

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC28655

Project Name	Municipal Development and Urban Resilience Project (P155201)
Region	LATIN AMERICA AND CARIBBEAN
Country	Haiti
Sector(s)	General water, sanitation and flood protection sector (75%), Sub-national government administration (25%)
Theme(s)	Natural disaster management (20%), City-wide Infrastructure and Service Delivery (40%), Municipal governance and institution building (15%), Climate change (15%), Urban planning and housing policy (10%)
Lending Instrument	Investment Project Financing
Project ID	P155201
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Interior and Local Authorities, Ministry of Public Works, Transport and Communications
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	10-Nov-2015
Date PID Approved/ Disclosed	17-Nov-2015
Estimated Date of Appraisal Completion	07-Mar-2016
Estimated Date of Board Approval	26-May-2016
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Haiti's geography, people, and history provide it with many opportunities. In addition to an illustrious early history, as the first independent nation in the region and the first nation in the world to be led to independence by former slaves, Haiti benefits from proximity and access to major markets, 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.

With 96 percent of its population living at risk, Haiti is considered one of the world's most exposed countries to multiple natural hazards, acute shocks, and chronic stress. With relation to climate

risks, Haiti ranked as the third most affected country to climate-related events from 1994 to 2013. Based on the analysis of historical data for the period 1976-2012, average damages and losses associated with hydro-meteorological events alone are estimated at an amount equivalent to 1.95 percent of GDP. Urban areas are the most exposed to natural hazards, with 27 out of 140 municipalities situated in high risk flood-prone areas, with two-thirds of urban municipalities and over 70 percent of Haiti's urban population affected by hurricanes with medium to high impact.

In Haiti, significant urbanization occurred despite persistent poverty and low levels of economic development. Now a predominantly urban country, an estimated 58 percent of Haitians live in urban areas. Despite the exponential growth of the total population living in urban areas – 12.5 percent in 1950, 20.3 percent in 1971, 47 percent in 2009, and projections of 61.9 percent and 70.4 percent in 2030 and 2050 respectively – challenges at the nexus of urban poverty and vulnerability have been inadequately addressed.

Haiti's urban system is characterized by the demographic and economic dominance of Port-au-Prince that represents approximately 38% of the total urban population of Haiti in 2015 (Port au Prince has an estimated population of 2.4 million, the estimated total urban population in Haiti is 6.3 million, and the total population in Haiti estimated at 10.9 million). In 2010, 65 percent of Haiti's GDP was estimated to be located in Port-au-Prince. A rebalancing of the highly centralized Haitian economy requires the development of regional growth poles outside the capital's metropolitan region.

Sectoral and Institutional Context

Cap Haitien is the second largest city of Haiti, with a recorded 240,660 inhabitants in 2009. Its broader metropolitan region – defined by the area of influence of the first ring of satellite cities that surrounds Cap Haitien as well as geographic factors that precondition the extent of that influence – encompasses six municipalities (Cap-Haitien, Limonade, Quartier Morin, Plaine du Nord, Acul du Nord and Milot), bringing the total population to 442,028. With half of its population under 20 years of age, a fertility rate of 3 and 4 infants per women in urban and rural areas respectively, and 18 percent of rural-to-urban migration during the period 1995-2009, the metropolitan region holds the human capital potential to exploit its rich cultural heritage and environmental tourism opportunities, as illustrated by a near 50 percent increase in cruise tourism from 2012 to 2013. Industrial development opportunities have also emerged in the region through the establishment of Caracol's industrial park, which already created close to 6,000 jobs and may create up to 25,000 new jobs in the near term.

Spatially and economically drawn toward the east corridor which spans from Cap Haitien to Ouanaminthe and the Dominican Republic, the metropolitan region of Cap Haitien has attracted significant foreign investment and donor financing. However, the region has emerged as a fragmented system of urban settlements highly exposed and vulnerable to natural and anthropic hazards. At least 32,000 inhabitants in Cap Haitien, who are living in precarious houses built in ravines, along river banks, and around water basins, are highly exposed and vulnerable to flooding and sea level rise.

Cap Haitien is congested with few zones available for expansion or redevelopment. There is very little land within the administrative boundary of the city to build safe housing, and only a few unsafe opportunities for new constructions in high risk zones where individuals find affordable lands: ravines, coastal areas, river banks of Rivière Haut du Cap and Bassin Rodo. In the

forthcoming years, the continuous intakes of population in Cap Haitien (natural growth and rural-to-urban migrations) will not only exacerbate the existing issues in terms of high urban risk, but it will force both individuals and institutions to reconsider the cities around Cap Haitien as potential areas for settlement, and in some case for resettlements: Acul du Nord, Plaine du Nord, Milot, Quartier Morin, and Limonade. These cities are small municipalities but constitute an urban system and will play a key role in the future spatial development of the area of Cap Haitien.

Historically, Haitian urban management capacity has been highly centralized in Port-au-Prince. Despite strategies of spatial deconcentration, little municipal or inter-municipal capacities have been developed, while no efficient and sustained decentralization efforts have permitted (i) recruitment and training of human resources, (ii) planning and coordination of urban development, (iii) efficient implementation and management of infrastructure and public services, or (iv) collection of tax revenues at the local level. Nonetheless, several policies and government programs support the decentralization trends as encouraged in the Project: national development priorities as outlined in the Strategic Development Plan of Haiti (PSDH) focus on the development of regional growth poles to counterbalance the dominance of Port-au-Prince; other strategies are also currently under implementation and support both decentralization and regional integration (the PINNE administrative decentralization project and the AGIL and LOKAL+ fiscal decentralization projects).

The deficiency of urban planning tools has been a real bottleneck up to now. On one hand the municipalities do not have the capacity or mandate to prepare, implement and enforce those plans generally designed by national government entities and external consultants. On the other hand many plans have been prepared, with little or no consideration of disaster and climate risk issues, but have never been formally approved nor owned by the municipalities nor used as a reference guide by local and national governments for sound investment decision and many infrastructure projects are still carried out by national agencies on the municipal territory without the municipality being informed or consulted.

Environmental degradation and urban development in watersheds reduce their respective retention capacity in times of heavy rainfall, and can be further exacerbated by climate change. Combined with (i) high rate of sedimentation in downstream drainage canals, (ii) lack of solid waste management systems, and (iii) uncontrolled settlements in or nearby ravines and low-lying areas, it increases the frequency of floods which adversely impact livelihoods and cause serious damage. The Cap Haitien metropolitan area is also highly exposed to earthquake and tsunami due to the proximity of the septentrional fault, with a large portion of the Cap Haitien building stock poorly constructed and highly susceptibility to structural failure in the event of an earthquake.

The proposed Project is one of four investments identified under the Strategic Program for Climate Resilience (SPCR), presented by the GoH to the Pilot Program for Climate Resilience (PPCR) Sub-Committee and approved in May 2013. In line with PPCR criteria, the Project is expected to contribute to a better understanding of climate risks in urban areas. The aim is to strategically focus interventions and build synergies with ongoing activities to maximize: (i) impact for the poorest and most vulnerable populations and (ii) replication potential (especially given the pilot nature of the PPCR). The aim of this approach is to pilot addressing urban flooding issues in ravines and low-lying areas of Cap Haitien, while enabling the identification of sustainable solutions.

Relationship to CAS

The proposed Municipal Development and Urban Resilience Project is fully consistent with the

World Bank Group’s Systematic Country Diagnostic (SCD) released in 2015. The proposed project concurs with the pressing needs to (i) rebuild the social contract, including capacity building and the provision of services, and (ii) reduce vulnerability and build resilience, particularly in urban areas.

In addition, this project supports the objectives of the World Bank Group’s Country Partnership Framework for FY16-FY19 (Report #98132-HT) discussed by the Executive Directors on August 27, 2015. The project supports the Resilience objective of Improving Disaster Prevention and Strengthening Climate Resilience and the cross-cutting Governance objective of Improving Capacity for Sustainable Basic Services delivery. This regional focus on Cap-Haitien is also in line with national development priorities as outlined in the Strategic Development Plan of Haiti (PSDH). This plan includes the renovation of regional and local development poles and an improved management of disaster risks through better land-use planning as part of its first pillar named “territorial revamping.”

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The Project Development Objective is to improve delivery of resilient infrastructure, local services and urban management in the metropolitan area of Cap-Haitien.

Key Results (From PCN)

PDO Indicators:

- o Number of municipalities achieving improvement targets in the delivery of services benefiting from project investment support;
- o Increase in percentage of funded municipal development projects that are in line with approved municipal spatial and development plans;
- o Number of individuals protected by disaster mitigation infrastructures

III. Preliminary Description

Concept Description

The Project will contribute to the sustainable and resilient urban development of the metropolitan region of Cap-Haitien through a combination of investment support and capacity building. The Project will focus on the six municipalities of the metropolitan region of Cap-Haitien, benefiting the populations of Cap-Haitien (244,660 inhabitants), Limonade (50,150 inhabitants), Quartier Morin (24,881 inhabitants), Plaine du Nord (37,518 inhabitants), Acul du Nord (50,884 inhabitants) and Milot (29,094 inhabitants). The Project will include four main components:

Component 1: Investment Support and Capacity Building for Metropolitan Local Authorities

The component aims at providing investment and technical support to municipalities in the metropolitan region with the objective of enhancing the capacity of the municipalities to plan, fund, and implement resilient infrastructures and local services and coordinate delivery of services at the metropolitan level through on-the-job training. The component also aims at reducing disparities in service delivery and capacity among Metropolitan Local Authorities (MLAs) and promoting sustainable and resilient growth opportunities in peripheral municipalities of the metropolitan region, thus contributing to a more balanced spatial development pattern within the metropolitan region of Cap-Haitien. The component will fund the following three inter-linked sub-components: (i) investment support for municipalities; (ii) support to metropolitan development planning and

strategies, and (iii) institutional strengthening and capacity building for municipalities. Resilience considerations will be mainstreamed in all sub-components.

Sub-component 1-1: Investment support for municipalities

This sub-component aims at strengthening municipal capacity to deliver local services through targeted investment support and on-the-job training. To do so, this sub-component would fund a line of financing (grant) and implementation support for small scale municipal investments (sub-projects) identified based on local priorities and implemented under a number of conditions and incentives agreed with the MLAs to ensure the sustainability and resilience of the investments, and full alignment with metropolitan and local plans. The investment support will help MLAs to (i) respond effectively to local demand for better and more resilient services and infrastructures and gain greater credibility with their constituencies through immediate and visible service delivery improvements, and (ii) support implementation of selected pilot inter-municipal projects of metropolitan relevance

The design of the line of financing will build on the experience of the Investment Fund of Local Authorities (FICT) under the pilot Appui à la Gouvernance et à l'Investissement Local en Haiti (AGIL) (Euro 5.5 million) funded by the European Union in 16 municipalities in the North and North-East Departments. One of the emerging lessons learnt from AGIL is the importance of providing strong technical support to the municipalities in the implementation of works. The line of financing would comprise two complementary windows:

(i) investment support for small-scale municipal investments. The objective of this window would be to build local capacity to implement resilient urban development sub-projects through on-the-job training.

(ii) investment support for pilot inter-municipal investments. The objective of this window is to incentivize municipalities to take incremental steps toward inter-jurisdictional voluntary cooperation at the metropolitan level by supporting MLAs in the joint identification, preparation, and implementation of small-scale, inter-municipal pilot investments – with potential demonstration effects on the benefits of metropolitan coordination. Possible inter-municipal projects that could be financed under this window include rehabilitation of inter-municipal roads, solid waste management, and disaster preparedness plans.

Municipal sub-projects would be identified by MLAs in line with needs identified in the Local Investment Plans, and based on conditions, eligibility criteria and incentives set in the Operational Manual. The project will draw on municipal implementation capacity and participatory mechanisms developed under the Cultural Heritage Preservation and Tourism Sector Support Project and the Urban Community Driven Development Project (PRODEPUR) for the selection of the investments. It is expected that the first batch of municipal investments will be identified during project preparation.

Sub-component 1-2: Support to Metropolitan Development Planning and Strategy

This sub-component will support strategy and planning for resilient metropolitan development to provide a coherent strategic framework for the development and implementation of local plans. The subcomponent will finance the following activities: (i) update and validation by local constituencies

of the existing metropolitan strategy for Cap Haitien (Esquisse de Plan d'Urbanisme) prepared in 2013 by the Ministere de la Planification et de la Cooperation Externe (MPCE); (ii) development of a metropolitan plan with associated investment and financing plan incorporating resilient considerations; and (iii) detailed studies for selected priority resilient metropolitan services as identified in the metropolitan plan. In the absence of a regional metropolitan agency, it is expected that the departmental office of the MPCE in the North, which led the preparation of the 2013 plan, will continue coordinating the metropolitan planning function with municipalities. Special attention will be paid to the governance and institutional arrangements of the metropolitan planning process, and participatory process will developed to ensure ownership of the participating municipalities in the metropolitan planning process.

Sub-component 1-3: Institutional strengthening and capacity building for municipalities.

This sub-component will support capacity building for institutional strengthening of municipalities in the priority areas of (i) municipal development and resilient spatial planning and (ii) municipal finance. Capacity building would aim at strengthening capacity of the municipalities to provide sustainable local services, with an emphasis on resilient planning for urban expansion. Given the significant difference in capacity and needs across the MLAs, a customized capacity building program will be developed for each municipality, while aiming to bring all MLAs to a minimum level of institutional capacity. The delivery of capacity building will draw on local institutions (e.g. the University of Limonade) to the extent possible to ensure the sustainability of the outcomes. Progress in the implementation of the capacity building agenda will be rewarded with a higher allocation under the line of financing for small-scale municipal investments.

The capacity building program will build on the Programme d'Intervention Nord/Nord-Est (PINNE), a flagship initiative of the Ministry of Interior and Local Authorities (MICT) covering 16 municipalities. Five of the six MLAs receive support from PINNE (except Plaine du Nord). PINNE aims at strengthening municipal administrative structures by funding the recruitment and training of competitively hired key professional municipal posts based on local needs. The capacity building will also complement the LOKAL+ project (\$19.8 million, Jan 2013-2018), funded by USAID in 9 municipalities in Haiti, including 3 MLAs (Acul du Nord, Cap-Haitien and Limonade). LOKAL+ provides technical support to municipalities to generate a sustainable increase in local own-source revenues.

Component 2: Investments in Vulnerability Reduction and Climate Resilient Urban Infrastructures.

The component aims at building the physical resilience of Cap Haitien metropolitan area through vulnerability interventions in selected high risk areas. This includes urban watershed restoration and river bank stabilization interventions, and strengthening institutional capacity to maintain urban infrastructure. These interventions builds on the results from a detailed flood risk assessment of Cap Haitien, conducted in 2014 under the Emergency Bridge Reconstruction and Vulnerability Reduction Project (P114292).

The component will fund the following three sub-components: (i) integrated urban “ravines” management; (ii) investments in flood mitigation management, and (iii) investments in resilient infrastructure.

Sub-component 2-1: Integrated Urban “Ravines” Management.

The objective of this sub-component is to pilot risk mitigation interventions in specific ravines of Cap Haitien in the context of an integrated urban watershed management approach. Specific activities identified include: (i) the preparation of an urban watershed management plan (with flood and landslide risk analysis using high resolution data already collected under the on-going IDA financed DRM and Reconstruction project), (ii) the identification of ravine corridors and critical points for interventions, (iii) upper watershed restoration activities to reduce storm water runoff, and (iv) lower watershed interventions such as slopes stabilization, canal cleaning and sediment management, and protection of critical urban infrastructures.

The sub-component will also support the establishment of a service responsible for maintenance and cleaning of the cities' canals and drainage systems and roads within the Direction Départementale and/or the municipality, and in coordination with the ongoing waste management inter-municipal project to better ensure the sustainability and efficiency of the mitigation interventions' implementation.

Sub-component 2-2: Investments in Flood Mitigation Management.

This sub-component aims at protecting the populations living in the proximity of the Rivière Haut du Cap from flooding, and stop illegal urbanization along the river banks. To do so, this sub-component will include (i) the development of an integrated flood management plan for the metropolitan area of Cap Haitien, (ii) the cleaning of the river from solid waste and sediments, and (iii) the stabilization of the river banks with infrastructure works and its occupation with public spaces.

Cleaning operations associated with removal of materials accumulated in the Rivière Haut du Cap will be carefully designed to avoid the redirection of the removed material towards the river's upstream areas or the estuarine water basin of Bassin Rodo where land is illegally reclaimed with solid waste as well as to ensure proper handling and treatment of the removed materials.

Sub-component 2-3: Investments in Resilient Infrastructure

Within the designated metropolitan region, the proposed project would support a balanced urban metropolitan development by financing complementary medium-scale resilient infrastructure investments to benefit local communities such as public structural investments at the communal levels pertaining to small urban equipment, water and sanitation facilities. This subcomponent would also focus on specific locations of the transportation network that are known to be vulnerable to erosion, flash floods, river overflows, and sea level rise, given their importance in terms of access and connectivity to social and economic services such as health centers, airports, or domestic markets.

Component 3: Contingent Emergency Response

The proposed Project includes a Contingent Emergency Response (CER) component, to respond rapidly at the GoH's request in the event of an eligible emergency, including, the carrying out of emergency infrastructure reconstruction, rehabilitation and associated studies (Emergency Response Activities). Disbursements would be made against a list of critical goods or the procurement of goods, works, and consultant services required to support the immediate response and recovery

needs of the GoH. If not disbursed 24 months prior to the closing date, the resources will be reallocated to other project components.

Component 4: Project Management and Implementation Support

This component would finance the costs associated with strengthening and developing the institutional capacity for Project management, coordination, implementation, and monitoring and evaluation, as well as costs associated with supporting the project implementing agencies.

Component 4 would be divided into two sub-components. Sub-component 4.1 would finance the strengthening of UCP-DPC/MICT capacity for: (i) overall coordination of the Project including, consolidation of financial and progress reports; and (b) management, coordination, implementation, monitoring and evaluation of the municipal strengthening and emergency preparedness capacities elements of the Project. Sub-component 4.2 would finance the strengthening of the capacity of the UCE-MTPTC for management coordination, implementation, monitoring, and evaluation of all civil works aspects of the project.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	37.50	Total Bank Financing:	30.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			0.00
IDA Grant			30.00
Strategic Climate Fund Grant			7.50
Total			37.50

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