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PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: AB5601

Project Name	Rural Community Driven Development - Additional Financing II
Region	LATIN AMERICA AND CARIBBEAN
Sector	General agriculture, fishing and forestry sector (60%);Roads and highways (20%);Irrigation and drainage (10%);General water, sanitation and flood protection sector (10%)
Project ID	P118139
Borrower(s)	REPUBLIC OF HAITI
Implementing Agency	*Bureau de Monétisation des Programmes d'Aide au Dévéloppement (BMPAD)*
Environment Category	[ ] A [X] B [ ] C [ ] FI [ ] TBD (to be determined)
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Date of Board Approval	May 27, 2010

1. Country and Sector Background (The text is on Project Background)

Over the past several decades, Haiti has demonstrated a high vulnerability to political, economic, and social crises, as well as to numerous exogenous shocks, such as hurricanes and fluctuating commodity prices. The January 2010 earthquake is estimated to have killed more than 250,000 people in the capital Port-au-Prince, while destroying much of its economic and social infrastructure, and thereby initiating the return of hundreds of thousands of urban residents to the country's rural areas. This massive urban-rural migration has put additional strain on rural areas that were already suffering from environmental degradation, unemployment, and severe poverty.

The original Community-Driven Development (CDD) Project was prepared as a response to the dire pre-earthquake situation in Haiti's rural areas, where much of the population struggles for survival, due to a lack of basic services and economic opportunities. The Project was designed[1] to help to break the cycle of exclusion, via a mechanism for strengthening local Community-Based Organizations (CBOs), and to provide a means through which citizens could agree on their most pressing investment needs and access funds to meet them. The CDD approach was also chosen to promote greater transparency in the allocation of investment resources in Municipalities and to increase the likelihood that these resources would be applied in a way that meets local demand. The Project was furthermore a means of enhancing community empowerment and social cohesion, thereby "restoring hope for improvement" in a

[1] The actual design of PRODEP was based on the successful experiences of two pilot CDD projects that were carried out previously in rural areas of Haiti: (i) the Rural CDD Pilot Project, implemented in 2004 with the support of a US$1 million Post-Conflict Fund grant; and (ii) a Labor-Intensive and Basic Infrastructure Rehabilitation Pilot Project, financed by a US$1 million Low-Income Countries Under Stress grant in 2005. Both of these pilot projects were modeled on the CDD approach implemented in Northeast Brazil with strong Bank support, and adapted to the Haitian context.

country that has in the past few years suffered a devastating series of major political, economic and social crises, as well as crises and natural disasters.

PRODEP is financed through an IDA grant, in the amount of SDR 25.6 million (US$38.0 million equivalent), approved by the Board on July 28, 2005. The corresponding Development Grant Agreement (H1810-HA) was signed on September 9, 2005 and became effective on December 8, 2005. The closing date is June 30, 2010. In December 2008, PRODEP received Additional Financing of $8 million to increase the Project's coverage and impact. The current Additional Financing would establish a completion date on December 31, 2012 and a closing date of June 30, 2013. This time frame would enable the Project to conclude all Project activities with the same institutional structure in place.

2. Objectives

The Project's Development Objective is to assist the GoH in implementing the direct transfer of public resources to local Community-Based Organizations (CBOs) in poor rural and peri-urban communities, in order: (i) to improve their access to basic and economic infrastructure and services, and to support income-generating activities by financing small-scale investments proposed, implemented, and managed by the local CBOs themselves; and (ii) to improve governance and build social capital in communities, via increased citizen participation and transparency in open decision-making processes.

3. Rationale for Bank Involvement (Text is ***Rationale for Additional Financing)***

It was originally planned that a follow-up Project to the ongoing PRODEP operation would be prepared. Given the consequences of the January 2010 earthquake, however, including the added stress on the country's rural areas from the return of hundreds of thousands of urban dwellers, and the damage to the GoH's capacity to undertake lengthy Project preparation, it was decided that Additional Financing for the existing grant would be the fastest and most effective mechanism for strengthening the Project in the present circumstances. It is nevertheless important to mention that the AF would take into consideration not only the emerging needs and circumstances facing the country as a result of the earthquake, but also the lessons learned from implementation thus far.

To date, the Bank response to the Haiti earthquake has been focused on the following three strategic areas:

1) The making available of new IDA funds for Haiti, in the amount of US$100 million (announced on January 13, 2010), to assist the GoH in the early recovery and reconstruction phase. The proposed AF is part of this early response, intended to contribute to the restoration of key State functions and the rebuilding of selected vital infrastructure.

2) A restructuring of the World Bank portfolio in Haiti. Within the portfolio, there are 15 active IDA-financed projects, covering disaster risk management, infrastructure, Community-Driven Development, education, and economic governance. The total commitment of the current IDA-financed Haiti portfolio is approximately US$200 million, with some $150 million as yet undisbursed. Six projects are now being

restructured as part of the initial response to the disaster (with the possibility that others might be restructured later). The restructured projects will all be subject to OP/BP 8.00, on Rapid Response to Emergencies.

3) Participation, as one of the key contributors, to the Post Disaster Needs Assessment (PDNA) being led by the GoH.

4) World Bank designated as the trustee and fiscal agent for the new Haiti Reconstruction Fund, a multi-donor trust fund for the reconstruction and restoration of institutional capacity.

The proposed AF is thus a part of the Bank's overall response to Haiti's recovery needs, following both the January 2010 earthquake, and the string of four violent hurricanes and tropical storms (Fay, Gustav, Hanna, and Ike) that devastated the country in August and September 2008. Although most of the earthquake damage was localized in and around Port-au-Prince, there is also great deal of infrastructure to be rebuilt as a result of strong winds, flooding, and landslides in 2008 – which, at that time, was the country's worst natural disaster in over a century. Many of the hardest-hit areas (e.g., the South, Southeast, Nippes, Grand-Anse, and the Central Plateau) include Departments in which PRODEP is already actively working with local community organizations. Maintaining and reinforcing PRODEP's apparatus and operational capacity on the ground is thus even more critical at this moment, as it provides an effective channel to support local communities' own efforts to rebuild and recover. This is in line with experience in other post-disaster contexts, such as Aceh, in which already-functioning CDD projects proved to be vital mechanisms for achieving results early in the recovery process.

Demand for subproject funding under PRODEP has exceeded expectations and maintaining PRODEP activities in the 59 Municipalities is deemed critical by the GoH and key stakeholders, both in consolidating the results already achieved and in addressing new challenges resulting from the earthquake. To this end, the GoH has officially requested additional financial support from IDA. The GoH understands that working through extensive networks of community organizations can help to strengthen the resilience of local communities to any future external shocks.

4. Description (Text belongs to ***Project Description: Objectives, components and costs***)

PRODEP's original development objective would remain unchanged – to assist the GoH in implementing the direct transfer of public resources to local Community-Based Organizations (CBOs) in poor rural and peri-urban communities, in order to: (i) improve their access to basic and economic infrastructure and support income-generating activities, through the financing of small-scale investments proposed, implemented, and managed by the CBOs themselves; and (ii) improve governance and build social capital of communities, through increased citizen participation and transparency in open decision-making processes.

Component 1: Community Subprojects, Management and Support (an additional US$12.0 million equivalent from IDA, US$13.2 million total with counterpart contribution). Specifically, the proposed AF would support:

(i) approximately 136 additional community subproject investments (at a maximum a cost of $20,000), through two additional subproject prioritization cycles in 27

Municipalities (out of a total of 140 in Haiti); each Municipal Section (*Section Communale*) would be able to implement 1 or 2 subprojects based on past performance.

(ii) approximately 80 subprojects (at a maximum cost of $55,000) in the 59 Municipalities, aimed at addressing the impact of the January 2010 earthquake, benefiting a large number of people, and consolidating the achievements of the ongoing subprojects; and

(iii) additional technical assistance to further strengthen the capacity of the beneficiary Community-Based Organizations (CBOs) participating in the Community Development Councils (CADECs, or *Conseils d'Appui au Développement Communautaire*).

Component 2: Capacity Building and Technical Assistance (an additional US$2.1 million). Through this Component, PRODEP would continue to strengthen CBOs, CADECs, and local governments in the management and organization of CBOs, mechanisms for the maintenance of subprojects, identification of additional or alternative financing for subprojects, municipal administration and management, and the promotion of the institutional sustainability of the CADECs.

Specifically, each Municipality would be allocated a budget of approximately $30,000 to finance: (i) additional training for members of CADECs, municipal governments, and regional representatives of central Government ministries in basic management, administration, accounting, and financial management; and (ii) specific additional training programs for CBOs in subproject management and maintenance. The Component would also finance additional training for the PCU (i.e., BMPAD) staff, aimed at improving its effectiveness in the monitoring and supervision of Project implementation overall.

Component 3: Project Administration, Supervision, and Monitoring and Evaluation (an additional US$1 million). This Component would ensure adequate management of the Project, including M&E, and the adoption and implementation of the MIS system developed under PRODEPUR.

5. Financing

Source:		($m.)
BORROWER/RECIPIENT		1.2
IDA Grant		15.0
	Total	16.2

6. Implementation

General

1. The institutional and implementation arrangements in place under the original project would remain the same, with BMPAD under the Ministry of Economy and Finance continuing as Implementing Agency on behalf of GoH. BMPAD and its dedicated PCU have been satisfactorily implementing PRODEP to date.

Executing entities

2. The Project Coordination Unit (PCU/BMPAD) would be responsible for overall Project coordination, management, administration, and oversight, and would delegate day-to-day execution of subproject-related activities under Component 1 to the MDODs, through the subsidiary implementation agreements discussed above. The PCU/BMPAD's responsibilities include: (i) continuous oversight of the execution of information campaigns; (ii) Project reporting to the Bank; (iii) overall Project financial management; (iv) maintenance and updating of the Project Management Information System (MIS); and (v) impact evaluation.

3. BMPAD is an autonomous public institution, created in 1985 to: (i) receive and convert into cash the food aid from the international donors; and (ii) identify and fund Government development projects with relevant institutions and/or agencies, in areas such as road construction, agriculture, education, health, and commerce. BMPAD is governed by a Board, presided over by the Minister of Planning and External Cooperation, with the Minister of Finance as Vice-President, and several other key line Ministries as active members. BMPAD has a strong track record of working together with other sector Ministries, combined with detailed knowledge of procedures applied by the various donors. BMPAD is managed by a General Director, who reports to the Board's Secretariat, and is composed of technical, finance, and administrative units. It has ample experience in the procurement of works executed by medium and small-scale local enterprises.

4. Community-based Organizations (CBOs) are groups of rural citizens (of 20-40 families, each representing some 100-200 individuals) with a common interest that are organized into officially constituted civil associations. They identify, prepare, implement, supervise, operate and maintain their subprojects, assisted by technical assistance and training made available by Community Development Councils (CADECs) and the MDODs (see below).

5. Community Development Councils (CADECs) include representatives of CBOs, civil society, and local government. As the principal entity for targeting benefits and allocating Project resources at the communal level, CADECs also provide a critical link to local government and have the potential to engage in other non-project activities. They receive, prioritize, and approve subproject proposals from CBOs during regularly scheduled and broadly publicized meetings that the public is encouraged to attend, and then submit investment plans to their respective MDODs. The CADECs also accompany CBOs during subproject implementation and subsequent operation and maintenance.

6. Maîtres D´Ouvrage Delegués (MDODs) are services providers (e.g., NGOs, non-profit organizations) that: (i) assist CBOs and CADECs in strengthening their organizational and operational capacity; (ii) accompany CADECs and CBOs in the "on-the-ground" execution of Project activities; (iii) provide technical assistance to CBOs throughout the subproject cycle; (iv) technically appraise subproject proposals that have been approved by the CADECs; (v) enter into subproject agreements (accords) with CBOs for the financing of subprojects; and (vi) transfer funds for subproject execution directly to the bank account of the concerned CBOs. Subsidiary implementation agreements signed between BMPAD and the MDODs define the latter's specific roles and responsibilities in facilitating Project implementation.

7. To enhance implementation readiness as soon as the resources are made available, the Project would initially support the contract extension of the already-participating MDODs (PADF, CECI, CARE, and ASODLO) operating in the targeted Municipalities, while reserving

some activities for local NGOs, to be recruited at a later stage. MDODs are further required to operate field offices in the Project area throughout project implementation.

7. Sustainability

Project sustainability has been evaluated at both the institutional and subproject levels, and it was concluded that there are considerable risks that Project achievements will not be sustainable over time if support from the Project itself were to end. The AF design has incorporated broader sustainability actions in two ways: first, the transition from COPRODEP as a project-specific structure to CADEC, a committee that also helps allocating other external funding within the municipality, assists with creating longer term avenues for funding local development. Second, the project will continue to support BMPAD efforts in liaising with policy makers to disseminate project outcomes at the highest level and promote the CDD structure as a vehicle for decentralization and territorial development. There is also the issue of maintenance, which will be addressed by ensuring more accurate maintenance plans, pre-implementation agreements with the institutions responsible for the subproject maintenance (which are not always CBOs), and the inclusion of first-year maintenance budgets in the subproject financing package. Moreover, CDD projects generally require follow-on operations aimed at promoting a culture of participatory fund allocation and increasing the sustainability of community investments via maintenance schemes and technical assistance.

8. Lessons Learned from Past Operations in the Country/Sector (from Proposed Changes under (vi))

Community-based reconstruction has proven to be an effective tool for responding to natural disasters and their impacts on the social and economic cohesion of local communities. These experiences indicate that agile responses to local needs, a focus on livelihood restoration and job creation, and the empowerment of local communities in decision-making are key factors to the success of local reconstruction efforts. Key lessons learned from use of CDD projects in Aceh, Indonesia and other post-disaster contexts would thus be incorporated into Project design under the AF, to strengthen its utility in the present situation, in response to the GOH's request for the development of avenues for nation building at multiple levels.

9. Safeguard Policies (including public consultation)

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

By supporting the proposed Project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

General. The same environmental and social safeguards would apply to the AF as to the original Project, and the same Environmental Management Framework (EMF) would be used. The AF would support activities in the 59 Municipalities in which PRODEP is already present. Community investments would remain relatively small, and subprojects that might entail resettlement impacts of any kind (whether physical or non-physical) would not be eligible for financing. Although the scope and type of activities may change somewhat, this would have no impact on environmental and social management procedures. In view of these considerations, no new safeguards would be triggered under the AF.

Institutional Capacity. Institutional arrangements for safeguard screening, management, and M&E would remain identical to those of the original project, as outlined in the Operational Manual. Safeguards arrangements under the ongoing Project have been deemed satisfactory by Bank supervision missions, including a Social Safeguards Compliance Assessment, conducted as part of the Mid-Term Review, and would be maintained under the AF. Together with the Project Development Councils (*Conseil du Projet de Développement Participatif*, COPREDEPs), the project Service Providers (*Maîtres D´Ouvrage Délégués*, MDODs) screen each proposed sub-project for environmental and social impacts as outlined in the EMF. BMPAD has both a Social Specialist, charged with overseeing and monitoring the Project's social aspects (including consultation and screening against any potential resettlement impacts), and an Environmental Specialist, who reviews the screening process and monitors the application of the EMF guidelines to particular sub-projects as laid out in the EMF. The capacity and effectiveness of these specialists and of the MDOD teams was found to be adequate to ensure safeguards compliance under the Project. The Project has furthermore financed a number of environmental and safeguards training sessions for other PCU and MDOD staff, CADECs (formerly called COPRODEPs), and local and central government staff participating in Project implementation at the regional and local levels. In addition to these safeguards capacity building activities already undertaken under the Project, PRODEP is planning to participate in the new safeguards training program, currently being developed jointly with IADB.

Safeguards Compliance to Date. The Environmental Assessment, Pest Management, and Physical Cultural Resources policies (OPs 4.01, 4.09, and 4.11, respectively) were the only safeguard policies originally triggered under the Project and implementation experience to date has indicated no need to add other policies. For instance, as is the case under the ongoing project, no subprojects would be carried out in protected areas as none of the 59 municipalities are located near protected areas. Both the environmental and social screening mechanisms used in the identification and selection of community subprojects and local risk management activities have been deemed satisfactory. Over 40 environmental training and awareness raising activities were conducted for members of the BTCs, CADECs and members of the local government. An assessment of the application of the environmental safeguard measures as outlined in the EMF was conducted by environmental specialists at the Bank and the BMPAD, as well as part of the technical audit, and found to be satisfactory. In September 2009, the Bank carried out a Social Safeguards Compliance Assessment to gauge the Project's risk of resettlement-related impacts, and the adequacy of social safeguards capacity and institutional arrangements. The Assessment concluded that the Project was in full compliance with Bank social safeguard policies and that there were no substantial resettlement-related risks; due to both the nature of sub-projects and the

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