

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: PAD610

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 29.1 MILLION
(US\$45 MILLION EQUIVALENT)

TO THE

REPUBLIC OF HAITI

FOR A

CULTURAL HERITAGE PRESERVATION AND TOURISM SECTOR SUPPORT PROJECT

April 10, 2014

Sustainable Development Department
Haiti Country Management Unit
Latin America and the Caribbean Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's Policy on Access to Information

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of March 14, 2014)

Currency Unit = Haitian Gourde

HTG 1.00 = US\$ 0.023

US\$1.00 = HTG 43.23

FISCAL YEAR

October 1 – September 30

ABBREVIATIONS AND ACRONYMS

AFD	<i>Agence Française de Développement</i> - French Development Agency
ATH	Haitian Tourism Association
BDS	Business Development Services
CCT	Communal Consultation Table
CER	Contingent Emergency Response
CIAT	<i>Comité Interministériel d'Aménagement du Territoire</i> - Interministerial Committee for Territorial Planning
CIDA	Canadian International Development Agency
DA	Designated Account
DMO	Destination Management Organization
DB	Doing Business
EMP	Environmental Management Plan
ERR	Economic Rate of Return
ESMF	Environmental and Social Management Framework
FM	Financial Management
FY	Fiscal Year
GDP	Gross Domestic Product
GNI	Gross National Income
HFY	Haiti Fiscal Year (October 1 – September 30)
IDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEZ	Integrated Economic Zone
IFC	International Finance Corporation
ICOMOS	International Council on Monuments and Sites
ISN	Interim Strategy Note
ISPAN	<i>Institut de Sauvegarde du Patrimoine National</i> - National Cultural Heritage Institute
LAC	Latin America and the Caribbean
MC	Ministry of Culture
MCI	Ministry of Commerce and Industry
MDE	Ministry of Environment
MDOD	<i>Maître d'Ouvrage Délégué</i> - Delegated Contract Manager
M&E	Monitoring and Evaluation

MEF	Ministry of Economy and Finance
MICT	Ministry of Interior and Collective Territories
MT	Ministry of Tourism
MSME	Micro, Small and Medium Enterprises
NPV	Net Present Value
OAS	Organization of American States
ORAF	Operational Risk Assessment Framework
PDNA	Post-Disaster Needs Assessment
PDO	Project Development Objective
PF	Process Framework
PMA	Park Management Authority
PNH-CSSR	<i>Parc National Historique Citadelle-Sans Souci-Ramiers</i> - National History Park
PPA	Project Preparation Advance
PRODEPUR	<i>Projet de Développement Participatif Urbain</i> - Urban CDD Project
PSIA	Poverty and Social Impact Assessment
PTDT	<i>Projet de Transport et de Développement Territorial</i> - Transport and Territorial Development Project
RCCL	Royal Caribbean Cruise Line
RAP	Resettlement Action Plan
RPF	Resettlement Policy Framework
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
US	United States
USAID	United States Agency for International Development
US\$	United States Dollar
UTE	<i>Unité Technique d'Exécution</i> - Technical Implementation Unit
WB	World Bank
WHC	World Heritage Committee

Regional Vice President:	Hasan A. Tuluy
Special Envoy:	Mary Barton Dock
Sector Director:	Ede Ijjasz-Vasquez
Sector Manager:	Anna Wellenstein
Task Team Leader:	Sylvie Debomy
Co-Task Team Leader:	Maria Deborah Kim

HAITI
Cultural Heritage Preservation and Tourism Sector Support Project

TABLE OF CONTENTS

	Page
I. STRATEGIC CONTEXT	1
A. Country Context.....	1
B. Sectoral and Institutional Context.....	2
C. Higher Level Objectives to which the Project Contributes	4
II. PROJECT DEVELOPMENT OBJECTIVES	5
A. PDO.....	5
B. Project Beneficiaries	5
C. PDO Level Results Indicators.....	5
III. PROJECT DESCRIPTION	6
Introduction.....	6
A. Project Components	6
B. Project Financing	8
Project Cost and Financing	8
C. Lessons Learned and Reflected in the Project Design.....	9
IV. IMPLEMENTATION	9
A. Institutional and Implementation Arrangements	9
B. Results Monitoring and Evaluation	11
C. Sustainability.....	11
V. KEY RISKS AND MITIGATION MEASURES	11
A. Risk Ratings Summary Table	11
B. Overall Risk Rating Explanation	12
VI. APPRAISAL SUMMARY	12
A. Economic and Financial Analyses	12
B. Technical.....	13
C. Financial Management.....	14
D. Procurement	14

E. Social (including Safeguards).....	15
F. Environment (including Safeguards).....	15
Annex 1: Results Framework and Monitoring	17
Annex 2: Detailed Project Description.....	20
Annex 3: Implementation Arrangements	33
Annex 4: Operational Risk Assessment Framework (ORAF).....	47
Annex 5: Implementation Support Plan.....	53
Annex 6: Economic Analysis.....	56
Map IBRD 40855.....	62

PAD DATA SHEET

Haiti

Cultural Heritage Preservation and Tourism Sector Support Project (P144614)

PROJECT APPRAISAL DOCUMENT

LATIN AMERICA AND CARIBBEAN

LCSDU

Report No.: PAD610

Basic Information			
Project ID P144614	EA Category B - Partial Assessment	Team Leader Sylvie Debomy	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 31-Aug-2014	Project Implementation End Date 28-Feb-2020		
Expected Effectiveness Date 31-Aug-2014	Expected Closing Date 31-Aug-2020		
Joint IFC No			
Sector Manager Anna Wellenstein	Sector Director Ede Jorge Ijjasz-Vasquez	Country Director Mary A. Barton-Dock	Regional Vice President Hasan A. Tuluy
Borrower: Ministry of Economy and Finance			
Responsible Agency: UNITE TECHNIQUE D'EXECUTION			
Contact: Telephone No.:	MICHAEL DE LANDSHEER 509-3701-3646	Title: Email:	EXECUTIVE DIRECTOR mdelandsheer@ute.gouv.ht
Project Financing Data(in USD Million)			
[] Loan	[] Grant	[] Guarantee	
[] Credit	[X] IDA Grant	[] Other	
Total Project Cost:	45.00	Total Bank Financing:	45.00
Financing Gap:	0.00		
Financing Source		Amount	

BORROWER/RECIPIENT	0.00
IDA Grant	45.00
Total	45.00

Expected Disbursements (in USD Million)

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	0000
Annual	0.80	3.50	5.00	10.00	10.00	12.00	3.70	0.00	0.00
Cumulative	0.80	4.30	9.30	19.30	29.30	41.30	45.00	45.00	0.00

Proposed Development Objective(s)

The objectives of the Project are to: (a) increase the attractiveness of the cultural heritage sites in North of Haiti for tourists; (b) improve the living environment for the residents living in North of Haiti; and (c) support the Recipient's capacity to respond promptly and effectively to an Eligible Emergency, as needed.

Components

Component Name	Cost (USD Millions)
Physical Cultural Heritages sites and Touristic Circuits in the PNH-CSSR and Cap-Haitien Historic Center	28.00
Local Investments in Milot, Dondon and Cap-Haitien	7.00
Inclusive Tourism Sector Development Support	4.00
Contingency Emergency Response	1.00
Project Implementation, Monitoring and Evaluation	5.00

Institutional Data

Sector Board

Urban Development

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Public Administration, Law, and Justice	General public administration sector	50		
Industry and trade	Other domestic and international trade	35		

Water, sanitation and flood protection	General water, sanitation and flood protection sector	15		
Total		100		
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.				
Themes				
Theme (Maximum 5 and total % must equal 100)				
Major theme	Theme	%		
Urban development	Cultural Heritage	60		
Urban development	Urban services and housing for the poor	15		
Urban development	Other urban development	10		
Financial and private sector development	Micro, Small and Medium Enterprise support	10		
Public sector governance	Other public sector governance	5		
Total		100		
Compliance				
Policy				
Does the project depart from the CAS in content or in other significant respects?		Yes []	No [X]	
Does the project require any waivers of Bank policies?		Yes []	No [X]	
Have these been approved by Bank management?		Yes []	No []	
Is approval for any policy waiver sought from the Board?		Yes []	No [X]	
Does the project meet the Regional criteria for readiness for implementation?		Yes [X]	No []	
Safeguard Policies Triggered by the Project				
Safeguard Policies Triggered by the Project		Yes	No	
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
Legal Covenants			
Name	Recurrent	Due Date	Frequency
Preparation and Implementation of a Park Management Plan		31-Aug-2016	
Description of Covenant			
The Recipient shall: (a) by not later than two years as of the Effective Date submit the management plan of PNH-CSSR prepared under Part A.2 (a) of the Project to the World Heritage Committee of the UNESCO for its review and approval; and (b) immediately after said plan has been approved by the World Heritage Committee of the UNESCO implement said park management plan in accordance with its terms.			
Name	Recurrent	Due Date	Frequency
Establishment and Maintenance of PNH-CSSR Park Authority	X		Yearly
Description of Covenant			
The Recipient shall by not later than thirty (30) months as of the Effective Date establish, and thereafter maintain a park management authority for PNH-CSSR with adequate staffing and budgeting satisfactory to the Association.			
Conditions			
Source Of Fund	Name	Type	
	Approval of the Operation Manual for the Project	Effectiveness	
Description of Condition			
The Recipient has adopted the Operations Manual in form and substance satisfactory to the Association.			
Source Of Fund	Name	Type	
	Signing of the Institutional Arrangements between project partner institutions	Effectiveness	
Description of Condition			
The Institutional Arrangements have been signed by the parties thereto.			
Source Of Fund	Name	Type	
	Establishment of the Destination Management Organization	Disbursement	
Description of Condition			
No withdrawal shall be made under Category (3)(b) unless and until: (i) the DMO has been duly established and staffed in a manner satisfactory to the Association; and (ii) the Framework Agreement has been signed by the parties thereto, in form and in substance satisfactory to the Association.			
Source Of Fund	Name	Type	

	Approval of an Operations Manual for the Contingent Emergency Response Component	Disbursement	
Description of Condition			
No withdrawal shall be made under Category (4), for Emergency Expenditures under Part D of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the conditions set up in the Financial Agreement Schedule 2, Section IV, Part B (d), (i) through (iv) have been met in respect of said activities.			
Source Of Fund	Name	Type	
	Approval of Operations Manual for Community Event & Tourism Development Grants	Disbursement	
Description of Condition			
No withdrawal shall be made under Category (3)(c) unless and until UTE has adopted the Community Event and Tourism Grants Manual satisfactory in form and substance to the Association			
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Sylvie Debomy	Sr Urban Planner	Task Team Leader	LCSDU
Maria Deborah Kim	Private Sector Development Specialist	Co-Task Team Leader	LCSPF
Joan Dessaint Fomi	Sr Urban Specialist	Physical Cultural Heritage, DRM	LCSDU
Hannah R. Messerli	Senior Private Sector Development Specialist	Private Sector, Tourism Development	AFTFE
Jean-Claude Balcet	Consultant	Local Development, Economy	AFTA1
Guido Licciardi	Urban Specialist	Cultural Heritage	UDRUR
Penelope Demetra Fidas	Senior Private Sector Development Specialist	Private Sector Development	CICBR
Prosper Nindorera	Senior Procurement Specialist	Procurement	LCSPT
Aboubacar Magassouba	Consultant	Procurement	LCSPT
Victor Manuel Ordonez Conde	Senior Finance Officer	Finance	CTRLN
Ghada Youness	Senior Counsel	Legal	LEGLE
Fabienne Mroczka	Financial Management Specialist	Financial Management	LCSFM
Josue Akre	Financial Management Specialist	Financial Management	LCSFM
Nyaneba E. Nkrumah	Sr Natural Resources Mgmt. Spec.	Environment	LCSFN

Peter F. B. A. Lafere	Social Development Specialist	Social Development	LCSSO
Pierre Xavier Bonneau	Senior Infrastructure Specialist	Infrastructure	LCSTR
Margaret Patricia Henley Barrett	Operations Officer	DRM	LCSDU
Alex Pio	Consultant	Tourism DMO	LCSDU
Ana F. Daza	Language Program Assistant	Language Program Assistant	LCSDU
Djeanane Monfort	Team Assistant	Team Assistant	LCCHT

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Haiti	North	National History Park, Milot, Dondon, Cap Haitien	x		Cultural heritage, tourism, services, local investments

I. STRATEGIC CONTEXT

A. Country Context

1. Known as the “Pearl of the Antilles”, Haiti was the most sought after tourism destination in the Caribbean, alongside Cuba, in the middle of the 20th Century. Today, with a GDP per capita of US\$771 (2012), and the unenviable label of “poorest country in the Americas”, the nation is recovering from the devastating earthquake of January 2010 and striving to develop new sources of growth for its economy.

2. In addition to causing over 200,000 deaths, the massive earthquake resulted in damages and losses of US\$7.9 billion (120 percent of GDP) and reconstruction needs were estimated at US\$11.3 billion. In 2010 the economy contracted by 5.4 percent, reversing the trend of modest growth of the 5 preceding years. More than half of the country of 10 million people live in poverty at approximately 56.5 percent, and 38 percent are living in extreme poverty. Unemployment remains high and employment mostly informal (only 19 percent of the adult population receives a regular wage and 79 percent are self-employed, with women twice as likely to be unemployed (36 percent) as men (19 percent). In addition, working conditions are precarious and incomes low. Haiti’s GDP is highly concentrated in Port au Prince (PaP) and the provinces are unevenly developed, lacking in basic infrastructure and services, with rural areas showing the highest poverty rates at 74 percent. Over the years, roughly one million Haitians have migrated, mainly to the Dominican Republic (DR), the United States (US), and Canada.

3. Nevertheless, four years after the earthquake, Haiti’s economy is improving. Since 2011, the Haitian Government has been working with Haiti’s partners to deliver development results for its people and decentralize the economy. Growth is estimated to have reached 4 percent in HFY13, up from 2.8 percent observed in HFY12, mainly due to a pick-up in agricultural production, construction and the industrial sector, in particular the textile and garment industry. The Government has started a national tuition waiver and school feeding program and launched several safety net programs. Security indicators are improving with downward trends in homicides, kidnappings, and incidents of violent civil unrest in 2013 when compared with 2012. Despite substantial residual challenges, Government efforts aim to improve the investment climate and encourage entrepreneurship, as well as public private partnerships for infrastructure. With a better business environment, improvements in physical infrastructure and investment in human capital, Haiti has the potential to attract new investments in the agribusiness, apparel, and tourism, thanks to its strong supply of labor and close proximity to the United States for shipping and travel, and use these as a platform for longer-term development.

4. Although developing tourism in Haiti will be challenging, the country captures the imagination of many and interest in traveling to the country is growing. Haiti possesses advantages, which position it favorably to redevelop its tourism industry. These include the extraordinary natural beauty of its coastline, its proximity to large French, English, and Spanish language tourism markets, its rich cultural heritage and vibrant local and artistic culture, and several physically impressive sites of historical significance for Haitian, Caribbean, and world history. The symbolic value of such sites as the location of the first landing of Christopher Columbus in the Americas and the first successful emancipation of people of color from colonial rule are of universal appeal.

B. Sectoral and Institutional Context

5. **Regional development approach.** After the earthquake, the government and the private sector both highlighted the need for economic decentralization in three regions (North, Center and South), to ensure equitable and sustainable growth throughout the country and create economic opportunities outside of the capital. The North has strong potential for regional development through tourism with its world-class cultural and natural heritage assets. Included among these assets are, the National History Park -Citadelle, Sans Souci, and Ramiers (PNH-CSSR), a United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage site; colonial architecture in the historic center of Cap-Haïtien (the capital of the north and the country's second largest city); and the tourism port of Labadie, where Royal Caribbean Cruise Line (RCCL) ships call weekly.

6. The North of Haiti is also rich in intangible culture, in particular the annual Patron Saint festivals, which attract 1 million domestic and international visitors between June and September each year – with a large number from the diaspora. The North of Haiti is also home to many of the historical monuments and sites unique to the country, including: Taino Amerindians archaeology, the sites of Christopher Columbus's first fort and settlement in the Americas; the site of the defeat of the French, and of particular value, the Citadelle Henry, the symbol of Haitian independence. The Citadelle fortress is one of the most attractive tourism sites in the country and is of notable stature in the Caribbean. These sites and their historical character provide solid building blocks for tourism development, particularly cultural heritage tourism.

7. **Demand for tourism in Haiti is growing.** Figures from the Ministry of Tourism (MT)¹ demonstrate that Haiti received the highest volume of tourists during the first quarter of 2013 since 2007 and that between 2007 and 2011, international tourist volumes increased on average by 4.9 percent per year, despite the global financial crisis in 2008 and the disasters that hit Haiti in 2008 and 2010. Based on a recent empirical study of Haiti's tourism potential,² 56 percent of tourists in Haiti come from the Haitian Diaspora. The US generates the largest share of visitors to Haiti. Top US tour operators have confirmed that the Citadelle is the product that Haiti has to sell and that historical and archeological assets in the North are the main driver of market demand for Haiti. The most recent figures collected by the MT for 2013 show an average of 2,800 visitors per month to the National History Park, with a conservative projection of 30,000 visitors for 2013.

8. **Tourism is a labor intensive industry, which grows the private sector through job and new firm generation.** Receipts from international tourists were \$312 million in 2009, which accounted for about 34 percent of the value of Haiti's total service exports and 8 percent of GDP that year.³ Tourism receipts are expected to rise significantly over the next five to ten years.⁴ RCCL has been renting the Labadie terminal from the Government of Haiti for approximately 25 years and estimates that an increasing number of cruise passengers could visit Labadie by 2015, if constraints are addressed. RCCL has contributed a large proportion of tourist revenue to Haiti since 1986. Despite the tourist fee, direct linkages to the local economy are not fully leveraged as

¹ BUST (Bulletin de statistiques touristiques), Haitian Ministry of Tourism, January to March 2013.

² Is Tourism Haiti's Magic Bullet? An Empirical Treatment of Haiti's Tourism Potential, by Athena R. Kolbe, Keely Brookes and Robert Muggah (June 2013).

³ <http://data.worldbank.org>

⁴ Parcs Cana da, M. Dia. "Mécanismes de Mise en Place d'une Structure/Équipe de Gestion du PNH-CSSR" 2011.

tourists typically do not leave the Labadie enclave, in part, due to the lack of adequate transportation, tourist infrastructure and appropriately maintained attractions. While RCCL day-trippers represent a first group of potential tourists to North Haiti's other sites, even greater economic impacts and benefits to the local community will come from international and domestic tourists attracted by a variety of sites and local experiences. Currently the key source markets for tourism in Haiti are: Canada and the US (including Haitian diaspora); the DR; other French Caribbean islands; Turks and Caicos; and domestic tourists traveling within Haiti.

9. **Multiple forms of access to destination areas benefit locals while enabling increased tourism.** Recent and on-going improvements to airport infrastructure at the Cap-Haïtien International Airport will enable the arrival of larger airplanes to Cap-Haïtien directly from the US and other countries. Pending FAA approval, American Airlines plans to establish a regular flight direct to Cap-Haïtien from the US. The on-going rehabilitation of the Route Nationale 3 (RN3) from Port-au-Prince to Cap-Haïtien will also dramatically increase road access to Cap-Haïtien.

10. **Tourism in Haiti faces constraints which development of the sector in the North can begin to unbind.** Haiti's tourism development is stifled by a recurrent image of Haiti as a politically unstable, unsafe and violent country. However, the UN Office on Drugs and Crime (UNODP)'s 2011 Global Study on Homicide revealed that homicide rates in Haiti were much lower than in other neighboring countries.⁵ This homicide rate has not deterred tourists to visit these countries.⁶ Therefore, there is much work to do in terms of sensitization and the promotion of a different image for Haiti. The MT takes the security of tourists seriously, and the 2014 budget included new funds for a tourist police force. While an initiative called "Brand Haiti" has already generated positive results, there will be a need for more aggressive and targeted campaigns.

11. **Official travel warnings issued by foreign countries for their citizens traveling to Haiti is an important factor in considering Haiti as a tourist destination.** The US Travel Warning for Haiti was revised on August 13, 2013, as well as the Travel Advisory for Canadians, better defining the risky zones and the nature of the risk. The North as a regional destination is not identified as an area of high risk.

12. **The current Administration is the first government to actively support tourism as a driver of growth.**⁷ The MT is pursuing regionally-based tourism development of three regions including the North coast. The guiding principles of the 2013-2014 Tourism Strategy are to: (i) support the development of the tourism industry, (ii) make a more competitive investment code, (iii) promote public and private sector partnerships in hospitality and infrastructure projects, and (iv) promote sustainable development through respect for cultural integrity, environmental protection, sustainability of products and community involvement. The MT's 2013-2014 Action Plan for Tourism is heavily focused on improving infrastructure (e.g. airports, ports) to improve access to key tourism sites in the three areas.

13. **Actions by the Haitian public and private sector reflect the priority given to development of the North as a tourist destination.** The MT is working with the private sector to improve existing hospitality and convention facilities as well as constructing new hospitality

⁵ 6.9 per 100,000 people in Haiti versus 52 for Jamaica, 35 for Trinidad, 28 for the Bahamas and 24 for Dominican Republic.

⁶ In 2012, 4.3 million tourists visited the Dominican Republic, 2 million Jamaica and 1.3 million the Bahamas.

⁷ Richard Buteau, Haitian Tourism Association (ATH) President (2013).

training centers. The FY14 budget of the MT was increased by 26 % and several investments have been made in and around the PNH including the recruitment of staff to work on touristic sites. The North region has received several large international investments in recent years, including: the Caracol Industrial Park, the University in Limonade, RCCL's growing operations in Labadie, garment and light manufacturing at CODEVI Free Zone in Ouanaminthe, and a future port development project. On the tourism front, the IDB, with Canadian NGO Center for International Studies and Cooperation (CECI), are currently implementing the Tourism Development Support Project for the North of Haiti, which has laid the foundation for tourism development at the destination-level, in particular through financing the preparatory steps to establish a Destination Management Organization (DMO), a partnership of the public and private sector actors in the North, which will play a central role in tourism planning and development in the future.

14. Integral to economically productive and sustainable tourism development is stabilized and conserved cultural heritage. Proper heritage conservation in an area exposed to major natural hazards involves reducing its vulnerability to these risks. The World Heritage Commission (WHC) highlighted the extreme vulnerability of PNH-CSSR to seismic risk, and the Citadel in particular and the need to intervene in a short-term emergency response and long-term protective actions to improve the seismic resilience of vulnerable assets. The 2010 earthquake further highlighted the vulnerability of physical heritage assets and the need to prevent irreversible destruction through preventive structural reinforcement. In Cap-Haïtien, main historic buildings are in dire condition. The project presents a unique opportunity to undertake seismic diagnosis, stabilization proposals and seismic reinforcement.

15. Management of the PNH-CSSR is of paramount importance for the sustainable development of tourism in the North. As a first step to establishment of a Park Management Authority (PMA), the Government has created an inter-ministerial committee to coordinate the activities of the main government agencies involved in the preservation of the sites. However the operational structure with a clear mandate status, as well as an operational budget to manage the park has not been established yet.

C. Higher Level Objectives to which the Project Contributes

16. The Project is directly linked to the Haiti Interim Strategy Note FY 13-14 (ISN2 – Report #71885-HT), discussed by the Executive Directors on September 27, 2012. The Strategy Note sets forth the use of the second tranche of the US\$500 million allocated to Haiti from the IDA 16 Crisis Response Window in response to the earthquake. The ISN2's strategic objective is to support the GoH in implementing sustainable post-earthquake reconstruction and to shift from emergency to development, with a focus on: (i) reducing vulnerability and increasing resilience; (ii) encouraging sustainable reconstruction; (iii) building human capital; and (iv) promoting inclusive growth. Strengthening governance is a crosscutting theme. The Project constitutes a key instrument for the achievement of the four strategic objectives. It is also consistent with the ISN2's clear focus on regional development providing critical inputs for sustained inclusive private-sector led growth. The Project would also respond directly to the Government's priorities to promote investments, facilitate the creation of sustainable jobs, and promote economic decentralization. The activities complement and are coordinated with other Bank funded projects, leveraging, for example, the Bank's investments on roads, energy, territorial and local development, and the Business Development and Investment Project (BDIP, P123974).

17. *Promoting Shared Prosperity.* The project aims to support the Government effort to improve living standards and distribution of growth outside the capital area, where the wealth is currently concentrated, through an infrastructure program to attract public and private investments, foster access to economic opportunities and improve living conditions in an area where only 20 to 25 percent of the population live on more than US\$2 per day.

18. *Ending Extreme Poverty.* The project aims to build better living conditions, facilitate services and to offer job opportunities in a region where half of the population lives in extreme poverty- this percentage even goes beyond 60 percent in certain areas. The region is particularly vulnerable given its exposure to recurrent adverse natural events and the resulting harsh conditions affecting people's health, economic activity and access to services including transportation.

19. *Improving Resilience of the building environment, including heritage assets.* The project places a strong emphasis on reducing the risk of irreversible destruction heritage assets protecting human lives against natural disasters.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

20. The objectives of the Project are to: (a) increase the attractiveness of the cultural heritage sites in North of Haiti for tourists; (b) improve the living environment for the residents living in North of Haiti; and (c) support the Recipient's capacity to respond promptly and effectively to an Eligible Emergency, as needed.

21. The PDO would be achieved through: (i) physical investments to improve resilience, restore, conserve and beautify heritage assets and to upgrade local infrastructure; (ii) support capacity for the management of the PNH-CSSR and cultural assets as well as to promote sound tourism development; and (iii) a provision to enhance the GoH's capacity to respond promptly and effectively to an Eligible Emergency. Activities would focus on a limited number of investments with clear and targeted objectives: (i) enhancing resilience, attractiveness and management of heritage assets and sites; (ii) promoting touristic circuits and attractions; and (iii) providing economic opportunities for the local population.

B. Project Beneficiaries

22. The direct project beneficiaries would include local communities in the North and Micro, Small and Medium Enterprises (MSMEs) linked to the tourism value chain, tourism sector business owners and employees, who would benefit from improved access to the area, better access to services, better maintained touristic sites in the North, better living conditions and additional opportunities for jobs and to establish new destinations and tours.

C. PDO Level Results Indicators

23. The following outcome indicators would be used to measure the achievement of the PDO:

- Rehabilitated buildings resistant to a 8.5 magnitude seismic event;
- An effective park management system is contributing to sustainable development of the Park;

- Population in project areas satisfied with the quality of infrastructure financed by the project;
- Increase number of entries at the PNH-CSSR (of which from RCCL);
- Increase number of entities providing tourism and cultural services.

24. Project indicators would be gender disaggregated. A more detailed presentation of the outcome indicators and a description of the intermediate indicators can be found in Annex 1.

III. PROJECT DESCRIPTION

Introduction

25. **A phased, programmatic approach would facilitate implementation, in line with the evolving client capacity.** The Project would focus first on activities with the prospect of quick impact, while laying the groundwork for interventions that need longer preparation. The first phase of implementation would last 30 months. Contracts for first emergency works at the Citadelle are ready to be signed. Technical diagnostics for Component A are available and the first phase studies ongoing. The Project Operations Manual has been approved.

A. Project Components

26. ***Component A – Physical Cultural Heritage Sites and touristic circuits in the PNH-CSSR and Cap-Haïtien Historic City Center (US\$28 million).***

27. This component would finance the following activities:

- A1. Conservation and the rehabilitation of the Citadelle Henry, the Palais de Sans Souci, the Chapelle de Sans Souci and Les Ramiers in the PNH-CSSR including structural strengthening, refurbishment, presentation, sanitation and safety improvement through the carrying out of works and the provision of goods and consultants' services.
- A2. Support to the management of the PNH-CSSR, including: (a) the preparation and implementation of a management plan for the PNH-CSSR; and (b) developing the regulations covering the management of the PNH-CSSR through the provision of goods and consultants' services.
- A3. Urban upgrading of the Cap-Haïtien historic city center including: (a) the conservation and rehabilitation of selected historic sites in Cap-Haïtien including the former prison, the Maison Antenor Firmin, the Alliance Française and the connected streetscapes; (b) the development of architectural regulations and guidelines for the historic city center; (c) the carrying out of an inventory and designing an incentive regime to encourage the conservation of privately owned buildings for tourism use in eligible zones, through the carrying out of works and the provision of goods and consultants' services.
- A4. Strengthening the planning and management capacity of ISPAN and provision of technical assistance for the implementation of parts A (i), A (ii) and A (iii) of the project, through the provision of goods, consultants' services and Training.

28. Investments supported by this component would focus on the PNH-CSSR and the historic center of Cap-Haïtien. In the PNH-CSSR, the Project would support conservation and management of cultural and natural sites that can drive and service potential tourist demand. In priority, the

Project would support emergency works to deal with the imminent risks to the integrity of the Citadelle, the Palais and the Chapelle de Sans Souci, as determined by UNESCO in April 2012 and on some classified buildings, squares and streetscapes in Cap-Haïtien.

29. ***Component B - Local investments in Dondon, Milot and Cap-Haïtien (US\$7 million).***

30. This component would finance the following activities:

- B1. Improving the local urban infrastructure in Milot, Dondon and Cap Haitien to carry out investments selected based on a participatory decision-making mechanism through the carrying out of works and the provision of goods and consultants' services.
- B2. Preparing of: (a) a solid waste management study in Milot and Dondon; and (b) sanitation and urban planning studies for Cap-Haïtien, through the provision of consultants' services.
- B3. Strengthening the capacity of the municipalities located in Milot, Dondon and Cap-Haïtien through the provision of goods, consultants' services and Training.

31. This component would fund investments supporting physical infrastructure of a public goods nature, in the localities adjacent to the historical sites being restored under the project, to support inclusive growth out of tourism development. The project would also finance studies and the required support to assist municipalities in investments projects prioritization and follow-up, and the participatory process. The established participatory decision-making mechanism of the "Communal Consultation Table" (CCT) developed under the *Transport and Territorial Development Project* (PTDT, P095523) would be used to select the eligible investments.

32. ***Component C – Inclusive Tourism Sector Development Support (US\$4 million).***

33. The component would finance the following activities:

- C1. Strengthening the capacity of the Ministry of Tourism through: (a) the development of tourism sector planning and tourism circuits; (b) skills development; and (c) the upgrading of tourism statistics and enhancing sector coordination through the carrying out of small works and the provision of goods, consultants' services, and Training.
- C2. Strengthening the capacity of the DMO in: (a) developing tourism promotion strategies, marketing, and technical capacity; and (b) developing and upgrading tourism products, through the provision of goods, consultants' services and Training.
- C3. Enhancing the local engagement in cultural heritage tourism through: (a) the provision of Community Events and Tourism Grants to Beneficiaries for carrying out Sub-projects to develop tourism related services and products; and (b) the improvement of the capacity of the local communities to develop tourism related services and products, through the provision of goods, consultants' services and Training.

34. The objective of this component is to support tourism sector development that leverages the cultural heritage assets in the region through community engagement, tourism planning, product development, support to tourism enterprises and events, and institutional capacity building. Technical assistance to the MT would include: support for tourism planning, circuit development,

development of tourism products⁸, skills and capacity development and strengthening tourism systems. Technical assistance to the DMO would include support for marketing, branding and promotion, product development, associations and DMO capacity in membership development and sustainability. The component would also provide Community Event and Tourism Development Grants designed to engage local populations in organization of cultural tourism activities.

35. ***Component D - Contingent Emergency Response (US\$1 million).***

36. This component would finance a Provision of support to respond to an Eligible Emergency, as needed. Due to the high risk of a catastrophic event in Haiti, the proposed project would include a provisional component for Contingent Emergency Response (CER), designed as a mechanism for rapid response in the event of an eligible emergency, subject to the request of the GoH. Such components, which include triggers and conditions for the use of funds, are included in most investment projects in Haiti in keeping with the recommendations of the 2011 World Development Report on Conflict, Security and Development and with the operational experience acquired in Haiti since the 2010 earthquake. If not disbursed 24 months before the closing date, the allocated amount would be made available to finance activities under the other Project components.

37. ***Component E - Project Implementation, Monitoring and Evaluation (US\$5 million).***

38. This component would finance a Provision of support to the UTE and ISPAN for the Project management, monitoring and evaluation, through the provision of goods, consultants’ services, Training and Operating Costs. The Project would be implemented by the existing *Unité Technique d’Exécution* (UTE) at the Ministry of Economy and Finance (MEF). The Project would also finance a dedicated ISPAN team in charge of technical oversight of Component A.

B. Project Financing

Lending Instrument

39. The lending instrument is Investment Project Financing (IPF). The Project would be financed through an IDA grant to the Republic of Haiti in the amount of US\$45 million equivalent over a six-year period.

Project Cost and Financing

Table 1: Project Cost and Financing

Project Components	Project cost US\$ million	IDA Financing US\$ million	% Financing
1. Physical Cultural Heritage Sites and Touristic Circuits in the PNH and Cap- Haïtien Historic City Center.	28	28	100
2. Local Investments in Dondon, Milot and Cap-Haïtien	7	7	100
3. Inclusive Tourism Sector Development	4	4	100
4. Contingent Emergency Response Component	1	1	100
5. Project Implementation, Monitoring and Evaluation	5	5	100
Total Project Costs	45	45	100
Total Financing Required	45	45	100

⁸ “Tourism products” can take the form of experiences or attractions. They are an array of goods and services integrated, or packaged to create a touristic experience. Such goods and services can include attractions, transport, accommodation and entertainment bundled within a destination, site or route. Source: Adapted from Bukart and Medlik (in Yoeti, 1986:151)

C. Lessons Learned and Reflected in the Project Design

40. **Participation of communities in heritage conservation and sustainable tourism development helps ensure shared benefits.** Experience confirmed the importance of involving communities from the planning phase onwards, in order to maximize benefits and engage their support for conservation. The Project would focus on bringing benefits to the community through: (i) raising awareness of the importance of heritage for social and economic development; (ii) provision of infrastructure; and (iii) capacity building and technical assistance in income generating activities and in heritage conservation and management.

41. **Heritage assets need to be adaptively reused to prevent their decay.** It is recognized that heritage assets can be conserved as long as they are used. Design of conservation works should therefore consider compatible reuse of the assets.

42. **Promoting international standards in cultural heritage conservation and presentation.** Experience demonstrates that there is a risk in following outdated management practices and employing lower standards than current international practice. The project would encourage compliance with UNESCO recommendations, to ensure consistency of the proposed interventions with relevant international regulations and standards and in partnership with similar entities.

43. **Systematic funding of Operation and Maintenance (O&M) of heritage assets.** Most of the investment of heritage agencies and “collectivités territoriales” is spent on maintenance backlogs, rather than actual conservation or improvement. Sufficient funds for O&M should be allocated routinely, using entrance fees to any possible extent, and complementing them with regular government transfers and donations.

44. **Alternatives considered and reasons for rejection.** Several project design alternatives were examined, including: (a) a purely heritage-driven project. This would have been easier to implement with only one component and one partner entity. However, the benefits for the local population and the linkage with the tourism value chain would have been minimum; (b) a greater focus on tourism services. The project decided to support a limited number of activities that were not covered by other projects in the region and in consideration of the implementation capacity;⁹ (c) an integrated approach to historic city regeneration, heritage conservation, local development and inclusive tourism sector promotion. After evaluation and consultation with stakeholders and based on the lessons learned from other similar projects, the integrated approach was chosen, as it would maximize economic and social benefits as well as long-term sustainability.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

45. The Ministry of Finance (MEF) shall have the responsibility for implementation of the Project. MEF will execute its responsibility through its existing Project Implementing Unit - the UTE - which would undertake the Project's procurement, financial management, safeguards,

⁹ IDB program to support business and tourism development and the Bank-financed Business Development and Investment Promotion Project.

overall technical, monitoring and evaluation tasks. The MEF will carry out the Project on behalf of the Ministry of Culture (MC) and the Ministry of Tourism (MT). The MC (through ISPAN) and the MT shall enter into Institutional Arrangements with MEF for this purpose. For the investments under Component B.1, the MEF, through UTE, will enter into Local Investment Agreements with the respective Beneficiaries.¹⁰ For the Community Event and Tourism Grants under Component C.3.(a), the MEF, through UTE, will enter into Community Event and Tourism Grants Agreements with the Beneficiaries.¹¹ The details of these implementation arrangements are set out in the Operations Manual for the Project. MEF will also coordinate as needed with other parties who have interest in the project including the Park Management Authority (PMA) (through ISPAN), the “collectivités territoriales”, communities, and the Destination Management Organization (DMO). The overall project implementation responsibilities are described in Table 4 and Annex 3 and summarized below:

- (i) Component A would be implemented by UTE under the technical oversight of ISPAN. ISPAN would designate a team of consultants (ISPAN-Team) dedicated to the preparation and monitoring of heritage works in the PNH-CSSR and Cap-Haïtien and the preparation of reports and other deliverables required by UNESCO before beginning any work on the monuments. ISPAN would coordinate relations with UNESCO related to the Project. Once formally established, the PMA, would be responsible for implementing the Park Management Plan.
- (ii) Component B would be implemented by UTE. Under Sub-component B1, the local authorities and communities will play a lead role in the identification, supervision and management of local investments through the Communal Consultation Table (CCT) which would serve as the coordination mechanism to bring public and private entities, the DMO and local communities and associations together, to ensure that stakeholders discuss content and articulation of overall project activities, help detect problems and propose corrective measures.
- (iii) Component C would be implemented by UTE.
- (iv) Component D would be implemented and coordinated by the Coordinating Authority designated in the Contingent Emergency Response Operations Manual.
- (v) Component E would be implemented by UTE.

46. For the purpose of ensuring the proper coordination and execution of the Project, the Government of Haiti shall maintain the Steering Committee throughout Project implementation. The functions of said Steering Committee shall include, *inter alia*: (a) strategic orientation and overall supervision of the implementation of the Project; (b) inter-agency coordination to achieve the Project objectives; (c) review and approval of annual program; and (d) endorsement of annual audit reports and semi-annual progress reports. The Steering Committee would be headed by the MT and would include MEF and the MC, the Ministry of Interior and Collectivities (MICT) and the Ministry of Environment (MdE), CIAT, ISPAN, the DMO the municipalities and UNESCO. UTE would serve as Secretariat for the Steering Committee.

¹⁰ The Beneficiaries are the municipalities of Milot, Dondon and Cap Haïtien,

¹¹ The Beneficiaries are privately owned entity, a private person, or a group of micro, small or medium scale enterprise, association or local producers.

47. **Relations with other donors. Relations with other donors.** Consultations during Project design have been carried out with other donors intervening in the North of Haiti and in the sector to ensure proper coordination and synergy of interventions, in particular with USAID and IDB the main donors in the region. The Bank’s support would complement the investments financed by IDB and create a critical mass with those they are planning to finance in tourist reception facilities and roads to the natural and cultural heritage assets, their support to the preliminary steps to establish the DMO, and urban development program in the North Corridor (in particular Emerging and Sustainable Cities Initiative). UNESCO has been supporting ISPAN in the review of technical design of the project and will be involved in project implementation by ensuring quality control of Heritage rehabilitation works, institution building and supporting the park management plan process. Other partners include the French Development Agency (AFD) for the rehabilitation of heritage buildings in Cap Haitien , academic and cultural organizations and UNDP for Disaster Risk Management aspects (“Plan Seisme Nord”). In addition, collaboration has been established with the Spanish Cooperation supporting the revitalization of the Jacmel historic city center.

B. Results Monitoring and Evaluation

48. Joint supervision missions by the Government and the Bank with participation of the UTE would monitor the status of Project outcomes and legal covenant compliance. In addition, a Monitoring and Evaluation system (M&E) would be put in place for different activities of the Project to ensure that required M&E data are regularly generated and tracked. The setup and operation of such system would be responsibility of the UTE. Relevant data would be gathered at regular intervals and utilized for project and activity decision making and resource allocation by stakeholders such as the Bank, the UTE and the GoH. To measure the impact of tourism development on the economy, the Project would support the MT to establish tourist exit surveys at the PNH-CSSR and Labadie points of departure to collect data on locations visited and more detailed expenditure information, demographics, and data on perception/satisfaction.

C. Sustainability

49. The sustainability of interventions of the project in the North would depend on the capacity of the public and private sectors to restore and manage tourism attractions and provide services of adequate quality to visitors. Contributions by the Government to the agencies strengthened by the Project would also strongly influence sustainability. The Government is committed to achieving a balanced blend of conservation and tourism development and the project has been designed with the sustainability of asset management in mind. The focus on sustainability would be enhanced through a system of capacity building and monitoring and evaluation, which would provide an opportunity for learning by doing. Improvement and expansion of basic infrastructure would ensure that the increased need for services created by rising numbers of tourists would be met in a sustainable manner.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Table 2: Risk Ratings Summary

Risk	Rating
Stakeholder Risk	Substantial
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Substantial
Project Risk	
- Design	Substantial
- Social and Environmental	Moderate
- Program and Donor	Moderate
- Delivery Monitoring and Sustainability	Substantial
- Other: <i>Force Majeure</i>	High
Overall Implementation Risk	High

B. Overall Risk Rating Explanation

50. The overall risk rating for implementation of the proposed Project is High. The main risk to the Project stems from the country context including the low institutional capacity of government agencies, combined with a large number of stakeholders. The Project mitigates this risk by: (i) phasing activities over time taking into account the capacity of the different agencies; (ii) anchoring the Project at the MEF, which has a convening capacity for other ministries and government agencies; (iii) engaging the UTE, an agency with a strong track record implementing projects, as the Project Implementing Unit; (iv) using a multi-sector team drawing on experience from different parts of the WBG; and (v) leveraging technical assistance from specialized institutions such as UNESCO. The mid-term review is planned for 30 months after effectiveness, to provide an important opportunity to revise the Project’s development and make necessary adjustments at the end of its first phase. A complete discussion of the Project’s risks is presented in the ORAF (Annex 4).

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

51. This analysis follows the lessons learned from previous cultural heritage and tourism projects in other countries in quantifying economic impact, in addition to recognizing the intangible benefits related to cultural heritage preservation. This exercise is complicated by several factors, including: a volatile political and natural environment with a high risk of catastrophes; and low capacity of local agencies to accurately collect and analyze data. With these lessons in mind, the analysis includes a cost-benefit analysis based on available data, followed by cost-effectiveness analysis and finally discussion of the intangible benefits of the project.

52. Based on analysis of Component A, with a cost of US\$28 million, conservative estimates of tourist inflows, their associated expenditures, a time horizon of 10 years, and a discount rate of 10 percent,¹² the estimated IRR is 39 percent, with a NPV of US\$18 million. With the effect of a

¹² As the return to Government bonds in Haiti is very low (1 percent – 3 percent), we set the discount rate somewhat below the standard 12 percent to reflect this.

local multiplier conservatively estimated at 1.2, the IRR would be 50 percent, with a NPV of US\$25.4 million. A sensitivity analysis shows that with a local multiplier just above 0.52, the NPV would still be positive. While the results of the cost-benefit analysis are tentative based on available data and projections by local stakeholders, it is important to note that they do not take into account the benefits accruing from the other components, such as: (i) the additional physical socio-economic investments with the municipalities and the small investments with beneficiaries under the matching grant program; or (ii) the investments in capacity building.

53. Due to the tentative nature of the data, to further justify the project beyond the cost-benefit analysis, a cost-effectiveness analysis is presented and supported by a discussion of the intangible benefits of preserving cultural heritage sites. The investments in Component A are cost-effective, as they are focused on key infrastructure and low-cost and simple initiatives that emphasize visible public areas that are frequently used, culturally significant and important for the vitality of the community. The proposed investments employ locally-appropriate technologies, construction methods and maintenance procedures that can be sustained after the project's completion. Indeed, 100 percent of the works funded under the Project are considered public goods, based on criteria such as the presence of positive externalities, non-excludability and incomplete information—making them unattractive to private investors. Should they be opened to private investors, as an alternative to public investments, the social and cultural cost—though unquantifiable—would be significant and irretrievable. As private investors do not face the same incentives to preserve the social and cultural value of the heritage sites as the Government does, their investment in these sites could lead to their destruction or modification for uses that would be financially profitable but not socially desirable. Further discussion of such intangible benefits is found in Annex 6.

54. The intangible benefits of the project are substantial. These include, for example: aesthetic value (beauty in a fundamental sense); symbolic value (the meaning of the site that allows the local community to interpret its unique identity and cultural personality); spiritual value (a contribution to the identity of the local community as well as visitors); historic value (assists in defining identity as it is connected with the past and reveals the origins of the present); authenticity value (the value of the site being real and maintains its integrity).

B. Technical

55. The Project builds on experiences gained during project preparation and on best practices of similar projects and studies in other countries and regions. Project preparation was carried out with the participation of a number of experts from the Haitian government and private sector, UNESCO, International Council on Monuments and Sites (ICOMOS), the Bank, and IFC, using expertise gained from projects related to regional development, business and investment environments, and restoration and productive use of cultural heritage sites.

56. **Cultural Heritage Conservation and Historic Core of Cap-Haïtien.** The Project activities in the PNH-CSSR and Historic center of Cap-Haïtien were identified by ISPAN experts with the support of UNESCO and ICOMOS. Investments to be carried out in the PNH are included in the Park Management Plan and works would be subject to UNESCO prior-review. UNESCO would also provide technical assistance to ISPAN during project implementation, to ensure that the best practices in conservation are applied. State of the art consultants and enterprises would be selected to conduct the studies and conservation works. To address

sustainability issues, the Business Plan would be prepared to ensure availability of adequate operation and maintenance funds to prevent degradation of cultural heritage assets and this requirement would be included in the project legal covenants. As part of the preparation studies, the existing the building environment of the historic core of Cap-Haïtien is being analyzed and planning principles developed for historic city regeneration and to identify pilot restoration areas, including, development control requirements, planning, building permits and enforcement.

57. **Local Investments.** The design of this component benefited from the lessons learned by the Bank in previous operations (PTDT and PRODEPUR). Projects were pre-identified for the preparation of the local urban development plans, through participatory consultation mechanisms currently in place such as the CCT, to ensure ownership of beneficiary community and local authorities. The commitment of constituencies to maintain the asset would be central to the prioritization process of investments. Eligibility criteria would include, i.e. alignment with the project development objective, impact on local environment and economy, compliance with project safeguards; cost-effectiveness in terms of investment cost per beneficiary; and sustainability in terms of maintenance, management and operations. Technical audits would be carried for all investments programs.

C. Financial Management

58. A Financial Management Assessment (FMA) was carried out by the Bank to evaluate the adequacy of financial management arrangements under the proposed Project. This assessment has been performed in accordance with OP/BP 10.00 and the Financial Management Manual for World Bank-Financed Investment Operations. Detailed implementation arrangements are described in further detail in Annex 3. The summary FM arrangements and evaluation are as follows:

- (i) FM aspects would be implemented using existing capacity in the implementing agency;
- (ii) The UTE would be in charge of the FM aspects for the activities under Project;
- (iii) UTE's prior experience implementing multilateral financed projects, which overall had suitable implementation of financial management arrangements, advantageously positions it to manage the FM aspects of the proposed Project

D. Procurement

59. A Procurement Assessment of the UTE was carried out by the Bank and determined that UTE has gained sufficient procurement experience in projects financed by other donors to be able to manage the procurement processes for the proposed Project. Addressing existing constraints, Project Preparation Advance (PPA) funding is already reinforcing the UTE's staff, including the addition of a procurement specialist, among other administrative staff. The unit's procurement staff would receive intensive training in Bank Procurement Guidelines and procedures. With this strengthening, the UTE would be well equipped to execute procurement according to applicable Bank Guidelines, including those applicable to fraud and corruption.¹³ However, the overall public procurement system in Haiti remains relatively weak. Despite some pre-earthquake reforms in the

¹³ The Financial Management and Procurement for the proposed Project would be carried out in accordance with the Guidelines On Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (dated October 15, 2006, last revised in January 2011) (World Bank Anti-Corruption Guidelines).

legal and institutional framework for procurement, human and physical capacity constraints have delayed the adoption of improved contracting practices in most government agencies.

E. Social (including Safeguards)

60. A high degree of informality and under and unemployment results in a lack of well remunerated job opportunities, leaving many Haitians in absolute poverty and vulnerable to frequent natural disasters. The Project's activities are expected to have a positive impact on the population by facilitating the creation of job opportunities. Women especially are expected to benefit, as some tourism jobs can offer lower barriers to entry, more opportunities for entrepreneurial activities, and more flexible working hours.

61. *Involuntary Resettlement (OP 4.12)*. This policy is triggered because the Project includes the upgrading of infrastructure which could result in loss of assets, or of temporary or permanent income generation. A Resettlement Policy Framework (RPF) was developed, consulted and disclosed prior to appraisal. If some activities result in temporary or permanent resettlement, Resettlement Action Plans (RAPs) would be developed, consulted, and disclosed prior to their implementation. Land acquisition is not expected for any of the sub-projects: in the event that it becomes necessary to acquire land, this would be done in accordance with the provisions of the RPF and OP 4.12.

62. The establishment of a PMA in the PNH-CSSR, and the development of a Park Management Plan may also lead to restrictions on the use of land within the perimeter of the Park. In accordance with the policy, a Process Framework was developed to describe the participatory process by which the nature of these restrictions and the types of measures necessary to mitigate adverse impacts would be determined.

63. A detailed social assessment (SA) will be undertaken prior to effectiveness of the Project to ensure that project activities would be socially inclusive and benefit women and vulnerable groups. It would look at the following issues, *inter alia*: (i) crime and violence prevention - dealing with the risks associated with increased tourist presence, developing municipal plans to reduce and prevent crime and violence increases in the project area; (ii) vulnerable populations - building local capacity to incorporate the inhabitants of the project areas to benefit from the expected economic development; (iii) inclusive equal opportunities - ensuring that Project benefits would be available to all men, women, and youth and avoiding elite capture, discrimination, and exclusion; (iv) communication, consultation on cultural significance of the Heritage sites; and (v) grievances mechanisms to ensure proper consideration of claims related to the project activities.

64. Extensive consultations on project activities and safeguards instruments were undertaken during the preparation and appraisal of the Project with institutional and non-governmental stakeholders, local authorities, community organizations and beneficiaries. A communication and consultation plan would be developed early in the project life to ensure continued consultation and participation of all stakeholders and affected people for the duration of the Project.

F. Environment (including Safeguards)

65. The Project is rated as a Category B Project. Applicable environmental safeguard policies triggered include: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04),

Forests (OP/BP 4.36), Pest Management (OP 4.09), Physical Cultural Resources (OP/BP 4.11). Key safeguard risks to monitor over the life of the Project include: (i) protecting the natural habitat around the Citadel (forested areas, wildlife, including many rare species of birds, amphibians and small mammals); and (ii) ensuring public, UNESCO, NGO and other support for restoration works through comprehensive disclosure and communication with local populations in and around cultural heritage sites.

66. Under Component A, different types of negative environmental impacts are possible relating to infrastructure investments that would be supported by this project, from: (i) civil works associated with restoration and excavation of historical monuments; (ii) new construction; and (iii) impacts associated with occupational health and safety. The environmental impacts associated with construction works are likely to be limited in time and space, and actions to minimize and mitigate have been included in the project's Environmental and Social Management Framework (ESMF) and the Environmental Management Plan (EMP). An EMP has already been prepared for the known works under Component A. Under Component B and C, there would be a number of locally driven investments which location and exact nature are not yet known. The ESMF would be applied to those activities not yet agreed and an EMP would be developed for them when necessary. The Operations Manual specifies that the environmental and social screening process is a key part of the grant selection process. Component D is not likely to trigger safeguards and therefore does not require safeguard instruments at this time. In terms of safeguard instruments, an ESMF has been prepared with in country consultations and has been disclosed. An EMP has also been completed for known subprojects and emergency works under the project. EMPs for these restoration works have taken into account environmental risks related to construction, health and public safety, natural habitats and waste and debris management, among others. The ESMF addresses many of the sub-projects that have yet to be fully detailed and selected. A Physical Cultural Resource Management Plan also been prepared all documents have been consulted and disclosed.

67. The UTE would retain the overall responsibility for the implementation of the Project's social and environmental safeguards. The ESMF indicates that all partners who have safeguard responsibilities would receive adequate training to analyze potential negative social impacts, identify mitigation approaches, and prepare and implement plans.

Annex 1: Results Framework and Monitoring

Country: Haiti

Project Name: Cultural Heritage Preservation and Tourism Sector Support Project (P144614)

Results Framework

Project Development Objectives

The objectives of the Project are to: (a) increase the attractiveness of the cultural heritage sites in North of Haiti for tourists; (b) improve the living environment for the residents living in North of Haiti; and (c) support the Recipient's capacity to respond promptly and effectively to an Eligible Emergency, as needed.

These results are at Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	YR5	End Target			
Rehabilitated CH building resistant to a 8.5 magnitude seismic event	<input type="checkbox"/>	Percentage	0%						80%	End of project lifetime	ISPAN	ISPAN
An effective Park management system is contributing to sustainable development of the Park		Process	None			Structure established			Annual budget voted	Mid-term review and end of project	ISPAN, PMA	ISPAN
Population in project areas satisfied with the quality of infrastructure financed by the project	<input type="checkbox"/>	Percentage	0%			50%			75%	Mid-term review and end of project	Communal Consultation Table Municipalities	UTE
Tickets sold annually to the PNH-CSSR		Number:	12,500	12,875	13,250	13,875	14,500	15,500	16,750	Annual	Ticket sales to PNH	MT
of which are sold to RCCL visitors		Number	0	0	100	600	2,000	3,500	4,400	Annual	Ticket sales to PNH	MT

Entities providing cultural and tourism services in the project areas		Number	310	310	310	340	350	360	370	Annual starting MTR	Regional office of MT	MT
Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	0	0	5,000	10,000	20,000	30,000	35,000	Annual	UTE	UTE, MT
Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub-Type Supplemental	0	0	35%	35%	40%	40%	40%	Annual	UTE	UTE, MT

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	YR5	End Target			
Heritage Sites restored enhanced and open to public	<input type="checkbox"/>	Sq. Meter(m2)	0	0	0	14,900	14,900	14,900	29,800	Mid-term review and end of project	ISPAN	ISPAN; UTE
Streetscapes upgraded in project target areas	<input type="checkbox"/>	Linear Meter	0	0	0	150	150	150	300	Mid-term review and end of project	UTE	ISPAN; UTE
PNH Management Plan (i) finalized and (ii) under implementation	<input type="checkbox"/>	Process	no			(i) yes			(ii) yes	Mid-term review and end of project	PMA	UTE
Infrastructure properly operated and maintained	<input type="checkbox"/>	US\$ million	0	0	0	2.6	3.6	4.4	5.0	Annual	UTE	UTE
Touristic routes developed and promoted through project activities	<input type="checkbox"/>	Number	0	0	1	2	3	4	5	Annual	DMO	MT; UTE
Activities supported by the Community Event & Tourism Development. Grants	<input type="checkbox"/>	Number	0	0	13	38	71	96	100	Annual	DMO	MT; UTE
Of which by women		Percentage	0	0%	20%	25%	30%	35%	40%	Annual	DMO	MT; UTE
Of which by youth		Percentage	0	0%	5%	10%	15%	25%	25%	Annual	DMO	MT; UTE

Country: Haiti

Project Name: Cultural Heritage Preservation and Tourism Sector Support Project (P144614)

Results Framework

Project Development Objective Indicators	
Indicator Name	Description (indicator definition etc.)
Rehabilitated CH building resistant to a 8.5 magnitude seismic event	Percentage of rehabilitated buildings resistant to a seismic event of 8.5 measured by modeling
An effective Park management system is contributing to sustainable development of the Park	An effective Park management system is contributing to sustainable development of the Park is established and annual budget is voted on and approved.
Population in project areas satisfied with the quality of infrastructure financed by the project (by gender)	Percentage of people in the project areas satisfied the quality of infrastructure financed by the project measured by satisfaction surveys and disaggregated by gender
Number of entities providing cultural and tourism services in the project areas	Increase in the number of MSME which provides cultural and tourism services
Tickets sold annually to the PNH-CSSR of which are sold to RCCL visitors	Increase in the number of entry ticket to the PNH-CSSR sold annually, of which sold to the RCCL cruise customers landing in Labadie
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from project interventions. These include population and MSMS from the project zones benefiting from infrastructure, services, economic opportunities and support to cultural events from the project
Female beneficiaries	Specify what percentage of the beneficiaries are female.
Intermediate Results Indicators	
Indicator Name	Description (indicator definition etc.)
Heritage Sites restored enhanced and open to public in project areas	Area of cultural heritage buildings and sites restored and opened to the public
Streetscapes upgraded in project target areas	Length of street rehabilitated (façade, sidewalks,..) in project areas.
PNH Management Plan finalized and implemented	Park Management Plan ready to be submitted to UNESCO World Heritage Committee by year 3 and implementation of action plan on going by end of project
Infrastructure sub-projects properly operated and maintained	Cumulative amount of local infrastructure properly operated and maintained in project zones
Touristic routes developed and promoted through project investments/ activities	Number of touristic routes/circuits identified and developed through the project financing
Activities supported by the Community Tourism and Events Fund (disaggregated by gender)	Number of Activities, events and ventures supported by the Community Tourism and Events Fund disaggregated by female and youth grantees.

Annex 2: Detailed Project Description

HAITI: Cultural Heritage Preservation and Tourism Sector Support Project

1. The North of Haiti has been identified by both the MT and the Haitian Tourism Association (ATH) as the priority region for tourism development in Haiti, given that it has the most potential for tourism development based on key historical and cultural assets, including the world-class UNESCO National History Park-Citadelle, Sans Souci and Ramiers, the historic colonial center of Cap-Haïtien, and various historical sites. The Project aims to harness the cultural resources and assets of the North region and transform them into economically productive assets. These assets are a major “pull” factor to bring tourists to the region. To capitalize on the increasing demand for tourism in the North of Haiti, these key sites and attractions must be structurally reinforced, conserved, improved, and managed and necessary destination services must be provided.
2. Given the expected growth in tourism, sustainability principles such as sound management, conservation, and community involvement need to be seen as equally important as the interest of local commerce that would inevitably emerge to ensure a balanced approach between conservation and development. As such, the Project would finance the restoration and improvement of the attractiveness of historic assets, improvements to community services and infrastructure around key sites and destination-level development of tourism, such as product development and marketing.
3. **The guiding principles for the Project design are the following:** (a) Provide properly restored, conserved and managed cultural assets that foreign and domestic tourists can visit; (b) Generate higher ticket revenues for the authorities managing these assets; and (c) Ensure that local communities also engage in the Project and benefit from the opportunities and outcomes. The Project would not finance activities that would be classified as Category A from an environment safeguard perspective.
4. **The Project’s activities would focus on investing in conserving and managing existing cultural sites in the North, which can drive and service high potential tourist demand.** The Project would support conservation and management of historic buildings and their gardens, which would enhance the attractiveness of the North as a tourism destination. The Project would also support a program of local investments in the communes surrounding the park and in Cap-Haïtien neighborhoods. In parallel, the Project would support tourism sector development for the North of Haiti that leverages the cultural heritage assets in the region through tourism planning, product development, support to tourism enterprises, community engagement and institutional capacity building. This would contribute to an improved image which can have exponential effects, reaching far beyond the industry and spurring trust in local and foreign direct investment. Investments supported by the Project would focus on the National History Park (PNH-CSSR) and surrounding communities (Milot and Dondon), as well as in the City of Cap-Haïtien. Other locations in the North Department may be added during the Project’s second phase.

5. **An inclusive approach would ensure the pro-active involvement of a multiplicity of stakeholders.** The Project would involve local partners including the MT, the MC, ISPAN, the “collectivités territoriales” of Cap-Haïtien, Milot and Dondon, Chambers of Commerce, private sector (e.g., heritage buildings owners, local hotels, restaurants and tour operators, and MSMEs), the DMO, and local communities and associations. The IDB has welcomed the Bank’s support for these initiatives in the North, as the investments under this Project would complement and create a critical mass with those they are planning to finance in tourist reception facilities and roads to the natural and cultural heritage assets, and the establishment of a DMO. Comprehensive consultations during Project design have been carried out with UNESCO and ICOMOS, which have expressed their interest in following a joint approach to implement the Project. Additional partners in North Haiti tourism collaborating with this Project include the City of Suresnes in France, along with AFD, and universities in France and the US.

COMPONENT A – *Physical Cultural Heritage Sites and touristic circuits in the PNH-CSSR and Cap-Haïtien Historic City Center (US\$28 million).*

6. ***Subcomponent A.1. Physical investments on selected assets in the PNH-CSSR (US\$11.6 million):*** Conservation and the rehabilitation of the Citadelle Henry, the Palais de Sans Souci, the Chapelle de Sans Souci and Les Ramiers in the PNH-CSSR including emergency structural strengthening, refurbishment, presentation, sanitation and safety improvements through the carrying out of works and the provision of goods and consultants’ services.

7. The PNH-CSSR is Haiti’s one and only World Heritage Site, protected by the 1972 Convention on the Cultural and Natural Heritage. The site features the Citadelle Henry, Ramiers, The Palais de Sans Souci and its Chapelle, other assets in the Park, and natural areas surrounding them, as defined by UNESCO and ISPAN. Since the formal designation of PNH-CSSR, the UNESCO WHC has issued two decisions concerning the PNH-CSSR, namely 34COM 7B.110 (Brasilia, 2010) and 35COM 7B.125 (Paris, 2011), which are the premise of this activity. Decision 34COM 7B.110 acknowledges the role of the MC and ISPAN in the conservation of the Park, and highlights the need of stronger capacities to ensure an effective decision-making process and satisfactory management so that “new infrastructure and development proposals aimed at increasing tourism do not impact adversely on the vulnerable property.” Through this decision, the WHC also requested: (a) to halt the construction of Route RN003 and develop alternatives; (b) develop a management plan prior to tourism development; (c) establish a public authority in charge of the Park, in line with similar World Heritage Sites; and (d) define conservation priorities.

8. Due to the poor state of maintenance of the PNH-CSSR, investments would be allocated to cultural heritage conservation, presentations to the public, improved sanitation, improved visitor access, enhanced visitor experience, transportation within the PNH-CSSR, sanitary facilities, and safety. The proposed investments include, *inter alia*:

- (i) Conservation of the Citadelle Henry, including structural strengthening, conservation, refurbishment, upgrading, presentation, sanitation and safety improvements. Access to the Citadelle would be mainly by foot and horses, from the parking lot located about 1.5 km from the Citadelle;

- (ii) Conservation of the Palais de Sans Souci and its Chapelle, including structural strengthening, conservation, adaptive reuse of the basement, refurbishment, upgrading, presentation, sanitation facilities, and safety improvements. The Project would also finance the restoration of historic gardens whose layout and flora have been studied by ICOMOS experts;
- (iii) Conservation and management of selected other sites, such as the fortifications Ramiers, including structural strengthening, conservation, upgrading, presentation, and safety enabling pedestrian access to the site, after midterm review.

9. A provision of US\$7.0 million is being reserved for financing the second phase of activities.

10. ***Subcomponent A.2. Support to the management of the PNH-CSSR (US\$1.0 million)***, including: (a) the preparation and implementation of a Management Plan for the PNH-CSSR; and (b) developing the regulations covering the management of the PNH-CSSR through the provision of goods and consultants' services.

11. The Project would support the establishment of a Park Management Authority (PMA) and the development of a Management Plan, Master Plan and Business Plans, which would represent, for Haiti, an innovative approach to supporting the dialogue among the PNH-CSSR's local communities and the public and private sectors, and ensuring effective management and conservation of the Park's cultural and natural resources. The PMA's establishment and staffing, with basic operating procedures and the preparation of a 3-year Business Plan, would be a condition for Project support to initial operating costs. The structure of the PMA has already been drafted and partly implemented by the GoH in the form of an inter-governmental structure to deal with the current management issues of the Park and the designation of ISPAN as the Executive Secretariat of the Committee and of the PMA. The PMA would be established following the requirements of the 1972 Convention on the World Cultural and Natural Heritage, of which Haiti is a signatory. The PMA, similar to other World Heritage Sites, would be public in nature and able to contract secondary services to the private sector. The MEF would participate in the PMA by ensuring an annual financial allocation for staff and operating costs, covering what cannot be generated through tickets, the MT, and ISPAN.

12. While the capacity of the PMA is being progressively strengthened and the Park Management Plan finalized, the project would finance works to deal with the imminent risks to the integrity of the Citadelle and the Palais de Sans Souci as determined by UNESCO in April 2012. The PMA would license concessions for some services (restaurants, souvenir areas and bookshops) that would generate revenues for the PMA, while others services (internal transportation and cleaning) would be a cost. The GoH would commit to covering payrolls of the PMA staff, as well as to guaranteeing the financing of O&M, since financial sustainability in natural and cultural assets management based only on entry fees is extremely hard to achieve and tourism can fluctuate, driven by exogenous and endogenous factors.¹⁴ This issue would be

¹⁴ A preliminary assessment of the financial sustainability of the PNH-CSSR from Parks Canada, demonstrated that the income from ticket sales and other minor revenues would not be sufficient to cover the operating and maintenance costs. Capacity building for the PMA would be provided, particularly on tourism flows and asset management, as well as on operation and maintenance with a cost recovery approach.

addressed by the Park Management and Business Plans to be undertaken in the context of the Project, which would also help determine the entrance fees for the different sites. The Project would contribute to fund the operating costs of the management structure on a decreasing basis. Once the PMA is established, additional investments would be made for conservation works, restoration of gardens, general beautification, enhanced presentation to the public, improved sanitation, and improved visitor experience. As the support from this Project phases out, the government should commit to funding the full maintenance costs of the PNH-CSSR and a replacement reserve fund to cover structural maintenance of the entire park property (repairs to buildings and roads, cultural and natural assets, ensuring soil stability, vegetation coverage, etc.). Proposed activities to be financed under this component include, *inter alia*:

- (i) Preparation of a Park Management Plan for the PNH-CSSR, including a Master Plan and a detailed Business Plan for the first 3 years of operation; and implementation of the park management plan;
- (ii) Developing the regulation covering the management of the PNH-CSSR;
- (iii) Technical assistance to the PMA, contribution to basic equipment costs and decreasing operating costs for the PMA.

13. ***Subcomponent A.3. Urban upgrading of the Cap-Haïtien historic city center (US\$7.4 million)***, including: (a) the conservation and rehabilitation of selected historic sites in Cap-Haïtien including the former prison, the Maison Antenor Firmin, the Alliance Française and connecting streetscapes; (b) the development of architectural regulations and guidelines for the historic city center; (c) the carrying out of an inventory and designing an incentive regime to encourage the conservation of privately owned buildings for tourism use in eligible zones, through the carrying out of works and the provision of goods and consultants' services.

14. With the objective of attracting tourism and creating jobs opportunities, the Project would encourage urban upgrading in the historic city center of Cap-Haïtien. Financing would be provided to structurally strengthen, conserve, upgrade, and adaptively reuse public and private assets with a network-oriented approach (squares, main assets, and streets connecting them). Investments would focus on promising areas, including, *inter alia*: (a) Selected public and private historic buildings in the vicinity of the central square; (b) a former prison, which has the size, design, and character to be established as the main visitor information center and meeting place for tourists, and which can be used for cultural activities; and other investments to improve access to local attractions and livability for local communities. Conservation and rehabilitation works would also focus on the streets connecting these assets. The Project would design an incentive regime to encourage private owners to conserve and adaptively reuse their buildings for tourism use and identify eligible zones within the city center, as done in the city of Jacmel, which could be implemented under separate funding later in the project life. The proposed investments include, *inter alia*:

- (i) Development of architectural regulations and guidelines for the historic city center, to maintain and enhance its character of colonial city, attractiveness, authenticity, and integrity, and enhance the local government's capacity to enforce it;
- (ii) Inventory of the historic city center potential, design (study) of an incentive regime to encourage private owners to conserve and adaptively reuse their buildings for tourism use in eligible zones;

- (iii) Conservation of the former prison, and its adaptive reuse as a cultural and tourist center;
- (iv) Improved access to local attractions;
- (v) Urban upgrading of the selected streetscapes around the central square, former prison, historic marketplace,
- (vi) Rehabilitation of key heritage assets in the vicinity to the central square (e.g. the *Maison Antenor Firmin, the Alliance Francaise*), which would be used to host services linked to urban regeneration, cultural and tourism development.

15. **Subcomponent A.4. Strengthening the planning and management capacity of ISPAN (US\$1.0 million)**, and provision of technical assistance for the implementation of components A.1, A.2 and A.3 above, through the provision of goods, consultants' services and Training.

16. The project would finance an institutional assessment of ISPAN to define a capacity building program and the means necessary to strengthen ISPAN programming and management capacity. The project would finance training, logistics and capacity building activities as well as a technical assistance and collaboration program with UNESCO to support ISPAN in the technical control and supervision of the project construction activities as well as the implementation of specific sector development activities.

COMPONENT B - Local investments in Milot, Dondon and Cap-Haïtien. (US\$7 million)

17. This component would fund investments in towns and neighborhoods adjacent to the historical sites being upgraded under the project, to support inclusive growth out of tourism development. The component would support physical investments and services of a public goods nature, at communal and inter-communal level in Milot and Dondon, the adjacent communes of the PNH-CSSR, and in the Cap-Haïtien municipality, to develop their infrastructures and facilities to improve the living environment as needed for tourism development and the tourism value chain. Specifically, Component B would: (i) foster initiatives in the localities adjacent to the historical sites being restored under the project, to support inclusive growth out of tourism development (Sub-Component B.1 and B.2 : US\$5.6 million); and (ii) strengthen the participatory planning process at communal level (Sub-Component B.3: US\$0.4 million).

18. **Participatory territorial planning.** Local investments would be identified and implemented in the broader perspective of participatory territorial planning. The identification and implementation of these investments would be based on the participatory programmatic approach developed under previous projects, in particular, the Bank-funded PTDT.¹⁵ It would make use of already established decision-making participatory frameworks and mechanisms developed under these projects including the 'Communal Consultation Table' (CCT)¹⁶ for the definition of priorities and subsequent selection of local investments, around the PNH and Cap-Haïtien city center. In Cap-Haïtien, investments would need to take into account the tourist development needs, not only as they relate to the inner historic perimeter, but as they are embedded in the overall city development context. Participation is intended to promote inclusiveness deemed critical for implementing local investments under this component, as tourism should benefit the population at large and to promote for stronger ownership on the part

¹⁵ The *Projet de Transport et Développement Territorial* – PTDT (FY06) closed on July 30, 2013.

¹⁶ *Table de Concertation* in French.

of beneficiaries, and, hence, better use of investment resources, and to avoid that benefits be solely captured by a limited group of beneficiaries.

19. Component B would finance (i) investments in physical infrastructure of a public goods nature and provision of services, in Milot and Dondon, the adjacent communes of the PNH-CSSR, and in the Cap-Haïtien municipality, to develop their basic infrastructures as needed to serve their development priorities and promote tourism development as well as selected urban studies; and (ii) investments preparation and implementation support, as well as technical assistance and logistical support to strengthen the operating capacity of the targeted communes

20. ***Sub-Component B.1: Investments (US\$4.5 million).*** Improving the local urban infrastructure in Milot, Dondon and Cap Haitien to carry out investments selected based on a participatory decision-making mechanism through the carrying out of works and the provision of goods and consultants' services.

21. The communal investments would facilitate participation of target populations in the communes of Cap-Haïtien, Dondon and Milot and their sharing in of project benefits, in two ways: (i) by capitalizing on the investments regarding the rehabilitation of historic sites funded under Component A, with the view to create a climate conducive to the development of tourism activities; and (ii) by serving their basic development needs earmarked as priorities by the CCTs.

22. *Eligibility and prioritization criteria.* The investments eligible for funding under the proposed Project concern: (i) investments enhancing the positive impact on tourism activities of the rehabilitation of historic buildings; and (ii) investments listed as priorities by the communes through the participatory process conducted under the CCTs. All investments meeting the twin eligibility conditions are evaluated and prioritized based on the cost efficiency of investments, and sustainability in terms of sub-project management and maintenance. Investments proposals are prepared along the format and guidelines specified in the Operational Manual. They present the required background information, as well as the technical, social and economic justification. They give particular attention to the relevant institutional arrangements for sub-project operation and management, as well as cost-recovery for investment maintenance.

23. *Individual Investment project size.* Individual investment size is predicated on the choice made by the CCT. Since the selection process is demand driven, it is not possible to determine ex-ante the size of individual projects and the number of projects to be financed. Eligible investments generally fall between US\$100,000 and US\$500,000 in financial terms. Projects costing over US\$500,000 can be made eligible for project funding on an exceptional basis (for instance, the construction of a bridge, if this kind of sub-project is selected, is likely to be above US\$500,000).

24. *Local infrastructure project cycle.* The different stages of the project cycle can be regrouped under two headings:

a) *Identification and approval.* This process builds on the consultation of local constituencies resulting in the identification and prioritization of investment proposals by the CCT following procedures detailed in the project Operational Manual. The communal services, acting as secretariat of the CCT, evaluate the proposals based on their technical and economic merits with the assistance of the UTE, which confirms compliance with technical,

social and environmental guidelines and criteria of the project Operational Manual.

- b) *Execution.* Local investment agreements are signed between communes and UTE, and countersigned by the beneficiary organizations. These agreements spell out the terms and conditions for the execution (studies and works), and subsequent operation and maintenance of the approved investments. All contracts necessary for implementation are managed by UTE. The UTE provides technical assistance to communal services that are closely involved in implementing, and managing/operating projects and monitors their implementation, ensuring adherence to project procedures including safeguard procedures.

25. *Pre-identified investments.* Potentially eligible investment identified during project preparation include, inter alia, street lighting and paving, sidewalk upgrading, drainage improvement, renovation of public squares, façade embellishment, landscaping, water network extension, sanitation of cultural sites and improvement of site access. Specific pre-identified investments in the three targeted communes would include, inter alia: (i) construction of a small bridge and city electrification (case of Dondon); (ii) electrical grid extension, relocation of a traditional brick furnace to the artisan zone, upgrading of the artisan market at the city entry, embellishment of the artisan market close to the Palais, street naming and tagging (case of Milot); and (iii) sanitation investments, Vertières park landscaping and embellishment, and upgrading of the Picolet coastal road (case of Cap-Haïtien). All electricity proposals would be submitted to the Bank-financed Rebuilding Energy Infrastructure and Access Project (PRELEN, P127203).

26. ***Sub-Component B.2. Urban studies (US\$1.1million):*** Preparing (a) a solid waste management study in Milot and Dondon; and (b) sanitation and urban planning studies for Cap-Haïtien, through the provision of consultants' services.

27. This component would finance a number of urban studies that have been identified as critical to improve the environment of the city for residents and for tourism. This includes studies solid waste management study in communes around the PNH-CSSR where additional visitors would increase the production of solid waste that need to be properly collected and discharged; and at the entrance of Cap-Haïtien studies to improve the traffic and sanitation conditions particularly around the Bassin Rodo.

28. ***Sub-Component B.3 - Strengthening the capacity of the municipalities located in Milot, Dondon and Cap-Haïtien (US\$0.4 million)*** for participatory planning through the provision of goods, consultants' services and Training.

29. *Institutional framework.* This sub-component would strengthen the participatory planning process through the CCT. The CCT is a forum regrouping all stakeholders involved in planning at the local level, i.e., representatives of the central government, the "collectivités territoriales" (Communes and Communal Sections - CASECs and ASECs), the civil society and the private sector. In the present case, the CCT also comprises the stakeholders involved in the tourism value chain, inter alia, the MC, ISPAN, the MT, and the private sector DMO. The municipal services convene and chair the CCT, and act as its secretariat; their capacity to undertake this task is strengthened through technical assistance, as well as material support, provided by UTE under the proposed sub-component.

30. *Planning process support.* A UTE would be in charge of facilitating the investments identification and selection process carried out by the CCT which is expected to result in the establishment of the list of priority investments. It would provide the attendant support to communal services for that process.

31. *Implementation timeline.* It is expected that the investments be implemented in two successive batches and funds committed by midterm review. A provision of US\$1.0 million is being reserved for financing the second phase of activities for this component.

COMPONENT C - Inclusive Tourism Sector Development Support (US\$4 million)

32. Inclusive tourism development at the destination level requires community engagement and effective collaboration across the public, private, and civil society spheres. The objective of this component is to support tourism sector development for the North of Haiti that leverages the cultural heritage assets in the region through tourism planning, product development, support to tourism enterprises, community engagement and institutional capacity building. The North Haiti region hosts many natural and cultural resources that can be linked to demonstrate a viable and vibrant tourism destination that could be the model for other areas of Haiti. Several promising cultural heritage assets are located in the National History Park: the Citadelle, the Palais and the Chapelle de Sans Souci, Ramiers and in the Historic Center of Cap-Haïtien and a significant number of tourists travel annually to the North to attend the Patron Saint festivals.

33. This Component aims to support and mobilize the public and private sector actors in the North Haiti tourism sector by financing, inter alia, technical assistance to the MT (both the North Office and the central ministry) and to the DMO. Support to the MT would be directly to the Northern Office to support its tasks as an implementing and representative office, and to the central MT, through which they would engage on North-specific activities. Technical assistance for the MT-North would include: support to tourism route and product development identification and planning, developing the human capacity for improved service delivery, guide certification programs and community engagement in the planning and development of tourism. This support would enable the various public and private actors in the North Haiti tourism sector to collaborate and commercialize, critical for positioning touristic products and services in domestic, regional and international markets.

34. Given the highly centralized administrative and fiscal resource allocation system of the MT it is difficult to build up the capacity of the Northern Office without a corresponding support for services at the center. Support for the central Ministry would be through financing to upgrade Haiti's tourism statistics system, operationalized by the MT (in collaboration with the *Institut Haïtien de Statistique et d'Informatique* (IHSI)). This would provide for improved data collection, analysis and wide dissemination that can be used to orient all actors in the North Haiti tourism sector towards a more strategic and evidence-based approach to the development of the region's touristic products, markets and support services.

35. Support to the DMO would consist of various activities for tourism promotion, marketing and technical capacity building as well as support to tourism value chain enhancement through product development. In order to develop the Northern destination, the Project would finance

goods and services form marketing and value chain enhancement in order to best leverage and strengthen private, public and community competencies within the destination. Community Event and Tourism Development Grants would be awarded to, *inter alia*, develop and manage local festivals, community tourism initiatives and cultural events in order to engage and strengthen local populations' involvement in and inputs to the tourism sector. The purpose of the Fund is to support, in particular, local festivals and events in the North and Northeast Departments, such as the annual Patron Saint festivals as well as other events unique to the North.

36. ***Sub-component C.1: Support to the Ministry of Tourism (US\$1.65 million).*** Strengthening the capacity of the Ministry of Tourism through: (a) the development of tourism sector planning and tourism circuits; (b) skills development; and (c) the upgrading of tourism statistics and enhancing sector coordination through the carrying out small works and the provision of goods, consultants' services, and Training.

37. *C.1.1 Support to Tourism Planning and Circuit Development.* This support would leverage and move forward analytical and definitional work initiated by the CECI to Support the North of Haiti as a Tourism Destination, enabling the project to obtain results more quickly. The activities include financing for the participatory planning, prioritization and investment in target routes and circuits. Specifically, goods, works and services would be financed to (i) develop thematic routes, circuits and products along these routes; (ii) cultural and natural tourism development; and, (iii) building tourism value chain linkages with MSMEs (e.g. agribusiness, crafts, local transport). Examples of investments could include: signage, toilets, trash bins, covered overhangs, landscaping and other small scale touristic infrastructure.

38. *C.1.2 Skills and Capacity Development of the Ministry of Tourism-North.* Financing of technical assistance would: (i) provide support to the MT-North for project development and tourism planning, specifically in the development of tourism products, circuits and infrastructure; (ii) support the creation and piloting of a touristic guide training program; and (iii) strengthen the communication and technical skills for Ministry staff.

39. *C.1.3 Support to Tourism Systems and Institutions.* Financing of technical assistance to upgrade components of Haiti's national tourism statistics management and dissemination system. This support would include designing data collection and analysis mechanisms, training of MT statistical division staff, undertaking surveys and disseminating findings. North Haiti would be used as a pilot for improving departmental statistical gathering capacity.

40. ***Sub-component C.2: Support to the Destination Management Organization (US\$1.35 million):*** Strengthening the capacity of the DMO in: (a) developing tourism promotion strategies, marketing, and technical capacity; and (b) preparing tourism products, through the provision of goods, consultants' services and Training. Drawing on the work of North Haiti tourism stakeholders, this sub-component would enable the DMO to undertake key functions for the development of the destination. Amongst these are: (i) the development and implementation of marketing, brand and promotional strategies and tools; (ii) technical assistance to develop private sector associations' and DMO capacity in membership development and sustainability; and (iii) support to the tourism value chain through product development.

41. *C.2.1 Support to Tourism Promotion, Marketing and Technical Capacity Building.* Marketing and promotion of tourism is an increasingly technical activity with sophisticated online and segmented offline communication channels utilized to brand, position and promote a destination. The project provides technical assistance and supports capacity building to enable public and private tourism sector stakeholders to implement and harness appropriate tools, systems and channels in the valorization and promotion of the North and its unique attributes.

42. This subcomponent would finance the development of the North Haiti Marketing Strategy and Action Plan for 2014-2017 and, subsequently for 2017-2019. The DMO would be supported in the implementation of the plan through: (i) coordination of the launch of the North Haiti brand to targeted niche markets; (ii) the creation of visitor information resources and promotional collateral,¹⁷ information resources and interpretive tools; (iii) advertising of the destination of North Haiti through selected channels; and (iv) implement communications/PR/Social Media activities. To ensure and sustain the effective implementation of the North Haiti Marketing Strategy and Action Plan, the Project would finance an embedded Tourism Destination Marketing, Promotion and Public Relations Specialist as well as a number of specialized consultancies to carry out the plan's more technical aspects while building DMO capacity for marketing management and replication.

43. *C.2.2. Support to Tourism Value Chain Enhancement Through Product Development.* In order for tourism sector activities to most benefit the destination's residents, they must be integrated into the local economy by creating and strengthening linkages to sub-sectors and inputs throughout the tourism value chain. The Project would provide financing to enable the DMO to support the private sector, community groups, cooperatives and associations to develop sector linkages and develop products and services along tourism value chains. Specifically, this subcomponent would finance technical assistance to support DMO's Tourism Product Development and Enhancement program, which would include the embedding of one coordinating specialist and facilitators for: (i) identifying product gaps and linking and accompanying entrepreneurs through business plan creation and project development; (ii) implementing a technical assistance program for hotels to gain/improve their Hibiscus classification; and (iii) producing ongoing skills development and training courses. Examples could also include assisting local food producers, such as linking the production of local fruit pastries for sale to tourists through elaborating of production facility tours, linkages with operators and advisory support for accessing financing to upgrade facilities. Finally, the Project would finance technical assistance for the DMO to advise, identify and design membership development, identify best practices and fundraising sustainability strategies and actions.

44. ***Sub-component C.3: Community Event and Tourism Development Grants (US\$1 million):*** Enhancing the local engagement in cultural heritage tourism through: (a) the provision of Community Events and Tourism Grants to Beneficiaries for carrying out Sub-projects to develop tourism related services and products; and (b) the improvement of the capacity of the local communities to develop tourism related services and products, through the provision of goods, consultants' services and Training.

¹⁷ "Collateral" when used in the context of marketing and sales refers to media (e.g. printed material) used to support the sales of a specific product or service. The production of marketing collateral is an important part of any marketing communication plan. Examples of marketing collateral are: brochures, newsletters, fact sheets, press releases, and other printed material produced by or for a business.

45. Local engagement in cultural heritage tourism would be achieved primarily through the support of local festivals and events unique to the North. The involvement of local communities creates pride, social cohesion, awareness around tourism and opportunities for the professionalization and expansion of local events and their management. The mechanism through which the Project would achieve local engagement in cultural heritage tourism would be through the provision of Community Event and Tourism Development Grants. These grant mechanism would allow for individuals and entities to submit proposals for the funding of goods, services and small scale infrastructure specifically related to tourism and event development in the North and North-Eastern Departments. A selection committee comprising of public and private tourism sector stakeholders would be charged with the evaluation and monitoring of proposals based on predetermined criteria and indicators. The fiduciary management of the grant mechanisms could be done through a competitively selected organization. The exact arrangements and operation of the grants would be decided through a preparatory consultancy to be undertaken prior to project effectiveness and to be finalized first year of project implementation. It is estimated that the grants would finance around 100 activities over the course of its implementation.

COMPONENT D – Contingent Emergency Response (US\$1 million).

46. This component would finance a Provision of support to respond to an Eligible Emergency, as needed. Due to the high risk of a catastrophic event in Haiti, the proposed project would include a provisional component, designed as a mechanism that would allow for rapid response in the event of an emergency. Such components, which include triggers and conditions for the use of funds, are included in most investment projects in Haiti in keeping with the recommendations of the 2011 World Development Report on Conflict Security and Development and with the operational experience acquired in Haiti since the 2010 earthquake.

47. Following an adverse natural event or crisis during the execution period of the proposed Project, the Recipient may request the Bank to re-allocate project funds to support response and reconstruction. This component would facilitate the rapid re-categorization of financing and additionally financing request under streamlined procedures during an emergency, should the Government so request. This component would be implemented in accordance with the Bank's Special Considerations under OP/BP 10.00, and all expenditures would be appraised, reviewed and found to be acceptable to the Bank prior to any disbursements. Disbursements would be made against a positive list of critical goods (both domestic and imported) or the procurement of goods, works, and consulting services (including audit costs) required to support the immediate response and recovery needs of the GoH. Where possible, vulnerable female-headed households would be targeted as beneficiaries.

48. Preparatory work would be undertaken for the design of the component, including: (i) preparation of an agreed upon preliminary emergency recovery Action Plan of activities; (ii) compilation of a positive list of eligible critical imports/needs; (iii) Terms of Reference and contracts for technical services to support the scoping and design of the emergency recovery and reconstruction subprojects; and (iv) a list of firms (national and regional) that have a demonstrable track record in emergency response activities related to the anticipated nature and scope of those required. A Contingent Emergency Response Component specific-Operational

Manual would apply to this component detailing financial management, procurement, safeguard and any other necessary implementation arrangements.

49. Specific eligible expenditures under the category of Goods could include: (i) construction materials; (ii) water, land, and air transport equipment, including spare parts; (iii) Agricultural equipment and inputs (excluding pesticides); (iv) school supplies and equipment; (v) medical supplies and equipment; (vi) petroleum and fuel products; (vii) construction equipment and industrial machinery; (viii) communications equipment; (ix) seeds and fertilizer; (x) food and water containers and any other goods items acceptable to the Bank, and agreed upon between the Borrower and the Bank. Specific eligible expenditures under the category of Works could include urgent infrastructure works to mitigate the risks associated with the disaster for affected populations, and any other Works acceptable to the Bank, and agreed upon between the Borrower and the Bank. Specific eligible expenditures under the category of Services could include urgent studies, necessary as a result of the effects of the disaster, such as the identification of priority works, feasibility assessments, designs of adequate works, delivery of related analyses, and any other Services acceptable to the Bank, and agreed upon between the Recipient and the Bank.

50. If not disbursed 24 months prior to the closing date of the proposed Project, the amount of the component would be reallocated to finance activities under other Project components.

COMPONENT E - Project Implementation, Monitoring and Evaluation (US\$5 million).

51. This component would finance a provision of support to the UTE and ISPAN for the Project management, monitoring and evaluation, through the provision of goods, consultants' services, Training and Operating Costs. Project implementation is the responsibility of the UTE, within the MEF. The UTE would manage all technical, fiduciary, procurement and safeguards aspects of the work related to Project implementation. In particular, the UTE would provide the day-to-day support needed for the analytical, technical assistance, and investment activities of the proposed Project. The Project would also finance a dedicated ISPAN team in charge of technical oversight of Component A (including architects, engineers specialized in cultural heritage). The support under this component would ensure that sustainable capacity is in place to implement the Project and monitor the impact of all Project components. In addition to a manager and sectorial specialists, the UTE would include specialists in procurement, financial management, monitoring and evaluation, and environmental management. The Project would finance short term advisors, as necessary, to support the implementation of the Project's components, equipment for the functioning of UTE, and IPSAN team and training the staff. This component would also provide support for local implementation offices. Under this component, the project would finance, inter alia: (i) Consultants, equipment and operating cost for UTE and ISPAN teams; (ii) Technical, environmental and social, and fiduciary audits and (iii) Surveys and monitoring and evaluation system.

Table 3: Project Cost and Financing

Project Components	Project cost	% Financing
A. Cultural Heritage sites and touristic circuits in the PNH-CSSR and Cap-Haïtien Historic City Center	28.0	100
A.1. Physical Investments in the PNH-CSSR	11.6	
A.2. Support to the management of the PNH-CSSR	1.0	
A.3. Physical Investments in Cap-Haïtien Historic City Center	7.4	
A.4 Capacity building for ISPAN	1.0	
Provision for phase 2	7.0	
B. Local investments in Milot, Dondon and Cap-Haïtien	7.0	100
B.1 Investments	4.5	
B.2. Urban Studies	1.1	
B.3 Technical assistance to municipalities	0.4	
Provision for phase 2	1.0	
C. Inclusive Tourism Sector development	4.0	
C.1 Support to the Ministry of Tourism	1.65	
C.2 Support to the DMO	1.35	
C.3 Community Event and Tourism Development Grants	1.0	
D. Contingent Emergency Response	1.0	
E. Project Implementation, Monitoring and Evaluation	5.0	100
E.1 Project Implementation	3.6	
E.2 Monitoring and Evaluation	1.4	
Total Project Costs	45.0	100
Total Financing Required	45.0	100

Annex 3: Implementation Arrangements

HAITI: Cultural Heritage Preservation and Tourism Sector Support Project

Project Institutional and Implementation Arrangements

1. **Overall coordination and implementation responsibility.** The Ministry of Finance (MEF) shall have the responsibility for implementation of the Project. MEF will execute its responsibility through its existing Project Implementing Unit - the UTE- which would undertake the Project’s procurement, financial management, safeguards, overall technical, monitoring and evaluation tasks. The MEF will carry out the Project on behalf of the Ministry of Culture (MC) and the Ministry of Tourism (MT). The MC (through ISPAN) and the MT shall enter into Institutional Arrangements with MEF for this purpose. For the investments under Component B.1, the MEF, through UTE, will enter into Local Investment Agreements with the respective Beneficiaries.¹⁸ For the Community Event and Tourism Grants under Component C.3.(a), the MEF, through UTE, will enter into Community Event and Tourism Grants Agreements with the Beneficiaries.¹⁹ The details of these implementation arrangements are set out in the Operations manual for the Project. MEF will also coordinate as needed with other parties who have interest in the Project including the PMA (through ISPAN), the “collectivités territoriales” and communities, the Destination Management Organization (DMO). The overall project implementation responsibilities are described in table 4 and summarized below.

Table 4: Implementation Arrangements

Component	Implementation	Oversight
A. Cultural Heritage sites and touristic circuits in the PNH-CSSR and Cap-Haïtien Historic City Center	MEF/UTE	
A.1. Physical Investments in the PNH-CSSR	MEF/UTE	MC/ISPAN
A.2. Support to the management of the PNH-CSSR	MEF/UTE	MC/ISPAN
A.3. Physical Investments in Cap-Haïtien Historic City Center	MEF/UTE	MC/ISPAN
A.4 Capacity building for ISPAN	MEF/UTE	MC/ISPAN
B. Local investments in Milot, Dondon and Cap-Haïtien	MEF/UTE	
B.1 Investments	MEF/UTE	UTE with Municipalities
B.2. Urban Studies	MEF/UTE	UTE
B.3 Technical assistance to municipalities	MEF/UTE	UTE
C. Inclusive Tourism Sector development	MEF/UTE	
C.1 Support to the Ministry of Tourism	MEF/UTE	MT
C.2 Support to the DMO	MEF/UTE	MT
C.3 Community Event and Tourism Development Grants	MEF/UTE	MEF/UTE
D. Contingent Emergency Response	Coordinating Authority	Coordinating Authority
E. Project Implementation, Monitoring and Evaluation	MEF/UTE	
E.1 Project Implementation	MEF/UTE	MEF/UTE and MC/ISPAN
E.2 Monitoring and Evaluation	MEF/UTE	MEF/UTE

2. **UTE Structure and capacity.** UTE has a proven track record in implementing other donor-financed projects, as well as several project preparation advances for Bank-financed projects. Although this is the first time the UTE would implement a Bank project, procurement and financial management assessments indicate that it would be an effective Project

¹⁸ The Beneficiaries are the municipalities of Milot, Dondon and Cap Haïtien,

¹⁹ The Beneficiaries are privately owned entity, a private person, or a group of micro, small or medium scale enterprise, association or local producers.

Implementing Unit. UTE initiated organizational restructuring and strengthening to better adapt its structure to the nature and volume of the projects under its responsibility including the Bank-financed Center and Artibonite Regional Development Project (P133352) with which a number of functions would be shared. Taking into consideration UTE's other responsibilities, the Project would strengthen the implementation capacity of the UTE by financing salaries, consultants for specific tasks, operational costs and goods to provide the necessary conditions for successful implementation.

3. **UTE Tasks.** The role and functions of the UTE would include: (i) providing assistance to Project partners in preparing investments and coordinating the overall programming of activities; (ii) hiring consultants for specific assignments and entering into contracts for goods and works; (iii) monitoring the quality and costs of works;²⁰ (iv) monitoring works to ensure compliance with agreed safeguard plans; (v) M&E project results including validating results on the ground through local stakeholders, technical and environmental audits and reporting; (vi) carrying out fiduciary tasks; and (vii) carrying out technical secretariat tasks for the Steering Committee. The UTE has prepared a draft OM of the Project which specifies the managerial, financial, administrative, engineering, procurement, environment and social policies and procedures of the execution of the Project.

4. The project would finance key technical, administrative, fiduciary, safeguards and M&E functions as well as the technical consultants and costs related to the UTE satellite office in the North (personnel and goods), and the ISPAN team attached to the Project.²¹ In addition the project would finance consultants for technical supervision and additional environmental and social safeguard specialists, as needed. Support would also be provided for those duties related to the Director's responsibility for coordination of partners and local consultations such travel, hospitality, special events, publicity and promotion. Finally, support would be provided for general administration of the Project, including upgrading their accounting software, computer and IT equipment system, furniture and other equipment.

5. **Arrangements under Component A.** Component A will be implemented by UTE under the technical oversight of ISPAN.

6. *Supervision of works on Cultural Heritage Assets by ISPAN under Component A1 and A3.* By law, ISPAN is responsible for the management of all Cultural Heritage Assets in the country including the PNH-CSSR and the historic center of Cap-Haïtien. Because of current capacity constrains in ISPAN,²² the project would finance a team of consultants assigned to ISPAN to review the design and oversee the works on the historic monuments (the "ISPAN team"). The team would be located in the ISPAN office in the North, with the UTE satellite office. They would report contractually to UTE and technically to the Director of ISPAN.

7. *The PNH-CSSR Management Authority.* Under component A2, the PNH-CSSR Management Authority, once formally established, would be responsible to implement the PNH-

²⁰ See footnote above.

²¹ ISPAN Team includes a coordinator, a junior architect, a part time senior Heritage architect, a junior civil engineer, a part time senior building engineer, an infographist and an assistant.

²² Many experienced heritage specialists retired or left ISPAN and a new generation has not been trained to take over the tasks. In addition, for many years, ISPAN suffered from the lack of financial resources to carry out the essential preservation works, despite support from UNESCO.

CSSR management plan activities, including the management of the tourists flow, preservation of the environment and the collection of park fees. The project would finance operating costs on a decreasing basis.

8. *Under Component A, UNESCO* would enter into an implementation agreement with the Government of Haiti to support the implementation of the physical and institutional activities of the component as well as the capacity building activities of ISPAN based on the institutional assessment carried out at the outset of the project. UNESCO would provide technical assistance to address specific technical implementation issues on the Heritage buildings, and to the PMA to prepare and implement the Park Management Plan. It would also facilitate the communication with the World Heritage Committee to get the necessary technical review.

9. **Arrangements under Component B.** *The UTE will have overall responsibility of the implementation of the Component including technical oversight.*

10. *Under Component B1,* The communities and local authorities are expected to play a lead role in the implementation of local investments components. The CCT would serve as the primary coordination mechanism to bring ISPAN, the “collectivités territoriales” of Cap-Haïtien, Milot, and Dondon, Chambers of Commerce, the private sector (heritage buildings owners, local tour operators, and MSMEs), the DMO and local communities and associations together, to discuss content and articulation of overall project activities

11. **Arrangements under Component C.** *Component C will be implemented by UTE. .*

12. *The Destination Management Organization.* Under Component C2, the DMO would be responsible for carrying out activities, including marketing, promotion, tourism value chain support through product development.

13. *Community Event and Tourism Development Grants.* Under Component C3, UTE will be responsible to manage the Grants. An Operational Manual to define the exact arrangements for the management the grants, will be completed at the beginning of the project through a preparatory consultancy between local authorities and communities. A selection committee comprising of public and private tourism sector stakeholders (to be defined in the Operational Manual) will be charged with the evaluation and monitoring of proposals based on predetermined criteria and indicators. An assessment will be done before mid-term review to define if the DMO or another competitively selected organization can take over the financial management of the Grants.

14. **Arrangements under Component D.** Component D would be implemented and coordinated by the Coordinating Authority designated in the Contingent Emergency Response Operations Manual.

15. **Arrangements under Component E.** Component E would be implemented by UTE with ISPAN assuming technical oversight of the dedicated ISPAN team.

16. **The Project Steering Committee.** For the purpose of ensuring the proper coordination and execution of the Project, the Government of Haiti shall maintain the Steering Committee throughout Project implementation. The functions of said Steering Committee shall include, *inter*

alia: (a) overall supervision of the implementation of the Project; (b) inter-agency coordination to achieve the Project objectives; (c) review and approval of annual budget; and (d) endorsement of annual audit reports and semi-annual progress reports. The Steering Committee would be headed by the MT and would include MEF and the MC, the Ministry of Interior and Collectivities (MICT) and the Ministry of Environment (MdE), CIAT, ISPAN, the DMO the municipalities and UNESCO. UTE would serve as Secretariat for the Steering Committee.

17. **Consultative Committee for Tourism.** To increase transparency and communication on project activities and include a broader group of stakeholders in the tourism sector, it is proposed to inform the *Consultative Committee for Tourism* (CCT) on an annual basis of the Project progress. This structure was created by decree on December 5, 2012 and has a broad representation of the private and public sector, and has the following mandate to advise on broad issues concerning the tourism industry in Haiti in particular regarding policies, programs, promotion of cultural, historic, natural, artistic, heritage assets susceptible to contribute to its development and the promotion of Haitian tourism, to facilitate interaction and synergies between public and private actors.

18. **A phased, programmatic approach would facilitate implementation, in line with the evolving client capacity.** The Project would focus first on activities with the prospect of quick impact, while laying the groundwork for interventions that need further preparation. The first phase of implementation would last 30 months. A midterm review would define the expansion of activities and the introduction of new activities for the second phase. The project would not finance environmental Category A activities.

Table 5: Project Phases

Components	Activities and targets for Phase I	Indicative activities for Phase II
A. Physical Cultural Heritage sites and touristic circuits in the PNH-CSSR and Cap-Haïtien Historic City Center	Emergency works at PNH-CSSR finalized Management Plan and Master Plan for PNH-CSSR under preparation Park Authority staffed and funded Preparation of second phase of work in the PNH-CSSR Institutional strengthening for ISPAN and Park Authority on-going	Investments in PNH-CSSR Strengthening of Park Authority Management Plan and Master Plan for PNH-CSSR under implementation
	Investments for Cap-Haïtien initiated (prison, public buildings) Preparation of further investments in the city historic core Inventory of the city historic center and architectural guidelines finalized	Further investments in Cap-Haïtien
B. Local investments in Milot, Dondon and Cap-Haïtien	Participatory identification of the investment program for Milot Dondon and Cap-Haïtien, preparation of the first investment bidding documents and implementation of First batch of local investments. Preparation of second phase investments	Second Local investments program implemented
C. Inclusive Tourism Sector development	Technical Assistance to the DMO and MT Preparation of the Grants manual First disbursement of grants for tourism activities and cultural events Training and baseline Surveys Development and promotion of circuits and products	Grants for tourism activities and cultural events Development and promotion of circuits and products
E. Project Implementation, Monitoring and Evaluation	Project Implementation Unit (UTE) and ISPAN team adequately staffed, monitoring & evaluation (M&E) system in place and providing first results	Training, equipment and staffing for implementing agencies

Financial Management, Disbursements and Procurement

Financial Management

19. Overall, the approach to project implementation is to use existing capacity in Haiti to manage the operational financial management aspects of the project. To this end, the decision was made to use the UTE within the MEF. The UTE would have the financial responsibility over the proposed Project and would be directly responsible for the implementation of all components. The UTE has significant previous experience in the implementation of multilateral financing, such as financing from the IDB, EU, CIDA (Canadian International Development Agency) and USAID. Currently, the UTE is managing a portfolio of projects totaling more than \$400 million, and thus, has implemented a satisfactory FM system. However, to ensure that the UTE maintains adequate FM arrangements to handle the additional activities generated by the Project, which are already in process of being implemented with support from a PPA, the following recommendations were made:

- a. Review the roles and responsibilities of FM and Administrative staff to accommodate the additional workload;
- b. Train the FM and Administrative staff in Bank FM policies and norms;
- c. Include project specific information in the administrative, accounting, and finance procedures manual;
- d. Calibrate the FM system to enable its use for the proposed project and provide training to newer accounting staff;
- e. Hire an external auditor within four months of Project effectiveness, based on terms of reference acceptable to IDA.

20. The proposed FM arrangements for the proposed Project at the UTE meet the minimum fiduciary requirements under OP/BP 10.00. Project financial management arrangements would operate as follows:

21. *Staffing:* The UTE has adequate financial management staff in place, with adequate qualifications and experience. Their roles and responsibilities would be revised to include the additional workload under the Project, but no additional staff is expected to be needed for the proposed project. As the UTE has relatively limited experience with Bank procedures, some initial training of the FM staff would be necessary.

22. *Designated Account:* One segregated Designated Account (DA) would be opened in the Central Bank of the Republic of Haiti (BRH) to be managed by the UTE, according to the disbursement procedures that would be described in the Disbursement Letter. Additionally, another account handled in Haitian Gourdes would be opened in the BRH and would also be managed by the UTE to process payments. Documentation for all transactions shall be retained by the UTE and shall be made available for audit and to the World Bank and its representatives, if requested. Detailed disbursement procedures would also be stipulated in the manuals of administrative, financial and accounting procedures.

23. *Budgeting and Funds Flow:* The budget process would be clearly stipulated in the manuals of administrative, financial and accounting procedures. Overall, annual budgets and work plans would be coordinated and prepared by the UTE and submitted to the Bank for no-

objection at the beginning of the fiscal year and any changes in the budget and work plans would also be approved by the Bank.

24. *Community Events and Tourism Development Grants:* Under Component C, Community Events and Tourism Development grants would be awarded to finance local demand-driven projects and enable community involvement and inclusive development in the tourism sector. Under the project, a consultant would be hired to develop criteria, norms and procedures governing the use of the Community events and tourism grants, which would be reviewed and approved by the Bank. The first disbursement of the Grants would be conditioned on the availability of the approved manual. It is expected that the Grants would be managed by a competitively selected operator with sufficient capacity. Therefore, a second disbursement condition of the fund would be the satisfactory evaluation of the fiduciary capacity of the selected fiduciary agent. Once in operation, a review of the funds financed would be included in the scope of the project financial annual audit.

25. *Accounting:* An Operations Manual with administrative, financial and accounting procedures already include details and documents specific to the Project. Project transactions would be recorded following the cash accounting basis in the existing accounting software (ACCPAC), which ensures adequate transparency and specific controls in budget execution. The system is expected to enable the preparation of interim and annual financial statements. A consultant would be hired to calibrate the system to enable its use for the proposed project and provide training to newer accounting staff. Detailed FM documentation would be maintained in the Project files for each Component that it would manage.

26. *Internal controls:* The UTE would ensure that staffing arrangements in its financial management departments remain in place and sufficient to ensure adequate internal controls, preparation, approval and recording of transactions as well as segregation of duties. The UTE already has available various Operational Manuals, which would be consolidated into one single manual with specific chapters for each project managed by the UTE. A draft of the new Operational Manuals is expected to be ready by negotiations.

27. *Financial reporting:* The UTE would be responsible for the overall reporting. Through the Financial Management specialist at the UTE, the Project Coordinator of the UTE would ensure that semi-annual Unaudited Interim Financial Reports are prepared and transmitted to the Bank. The reporting format would be documented in Operations Manual. The semi-annual Interim Unaudited Financial Reports would contain at least: (i) a statement of sources and uses of funds (with expenditures classified by subcomponent) and cash balances; (ii) a statement of budget execution per subcomponent and (iii) a reconciliation of the Designated Account and be furnished to the Bank no later than 45 days after the end of the semester. Annual consolidated financial statements would be prepared and approved by the UTE and would be subject to annual external audits. The audit report shall be furnished to the Bank no later than six months after the end of such each period.

28. *External audits:* The annual financial statements of the Project as well as the system of internal controls would be subject to an annual audit by a reputable, competent and independent auditing firm, based on terms of reference satisfactory to the Bank. The auditor would provide an opinion on the Project's consolidated financial statements prepared by the UTE, as per

auditing standards acceptable to the IDA. The audit report would be submitted to the IDA no later than six months after the end of each fiscal year, or the end of each period covered by the audit. In addition to the audit report, the auditor would also provide, in a separate document, a management letter detailing the status of the internal control systems in the UTE. The Procurement Plan approved at negotiations should establish the process to hire external auditors for the first external audit within four months after Grant Effectiveness. The audit engagement is expected to cover the expected life period of the project.

29. *Implementation Support Missions:* In addition to the regular internal and external audits, the Bank team would conduct frequent implementation support missions (see the Implementation Support Plan in Annex 5). During these missions, Bank FM Staff would evaluate the FM arrangements to ensure that they remain adequate for the implementation of the proposed Project.

Disbursements

30. Disbursements from IDA's Grant would follow the transaction-based method, that is, traditional Bank procedures: (i) Advances, (ii) Reimbursements through Statements of Expenditures (SOEs), (iii) Direct Payments, and (iv) Special Commitments. The initial deposit into the DA would be based on a four-month forecast prepared by the UTE to be submitted with the Withdrawal Application. Subsequent disbursements into the DA would be based on SOEs, and accompanied by Withdrawal Applications, reconciled bank statements and copies of all bank statements. The supporting documentation for requests for direct payment should include records which provide evidence of eligible expenditures (copies of receipt, supplier's invoices).

Procurement

31. Procurement for the proposed Project would be carried out in accordance with the *World Bank Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants* dated January 2011 and *Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers* dated January 2011 and the provisions stipulated in the Financing Agreement. For each contract to be financed by the Project, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and IDA in the Procurement Plan. The Procurement Plan would be updated at least annually or as required to reflect the actual Project implementation needs and improvements in institutional capacity.

32. Procurement activities for the Project would be executed by the UTE for all project activities. The Project's Operational Manual submitted by the UTE, includes adequate provisions that meet IDA's requirements. Based on a preliminary assessment of the UTE's capacity, the unit appears to have sufficient experience implementing procurement financed by other donors (IDB, Canada, France and USAID) to manage procurement under the proposed Project. The unit's procurement staff will receive intensive training in Bank policies and procedures. With this strengthening, the UTE should be well equipped to execute procurement according to World Bank Guidelines. However, the overall public procurement system in Haiti remains relatively weak. Despite some pre-earthquake reforms in the legal and institutional framework for procurement, human and physical capacity constraints have delayed the adoption

of improved contracting practices in most Government agencies. Consequently, the overall Project risk for procurement is Substantial.

33. Procurement Plan, Thresholds for Procurement Methods and World Bank Review. The summary procurement plan for implementation of the proposed Project was agreed between the Recipient and the Bank on March 14, 2014, and is presented below in Table 6. The plan would be updated at least annually or as required to reflect the actual Project implementation needs and improvements in institutional capacity. Bidding documents would be made available through the MEF's website to the public. The recommended thresholds for the use of the procurement methods specified in the Financing Agreement are identified in Table 7 below. Supervision of procurement would be carried out primarily through prior review supplemented by supervision missions at least twice a year.

Table 6: Summary of Procurement Plan

Procurement Plan for Goods, Works and Consultant Services, Phase I						
Ref. No	Description of Contracts	Estimated Cost US\$	Number of Packages	Review by Bank (Prior / Post)	Method	Request for Proposal / Bidding doc. issued
Works and non-consultant services						
Component A						
1.3	Rehabilitation works : (i) Citadelle, (ii) Palais Sans Souci and (iii) Chapelle Sans Souci	7,410,000	Several	Prior	ICB	From June 2014
1.4	Rehabilitation works for the king and Queen Gardens	600,000	1	Prior	NCB	November 2014
1.5	Other works inside the Citadelle	230,000	1	Prior	DC	January 2015
1.6	Access road (alternate)	500,000	1	Prior	NCB	January 2015
1.7	Rehabilitation and security for current access road	500,000	1	Prior	NCB	July 2014
1.8	Eclairage Citadelle	50,000	1	Prior	DC	
1.9	Rehabilitation Maison Firmin, Alliance Francaise corner houses and facades	4.500,000	Several	Prior	NCB	June 2015
1.10	Rehabilitation and equipment of Old Prison	2,400,000	1	Prior	ICB	June 2015
1.11	Topographic surveys	225,000	1	Prior	SSS	November 2013
Component B						
2.1	Investments works in Dondon, Milot and Cap Haitien Phase 1	2,125,000	Several	Prior	NCB	February 2015
Component C						
3.1	Small works circuits	150,000	Several	Prior	DC	October 2014
Goods						
Component B						
2.2	Equipment for municipalities	50,000	Several	Prior	Shopping	June 2014
Component C						
3.2.	Equipment for MT	50,000	Several	Prior	Shopping	June 2014
Consultants Services						
Component A						
1.10	Geotechnical surveys	100,000	1	Prior	NCB	June 2014
1.11	Master Plan for the Project including master plan PNH	110,000	1	Prior	QBS	August 2014
1.12	Rehabilitation study of the Palais Sans Souci	30,000	1	Prior	SSS	August 2014

1.14	Rehabilitation and structural studies and supervision for the Citadelle	500,000	1	Prior	QCBS	August 2014
1.15	Rehabilitation and structural studies and supervision for the Palais Sans Souci and the Chapelle	450,000	1	Prior	QCBS	August 2014
1.16	Rehabilitation studies for the King and Queen Gardens	15,000	1	Prior	SSS	July 2014
1.17	Alternate Road study + improvement of the current road including environmental and social impact study	75,000	1	Prior	QBS	August 2014
1.18	Business Plan for the PNH	25,000	1	Prior	SSS	May 2014
1.19	Rehabilitation and structural studies for the Prison	200,000		Prior	QCBS	October 2014
1.20	Construction Code for Historic Center of Cap	50,000	1	Prior	IC	October 2014
1.21	Training program for rehabilitation sector	300,000	1	Prior	QCBS	March 2015
1.22	Technical Assistance Contract with UNESCO	TBD	1	Prior	SSS	August 2014
Component B						
2.2	Facilitator	15,000	1	Prior	IC	March 2014
2.3	Investments studies phase in Dondon Milot and Cap Haitien phase 1	275,000	several	Prior	QCBS	June 2014
2.4	Investments studies phase in Dondon Milot and Cap Haitien phase 2	475,000	several	Prior	QCBS	May 2015
2.5	Other TA for component 2	40,000	Several	Prior	IC	September 2014
Component C						
3.2	Identification of touristic circuits and products MT	50,000	1	Prior	IC	June 2014
3.3	Investments studies on circuits	15,000	Several	Prior	SS	August 2014
3.4	TA to the MT- North	50,000	1	Prior	IC	June 2014
3.5	Consultant in Tourism Development MT	112,000	1	Prior	IC	July 2014
3.6	Training consultant MT	70,000	1	Prior	IC	July 2014
3.7	Statistical system consultant MT	20,000	1	Prior	IC	June 2014
3.8	TA to implement statistical system MT	80,000	1	Prior	QCBS	November 2014
3.9	Marketing consultant DMO	60,000	1	Prior	IC	September 2014
3.10	Definition and Implementation of the marketing plan DMO	225,000	1	Prior	QCBS	September 2014
3.11	TA to the DMO	60,000	1	Prior	IC	February 2015
3.12	Identification of Touristic products	40,000	1	Prior	IC	June 2014
3.13	TA to implement development of Touristic products	32,500	1	Prior	IC	June 2015

3.14	Design study for the Community Funds	65,000	1	Prior	IC	June 2014
3.15	Gender study	15,000	1	Prior	IC	June 2014
Component E						
5.1	Social Assessment	130,000	1	Prior	QBS	May 2014
5.2	Financial Audits	120,000	1	Prior	LCS	September 2014

Table 7: Thresholds for Procurement Methods and Prior Review²³

Expenditure Category	Contract Value (Threshold) US\$ thousands	Procurement Method	Contracts Subject to Prior Review (US\$ thousands)
1. Works	>2,000	ICB	All
1. Works	<2,000	NCB	First three contracts and all contract above 500
	<200	Shopping	First three contracts
	Regardless of value	Direct Contracting	All
2. Goods	Regardless of value	UN agencies	All
2. Goods	>500	ICB	All
	<500	NCB	First three contracts and all contracts above 200
	<50 <100 *	Shopping	First three contracts
3. Consulting Services	Regardless of value	Direct Contracting	All
-3.A Firms	Regardless of value	UN agencies	All
3. Consulting Services	Regardless of value	QCBS,QBS,FBS,LCS	First three contracts and All contracts above 200
-3.A Firms	<500	CQS	First three contracts and All contracts above 200
-3.B Individuals	Regardless of value	UN agencies	All
	Regardless of value	Single Source	All

Abbreviations:

ICB = International Competitive Bidding
 NCB = National Competitive Bidding
 DC = Direct Contracting

QCBS = Quality- and Cost-Based Selection
 QBS = Quality-Based Selection
 FBS = Fixed Budget Selection

*(vehicle, office equipment, laboratory equipment.)
 LCS = Least-Cost Selection
 CQS = Selection Based on Consultants' Qualifications
 SSS = Single Source Selection

²³ The herein defined procurement thresholds and rules are currently under review by the Country Management Unit and the Regional Procurement Department to better adjust them to the Haitian environment.

Environmental and Social (including safeguards)

34. The Project triggers the following safeguard policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Pest Management (OP/BP 4.09), Physical Cultural Resources (OP/BP 4.11) and Involuntary Resettlement (OP/BP 4.12).

Description of Environmental Safeguards Triggered and Implementation Arrangements

35. The *Environmental Assessment (OP/BP 4.01)* policy is triggered. Potential negative impacts include: (i) impacts from civil works associated with restoration and excavation of historical monuments in Cap-Haïtien; (ii) impacts from the rehabilitation of existing infrastructure (roads, debris management, grid expansion); (iii) impacts from new construction; and (iv) impacts associated with occupational health and safety (noise, changes in traffic patterns, dust, possible contaminants). Other impacts are elaborated below. The environmental impacts however would be limited in time and space, and actions to minimize and mitigate them have been included in the Project's ESMF and EMPs. The ESMF would include actions and training programs to safeguard workers.

36. The *Natural Habitats (OP/BP 4.04)* policy is triggered because the Citadelle, a Natural Heritage Site, would be renovated. The area around the Citadelle and the Citadelle itself are known to be one of the few natural habitats left in Haiti. The Project would mainly finance specific works on the historical buildings in this location, and renovates small existing roads. It would not intervene directly in the natural habitat areas of the Park. It is therefore expected that the Project's impact on the natural habitat would be limited. Any negative impacts would be greatly reduced by mitigation measures proposed in the ESMF and subsequent EMPs. However, the National History Park qualifies as a critical natural habitat under OP 4.04. At least 15 species of plants and animals listed as critically endangered, endangered, or vulnerable on the IUCN Red List have been recorded in the area. Birdlife International formally recognizes the site as an Important Bird Area (Citadelle-Sans Souci-Ramier). In addition, one species of critically endangered frogs (*Eleutherodactylus poolei*) was found around the Citadelle in the late 1980s. It is therefore necessary to ensure that the Project does not adversely impact the wider natural habitat beyond the buildings it plans to renovate. For example, the Project hopes to increase tourism into the area and would build infrastructure to support this. This influx can positively influence the natural habitat because it would provide an incentive for the PMA to preserve the relatively pristine nature of the Park. However, without proper planning, it could also negatively impact the Park, particularly if there is an influx of visitors and vendors to the area without site planning and enforcement.

37. To guard against this, and to assist the government in park management, the Project would: (i) finance the recently created PMA, (ii) finance a management/business plan with environmental and social components, (iii) finance implementation of this plan, and (iv) utilize an environmental and social baseline study that has already been recently completed by CNIGS and finance any remaining gaps in information. The output of the study would include maps of the park that highlight areas where there are forests, wetlands, tree clusters, and where there may be concentrations of important biodiversity. The baseline study would serve as an input into land use for the park.

38. The *Forests (OP/BP 4.36)* policy is triggered because of the Project's potential to indirectly influence the natural forests, particularly around the Citadelle. Direct impacts are unlikely since the Project does not intend to cut any trees in this vicinity. Indirect negative impacts could occur if tourist development attracts crowds to the area, and without legal protection of the vicinity, people may see this as a market opportunity and build structures in this vicinity. In addition, this may lead to further development of infrastructure such as roads, pavements, etc. To limit this likelihood, the PMA would develop a multiyear plan for the Park that includes legal protections and limits destruction of the natural habitat around the Citadelle.

39. The *Physical Cultural Resources (OP/BP 4.11)* policy is triggered because of the planned catalytic investments in the Northern Zone to upgrade the tourism infrastructure at the National History Park, which includes the Citadelle Henry and the Palais de Sans Souci, both UNESCO World Heritage Sites. Criteria to screen out activities that could irreversibly damage or destroy any part of this site would be included in the ESMF, as would criteria for identifying and managing all other social and environmental impacts to the site, including those arising from increasing visitation to the site, an influx of new residents to the area, negative esthetic impacts, and a potential increase in crime and violence. As a result, the ESMF would include guidance on performing a carrying capacity study at the site to identify the limits of acceptable change. The ESMF would also include a specific capacity assessment and training program to be applied to the relevant agencies involved in managing the site. In addition, chance finds procedures would be added to the ESMF to safeguard any cultural resources that may be discovered during works or services performed under any of the Project's components. A Physical and Cultural Resources Management Framework that identifies all the potential cultural heritage assets and the mitigation measures to avoid negative impacts was developed as a stand-alone document to ensure that impacts on physical cultural resources, as well as their protection and preservation, would be monitored over the life of the Project. In-country consultations have also taken place. The document has been disclosed.

40. The *Pest Management (O.P 4.09)* policy is also triggered. Although the Project intends mainly to create jobs by using manual labor to remove algae and other biological material from the buildings, it is possible that some herbicides and biocides may be used. A pest management plan is not indicated in this case because the Project would use low quantities of approved pesticides and approved pesticides with no significant environmental or health concerns. No hazardous products would be financed (WHO Hazard Class 1a 1b). This would not increase the pesticide usage into the area. However, pesticide screening would occur as detailed in the ESMF.

41. The *Involuntary Resettlement (OP/BP 4.12)* policy is triggered to allow for any involuntary resettlement, land acquisition or restrictions to the use of natural resources within the perimeter of the PNH-CSSR that may have to occur under the Project. As such, a Resettlement Policy Framework (RPF) and a Resettlement Process Framework (PF) were prepared, consulted and disclosed in accordance with OP4.12 to ensure application of the appropriate safeguard policies. The RPF reflects the following principles:

- a. Prior to the approval of sub-projects, the client would need to ensure that the sites, boundaries, and ownership of the relevant land plots are clearly identified and confirmed

using a community-based mapping exercise that goes beyond simply checking for legal titles.

- b. In case there is resettlement, agreement on the compensation scheme and its payment or realization would be settled prior to the commencement of that particular activity.
- c. In cases where there are disputed claims to eligibility to compensation or to land ownership or use, conflict resolution would be facilitated by the client, and though works may begin, proper compensation would be kept in escrow until the conflicts are resolved. In cases where this does happen, the client would remain in constant contact with the affected people and apply the best available dispute resolution mechanisms in the country.

42. The PF describes the stakeholders, the steps and institutional arrangements that would be put in place to ensure: (i) that any restrictions to the use of natural resources of the PNH-CSSR are developed with the full participation of all relevant stakeholders and the people that would be affected; and (ii) that negative social impacts would be minimized and mitigated in accordance with national laws and with OP 4.12.

43. Given the objective to spur regional development, all upstream support that may spur downstream impacts on resettlement, as defined by the policy (e.g. through the preparation of bidding documents, etc.), would include reference to the principles of OP 4.12 in terms of, among other things, eligibility for compensation, asset valuation methodologies, and consultation and participation.

44. Staffing: UTE has environmental and social safeguards staff in place and would hire one additional environmental specialist and one additional social specialist to support the preparation, implementation and supervision of safeguards instruments and measures. In addition, a social specialist recruited for the implementation of Component B would provide support with the consultation processes required.

Monitoring & Evaluation

45. Annex I includes a table of Monitoring Indicators, data sources, and responsibilities. Beyond simple monitoring, the proposed Project would also engage in a rigorous impact evaluation of several of its activities at mid-term and end of project.

46. To measure the impact of tourism development on the economy, the Project would work with the MT to establish tourist exit surveys. These would be short questionnaires that collect data on locations visited and estimated money spent at each. Furthermore, ideally the Project would also implement smaller, more in-depth surveys on samples of tourists entering/exiting to get more detailed expenditure information, demographics, and data on perception/satisfaction.

Annex 4: Operational Risk Assessment Framework (ORAF)
HAITI: Cultural Heritage Preservation and Tourism Sector Support Project

Project Stakeholder Risks						
Stakeholder Risk	Rating	High				
<p>Risk Description:</p> <p>1. Different ministries and government agencies (the MEF, the MCI, the MT, ISPAN, the Park authority) involved in Project implementation are not well coordinated or aligned and that this affects the results. Different institutions, local communities and governments and the private sector might have different views on how to improve the attractiveness of cultural assets and the economic return of tourism activities. In particular the balance between restoration/preservation and touristic utilization might be difficult to agree upon.</p> <p>2. Communities might not feel heard, in particular by specialized agencies like ISPAN, or that their priorities are not well taken into account or that they don't benefit from the project.</p>	Risk Management:					
	At the Government level, a steering committee will be established to provide guidance and review project implementation issues.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date: 30-Jun-2014	Frequency:
	Risk Management:					
	The project will rely on existing consultation mechanisms at the regional level (Table de Consultation Communale, Steering Committee in the PNH) to ensure that public and private stakeholders are informed and participate in the decision making process. A Process Framework has been prepared to ensure proper consultation mechanisms with communities living in the PNH-CSSR, as well as an in depth social evaluation and the definition of a grievance mechanisms.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
<p>Risk Description:</p> <p>1. There is lack of technical capacity in the different entities involved in the Project. Despite achievements in terms of building up capacity, skills to implement and oversee large and complex projects are still needed. This could impede a timely Project implementation. Physical resources such as computer and software equipment will also be needed to achieve a good implementation of the Project. The UTE does have the fiduciary and technical capacity to manage the project.</p> <p>2. Effective Procurement Implementation: Additional workload could endanger the capacity to effectively implement with slow procurement processes at the Government level.</p> <p>3. Effective FM Implementation: No specific FM weaknesses have been encountered that would add risk.</p>	Risk Management:					
	Mitigation measures involve hiring of short term local and international consultants to assist with the establishment of needed procedures, technical assistance in preparing required studies, in planning, launching and supervising the activities. Project will be mainly implemented by the UTE, housed at the MEF, which has already strong fiduciary and executing capacity that that will be further strengthened by the Project through capacity building and the hiring of experienced consultants for project management, procurement and administration. Other agencies (ISPAN, DMO) will also be assisted during the implementation of the Project with training and the hiring of local and international consultants and the support of specific agencies such as UNESCO or ICOMOS. In addition, the Project will have project staff on the ground, while staff affiliated with the Sustainable Development Department will oversee infrastructure works in the North. IFC advisory services staff will in addition provide technical assistance to the government in the areas of business environment, investment generation and tourism. The Project will also be carried out in two phases, allowing adjusting targets and activities considering existing capacity after the first phase.					

	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
	Risk Management: Bank supervision in this area would be thorough, and additional training and possible staff would be financed for the implementing agency, if deemed necessary. Additionally, procurement activities would be carried out by MEF-UTE, which was rated as satisfactory during the implementing agency assessment, and has a strong track record with other donor-financed projects.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
	Risk Management: Regarding FM, an assessment of UTE's capacity has been undertaken and the FM arrangements in place have been considered satisfactory provided minor adjustments were made and specific training on Bank procedures were received by FM staff. This has been implemented satisfactorily since then.					
	Resp: Client	Status: Not Yet Due	Stage:	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
Governance	Rating	Substantial				
Risk Description: The Project needs the support of several areas of the government. Adequate coordination between ministries (including the MEF, the MCI, the MT, etc.), local authorities and private sector representatives is required to ensure that all the sectors and locations involved are taken into consideration.	Risk Management: The MEF, as a core Ministry, will be well placed to carry out the overall coordination of project activities. Steering Committees will be established to ensure that relevant public agencies are involved and that project activities are coordinated. Coordination should be facilitated by the fact, that the Project is well aligned with the strategic plan of the private sector and the government. Local stakeholders in the North will be involved through existing consultative mechanisms (Table de Consultation Table) to ensure project ownership. Bank supervision would be intensified, as well as the use of technical and/or operational audits whenever necessary. Additionally, the Project implementing agency will benefit from additional training in the Bank's procurement and anti-corruption guidelines in order to facilitate their effective application. Furthermore, the Project implementing agencies will publish the results of procurement processes and financial audits on their respective websites.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: CONTINUOUS
Project Risks						
Design	Rating	Substantial				
Risk Description:	Risk Management:					

<p>1. Project execution may be hampered because of complex Project design in a fragile institutional setting and with partners not used to work with the World Bank</p> <p>2. Physical environmental data insufficient for design of climate resistant infrastructure.</p>	<p>The Project is designed to be carried out in phases taking into account lessons from and building on previous and on-going projects in the region. After the end of the first phase a mid-term review will be carried out to adjust Project design. The main executing agency, UTE, has a positive track record and reputation in executing infrastructure projects. A communal consultation mechanism will make sure that activities of different components are well articulated and that all stakeholders are informed and involved in the decision making process. The Project has been designed with the support of UNESCO and ICOMOS who will bring TA to ISPAN over the life of the project.</p>										
	<p>Resp: Client</p>	<p>Status: Not Yet Due</p>	<p>Stage: Implementation</p>	<p>Recurrent: <input type="checkbox"/></p>	<p>Due Date: 11-Jul-2016</p>	<p>Frequency:</p>					
	<p>Risk Management:</p> <p>The proposed project would work with other ongoing Bank projects to continue to build national capacity for strengthening understanding of climate change adaptation needs through the lifetime of the project. The proposed infrastructure works under the project would retrofit existing infrastructure vulnerable to climate risks. The project will also coordinate with the “north seismic plan” under preparation with the support of UNDP.</p>										
<table border="1"> <tr> <td> <p>Resp: Both</p> </td> <td> <p>Status: Not Yet Due</p> </td> <td> <p>Stage: Implementation</p> </td> <td> <p>Recurrent: <input checked="" type="checkbox"/></p> </td> <td> <p>Due Date:</p> </td> <td> <p>Frequency: CONTINUOUS</p> </td> </tr> </table>						<p>Resp: Both</p>	<p>Status: Not Yet Due</p>	<p>Stage: Implementation</p>	<p>Recurrent: <input checked="" type="checkbox"/></p>	<p>Due Date:</p>	<p>Frequency: CONTINUOUS</p>
<p>Resp: Both</p>	<p>Status: Not Yet Due</p>	<p>Stage: Implementation</p>	<p>Recurrent: <input checked="" type="checkbox"/></p>	<p>Due Date:</p>	<p>Frequency: CONTINUOUS</p>						
<p>Social and Environmental</p>		<p>Rating</p>	<p>Moderate</p>								
<p>Risk Description:</p> <p>1. Environment could be affected under the development of urban plans, infrastructure development plans, etc.</p> <p>2. Physical cultural resources may be affected to accommodate increased level of tourists at and around UNESCO heritage sites in the North. There is a risk of the park being delisted from the UNESCO’s cultural heritage list if the sites are not properly preserved.</p> <p>3. Risk of social unrest related to potential resettlement and access restrictions to land use in the NHP and the surrounding communities of Dondon and Milot.</p> <p>4. Risk of increased levels of crime and violence, as well as negative social behavior such as vandalism in the Project areas that may negatively influence tourist perceptions and growth in the tourism sector.</p> <p>5. Implementing agency and technical institutions have limited or no experience with Bank safeguard policies.</p>		<p>Risk Management:</p> <p>The MEF will coordinate with the MDE and MTPTC to assure adequate development and infrastructure plans. The Environmental and Social Management Framework (ESMF) includes the criteria to screen out activities that will irreversibly damage or destroy any part of the site, and criteria for identifying and managing all other social and environmental impacts to the site. The ESMF will also include guidance on capacity building and training of the relevant agencies involved in managing the site.</p>									
<p>Resp: Client</p>		<p>Status: In Progress</p>	<p>Stage: Implementation</p>	<p>Recurrent: <input checked="" type="checkbox"/></p>	<p>Due Date:</p>	<p>Frequency:</p>					
<p>Risk Management:</p> <p>The Project will closely coordinate with UNESCO in order to ensure that heritage sites are not affected. The Project will mitigate this risk by complying with UNESCO’s and ICOMOS’ requirements of establishing a park authority, designing a park management plan, and defining the correct carrying capacity the site can accommodate, balancing conservation and development. The project prepared a Physical Cultural Resources Management Plan to identify and address any issues with restoration works on assets that will become part of the park management plan for the PNH-CSSR.</p>											

	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
	Risk Management: The Project will ensure a high level of consultation, participation and communication with the affected communities to ensure broad community support of the proposed approach. Technical Assistance and capacity building of the implementing partners will contribute to this approach and mitigate the risk. Close supervision of the preparation and implementation of resettlement instruments will ensure that potential resettlement is minimized, alternative technical solutions are considered and resettlement compensation is provided before the (sub)-component activities start. A Process Framework has been prepared to ensure proper consultation mechanisms with communities living in the PNH-CSSR and a social analysis to ensure proper consideration of various stakeholders' interest.					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
	Risk Management: The PNH area, its surrounding communities and the city center of Cap-Haiten are considered relatively safe areas. The Project will closely coordinate the physical works with the municipalities and ensure that municipalities are capable and prepared to handle the increased tourist numbers and have integrated systems in place to prevent the increase of crime and violence. Capacity building will be provided, using good practice of other municipal crime and violence prevention programs in the region.					
	Resp: Client	Status: In Progress	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
	Risk Management: The Bank will support on the site training on social and environmental safeguards management.					
	Resp: Bank	Status: Not Yet Due	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
Program and Donor	Rating	Moderate				
Risk Description: This Project requires participation of other donors in activities that are complementary to the specific components; donors may change their priorities, have different implementation time framework or methods to work with the Government agencies.	Risk Management: Measures would be taken to ensure that the project team coordinates with the other donors and keeps everyone up to date on a regular basis.					
	Resp: Bank	Status: Not Yet Due	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:

Delivery Monitoring and Sustainability	Rating	Substantial				
Risk Description: 1. Due to lack of training of staff, adequate monitoring and evaluation of the Project could be weak. 2. Monitoring, especially impact evaluations, requires reasonably reliable data, of which there is very little available in Haiti. 3. Institutions supported by the Project (e.g. Park authority ; Destination Management Organization) may not be sustainable due to lack of funding and a viable business plan. 4. Tourism activities may not prove competitive in meeting international demand. 5. Sustainability Risk: The sustainability of the Project over the long term could be jeopardized by the lack of support from the GoH and necessary monitoring & evaluation. Sustainability of project results would be impacted by overall progress of the GoH's decentralization agenda, including the transfer of adequate resources to regional and local entities for maintenance and operations.	Risk Management: Training will be available if monitoring and evaluation weaknesses are detected during implementation of the Project. A Project M&E specialist will be hired and located in the UTE. The team will organize primary data collection using tourist exit surveys.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date: 31-Jan-2019	Frequency:
	Risk Management: The Government is committed to provide the necessary budget to maintain a properly staffed Authority for the PNH. A formal commitment from the government to cover Project activities such as financing maintenance, operations, repairs, and other specific Project demands will be sought in the frame of a new Law concerning the management of National Cultural Heritage Sites, including the PNH. The sustainability risk will be mitigated in the case of the PNH through the levy of entrance fees to the park in order to facilitate sustainability after the closure of the Project. The Project will promote sustainability by ensuring that a significant amount of the fees collected fees are used on the park.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Yearly
	Risk Management: With regard to the proposed infrastructure works in the Project, the sustainability would depend on both financial resources to operate and maintain them, and the level of ownership of the infrastructure by the beneficiaries, most relevant at the local level. This level of ownership would result from the implementation processing and mechanisms. Contributions by the Government in support of the investments/agencies strengthened by the Project, and their continued financial commitment to the decentralization agenda would strongly influence sustainability. The development of a park management plan including technical, operation and maintenance, and management guidelines for heritage assets and the requirement for local investments to define a maintenance plan would contribute to sustainability. Finally, provisions will be made to provide M&E training and support under Component E.					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency: Continuous
Other (Optional)	Rating	High				
Risk Description: 1. Due to its geographic location, Haiti is struck annually by hurricanes and other natural disasters.	Risk Management: Mitigation of this risk fall outside the scope of WBG action. However, WBG would continue to monitor developments and would adjust the program if necessary.					

<p>2. Storm/hazard events during Project execution damage works and modify construction requirements.</p> <p>3. Storm/hazard events during project implementation alter GoH priorities and redistribution of Project funding from vulnerability reduction and climate change adaptation activities to emergency recovery.</p> <p>4. The lack of resolution of the Route RN003, which is could affect the number of tourists the National Historic Site can attract, and the declassification of NHP could impact the timely implementation of the project.</p>	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
	Both	In Progress	Implementation	<input checked="" type="checkbox"/>			
	Risk Management:						
	The proposed Project would ensure that scheduling and prioritization of critical stages of works would be complete prior to the recurrent storm season. Works planning and execution contracts would also include risk management contingencies.						
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:	
	Both	In Progress	Implementation	<input checked="" type="checkbox"/>			
Risk Management:							
Component D of the proposed project, in line with OP 10.00, allows the GoH to reallocate Bank financing for emergency recovery and reconstruction purposes, if necessary. Existing recovery and reconstruction projects ensure the integration of climate resilience and vulnerability reduction into civil works designs.							
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:		
Client	Not Yet Due	Implementation	<input checked="" type="checkbox"/>				
Risk Management:							
At request of the World Heritage Committee, alternatives to Route RN003 are being investigated by the government. UNESCO has verbally mentioned the reception of a letter by the Haitian government confirming this situation.							
Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:		
Client	In Progress	Implementation	<input type="checkbox"/>	11-Jul-2016			
Overall Implementation Risk:		Rating	High				
<p>Risk Description:</p> <p>Implementation overall risk rating for the proposed Project is High. The main risk to the Project stems from the country context including the low institutional capacity of government agencies, combined with a large number of stakeholders. The Project attempts to mitigate this risk by: (i) phasing activities over time taking into account the capacity of the different agencies; (ii) anchoring the Project at the MEF, which has a convening capacity for other ministries and government agencies; (iii) engaging the UTE, an agency with a strong track record implementing projects, as the PIU; (iv) using a multi-sector team drawing on experience from different parts of the WBG; (v) leveraging technical assistance from specialized institutions such as UNESCO. The mid-term review is planned for 30 months after effectiveness, to provide an important opportunity to revise the Project's development and make necessary adjustments at the end of its first phase.</p>							

Annex 5: Implementation Support Plan

HAITI: Cultural Heritage Preservation and Tourism Sector Support Project

Strategy and Approach for Implementation Support

1. The strategy for implementation support (IS) draws on the risk profile of the Project (ORAF, Annex 4) and aims to enhance the client's quality delivery of the proposed interventions. As such, the IS focuses on risk mitigation measures defined in the ORAF and standard Bank implementation support, including technical, institutional, safeguards (environment, social) and fiduciary aspects.

2. The TTL and specialists responsible for each component would undertake supervision missions 3 times a year until mid-term review. The frequency of missions thereafter would be determined considering the development of the Project. A locally based team member would organize supplemental occasional technical support mission to complement daily supervision, monitoring, problem-solving, addressing bottlenecks in the Project, ensure coherence between project components, make necessary connections between national and regional investments, enhance coordination between MEF, UTE, and other partner institutions and amongst various stakeholders. Regular supervision by the TTL, Co-TTL and specialists from headquarters would focus on the following areas:

- (a) **Strategic** – To the extent possible, implementation support missions would meet with the UTE and the partner institutions to: (i) review Project activities; (ii) re-confirm strategic alignment of the Project's activities to the PDO; and (iii) ensure the necessary coordination amongst respective stakeholders.
- (b) **Technical** – The implementation support team for the Project would consist of Bank technical specialists who would review and supervise the execution of the Project components with partner institutions and UNESCO ensure the activities keep in-line with the PDO, and make adjustments to the design and procurement plan when necessary. The Implementation support team would include specialists in cultural heritage, tourism, local and urban development and external technical experts could be hired and consulted on needs. Ongoing support for M&E would continue to strengthen the Bank's and the UTE's ability to both monitor Project progress and assess the impact of interventions.
- (c) **Safeguards** – Bank environment and social specialists or consultants would work with the UTE in the implementation of the ESMF for the Project. This support would continue throughout Project implementation. Social specialists would support the client in the preparation and consultation for the Cap-Haïtien, Milot and Dondon activities' Resettlement Action Plans, and the National History Park Process Framework. These specialists would: (i) support the UTE and stakeholders with familiarization of the Bank's instruments; (ii) ensure the UTE capacity to undertake social and gender analysis and develop mitigation approaches; and (iii) ensure regular and close supervision of progress and implementation of these plans.
- (d) **Fiduciary** – The Bank's Headquarters and field-based financial management and procurement specialists would provide timely, targeted training to UTE and other possible executing institutions prior to Project effectiveness and through periodic supervision

missions during Project implementation. These specialists would: (i) support the UTE in its familiarization with Bank rules and procedures; (ii) prepare UTE staff to work with the Procurement Guidelines; (iii) ensure the capacity of UTE to manage flow of funds and accounting procedures, in line with FM guidelines; and (iv) work with UTE in building its overall financial management and procurement capacity to improve and facilitate Project management. Supervision of the Project's financial management arrangements would be conducted semi-annually and, as needed, in response to client needs. The support would focus primarily on contract management and in improving proficiency and efficiency in implementation, according to the Bank guidelines

- (e) **Client-relations** – The TTL and the team would: (i) coordinate Bank supervision to ensure consistent Project implementation, as specified in the legal documents (i.e. Grant Agreement, Project Operations Manual); and (ii) meet regularly with the client and UTE to gauge Project progress in achieving the PDO and address implementation roadblocks as they may arise.

Skills Mix Required - Institutional Support

Table 8: Institutional Support

<i>Skills needed</i>	<i># Staff Weeks per FY</i>	<i># Trips per year</i>	<i>Comments</i>
Task Team Leader (Supervision)	8	3	HQ-based
Co-TTL (Supervision)	4	0	Country based if possible
Procurement Specialist	3	1	HQ-based and country based
Financial Management Specialist	3	1	HQ-based and country based
Senior Urban specialist, architect, Cultural Heritage	10	3	HQ-based with long mission in the country
Senior Infrastructure Specialist	1	-	Country-based
Tourism Specialist	4	2	HQ-based
Local investments specialist	3	2	HQ-based
Environment Specialist	3	1	HQ-based
Social Specialist	3	1	HQ-based
Monitoring/Evaluation Specialist	1	1	HQ-based

Partners

Table 9: Partners

<i>Name</i>	<i>Institution/Country</i>	<i>Role</i>
Client	MEF	Project counterpart, responsible for coordinating the government of Haiti support for the Project
Project Implementing Unit	UTE (a unit of MEF)	Responsible for Project execution
Key Government Project Partner institutions	Ministry of Tourism; Ministry of Culture, Ministry of Interior and Territorial Collectivities, Ministry of Public Works, ISPAN; PMA of the PNH-CSSR, CIAT, Inter-ministerial committee for Management of the PNH-CSSR, Municipalities (and <i>Communal Consultation</i> tables)	MT chair the steering committee and technical oversight of component C. MC through ISPAN is the leading institution in charge of the PNH-CSSR. Each partner institution has responsibility for specific activities of the Project described in the Operation Manual
International Institutional Partners	UNESCO	UNESCO is providing technical assistance to ISPAN to implement the project and manage the PNH-CSSR
Other donors	IDB/MIF, AFD, CECI, UNESCO/WHC	Collaborate on the development of the tourism destination in the north. CECI is implementing the IDB/MIF's tourism destination development Project in the north, which includes the mandate to

		mount the Destination Management Organization (DMO). AFD is providing technical assistance to Cap-Haïtien city in Cultural Heritage assets and city management. WHC is monitoring the management of the PNH-CSSR.
Private sector partners and Public private entities	Various/including Private Sector Economic Forum, Chambers of Commerce, Associations and industries (e.g. Haiti Tourism Association, SME Association) Destination Management Organization	Beyond consultation, play a key role in the sustainability of the Project by perpetuating Project activities through investments and taking over responsibility for service delivery beyond the life of the Project. The DMO is expecting to manage small grants to support tourism services and rehabilitation of historic houses and building for touristic purpose.

Annex 6: Economic Analysis

HAITI:

Cultural Heritage Preservation and Tourism Sector Support Project

1. **This analysis follows the lessons learned from previous cultural heritage and tourism projects in quantifying economic impact, in addition to recognizing the intangible benefits related to cultural heritage preservation.** The intention of this economic analysis is to determine the returns to investments in cultural heritage and tourism in the North of Haiti. This exercise is complicated by several factors, including: a volatile political and natural environment with a high risk of catastrophes; and low capacity of local agencies to accurately collect and analyze data—such as real estate values and tourist expenditures, for example. In particular, endemic to cultural heritage projects, the types of value associated with such investments—aesthetic, symbolic, historic, for example—are not readily quantifiable. In the case of tourism investments, an added challenge is the importance of factors beyond the control of the Government that may significantly affect tourist numbers and expenditures, including macroeconomic conditions such as fuel prices, exchange rate movements, as well as events and policies affecting the disposable incomes of households. With these parameters, lessons learned from previous cultural heritage projects are noted followed by a cost-benefit analysis using rudimentary available data, cost-effectiveness analysis and finally discussion of the intangible benefits of the Project.

2. **What is the World Bank’s value added?**²⁴ The value-added of World Bank resources is demonstrated by several factors. First, the project contributes to expected outcomes that are aligned with the Bank’s ISN FY13-14 objectives, to: (i) reduce vulnerability and increase resilience, (ii) encourage sustainable reconstruction, (iii) build human capital, and (iv) revitalize the economy. Second, it responds directly to the priorities of the Haitian Government, which include, among others, to finance physical rehabilitation works at the historical sites of the Citadelle, the Palais de Sans Souci, and the historic center of Cap-Haïtien and regional development. In addition, with its global sector knowledge the Bank can add substantial value in the design, construction, and policy-making activities, as well as targeted technical assistance.

3. **What is the project’s development impact?** The Project would contribute to cultural heritage protection, rehabilitation and interpretation; environmental improvements; and local economic development.

(a) **Cultural heritage protection, rehabilitation and interpretation.** Due to underinvestment in their protection, the landmark cultural heritage sites are classified as ‘endangered’ by UNESCO. For example, the hill on which the Citadelle rests is plagued by erosion, causing the structure to slide downwards gradually but continuously. The Project would contribute to preventing further degradation of these sites, including stabilization of the Citadelle and ensure preservation of the sites for future generations (i.e., bequest value) and beneficial use by the present generation. If they are preserved, the sites would have both ‘*use value*’ as well as ‘*non-use value*.’

²⁴ The questions posed in points 1, 2, 3 and 4 are standard for a World Bank Project economic analysis, according to the World Bank *Investment Project Financing Economic Analysis Guidance Note*. April 2013.

If these cultural heritage sites are allowed to further deteriorate, they would lose their cultural and historic value. Specifically, landscapes of the Park as well as key sites in surrounding neighborhoods and towns (Milot, Dondon, Cap-Haïtien) would be extinguished, and thereby environmental degradation of these areas would be accelerated resulting in a loss of future tourist revenues and quality of life.

- (b) **Environmental improvements.** The Project would support investments to protect and restore site and local environments. The Park Management Plan would support measures to prevent further degradation of the biodiversity of the PNH-CSSR. Furthermore, the Project would support wastewater management and potable water provision in the nearby towns of Milot and Dondon, as well as studies to improve solid waste disposal in Milot and sanitation in Cap-Haïtien.
- (c) **Local economic development.** Building on the strong potential afforded by the tourist and cultural heritage sites as well as existing investments in the North, the Project would foster inclusive growth in the local economy. It would do so by generating tourist demand, which would increase demand for Haitian services and goods, thereby creating jobs and income for Haitians.

4. **Is public sector financing the appropriate vehicle to achieve the objective?** Public financing is warranted in this case for a number of reasons, including the correction of a market failure, the incorporation of externalities and non-excludability of certain investments, as well as social and political concerns particular to national heritage sites. The market failure to provide financing for this project is due to the lack of financial viability of the investment combined with the positive externalities, in the form of increased activity in the local economy, which could not be captured by a potential private investor. Furthermore, several of the activities support investments that are non-excludable (i.e., the public cannot be prevented from using them) such as the rehabilitation of Fort Picolet, or that should not be excludable for religious reasons, for instance the renovation of the Chapelle of the Palais de Sans Souci. Secondly, the motivations and desired returns of private sector investors may be at odds with the most desirable social outcomes of these investments. Even if current Park entrance ticket prices were raised to US\$10 or US\$20, the income would not cover the investment or the maintenance costs. Furthermore, most of the specific investments suffer from incomplete information, as evidenced by the project's support for preparation studies, which makes potential investment in these sites unattractive to private investors. These factors, combined with the very high initial capital required in order to re-open the Park, would likely prohibit a private investor from investing.

5. **Addressing the challenges to measuring the expected impacts: Lessons from previous projects.** In order to address the various challenges particular to measuring the economic impact of cultural heritage and tourism investments in a volatile political and geographical environment, with low statistical capacity and little data, the Project considers previous World Bank projects for lessons learnt.

6. **Lesson #1: Investing in cultural heritage and tourism development in a volatile region: the case of Jordan.** The objective of the *Jordan Cultural Heritage, Urban Development and Tourism Project* (P081823) is to contribute to tourism development in five key historically and culturally important secondary cities after Amman and, thereby, create the conditions for local development. A secondary objective is to contribute to the consolidation of the tourism

industry in Petra, Jordan’s premier tourism asset and destination. While the project aimed to support the policy goals of the GoH to expand the country’s key tourism industry in an environmentally responsible and sustainable way; to increase local property values and municipal tax bases; and to create new jobs, it did not attempt to quantify these. Due to the volatile political environment in the region, which could unpredictably shape tourist numbers from year to year, the project ruled out common methodologies such as contingent valuation of benefits of the project, or hedonic valuation that would estimate the change in property values proximate to the investment sites. Instead, the project employed a cost-effectiveness methodology for the economic analysis. As part of this methodology, the economic analysis demonstrated that the project’s investments were the most cost-effective, focusing on the public provision of key infrastructure, using simple and low-cost initiatives. The proposed Project considers these lessons and incorporates the cost-effectiveness methodology in the economic analysis, using a similar categorization of investments by their characteristics as public goods.

7. **Lesson #2: Quantifying tourism in China when data is unavailable and estimates are uncertain.** The *CN-Gansu Cultural and Natural Heritage Protection and Development* project aims to support five distinct benefits in this region of China: cultural and natural heritage protection, rehabilitation, and interpretation; environmental improvements; local economic development; local skills upgrading; and institutional strengthening. To support the induced and dynamic benefits of the project, procurement for project investments was intentionally designed in packages small enough to attract bids from local enterprises. While the economic analysis gives a brief summary of the expected employment generation attributable to the project, based on employment data provided by the Project Implementing Units, it declines to present a cost-benefit analysis of the project. The economic analysis cites the highly speculative nature of predicted revenue streams and tourist numbers, uncertainty over the extent and timing of market acceptance of the sites as tourist destinations and unpredictable macroeconomic shifts as reasons for choosing instead to utilize cost-effectiveness methodology. In this vain, the project presents a breakdown of investments that are considered public goods, but also actively targets least-cost options, locally appropriate technologies, construction methods and maintenance procedures in all of its investments—66 percent of which are in infrastructure (mostly public goods). The Proposed Project considers this as an additional example of the advantages of using the cost-effectiveness methodology, while also incorporating a brief demand analysis to estimate the expected economic impact of tourism increases.

8. **Lesson #3: The economic impact of cultural heritage projects in retrospect: Georgia and FYR Macedonia.**²⁵ The Bank projects—*Macedonia Community Development and Culture Project* (2002/2006) *Georgia Cultural Heritage Project* (1998/2003)—provided funds for restoration and renovation of the heritage and for other improvements to the two sites. Typically, such projects would propose a cost-benefit analysis (CBA) *ex ante* to estimate the economic impact that the investments would have. Yet in FYR Macedonia, only a partial CBA was carried out on the pilot project at Berevo, while the Georgia project demurred from any *ex ante* quantitative analysis of expected benefits. Both projects deferred the quantitative economic analysis to post-project, while collecting some monitoring and evaluation data at the investment sites throughout the projects’ lifetimes. The ensuing retrospective impact evaluation focused on

²⁵ Throsby, David. *Investing in Urban Heritage: Economic Impacts of Cultural Heritage Projects in FYR Macedonia and Georgia*. Urban Development Series Knowledge Papers. September 2012. No. 16. World Bank.

primary (through surveys) and secondary data on both the project sites and another similar location not touched by project interventions. Significant positive impacts were found, compared to control sites: increased tourist numbers and corresponding expenditure, as well as visits to local businesses and museums; boosts in employment; and quantitative evidence of cultural benefits, measured by stakeholders' willingness to pay for further rehabilitation work of the sites.

9. The Proposed Project considers the following important lessons learnt from this ex-post impact evaluation, and aspires to improve on them. It would build in sound monitoring and evaluation systems to the project and track key economic variables such as outputs, incomes, tourist numbers and expenditures, and induced investments; in addition to businesses, survey beneficiaries of the project and assess their willingness to pay for the benefits; and choose a valid counterfactual to infer incremental effects of the project. The Project would indeed collect such data throughout the project, both at the investment sites, as well as another comparison site such as Jacmel. Furthermore, questions on willingness to pay would be included in the baseline survey of foreign tourists during preparation, and would be expanded to other stakeholders, such as local residents, in follow-up surveys during the project.

10. **Cost-benefit analysis.** Tourist demand is evident from recent figures from the MT,²⁶ which show that Haiti received the highest volume of tourists during the first quarter of 2013 since 2007 and between 2007 and 2011: international tourist volumes increased on average by 4.9 percent per year, despite the global financial crisis in 2008 and the disasters that hit Haiti in 2008 and 2010. The most recent figures collected by the Ministry of Tourism for 2013 show an average of 2,800 visitors per month to the National History Park (total visitors to the Palais de Sans Souci and/or the Citadelle). Thus a projection for the estimated total number of visitors to the PNH for 2013 would likely exceed 30,000. While there is no reliable method in the context of Haiti for predicting the further increases in tourism and its economic effects generated by the Project, the Project does intend to track these and produce an ex-post evaluation.²⁷ Specifically, the Project would conduct a tourist exit survey, including a small sample indicative baseline survey before the start of the project and comparative surveys during implementation, as well as a more in-depth survey post-completion, to attempt to gather such data.

11. Besides the GoH estimates, the project team benefitted from data from key sources of tourists, such as RCCL and commercial airlines, in order to present the following cost-benefit analysis. Based on analysis of Component A only, with a cost of US\$28 million, conservative estimates of tourist inflows, their associated expenditures, a time horizon of 10 years (five years beyond the Project's end), and a discount rate of 10 percent, the estimated IRR is 39 percent, with a NPV of US\$ 18 million. With the effect of a local multiplier conservatively estimated at 1.2, the IRR would be 50 percent, with a NPV of US\$24 million. A sensitivity analysis shows that with a local multiplier just above 0.52, the NPV would still be positive. Further analysis indicates that tourist inflows could fall by 57 percent and the NPV would continue to be positive. These sensitivity analyses were conducted using 'switching values' until NPV equals zero.

²⁶ BUST (Bulletin de statistiques touristiques), Haitian Ministry of Tourism, January to March 2013

²⁷ The Project would follow the example of other projects to design this evaluation, such as that done for similar projects in FYR Macedonia and Georgia: World Bank. Urban Development Knowledge Series Papers. *Investment in Urban Heritage: Economic Impacts of Cultural Heritage Projects in FYR Macedonia and Georgia*. September 2012, No. 16.

12. The above results are partial, as they do not take into account the benefits accruing from the other components, such as: (i) the additional physical socio-economic investments with the municipalities and the small investments with beneficiaries under the grant program; or (ii) the investments in capacity building. The benefits from these additional investments are likely to be substantial as they would improve the business and livelihood climate in neighborhoods adjacent to the historic city center in Cap-Haïtien and to the PNH-CSSR in Milot and Dondon. They would decrease transaction costs and losses and support business activity, thereby enabling the populations to fully take advantage of the economic benefits from tourism. Similarly, evidence in Haiti and elsewhere indicates that the benefits of capacity building in a context where the human resource base is limited and institutional capacity is weak are likely to be extremely high. Therefore, the overall project results are expected to be higher than those derived from the major rehabilitation and upgrade investments under Component A alone. The cost-effectiveness analysis and discussion of intangible benefits further justify these additional benefits.

13. In addition to the challenges particular to estimating returns on cultural heritage investments through cost-benefit analysis, there are additional ones specific to tourism projects, such as defining the tourism sector and tourists, as well as estimating and collecting data. In this light, the project considers two supporting approaches that could address these: i) cost-effectiveness; and ii) discussion of intangible benefits of investing in cultural heritage.

Cost effectiveness

14. **Methodology options.** An option would be hedonic valuation to estimate increased value of proximate land and real estate properties due to the project. However, in the context of Haiti, the necessary data on current property values is not available. The problem is further compounded by the lack of realistic attribution directly to project activities. At the same time, it is difficult to estimate the decrease in economic activity in the absence of the project. A second option is to consider other investments and their public good value.

15. **Choice of investments.** The proposed Project supports investments that are the most cost-effective and focus on the public provision of key infrastructure through low-cost and simple initiatives that emphasize visible public areas that are frequently used, culturally significant and important for the vitality of the community. The proposed investments employ locally-appropriate technologies, construction methods and maintenance procedures that can be sustained after the project's completion. However, in light of the public good nature of these investments, there is a strong case for public sector intervention to preserve, upgrade and manage these assets to enhance public welfare. Their public good nature arises for a number of reasons, including: positive externalities not easily captured by a private investor; inability to exclude the public from using or enjoying the investments; undesirable exclusion of the public from using certain investments; or incomplete information on the investments.

16. Works represent 71 percent of the total project cost, or US\$32 million. Of these, US\$8 million are as yet undefined, to be undertaken only in the second phase of the project. Of the remaining US\$24 million, 100 percent of the funded works result in some form of positive externalities that could not be fully captured by a private investor and therefore require Government intervention to provide the optimal level of these goods. Of these, 38 percent are also non-excludable and an additional 21 percent could be excludable, but it would be

undesirable. Lastly, all of the works envisaged lack complete information and therefore require additional preparation studies that are included in the project, thereby making them unattractive to a private investor. Indeed, 100 percent of the works funded under the Project are considered public goods, based on criteria such as the presence of positive externalities, non-excludability and incomplete information—making them unattractive to private investors. Should they be opened to private investors, as an alternative to public investments, the social and cultural cost—though unquantifiable—would be significant and irretrievable. Further discussion of such intangible benefits follows below.

17. **Beyond the numbers: cultural heritage value.**²⁸ In a low statistical capacity environment such as Haiti, compounded with the high risk of events that may suddenly deter tourists for extended periods of time, it is useful to contemplate the value of this project in terms other than quantifiable impact. According to Licciardi and Amirtahmasebi, cultural heritage value can be disaggregated into the following specific values that individuals may assign to the site(s), in varying weights, according to their particular assessments:

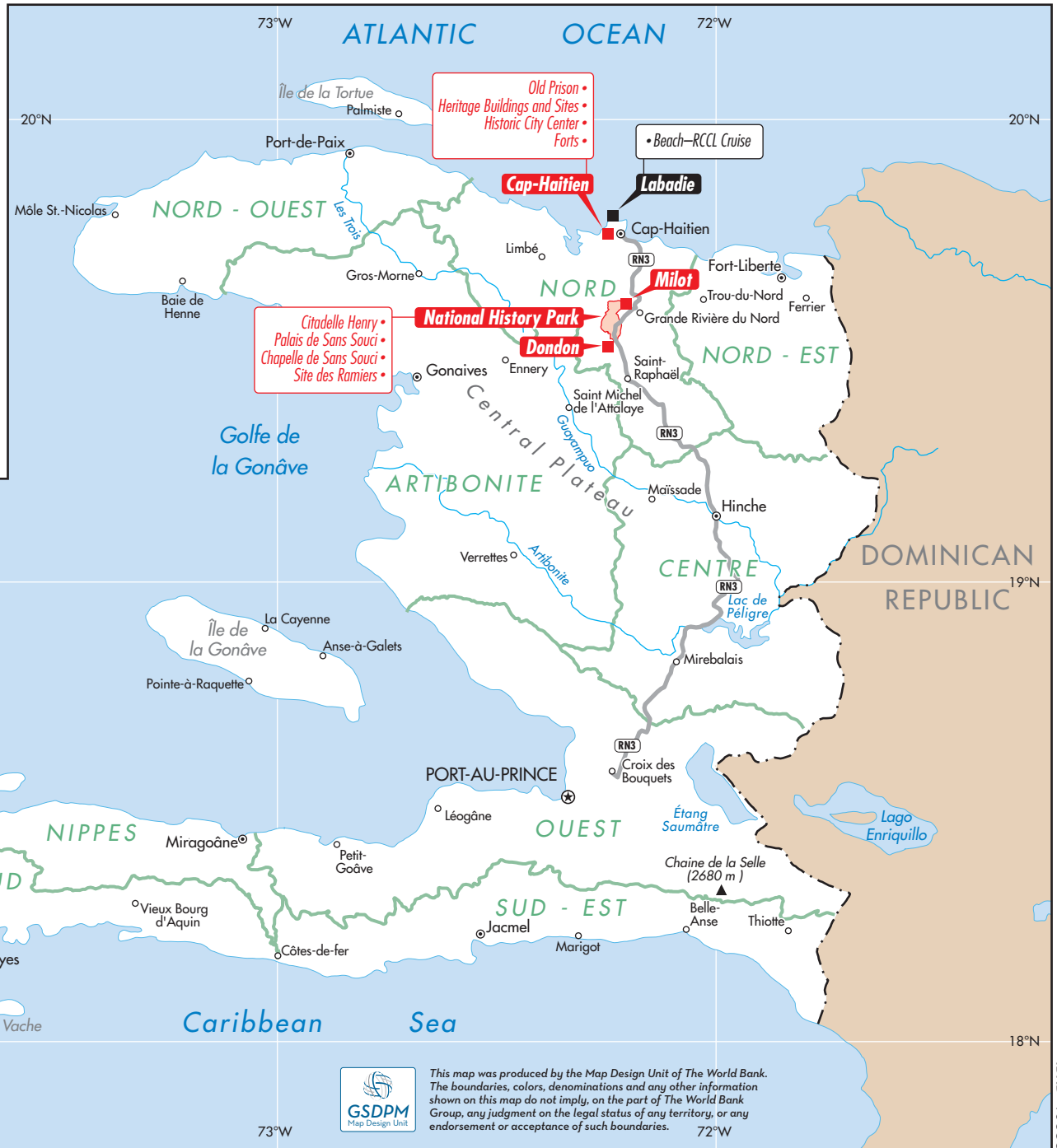
- (a) *Aesthetic value* refers to beauty in some fundamental sense, whether that quality is somehow intrinsic to the site and its surroundings or whether it only comes into being in the consumption of it by the viewer;
- (b) *Symbolic value* refers to the meaning and information that helps the community in which the site is located to interpret that community's identity and to assert its cultural personality. The value of the site as a representation of meaning may be particularly important in its educational function, not just for the young but also for advancing the knowledge base and level of understanding of the whole community;
- (c) *Spiritual value* may contribute to the sense of identity both of the community living in or around the site and also of visitors to the site. It may provide them with a sense of cultural confidence and of connectedness between the local and the global.
- (d) *Historic value* is inarguably intrinsic to the site, and of all the components of cultural value it is probably the most readily identifiable in objective terms. Perhaps its principal benefit is seen in the way in which historic value assists in defining identity, by providing a connectedness with the past and revealing the origins of the present.
- (e) *Authenticity value* refers to the value of the site for its own sake because it is real and is unique. An important concomitant characteristic is that the site has integrity, variously defined in different circumstances, which must be safeguarded;
- (f) *Scientific value* refers to the site's importance for its scientific content or as a source or object for scholarly study.

18. Given the significant cultural heritage value of assets included in this project represented by each of these values, support to cultural heritage preservation would yield both quantifiable economic returns and these broader benefits of particular importance to Haitians as a proud country.

²⁸ Licciardi, Guido and Rana Amirtahmasebi. *The Economics of Uniqueness: investing in historic city cores and cultural heritage assets for sustainable development*. World Bank. October 2012.

HAITI CULTURAL HERITAGE AND TOURISM PROJECT

- NATIONAL HISTORY PARK
- PROJECT SITES
- CITIES AND TOWNS
- DEPARTMENT CAPITALS
- NATIONAL CAPITAL
- RIVERS
- MAIN ROAD
- DEPARTMENT BOUNDARIES
- INTERNATIONAL BOUNDARIES



*Citadelle Henry •
Palais de Sans Souci •
Chapelle de Sans Souci •
Site des Ramiers •*

*Old Prison •
Heritage Buildings and Sites •
Historic City Center •
Forts •*

Beach—RCCL Cruise

National History Park

Dondon

Milot

Cap-Haitien

Labadie

DOMINICAN
REPUBLIC



This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

