

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	HAITI/CID - Isthmus & DR
▪ TC Name:	Support to the execution of electricity access programs in Haiti
▪ TC Number:	HA-T1323
▪ Team Leader/Members:	VANEGAS RICO, WILKFERG (INE/ENE) Team Leader; DUROSCA JEAN MICHEL (INE/ENE); LAURA HINESTROZA OLASCUAGA (INE/ENE); JORGE LUIS MALPARTIDA (INE/ENE); SARA VILA SAINTETIENNE (LEG/SGO); BARON, MARIE EDWIGE (CID/CHA); JN JACQUES MARC EVENST (INE/ENE); OSCAR ALVAREZ (INE/ENE); JUAN TULANDE LOPEZ (INE/ENE)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Improving Electricity Access in Haiti - HA-L1140
▪ Date of TC Abstract:	22 May 2023
▪ Beneficiary:	Ministry of Economy and Finance (MEF)
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INE/ENE - Energy
▪ Unit of Disbursement Responsibility:	CID/CHA - Country Office Haiti
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation ; Gender equality

### II. Objective and Justification

- 2.1 The general objective of this TC is to support the Government of Haiti (GoH) to advance in the execution of the operation "Improving Electricity Access in Haiti (HA L1140)", and coordinate its execution with other related activities financed by operations "Battery Energy Storage System to maximize the use of surplus energy from a solar photovoltaic plant located in the Caracol Industrial Park of Haiti" (HA G1048), and "Development of sustainable energy access projects in Haiti with private sector participation" (HA-G1053). The specific objective is to support the preparation of tender processes and evaluation of proposals, including specialized services for technical and financial modeling of energy access projects.
- 2.2 The execution of operation HA-L1140 has suffered significant delays mainly due to the complex situation in the country. The growing instability generated an atmosphere of distrust in the private sector reducing its interest in participating in bidding processes and causing obstacles for private companies, government institutions and the Executing Unit to function normally because of fuel shortages and insecurity. Under Component 1, a total of 24 bids were received during the bidding process. Two concession contracts have been granted and three additional contracts are under negotiation; however, these contracts are yet to be effective, waiting for confirmation of the required private co-financing. This component has suffered significant delays

because the average tariffs proposed by the developers were above the value expected by the GoH and the projected average energy consumption was very low. In addition, the worsening of the socio-political situation in Haiti prevented the mobilization to the areas where the projects will be developed, making it difficult to finalize the socio-environmental management plans and secure the land on which the plants will be built.

- 2.3 Regarding the solar PV power plant of the PIC under Component 2, the tender process was launched in September 2020. The contract was awarded in June 2021 to the company Akuo (France). However, after the assassination of the president in July 2021, the company requested to postpone signing the contract until the situation in the country normalized and the presidential elections were held. Due to the high risk of indefinite postponement caused by election uncertainties, the government declared the process unsuccessful and initiated a new one in September 2021. The contract was subsequently awarded to the WINECO Consortium (Haiti), Siemens (Germany), and Living-Energy (Denmark) in December 2021. However, once the contract was awarded, the consortium requested constant changes in the contract conditions, including advance payment, guarantees, payment structure, etc. Negotiations between the consortium and UTE continued until June 2022, when the parties reached an agreement, and the Bank granted its NO for the signature of the contract. Following the signing of the contract, the consortium requested further extensions for the deadline to present the guarantee of good performance. Unfortunately, the consortium failed to meet the last deadline granted by the government in November 2022. As a result, the GoH decided to cancel the contract. A new bidding process is ongoing considering modifications to the scope of the contract, which involve: (i) incorporating the operation of PIC's existing thermal plant and the distribution network of users outside the park; and (ii) installation of a battery system for storage, to be financed with funds from operation HA-G1048.

### III. Description of Activities and Outputs

- 3.1 **Component I: Support for the development of mini-grids in Haiti (US\$75,000).** This component will finance: (i) consultancies to review and update the financial models of the awarded contracts under RFP1 and PHARES program and existing mini-grids such as CEAC; (ii) evaluate individually each mini-grid to identify their specific challenges and propose effective solutions; and (iii) evaluate the feasibility of existing mini-grid models with private sector participation to identify the main challenges and proposed areas of improvement.
- 3.2 **Component II: Support for the sustainability of the Caracol electric network (US\$75,000).** This component will finance the selection process for the long-term operator of the Caracol network. Specifically, the following activities will be financed: (i) technical and financial modeling of the system for its long-term operation; and (ii) preparation of the bidding documents.

### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support for the development of mini-grids in Haiti (US\$75,000)	US\$75,000.00	US\$0.00	US\$75,000.00
Support for the sustainability of the Caracol electric network (US\$75,000)	US\$75,000.00	US\$0.00	US\$75,000.00
<b>Total</b>	<b>US\$150,000.00</b>	<b>US\$0.00</b>	<b>US\$150,000.00</b>

## **V. Executing Agency and Execution Structure**

- 5.1 At the request of the beneficiary, the IDB, through the Energy Division (INE/ENE) in coordination with IDB's Country Office in Haiti (CHA), will act as the EA of this TC.
- 5.2 In accordance with document OP-619-4, being the Bank the EA of this component is justified under Annex II: "Compliance with internal requirements would delay the execution of the technical cooperation, jeopardizing achievement of its objectives". These internal requirements are related to several controls included in the procurement processes led by any public entity in Haiti.

## **VI. Project Risks and Issues**

- 6.1 Security constraints and civil disturbance from the current socioeconomic crisis in Haiti may result in project execution delays due to travel restrictions for international consultants who cannot travel to Haiti. In that regard, the Team will schedule periodic virtual meetings with all the stakeholders and consultants involved. In this way, the team will verify that the consultants have access to all the information necessary to carry out their work promptly. The bank, with support from CHA, will monitor the security situation in the country to identify the periods when travels to Haiti represent a lower risk for international consultants. Another risk is the lack of interest from international individual consultants and consulting firms in the procurement processes to be financed under this TC. This risk will be mitigated through extensive dissemination activities through different platforms and networks like ConnectAmericas. In addition, there is the risk of potential delays in the execution of this TC derived from slow progress in the implementation of Component I (Development of decentralized electrical mini-grids with private sector participation) and Component II (Foster the supply of electricity with RE in the Caracol Industrial Park (PIC)) of HA-L1140. This risk will be mitigated through regular meetings to follow up on the execution of the loan operation and, supervision meetings will be scheduled with the executive agency.

## **VII. Environmental and Social Aspects**

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).