	<b>Specialization</b>
Paula Restrepo Cadavid	Team Leader (ADM Responsible)	Urban Economist	Co- Task Team Leader
Claudia Ruth Soto Orozco	Team Leader	Disaster Risk Management Specialist	Co-Task Team Leader
Alexandra Ortiz	Team Member	Lead Urban Specialist	Lead Urban Development Specialist
Sophie Chanson	Team Member	Junior Professional Officer	Architect/Planner
Adriana Navarro-Sertich	Team Member	Urban Planner	Urban Planner
Ali Alwahti	Team Member	Senior Urban Development Specialist	Senior Urban Development Specialist
Malaika Becoulet	Team Member	Transport Specialist	Transport
Jarda Van Spengen	Team Member	Hydraulic Engineer	Hydraulic Engineer
Marinos Skempas	Team Member	Road Engineer	Resilient transport
Rodrigo Archondo-Callao	Team Member	Senior Highway Engineer	Economic analysis
Sarah Elizabeth Antos	Team Member	Data Scientist	Spatial analysis
Marcela Nandllely Gonzales	Team Member	Project Assistant	
Paul Eliz Viannica Jean-Jacques	Team Member	Team Assistant	Team Assistant
Asli Gurkan	Social Development Specialist (ADM Responsible)	Senior Social Development Specialist	Social
Kevin Mccall	Environmental Economist	Environmental Specialist	Environment
Andrew Francis Drumm	Environmental Specialist	Environmental Specialist (Consultant)	Environment
Nicole Anouk Leger	Social Development Specialist	Program Analyst	Social
Mamata Tiendrebeogo	Procurement Specialist (ADM Responsible)	Procurement Analyst	Procurement Specialist
Aboubacar Magassouba	Procurement Specialist	Procurement (Consultant)	Procurement
Emeline Bredy	Financial Management Specialist	Financial Management	Financial Management
Lucas Carrer	Financial Management Specialist	Financial Management	Financial Management
Isabella Micali Drossos	Counsel	Senior Counsel	Lawyer
Eric Ranjeva	Finance Officer	Senior Finance Officer	Finance Officer



### ANNEX 3: Maps of World Bank investments in the Cap-Haitien city-region

