



PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INDEPENDENT CONSULTATION
AND INVESTIGATION MECHANISM

HAITI

CONSULTATION PHASE ASSESSMENT REPORT

MICI-BID-HA-2017-0114

**PRODUCTIVE INFRASTRUCTURE PROGRAM
(HA-L1055, HA-L1076, HA-L1081, HA-L1091, HA-L1101)
(2552/GR-HA, 2779/GR-HA, 3132/GR-HA, 3384/GR-HA, 3623/GR-HA)**

This document was prepared by Maria Camila Barriga Barriga and Martin Packmann, MICI Consultation Phase Case Officers (MEC/MEC), with inputs from Julián Portilla, External Consultant, and under the supervision of Victoria Márquez-Mees, MICI Director (MEC/MEC)

This document is being simultaneously released to the public and distributed to the IDB's Board of Executive Directors, to whom it is submitted as information.

ELECTRONIC LINKS

1. Original Request and Annexes (annexes only available in English)
<http://www.iadb.org/document.cfm?id=40856184>
<http://www.iadb.org/document.cfm?id=40816894>
2. IDB Management Response and Annexes regarding Request MICI-BID-HA-2017-114 on the Productive Infrastructure Program operations (HA-L1055, HA-L1076, HA-L1081, among others)
<http://www.iadb.org/document.cfm?id=40856397>
3. Grant Proposal for the Infrastructure Program (HA-L1055)
<http://www.iadb.org/Document.cfm?id=36306587>
4. Environmental and Social Impact Assessment for the Infrastructure Program (only available in French)
<http://www.iadb.org/Document.cfm?id=36185911>
5. Resettlement Action Plan for the Infrastructure Program (HA-L1055) (only available in French)
<http://www.ute.gouv.ht/caracol/images/stories/docs/PAR.pdf>
6. Implementation of Resettlement Action Plan for the Infrastructure Program (HA-L1055) (only available in French)
<http://www.iadb.org/Document.cfm?id=36669359>
7. Grant Proposal for the Productive Infrastructure Program (HA-L1076)
<http://www.iadb.org/Document.cfm?id=37073118>
8. Project Profile for the Productive Infrastructure Program (HA-L1076)
<http://www.iadb.org/Document.cfm?id=36769371>
9. Environmental and Social Management Report for the Productive Infrastructure Program (HA-L1076)
<http://www.iadb.org/Document.cfm?id=36846064>
10. Haiti Social Impact Assessment-
<http://www.iadb.org/Document.cfm?id=37091614>
11. Cumulative Environmental Impact Study- Productive Infrastructure Program I-IV (HA-L1076, HA-L1081, HA-L1091, HA-1101) (only available in French)
<http://www.iadb.org/Document.cfm?id=39970805>
12. Grant Proposal for the Productive Infrastructure Program II (HA-L1081)
<http://www.iadb.org/Document.cfm?id=38279164>
13. Grant Proposal for the Productive Infrastructure Program III (HA-L1091/ HA-G1035)
<http://www.iadb.org/Document.cfm?id=39273513>
14. Grant Proposal for the Productive Infrastructure Program IV (HA-L1101)
<http://www.iadb.org/Document.cfm?id=40004216>
15. Project Profile for the Productive Infrastructure Program (HA-L1101)
<http://www.iadb.org/Document.cfm?id=39726001>
16. Determination of Eligibility Memorandum
<http://www.iadb.org/document.cfm?id=40865670>
17. Country Program Evaluation: Haiti 2011-2015
<https://publications.iadb.org/bitstream/handle/11319/8057/Country-Program-Evaluation-Haiti-2011-2015.pdf?sequence=8&isAllowed=y>
18. Haiti: Towards a New Narrative-Systematic Country Diagnosis
<http://documents.worldbank.org/curated/en/319651467986293030/pdf/97341-SCD-P150705-IDA-SecM2015-0130-IFC-SecM2015-0071-MIGA-SecM2015-0046-Box391466B-OUO-9.pdf>
19. Strategic Plan for the Development of Haiti : Emerging Country 2030
http://www.ht.undp.org/content/dam/haiti/docs/Gouvernance%20d%C3%A9mocratique%20et%20etat%20de%20droit/UNDP_HT_PLAN%20STRAT%C3%89GIQUE%20de%20developpement%20Haiti_tome1.pdf
20. Caracol Industrial Park 2017 Q1 Report
http://www.ute.gouv.ht/bm/documents/appels-offres/Q1_YEAR_2017_PIC.pdf

ABBREVIATIONS

ADTC	<i>Association pour la Défense de Travailleurs de Caracol et du Trou du Nord</i> (Association for the Defense of Caracol and Trou du Nord Workers)
ALENACT	<i>Association des Leaders Naturels de Caracol et du Trou du Nord</i> (Association of Natural Leaders of Caracol and Trou du Nord)
AREDE	<i>Action pour la Reforestation et la Défense de l'Environnement</i> (Action for Reforestation and Environmental Defense)
CIAT	<i>Comité Interministériel d'Aménagement du Territoire</i> (Inter-ministerial Committee for the Development of the Territory)
CSO	Civil Society Organization
CODEVI	<i>Compagnie de Développement Industriel</i> (Industrial Development Company) : An industrial park located in the Northeast Department, near the Dominican Republic border.
COF	IDB Group Representative Office in the Host Country
DGI	<i>Direction Générale des Impôts</i> (General Direction of Taxation)
ESG	Environmental Safeguards Unit
Executing Agency	The Technical Execution Unit of the Ministry of Economy and Finance of Haiti.
GDP	Gross Domestic Product
GOH	Government of Haiti
IDB	Inter-American Development Bank
Kolektif	Kolektif Peyizan Viktim Tè Chabè" (Peasants Collective of Victims of the Chabert),
MEF	Ministry of Economy and Finance of Haiti
MICI	Independent Consultation and Investigation Mechanism
OP	Operational Policy
OVE	Office for Evaluation and Oversight
PIC	<i>Parc Industriel de Caracol</i> (Caracol Industrial Park)
Program	Productive Infrastructure Program and other related financing operations by the IDB relevant to the design, construction and operation of the Caracol

Industrial Park

SONAPI *Société Nationale des Parcs Industriels* (National Society of Industrial Parks)

USAID US Agency for International Development

UTE *Unité Technique d'Exécution* (Technical Execution Unit).

CONTENTS

EXECUTIVE SUMMARY

I.	BACKGROUND.....	1
A.	Geographic and social context	1
B.	The Program.....	3
C.	The Request	6
D.	MICI Process to date	8
II.	CONSULTATION PHASE.....	9
A.	Normative framework.....	9
	1.Definition of the Consultation Phase	9
	2.Stages of the Consultation Phase	9
B.	Assessment timeline for Request MICI-BID-HA-2017-0114	10
C.	Assessment methodology	11
	1.Desk review	11
	2.Interviews.....	12
	3.Missions.....	12
D.	The Parties and their perspectives	13
	1.General description.....	13
	2.Parties Perspectives	13
	3.Perspectives of other relevant stakeholders.....	18
III.	CONCLUSIONS OF THE ASSESSMENT STAGE.....	18
A.	Feasibility analysis	18
	1.Opportunities for the Consultation Phase	19
	2.Challenges for the Consultation Phase	19
B.	Central themes	20
C.	Relevant stakeholders	21
D.	Proposed methodology	22
E.	Resources required.....	22
F.	Tentative calendar	23

EXECUTIVE SUMMARY

The Caracol Industrial Park is located in Haiti's Northeast Department, near the Communes of Caracol, Limonade, Trou du Nord and Terrier Rouge. The Northeast Department has been characterized for being one of the poorest and least populated regions of the country.

As part of the Haitian Government's decentralization strategy in response to the need to correct regional economic imbalances, the Inter-American Development Bank (IDB) has supported the Haitian Government with the development of the PIC, since its conception, through five investment grants and 12 technical cooperation operations; these aimed at contributing to the socioeconomic development of Haiti's northern region by creating jobs through the establishment of manufacturing enterprises in the PIC, the strengthening of the government's capacity, and the environmental and social improvement of the areas surrounding the Park.

PIC construction began in 2011 with the erection of a temporary perimeter fence on January 4th to delineate the initial borders of the Park, thus requiring the displacement of farmers working the identified land. According to the Haitian authorities, at that time only people working in approximately 50 plots were affected. The Requesters, however, allege that a greater number of plots were affected.

According to the Request received by MICI and records available, those farmers and others working in plots that would be affected shortly after the erection of the fence, by the PIC construction, were alarmed at the changes occurring. The Government of Haiti, through its Technical Execution Unit (an agency under the Ministry of Economy and Finance of Haiti), began a process of community engagement aimed at compensating the farmers for the impending displacement from the farmland. While only three farmers had houses on the land, many more depended on the land as their main source of income and an important portion of their food supply. After the displacement, and according to Haitian law and the IDB's relevant Operational Policies, the Executing Agency formulated a Compensation Plan that envisaged a land for land compensation option for the affected farmers. Despite being the preferred option, the materialization of the land for land solution was not ultimately possible. As a result, a cash compensation for the loss of land, combined with temporary compensations for food security and loss of income, were disbursed. The last disbursement of cash compensation was made in 2014, having been initiated on September 2011. Additionally, the Plan comprised different options for the affected people identified as vulnerable. These options included: land vouchers, pensions and housing; the latter remains in process for 10 of the affected people.

On January 12th, 2017, the MICI received a Request submitted by members of three Civil Society Organizations, on behalf of the "Kolektif Peyizan Viktim Tè Chabè", regarding the Productive Infrastructure Program and other related Operations financed by the IDB. The collective was formed in 2014 and is comprised of families evicted from farmland they had been working on within the perimeter of the PIC.

The Request alleged that the compensation process did not respect several IDB Operational Policies, including Involuntary Resettlement (OP-710), Gender Equality in Development (OP-

761), Environmental and Safeguards Compliance (OP-703) and Access to Information (OP-102). The Request also outlined several problems, such as inadequate notice of the resettlement, inadequate compensation, a faulty community consultation process, negative environmental and social consequences--especially for women and girls--and ultimately, a lack of opportunities for transition to new livelihoods for those affected by the PIC. In sum, the complaint alleges that, as a result of the displacement and the consequent compensation process, those affected are currently worse off than before the commencement of the PIC. The Requesters ask that the complaint be managed under both MICI phases; the Consultation Phase and the Compliance Review Phase.

Pursuant to Section G of the MICI Policy (document MI-47-6), on March 23rd, 2017, the MICI Director concluded that this Request was eligible to be processed by MICI. Therefore, the Request was transferred to the MICI Consultation Phase, and the Assessment process was initiated, as foreseen by the MICI Policy. The MICI team undertook an extensive desk review of the Program's documents, conducted interviews with relevant stakeholders, and conducted two field missions to Port-au-Prince and the Project zone, with the objectives of (i) understanding the alleged Harm¹; (ii) identifying the perspectives of stakeholders, and (iii) assessing the willingness of the primary stakeholders (Requesters, IDB Management and Executing Agency) to participate in a Consultation Phase Process. The MICI team wishes to thank those interviewed for their candor and their patience during our visits and all throughout the assessment process.

During the Assessment, the MICI team was able to chart the following points of convergence and divergence among stakeholder perspectives:

Firstly, the Requesters expressed their interest in moving forward with a process that would help to restore their livelihoods and repair the Harm allegedly caused by the Program. During the Assessment, not only did the Requesters propose to discuss different solutions to the alleged Harm, but also expressed their concerns regarding the Consultation Phase Process. They are therefore willing to engage in a dialogue to discuss (i) different measures that would restore their living conditions in a sustainable manner; (ii) a review on the vulnerability criteria and the method used to calculate the financial compensation, and (iii) opportunities to improve consultation on current and future environmental and social impacts of the PIC. Primary among the Requesters' concerns is the possibility that not all the relevant actors will agree to participate in the Process.

Secondly, according to IDB Management, every effort has been made to promote fair and adequate compensation to the people affected by the Program, including the promotion of land for land as the first and most preferable option of compensation. Nevertheless, and taking into consideration the difficulties encountered throughout the compensation process, IDB Management has stressed that if any possible measures aimed at enhancing the livelihoods of the affected group exist, these measures should be analyzed and defined through a multi-

¹ According to the MICI Policy, Harm is defined as "any direct, material damage or loss. Harm may be actual or reasonably likely to occur in the future (MI-47-6, 2015 p. 2).

stakeholder process. This process should not only respect and enhance the IDB's relevant Operational Policies, but also be guided by principles of equity and transparency.

Finally, the UTE's perspective asserts that the compensation process was carried out appropriately, carefully and in good faith, following the guidelines established by the Operational Policies of the IDB to the extent possible. In regards to the consultation and community participation for the design of the Compensation Plan, the UTE stressed that these measures were carried out in an inclusive manner, ensuring the presence of all the affected individuals and interested Parties. In terms of compensation, the UTE found that a land for land compensation option was the most suitable for the Program. However, strong opposition arose from a separate group of farmers who claimed the land designated for resettlement, leading the UTE to abandon this option and renegotiate the Compensation Plan in 2013. Ultimately, a cash compensation for those identified as non-vulnerable, and options including pensions, housing and land vouchers for those identified as vulnerable were included by the UTE and accepted by the affected individuals. At present, it is important to note that the UTE is in the process of hiring an independent consultancy firm to conduct an evaluation of the impact of the PIC Resettlement Plan on the impacted population and make recommendations on how to mitigate the negative impacts that may be identified. The UTE has therefore expressed its preference that the evaluation be completed prior to engaging in any dialogue process that may affect or create a bias in its outcomes. On the other hand, the UTE has expressed concerns about the involvement of CSOs that, in 2013, were opposed to resettling people on the identified land, and who are now working closely with the Requesters in the MICI Process.

Regarding other stakeholders, the MICI team interviewed several actors who praised the UTE for what they saw as its good faith efforts to fairly compensate farmers; however, they also underscored that the current ability of farmers to make a living was severely limited.

In this context, three primary stakeholders were identified by the MICI team during the Consultation Phase Assessment. These Parties are: IDB Management, the Kolektif and UTE. The Parties stressed their willingness to move forward and participate in the Consultation Phase Process facilitated by MICI, understanding that this is a voluntary process. Also within this Assessment, the MICI team identified both opportunities and challenges. Among the opportunities, two key elements are highlighted:

- a. The development of two new data sources that may assist the Parties to obtain a reasonably accurate picture of the current state of those who were compensated for losses related to the construction of the PIC. Both the UTE (through the hiring of a consultancy firm to undertake an evaluation of the Resettlement Plan impacts) and the Requesters (themselves carrying out a survey of an estimated 400 individuals that claim to be affected) are promoting and contributing to new information in this regard.
- b. Perhaps the single-most important opportunity for a Consultation Phase Process is the possibility of addressing any potential impact in livelihoods resulting from the economic displacement, and meaningfully improving the lives of those affected by the PIC.

Among the most important challenges, the following points could be highlighted:

- a. Leveling of information amongst the Parties.
- b. Setting a common baseline of the affected population.
- c. Transition to new forms of income generation: given the major economic transformation that occurred in Caracol with the arrival of the PIC, finding alternatives for the displaced farmers to benefit from these new economic dynamics could be a key challenge.
- d. Finding a balance between the needs to achieve on-the-ground solutions, and the speed of institutional processes, while taking into consideration the importance of transparency and access to information as key elements to maintaining the trust and goodwill between the Parties.

As per this Assessment Report, the Parties have manifested their will to participate in a Consultation Phase Process subject to certain conditions which are detailed in this document. Therefore, in compliance with paragraphs 28 to 30 of its Policy, the MICI concludes that a Consultation Phase Process is feasible and will work with the Parties to establish its course of action, method and timeline in the coming weeks.

This Assessment Report is being distributed to the Requesters, IDB Management, Executing Agency and the Board of Executive Directors for information. Once it is distributed to the Board, the document will be posted in the MICI Public Registry ([MICI-BID-HA-2017-0114 case record](#)).

I. BACKGROUND

A. Geographic and social context

- 1.1 The Caracol Industrial Park is located in Haiti's Northeast Department, close to the Communes of Caracol, Limonade, Trou du Nord and Terrier Rouge. The nearest airport is located in the city of Cap Haitien. The Northeast Department has been characterized for being one of the poorest and least populated regions in the country. With an annual per capita GDP of approximately USD\$833 in 2014², 44 percent of the Northeast Department's population live in extreme poverty³.
- 1.2 Out of a total population of 10.9 million in Haiti, it was estimated in 2012 that 416,137 people lived in the Northeastern Corridor⁴. 54.7 percent of the Department's population is considered actively employed⁵. In terms of employment, the most recent figures, calculated in 2007, suggested 64 and 68 percent unemployment in Limonade and Trou du Nord, respectively⁶. Likewise, 38% of households in Caracol consisted families without working family members⁷.
- 1.3 In regards to infrastructure, in 2012 the northern region exhibited significant deficiencies in terms of the availability of secondary roads, electricity, drinking water and other basic services⁸. Indeed, Haiti has been characterized by serious economic imbalances between its regions. In the same year (2012), Port-au-Prince alone accounted for 66 percent of GDP and 80 percent of the country's industrial, commercial and financial activities⁹.
- 1.4 Despite the above-mentioned historical imbalances, the region has been experiencing important changes in terms of infrastructure and economic activities. The Strategic Plan for Haiti's Development, which is the country's strategy in response to the 2010 earthquake, dedicated one section to proposed actions aiming at developing regional economic poles outside the capital¹⁰. In this context, the IDB supports this explicit regional approach to Haiti's post-earthquake development and, at the request of the Haitian Government, has identified the Northern Economic Growth Pole (NEGP) as an area of focus.

² Inter-American Development Bank. Office of Evaluation and Oversight (July 2016) "Country Program Evaluation: Haiti 2011-2015" [online] Available at the Electronic Links Section, p. 4.

³ The World Bank (May 2015) "Haiti: Towards a New Narrative-Systematic Country Diagnosis" [online] Available at the Electronic Links Section, p. 20

⁴ 2015 Estimates by the Institut Haïtien de Statistique et d'Informatique (IHSI). Found in: IDB (2015) "HA-L1101: Productive Infrastructure Program IV-Project Profile" Available at the Electronic Links Section.

⁵ IDB (November 13, 2015) "Cumulative Environmental Impact Study- Productive Infrastructure Program I-IV (HA-L1076, HA-L1081, HA-L1091, HA-1101)" [online] Available at : at the Electronic Links Section, p. 86.

⁶ Ibid.

⁷ Ibid.

⁸ IDB (2012) "HA-L1076: Loan Proposal". Available at the Electronic Links Section, p. 3.

⁹ IDB (2012) "HA-L1076: Project Profile" Available at the Electronic Links Section,, p. 1.

¹⁰ Haiti Government (May 2012) "Strategic Plan for the Development of Haiti : Emerging Country 2030" [online] Available at the Electronic Links Section, p. 43

- 1.5 In this framework, the Bank has supported the development of (i) roads connecting northern inland cities with Cap Haitien, and the border shared with the Dominican Republic to Port-au-Prince; (ii) housing projects in Terrier Rouge and Ouanminthe; (iii) tourism initiatives in the region, and (iv) private sector development through the Caracol Industrial Park and the necessary infrastructure for integrating the Park into the northern region¹¹.
- 1.6 Other projects contributing to the development of the region through different funding sources¹² are: Limonade University, social housing projects, agricultural projects in Trou du Nord, the provision of electricity to Caracol and surrounding cities through the PIC's power plant, and the rehabilitation of Cap Haitien's port¹³. *Map 1* below presents the location of these development initiatives in the region.
- 1.7 In regards to economic activities, the northern region has been focused on traditional activities; agriculture, fishing and commerce represent the major sectors of employment. Data from 2007 showed that 39% of the region's actively employed population worked in fishing, 23% in agricultural activities, and 23% in commerce¹⁴.
- 1.8 In recent years, as a result of the transformational investment made in the region, the manufacturing sector has also become an important source of employment. In the first quarter of 2017, the Northeast Department hosted 43% of the country's apparel jobs¹⁵. Caracol Industrial Park accounts for 24% of these jobs, while CODEVI accounts for 19%¹⁶.
- 1.9 The growth in the garment industry has been the result of the GOH's strategy to benefit from the country's proximity to the United States. In this context, the US Government has supported the development of industry in Haiti by providing special conditions to imported Haitian goods; the 2008 Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE II) granted duty-free treatment of textiles, apparel and other goods until 2018. Likewise, the post-earthquake Haiti Economic Lift Program Act (HELP) of May, 2010 expanded duty-free access to other apparel goods until 2020¹⁷.

¹¹ IDB (November 13, 2015) Op. Cit., pp. 54-74.

¹² The Dominican Republic Government and USAID among others have participated in the funding of these and other regional development initiatives.

¹³ Ibid.

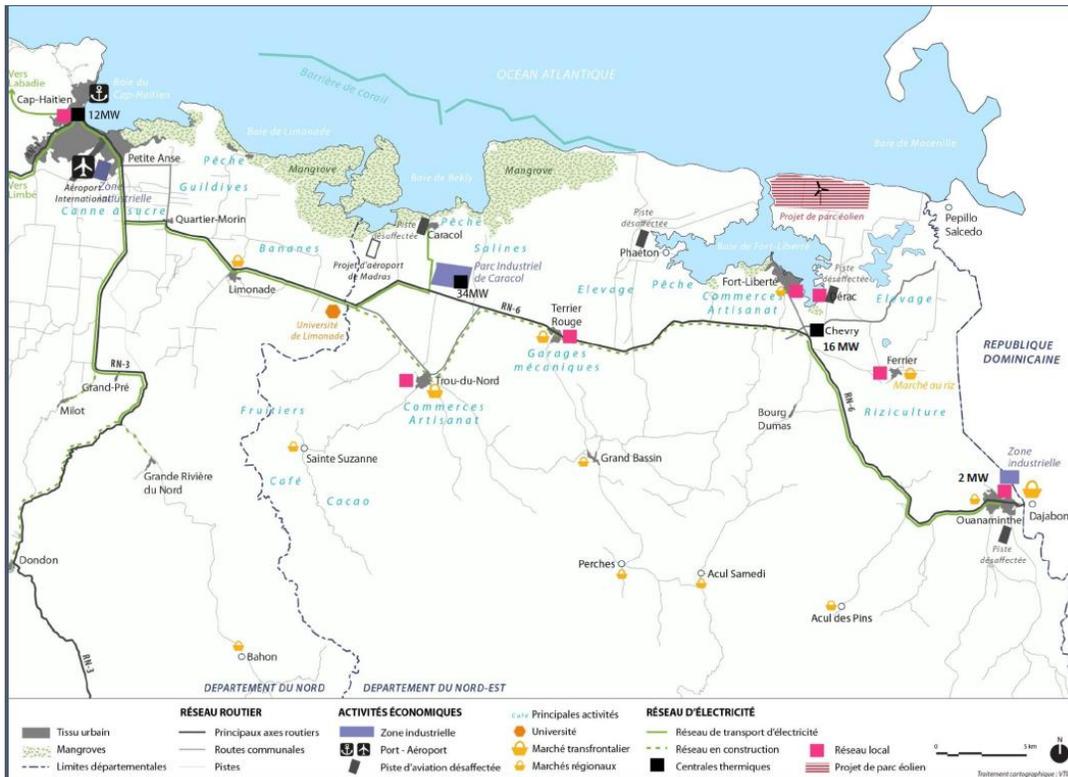
¹⁴ Ibid.

¹⁵ SONAPI (2017) "Parc Industriel de Caracol: Q1 Report" [online] Available at the Electronic Links Section, p. 6

¹⁶ Ibid.

¹⁷ IDB (February 10, 2012) "Haiti Social Impact Assessment" [online] Available at Electronic Links Section

Map 1.
Location of the Caracol Industrial Park



Source: CIAT. Plan d'Aménagement du Nord-Nord Est. P. 14

B. The Program

- 1.10 The Caracol Industrial Park, previously called the Industrial Park of the North, is part of a multiphase industrial program. As part of the Haitian Government's decentralization strategy and responding to the need to correct regional economic imbalances, the IDB has supported the Haitian Government, since the conception of the Program, through different non-reimbursable investment grant and technical cooperation operations. *Table 1* lists the different operations connected to the PIC, which are part of the Bank's agreed country strategy with the Haitian Government.
- 1.11 The Operations' beneficiary is the Republic of Haiti and the MEF, through the UTE acting as the Executing Agency for the construction of the PIC; as well as the SONAPI, which is the entity responsible for its management.
- 1.12 The overall objective of the IDB operations is to contribute to the socioeconomic development of Haiti's northern region by creating jobs through the establishment of manufacturing enterprises in the PIC, the strengthening of the government's capacity to manage investors and attract them to the industrial parks, along with the environmental and social improvement of the areas surrounding the Park.

Table 1.
Productive Infrastructure Program-List of Operations Financed by the IDB

	Project Number/ Operation	Name	Environmental category	Approval date	Amount of the operation in millions of dollars	Current Status
Investment Grant operations						
1	HA-L1055 / 2552/GR-HA	Infrastructure Program	B	25/07/2011	55	In implementation
2	HA-L1076 / 2779/GR-HA	Productive Infrastructure Program	A	13/09/2012	50	In execution
3	HA-L1081 / 3132/GR-HA	Productive Infrastructure Program II	A	13/12/2013	40.5	In execution
4	HA-L1091 / 3384/GR-HA HA-G1035 / GRT/HR-15509-HA	Productive Infrastructure Program III	A	11/12/2014	70.3	In execution
5	HA-L1101 / 3623/GR-HA	Productive Infrastructure Program IV	A	14/12/2015	41	Approved/ pending eligibility
Related technical cooperation operations						
1	HA-T1083 / ATN/SF-11979-HA	Strengthening of the Domestic Debt Sustainability Analysis Unit	C	10/12/2009	0.25	Completed
2	HA-T1179 / ATN/SF-11979-HA	Water Availability and Integrated Water Resources Management in Northern Haiti	C	19/03/2013	1.00	In execution
3	HA-T1180 ATN/OC-14580-HA	Mitigating the Environmental Impacts of the PIC in the Caracol Bay	C	19/08/2014	0.18	Completed
4	HA-T1181 ATN/KP-13789-HA	Mitigating the Social Impacts of the Caracol Industrial Park	C	24/04/2013	0.31	Completed
5	HA-T1182 / ATN/FI-13845-HA	Institutional Strengthening to Increase the Technical Capacity of the Government of Haiti	C	05/06/2013	0.53	Completed
6	HA-T1185 / ATN/OC-13813-HA HA-T1186 / ATN/SS-13812-HA	Haiti's Northern Development Corridor - Implementation of the ICES	C	20/05/2013	0.18 1.00	Completed
7	HA-T1195 / ATN/OC-14210-HA	Sustainable Mobility Plan and Pre-investment projects for Haiti's Northern Corridor	C	12/12/2013	0.12	Completed
8	HA-T1196 / ATN/OC-14211-	Sustainable Mobility Plan and Pre-investment project for Haiti's Northern Corridor	C	12/12/2013	0.35	In execution
9	HA-T1209 / ATN/OC-14998-HA	Strengthening of the PIC's Environmental, Health, and Safety Capacity	C	18/06/2015	0.40	In execution
10	HA-T1212 / ATN/OC-15079-HA	Support for Preparation of the Water and Sanitation Investment Program in Cap-Haitien	C	31/07/2015	1.4	In execution

- 1.13 The Infrastructure Program (HA-L1055), the first investment grant operation by the IDB in support of the PIC, was approved on July 25th, 2011. It financed: (i) the initial infrastructure of the Park, including the perimeter wall, the water treatment plant, temporary water treatment and waste management facilities, access and internal roads, and other service networks; (ii) four industrial wings; (iii) an administrative building, a dormitory, and a canteen; (iv) social and environmental studies and mitigation measures, including a Cumulative Impact Assessment; and (v) a Compensation Plan for the people affected by the Program.
- 1.14 The second, third and fourth operations, Productive Infrastructure Programs I through IV, cover: (i) complementary infrastructure works for the PIC, including warehouses, factory buildings, drainage, sewers, a water treatment plant, a power plant, transmission networks, bridges, sections of roadway, canteens, and green areas; (ii) small-scale civil works in the communities surrounding the PIC, such as road paving, bus stops, cycle lanes, and other transportation improvements; (iii) environmental and social impact studies; and (iv) support for the UTE and the SONAPI to improve their institutional framework and capacity to manage the PIC's operations; and other activities to expand and strengthen the Park.
- 1.15 The technical cooperation funding supported the preparation of studies and the implementation of measures to mitigate the Program's negative social and environmental impacts.
- 1.16 On January 4th, 2011, the PIC was formally launched with the erection of a temporary fence along its perimeter. On November 28th of that year, the Park's construction began, and on October 22nd, 2012 it was officially inaugurated.
- 1.17 As of December, 2016, the PIC comprised 165,000 m² of buildings and has become the major formal employer in the northern region, currently employing 11,161 direct employees and contractors¹⁸. Approximately 90.7% originate from the region and 60.5% are women¹⁹. Workers are currently receiving a minimum formal salary, which generally exceeds those associated with the job opportunities in the region²⁰.
- 1.18 According to the IDB's Independent Office of Evaluation and Oversight, the Program has achieved the most progress relative to other IDB Programs in Haiti. As of July, 2016, more than 78 percent of the resources had been disbursed. OVE concluded that "the PIC has made strides in developing high-quality infrastructure and creating jobs, overcoming the contextual challenges"²¹.

¹⁸ SONAPI. Op. Cit.

¹⁹ Ibid.

²⁰ Inter-American Development Bank. Office of Evaluation and Oversight. Op. Cit., p. 36

²¹ Ibid.

1.19 As noted above, the IDB funding covered studies and measures to mitigate the PIC's negative environmental and social impacts. For example, the funds included support for the establishment of the Three Bays National Park (*Parc National des Trois Baies*), in an effort to preserve the natural ecosystems surrounding the PIC. In addition, they financed the formulation and implementation of a Compensation Plan for those affected by the Program. *Table 2* presents the chronology of the Program's landmarks.

Table 2.
Program Chronology Relevant to the Request

Date	Event
2011	
January 4	The provisional fence was erected to define the PIC's terrain
January 6 –and onwards	Meetings by the Executing Agency with the affected population to explain the Program's impacts and mitigation measures
March	Scope Report on the Resettlement Plan
May	Environmental and Social Impacts Study carried out by KOIOS (independent consulting firm hired by the Executing Agency)
July	HA-L1055 was approved by the IDB Board of Executive Directors
September	The Compensation and Reestablishment of Livelihoods Action Plan was finalized
September	First compensation payment made - food security and loss of income
2012	
March	Second compensation payment made - food security and loss of income
September	HA-L1076 was approved by the IDB Board of Executive Directors
October	PIC's operation began
December	Third compensation payment made - food security and loss of income
2013	
September 11	Act of Commitment for a new Compensation Plan after the land for land option was discarded
November	Final compensation payment made - food security and loss of income
December	HA-L1081 was approved by the IDB Board of Executive Directors
2014	
December	HA-L1091 was approved by the IDB Board of Executive Directors
2015	
December	HA-L1101 was approved by the IDB Board of Executive Directors

*The indicated dates for compensation refer only to cash compensation disbursed.

C. The Request²²

1.20 On January 12th, 2017, the MICI received a Request from three Civil Society Organizations on behalf of the *Kolektif Peyizan Viktim Tè Chabè*. The Civil Society Organizations representing the Requesters are: Accountability Counsel, ActionAid Haiti and AREDE. The Request was presented in relation to the Productive Infrastructure Program and other related operations financed by the IDB.

1.21 The Request noted that in January, 2011, a fence was built to outline the construction perimeter of the PIC, which the Requesters allege limited access to the plots of land they were actively farming at the time. They also specify that their crops were destroyed when the fence was erected, and further allege that the fence was built without prior notice or proper consultation.

1.22 Despite the preparation of a Compensation Plan months later, and the subsequent delivery of compensation packages, the Requesters allege that the compensation was

²² The Request and Annexes are available in the electronic links section of this document.

insufficient and delayed. In regards to compensation amounts, the Requesters claim that the Executing Agency's calculation did not reflect the full value of the land to the farmers, in terms of income and food security. They also claim that the calculation did not take into account the investments made to work the land, the increase in the cost of living (a direct consequence of the presence of the PIC), the land transaction costs in the area and the specific needs of each family, in particular those of women and young girls. Furthermore, they claim that some of those affected, who were eligible for compensation, were not identified and compensated, or were only partially compensated.

- 1.23 The Requesters also allege that promises made to them in the framework of the Program were not fulfilled. According to them, they were promised priority access to jobs in the PIC. Nonetheless, they assert that employment opportunities in the PIC have been scarce for them and their families, and that those opportunities that do arise are at the lowest level of employment and wages. Additionally, the promises of training and support for PIC-related jobs and transition to other traditional economic opportunities have not materialized.
- 1.24 The Requesters also argue that the process was characterized by inadequate consultation and deficient information. Additionally, they allege that the body of farmers and community members representing their interests in negotiations with the government was not properly elected by those affected.
- 1.25 In terms of the alleged Harm, the Requesters consider that their living conditions have worsened following their eviction and the implementation of the Compensation Plan. They note that the primary form of livelihood for themselves and their families has been lost without suitable replacement, and likewise affirm that they fear the PIC has generated negative environmental impacts in regards to the contamination of the Trou du Nord River.
- 1.26 The Requesters cite a number of effects that they have been experiencing from the loss of permanent income. Namely, they state that this has forced parents to withdraw their children from school because they cannot afford the fees. Likewise, they are less able to buy or grow their own food. Women also emphasized the negative impacts of the Program on the social fabric of families, in particular due to the inability to provide food and education for their children.
- 1.27 As a result, the Requesters state that the Program did not respect the provisions of the following Operational Policies, as outlined in *Table 3*:

**Table 3.
Operational Policies Linked to the Request**

Policy	Justification in the Request
Involuntary Resettlement Policy (OP-710)	Regarding the restoration of living conditions and the compensation measures
Gender Equality in Development Policy (OP-761)	For the differentiated impacts of the Program on women
Environment and Safeguards Compliance Policy (OP-703)	Regarding environmental impacts and public consultation
Access to Information Policy (OP-102)	Regarding the lack of information provided to the affected population

D. MICI Process to date

1.28 The timeline in *Table 4* below provides information of the main process milestones that have taken place since the receipt of the Request by MICI in accordance to its Policy.

1.29 It is relevant to mention that, given that the Requesters only speak Creole, MICI has committed to translate relevant communications and documents issued by MICI to said language in addition to French. This may increase the management time required vis-à-vis the time limits set in the Policy, in order to ensure that Requesters have adequate access to case information for decision making.

**Table 4.
Timeline of MICI Actions to Date**

Date	Actions
2017	
January 12	Receipt of Request
January 23	Registration of Request
February 22	Receipt of Management Response
March 18 - 22	Eligibility Mission to the Project site in Caracol
March 23	Issuance of Memorandum of Eligibility and distribution to IDB Management and Requesters
April 6	Request transferred to the Consultation Phase for Assessment
April 21	Memorandum of Eligibility distributed to the IDB Board of Executive Directors
May 8 -10	Consultation Phase Assessment mission to Port-au-Prince: meeting with the IDB Country Representative and Project Team Leader; meeting with Executing Agency and other relevant Stakeholders.
May 22 – 24	Consultation Phase Assessment mission to Cap Haitien: meeting and sharing of the Requesters' perspectives with the Comité; meeting with the Mayor of Caracol; meeting with the President of ALENACT; and meeting with the Requesters' Representatives and Advisors.
June 1	Issuance of the Consultation Phase Assessment Report to Requesters, Management and Executing Agency.

II. CONSULTATION PHASE

A. Normative framework

2.1 The Independent Consultation and Investigation Mechanism is governed by its own Policy (MI-47-6), which was approved by the IDB Board of Executive Directors on December 15th, 2014. This Policy establishes the process, stages and time limits to be observed in the handling of a MICI Case. Within MICI's Process, there are two possible processing options for a complainant, to be selected by the Requesters: the Consultation Phase and the Compliance Review Phase. Should both options be selected, the Process begins with the Consultation Phase.

1. Definition of the Consultation Phase

2.2 The Consultation Phase is intended to be a flexible and consensus-based approach aimed at providing an opportunity to the Parties to address the issues raised by the Requesters, based on a set of methodologies that promote unbiased and equitable treatment for all Parties involved in the Process. The Consultation Phase looks at the specific issues that have been raised in the complaint by the Requesters, related to Harm caused by the failure of the Bank to comply with one or more of its Relevant Operational Policies (MICI Policy paragraph 24).

2.3 The Consultation Phase Process is of a voluntary nature and, at any point, the Parties may withdraw from the Process. MICI's role in the Process is that of an independent facilitator.

2. Stages of the Consultation Phase

2.4 The Consultation Phase comprises three consecutive stages: Assessment; Consultation Phase Process; and Monitoring. The Policy establishes the purpose and time limits for each stage. The aim of the Assessment Stage is to understand the Harm related to potential Policy noncompliance raised by the Request, as well as identify and gather information from the Requesters, Bank Management, and other stakeholders, so as to determine whether the Parties would agree to seek a resolution through consultation methods, and if so, the best process for addressing any Policy noncompliance (Paragraph 27).

2.5 Within a maximum term of 40 business days as of the date of determination of eligibility, the Assessment will conclude with a decision on whether or not to conduct a Consultation Phase Process. Based on the results of the Assessment, the MICI:

- a. Works with the Parties to reach an explicit agreement to move forward with the Consultation Phase Process, establishing a method for addressing the issues raised;
or
- b. Determines that a collaborative resolution is not feasible, in which case the Request will be forwarded to the Compliance Review Phase, if the Requesters have elected

to pursue that Phase. If the Compliance Review Phase was not elected, the MICI Process will be declared concluded.

- 2.6 The results of the Assessment are set forth in the Assessment Report, which is distributed to the IDB Board of Executive Directors, Bank Management, and the Requesters, and subsequently published in the MICI Public Registry. The report includes a general summary of the information gathered during the Assessment, and the reasons for the decision to proceed or not with the Consultation Phase Process. In the event of proceeding with a Consultation Phase Process, the Assessment report will include the course of action, consultation method, and timeline agreed to by the Parties for this Process.
- 2.7 If the Parties show a willingness to seek a resolution using consultation methods, MICI will coordinate a Consultation Phase Process, as per the needs and interests of the Parties, within the limits established by the Policy. Once the Consultation Phase begins, MICI has 12 calendar months to complete the process, beginning on the date of issue of the Assessment Report.
- 2.8 The goal of the Consultation Phase Process is to reach agreements between the Parties, reinforcing the Bank's commitment to comply with its relevant Operational Policies. Upon completion of this Process, MICI will prepare a final Report with its results. This Report will be submitted to the IDB Board of Executive Directors for consideration. Following this procedure, the Report will be made available to the Requesters and published in the Public Registry.
- 2.9 Should an agreement be reached in the Consultation Phase, MICI and the Parties will agree on a Monitoring Plan to ensure that the agreement is being implemented appropriately. MICI will be responsible for monitoring for up to five years as of the date of the agreement and will submit a Monitoring Report on an annual basis to the IDB Board of Executive Directors, for their information.

B. Assessment timeline for Request MICI-BID-HA-2017-0114

- 2.10 As per the MICI Policy, the Assessment Stage for Request MICI-BID-HA-2017-0114 had a duration of 40 business days and was completed by June 1st, 2017. As detailed below, the process involved the revision of various documents, in order to understand the context in which the Program was executed and the Request generated. Two missions to Haiti were undertaken by the MICI team; one to Port-au-Prince to meet with IDB officials in the IDB Country Office (COF), government officials in the Executing Agency and other government authorities; the second mission was to Cap Haitien to meet with the Requesters and other stakeholders relevant to the Process. Additionally, a number of in-person and telephone meetings were held with Bank staff involved in the design and execution of the Program. *Table 5* below shows the timeline followed during the Assessment Stage:

Table 5.
Consultation Phase Assessment - Main Milestones for Request MIC-BID-HA-2017-0114

Date	Action
2017	
April 7	Start of the Assessment Stage
April 7 - 21	Document Review
April 24 – May 5	Interviews with Project Team, Requesters’ Representatives, and other stakeholders
May 5	Hiring of MICI external facilitator
May 12	Conference call with Representatives of the Requesters
May 8 –10	Mission to Port-au-Prince
May 22–24	Mission to Cap Haitien
May 26	Conference call with COF
May 24– 30	MICI circulates its Perspectives Analysis to Parties for comments
June 1	Assessment Report circulated among Bank Management, Executing Agency and Requesters in English
June 8	Reception of comments from the Parties on the Assessment Report. Adjustments to the document are made by MICI
June 12	Assessment Report sent for translation to Spanish, French and Creole

C. Assessment methodology

2.11 MICI Policy stipulates that the Assessment Stage may include a wide range of actions and different methodologies in order to evaluate the feasibility of a Consultation Phase. The methodology utilized is tailored to each individual case, according to the case characteristics. For this Request, the MICI Consultation Phase team combined a set of activities related to reviewing key documentation, conducting interviews with the relevant actors involved or interested in the complaint, and visited the country twice on official mission.

1. Desk review

2.12 In order to have a clear understanding of the current situation of the impacted population, along with the perspectives of all the Parties involved in this Request, a considerable amount of documentation was reviewed.

2.13 MICI has reviewed the original request and other relevant documents presented by the Kolektif Representatives.

2.14 Given that the PIC development involves a large number of IDB operations ,MICI has reviewed a wide range of Bank documents to understand the context: the Environmental and Social Monitoring Reports, Impact Social Assessments, Compensation and Livelihood Restoration Plans, Resettlement Plans, Cumulative Impact Assessments related to the relevant projects, as well as other related documents. This process also involved reviewing Management’s Response to the Request and other MICI-issued documents.

- 2.15 MICI further reviewed documents commissioned by the Executing Agency as part of the Program development such as social studies conducted by independent consultants like Erice AZ and KOIOS.
- 2.16 It is important to note that the objective of the Assessment Stage is not to investigate potential non-compliance with Operational Policies due to an action or omission of the IDB, but rather to enhance the Consultation Phase team's understanding of the Program, its implications, and the alternatives to a possible Consultation Phase Process.

2. Interviews

- 2.17 The MICI team conducted a series of interviews in Washington DC, Cap Haitien and Port-au-Prince during the missions that were undertaken. During the Assessment Stage, it is crucial for the team to be able to understand the Parties' interests and positions. Meetings were held with the IDB Executive Director for Haiti, Bank officials in the Haiti COF, specifically with the Country Representative and the Project Team Leader; and representatives from the ESG Unit at IDB Headquarters in Washington DC.
- 2.18 Regarding the Haitian Government, the Director of UTE, who had already met with MICI during the Eligibility mission to Caracol, received the Consultation Phase team in Port-au-Prince. MICI also had the opportunity to meet with the Director General of the MEF, as well as the Director for Governance and International Economic and Financial Cooperation of the MEF.
- 2.19 With regard to the Requesters, meetings with the Komité and their Representatives were held in Haiti, as well as conference calls and in-person meetings with the Representatives in Washington, DC.
- 2.20 Finally, the MICI team conducted interviews with other relevant actors and organizations that helped providing insight, as well as contextual information to understand the situation in Haiti, and in Caracol in particular. For this purpose, MICI interviewed the General Director of the MEF, the Mayor of Caracol and the former President of ALENACT²³.

3. Missions

- 2.21 During the Assessment Stage, the MICI team carried out two missions, one to Port-au-Prince, and the second to the Program site near Cap Haitien. Both of these trips were relevant in order to meet with the involved and interested Parties that were listed above, as well as to become more familiar with the area.
- 2.22 During both missions, MICI sought to better understand the perspective of each Party, explain the aims of the MICI Process and identify the willingness of the Parties to embark

²³ ALENACT was one of the local organizations of leaders that participated in the negotiations with UTE regarding the Compensation Plan for the people affected by the PIC location and operation.

into a MICI-led Process to address the concerns presented by the Requesters. The latter mission also allowed the MICI team to meet with with other relevant organizations, mentioned in the previous section of this Report. During both missions, In addition to better understanding the different perspectives, the MICI team dedicated time to explain to the objectives of the Consultation Phase to each Party and gaining a better understanding of their expectations.

D. The Parties and their perspectives

1. General description

2.23 Based on the concerns raised within the Request, MICI identifies three main Parties: the Requesters (the Kolektif), represented by the Komité; IDB Management and; the Executing Agency, UTE. *Table 6* below provides a general description of each Party, as understood by MICI.

Table 6.
General description of the main Parties in the Process

Party	Description
The Requesters	The <i>Kolektif</i> is comprised of approximately 410 families ²⁴ , who were farming the land within the perimeter where the Caracol Industrial Park is currently located, and who were evicted from their working land for the construction of the Park. The <i>Kolektif</i> is a self-organized organization, constituted in April, 2014, with the aim of addressing issues related to their economic displacement resulting from the PIC's construction ²⁵ . They are represented by a core committee (<i>the Komité</i>) of affected farmers who are part of the <i>Kolektif</i> . The <i>Komité</i> is facilitated by Milostène Castin, from the organization AREDE. In addition to AREDE, the <i>Kolektif</i> is supported by two other organizations; Action Aid Haiti and Accountability Counsel (US-based). The <i>Komité</i> , together with these three organizations, are representing the <i>Kolektif</i> in the MICI Process.
IDB Management	The IDB, through the Housing and Urban Development Division of the Climate Change and Sustainable Development Sector, is financing the Program through a series of grants and technical cooperation operations.
Executing Agency	The UTE is the Executing Agency of the Program. Since 2014, the operation of the PIC is the responsibility of SONAPI. However, given that the concerns of the Requesters relate to the early stages of the execution of the Program, UTE has a primary role.

2. Parties Perspectives

2.24 This section includes a description of the perspectives of the Requesters, IDB Management and the Executing Agency, as understood by MICI, and validated by the Parties when a draft of this report was circulated amongst the Parties. These descriptions are the result of the interviews and missions undertaken by MICI, along with a process of validation of the information collected, with the Parties.

²⁴ The estimated figure is the result of a preliminary survey of affected population undertaken by the Komité and provided to MICI during the May 22-24 Mission.

²⁵ See Annex 1 of the Original Request.

a. The Requesters

- 2.25 The Requesters expressed their interest in moving forward with a process that would help to restore their livelihoods and repair the Harm allegedly caused by the Program. They have expressly stated that they are ready and willing to begin a dialogue process with the other Parties.
- 2.26 The Requesters have, therefore, proposed to discuss various solutions throughout the Consultation Phase Process. On the other hand, they have also expressed their concerns regarding the Process and its potential results.
- 2.27 In terms of proposed solutions, the Requesters are interested in engaging in a dialogue to discuss different measures that would restore their living conditions in a sustainable manner. They highlighted their hope for these measures to also be made available for those other affected by the construction of the PIC, who do not self-identify as part of the *Kolektif*. These proposed measures include professional and vocational training — especially for youth, support for developing local business and other economic opportunities. They specifically mentioned the need to receive support for ensuring that the children of those affected have access to education, and that economic opportunities are gender-balanced.
- 2.28 The Requesters have also indicated their expectation to review the method used to calculate financial compensation and the amounts actually received. Likewise, they hope to review and compare the list of those included in the Compensation Plan with those who were affected, in a [for them] transparent and fair manner, in order to determine whether anyone was left out.
- 2.29 They expressed hope that the vulnerability criteria used in the Compensation Plan could be reviewed. According to the Requesters, the affected people who were identified as vulnerable and who chose to receive a land voucher, are currently in a better situation, in comparison to those receiving cash. Although, they added that this group seems to have encountered some difficulties due to the lower quality of the land and a lack of capital to make the necessary improvements.
- 2.30 The Requesters are also open to discussing opportunities for improving informed consultation on current and future environmental and social impacts of the PIC.
- 2.31 In regards to their concerns regarding the Consultation Phase Process, the Requesters have primarily articulated the possibility of not having all the relevant stakeholders participating in the Process. Requesters also expressed concerns regarding other Parties' resistance to discuss topics they perceive as relevant.
- 2.32 The Requesters expressed a desire for all communication during meetings to be conducted in a manner that is adequate to the various education levels of those present,

in particular community members. Relatedly, the Requesters petitioned the MICI to ensure that all written communications and relevant documents be translated into Creole, as many of these documents are originally available either in English or French only. Furthermore, limiting the use of technical language would be of value to the Requesters throughout the process.

- 2.33 The Requesters also expressed concerns regarding possible delays in beginning the process and the time required to carry it out; they affirmed that immediate measures are needed to restore their livelihoods, and particularly highlighted the urgency of reintegrating their children to school.
- 2.34 Another concern communicated by the Requesters is related to the Compensation Plan evaluation process, undertaken by the UTE; they expressed that they would like to receive detailed information regarding the scope, methodology and timeframe of the aforementioned evaluation. The Requesters believe that the methodology for this evaluation must be robust, in order for the evaluation to convey credibility among all Parties.
- 2.35 Although the Requesters affirm their complete confidence in Mr. Milostène Castin from AREDE, and his commitment to their best interest, they are willing to discuss his participation in the Process and, if necessary, limit his role in response to the Executing Agency's manifested concerns regarding his participation (see paragraph 2.49).
- 2.36 Finally, according to the Requesters, should the Consultation Phase Process include meetings in locations away from their homes near Caracol, they expressed concern with travel-related logistics and financial obstacles.

b. IDB Management

- 2.37 From the onset of the MICI Process, IDB Management has expressed willingness to participate in a Consultation Phase Process under a consensus-based approach, aimed at underscoring their commitment to comply with the Bank's Relevant Operational Policies, as cited in the Request. It is the understanding of IDB Management that the Consultation Phase is an adequate tool and space to address the concerns of the affected community. In this context, it is important to note that IDB Management has commented that before the MICI Process, they had not had an opportunity to address some of the topics introduced by the Requesters in their Request to MICI.
- 2.38 According to IDB Management, every effort has been made to promote fair and adequate compensation to the people affected by the Program. These efforts include seeking to uphold the option of land for land as the first and most preferable option of compensation. However, also recognizing and taking into consideration the difficulties encountered during the process of locating new land for affected people, the perspective of IDB Management is that, if there is room for increasing the commitment to comply

with the Bank's Relevant Operational Policies through enhancing the livelihood options for the Requesters, this should be achieved through a multi-stakeholder process. The discussion of options to enhance the Requesters' livelihoods, according to the perspective of IDB Management, should be held after establishing within a Consultation Phase Process, a common baseline, regarding the current status of affected farmers.

- 2.39 Nevertheless, IDB Management has highlighted that the principles of equity and transparency should guide any eventual Consultation Phase Process. From the standpoint of IDB Management, any agreement that could possibly be reached during the Process should ensure equal treatment for all the people effectively affected by the establishment of the PIC, and not only address those represented by the Comité.
- 2.40 Furthermore, IDB Management considers that the upcoming evaluation of the implementation of the Resettlement Plan is a key element, and its results can serve as input for any final determination regarding the PIC's impact on livelihoods.
- 2.41 IDB Management has also stressed its commitment to explore opportunities for those directly affected to increase their access to the new economic opportunities presented by the PIC, as well as through support to more traditional economic activities. These may include capacity building and training, access to education and other technical assistance support. However, it underscores the importance and priority of first determining a common baseline.
- 2.42 IDB Management also highlighted the possibility of establishing a transitory grievance mechanism aiming at providing the affected people with an opportunity for each person to present their case and have it reviewed individually.
- 2.43 Finally, IDB Management has shown interest in supporting a Consultation Phase Process and emphasized the importance of establishing a strong set of rules to build and continuously enhance trust between the Parties participating in the Process.

c. Executing Agency

- 2.44 The UTE's perspective asserts that the compensation process was carried out appropriately, carefully and in good faith, following the extent possible within the guidelines established by the Operational Policies of the IDB. The UTE emphasized that several meetings were held with all stakeholders and interested Parties involved in this process, including many members of the group of Requesters, during the design and implementation of the Compensation Plan. Given this situation, the UTE has expressed concerns regarding the emergence of this new group of community members, and are interested in seeking assurances that the people being represented by the *Kolektif* are those originally affected by the PIC.

- 2.45 The UTE has also stressed that the Compensation Plan design process was flexible, inclusive and responsive, including more people than the original amount of farmers indicated in the studies that were carried out. They have also highlighted that, after the preliminary fence was erected, farmers were still able to enter their plots of land and access their crops. Likewise, the UTE agreed to include the value of the 2011 harvest within the Compensation Plan, which was affected by the fence construction, despite many farmers having been able to still obtain incomes from this harvest
- 2.46 The UTE shares IDB Management's sense regarding the importance of the original proposed option of land for land compensation for the affected farmers. The UTE therefore asserts having made every possible effort to carry out the land for land compensation. These efforts included locating approximately 500 hectares of state-owned land, as well as a number of other actions to prepare the land for immediate use by the resettled people.
- 2.47 Nevertheless, according to the UTE, an association of farmers claimed the land shortly after it had been prepared for the PIC's affected population, and the strong opposition of this group to the use of this land for resettlement made it impossible for the UTE to go ahead with the original Plan, after almost two years of preparation work. Following this situation, the Compensation Plan was re-negotiated with the affected people. Those classified as non-vulnerable affected people chose to receive cash compensation. Those classified as vulnerable, on the other hand, chose different options offered to them. These options included (i) land vouchers, intended to facilitate means for the affected people to find and purchase proper plots of land; (ii) compensation in the form of a monthly pension provided by the National Office for Elderly Insurance, and (iii) housing in the IDB's housing project.
- 2.48 Additionally, it is important to note that the UTE is in the process of hiring a consultancy firm to design and carry out an evaluation of the implementation of the Compensation Plan, as per Bank requirements. The key aspects of this evaluation will be to analyze whether the Plan reached its objectives, and to examine the situation of previous and current livelihoods of the affected people. The UTE intends to consider the results of this evaluation as a guide to assess whether any other actions are needed to achieve the goals of the Compensation Plan, according to IDB Operational Policies. The UTE therefore expressed its preference that the evaluation be completed, prior to engaging in any dialogue process that may affect or create a bias in the evaluation outcomes.
- 2.49 On the other hand, the UTE has expressed concerns about the involvement of people and organizations that in their view, back in 2013, obstructed the efforts to resettle Caracol farmers in the identified land, and that are now working closely with the Requesters in the MICI Process. The UTE's Director specifically noted the involvement of one of the Requesters' Representatives, Milostène Castin, as problematic in this regard and has stated his reluctance to participate in a dialogue that includes him as a Representative in the Process.

2.50 Finally, in regards to compensation, the UTE was concerned about setting precedents regarding compensation payments. This could create unreasonable expectations that would impact other projects around the country, as well as jeopardize the integrity of the compensation process the UTE worked hard to ensure.

3. Perspectives of other relevant stakeholders

2.51 Other interviewed stakeholders, who participated throughout the implementation of the compensation plan, have agreed that the UTE's work was carried out in an appropriate manner, and have added they were able to build a collaborative and transparent relationship with the Agency.

2.52 These actors acknowledged, however, that even during the plan's implementation, real threats to the livelihoods of the affected communities existed. It is their understanding that the compensation provided was insufficient and inappropriate, especially due to the loss of land incurred. According to these actors, they repeatedly highlighted to the Executing Agency that the land for land option was the most preferable solution, and that the cash compensation was not a sustainable option, especially considering the actual increase in the costs of land and living in the PIC's surrounding areas.

2.53 The actors noted that a priority for the affected communities was access to jobs at the PIC, which was an offered benefit that, nevertheless, did not materialize.

2.54 Furthermore, one of the interviewed actors claimed that although the Program brought electricity to the area, and represented an important milestone for the development of the region, it has not delivered the expected development goals regarding road infrastructure and environmental protection.

III. CONCLUSIONS OF THE ASSESSMENT STAGE

A. Feasibility analysis

3.1 MICI has identified three primary Parties involved in the Consultation Phase: the Requesters, IDB Management and the UTE. MICI has determined that the Requesters and the IDB are willing to move forward with a Consultation Phase Process immediately, and the UTE would join the Process after the evaluation of the Compensation Plan is completed.

3.2 As in any multi-stakeholder process, both the harnessing of opportunities and the management of challenges are required elements in order to maximize the potential for success within the Consultation Phase. This section summarizes many issues that should be considered in the design and execution of the Consultation Phase.

1. Opportunities for the Consultation Phase

3.3 The potential opportunities for the Consultation Phase are the following:

- a. *New data points emerging about those affected by the PIC construction and the Compensation Plan:* Two new data sources are in the process of emerging, which MICI hopes will help the Parties gain a reasonably accurate picture of the current state of those who were compensated for losses related to the construction of the PIC; (i) the UTE is in the process of contracting a third party who will carry out an independent evaluation of the impact of the Compensation Plan on livelihoods, and (ii) the Requesters are themselves conducting a survey of over 400 people in the area and, after the results are compiled, will be sharing those with MICI.
- b. *Improve relationships among those involved, in order to strengthen responses to emergent problems:* The Consultation Phase Process represents an opportunity for those involved to develop constructive working relationships that would improve communication and capacity to address the emergent problems within the community.
- c. *Strengthen community organizing in the area:* A successful Consultation Phase Process could enhance the ability of the community to define and resolve its challenges well after the Consultation Phase is completed. It could also eventually play a part in building a Local Consultative Body for the continued development of the Northeast Department.
- d. *Reach consensus regarding current livelihood conditions of the affected Parties:* Perhaps the single-most important opportunity that the Consultation Phase represents is the possibility of addressing any potential impact in livelihood resulting from the economic displacement, and meaningfully improving the lives of those affected by the PIC.

2. Challenges for the Consultation Phase

3.4 The potential challenges for the Consultation Phase Process are the following:

- a. *Leveling of information amongst the Parties.* It is important to note that not all the Parties have had access to the same information, with particular emphasis on the limitation set by language. Another related challenge will be agreeing on which documents are essential to developing a shared understanding of the facts of the case. The Parties will then need to agree on which of those documents need to be translated and the time and resources required to do so. Agreements of this nature will ensure that all Parties are able to contribute to the creation of solutions that emerge from the Process, as well as to protect the Process from perceptions of inequitable access to information.
- b. *Setting a common baseline of the affected population:* Given that PIC construction began in 2012, if there are people who come forward during the Consultation Phase

to claim that they were eligible for compensation but did not receive it, determining the legitimacy of those claims will be very difficult without a commonly agreed baseline. Therefore, one of the tasks of those involved in the Consultation Phase will be to develop criteria acceptable to all Parties for determining the legitimacy of eligibility claims.

- c. *Transitioning to new forms of income generation:* Major economic transitions of the kind witnessed in Caracol come with major benefits, as well as challenges. One common challenge is in finding viable alternatives for displaced farmers to earn a living. While the PIC presents a unique economic opportunity in the region, making the transition to a new livelihood is not without significant cultural and social challenges. If proposals for supporting new livelihoods are developed during the Consultation Phase Process, such proposals will need to be developed in close consultation with experts who can support the group in making decisions that are based on best practices in relation to livelihood transitions and taking into account the local context.
- d. *Balancing the speed of institutional processes and requirements with the need for on-the-ground solutions:* Communities have immediate needs, while well-thought, transparent, credible and effective processes may take time. Furthermore, institutions have internal processes to comply with, that appear to outsiders as intentional delays. Maximizing transparency in these time periods and being explicit as to what is possible when and why will be important to maintaining the trust and good will between the Parties.

3.5 To conclude, the MICI team believes the challenges presented by the Consultation Phase Process can be effectively managed. Furthermore, the Consultation Phase presents significant opportunities for all Parties involved to improve livelihoods and support greater compliance with the relevant IDB Policies.

B. Central themes

3.6 As a result of the interviews and missions carried out during the Consultation Phase Assessment, the team encountered several relevant themes that could be explored within the Consultation Phase Process. It is important to note that these subjects do not represent an exhaustive list, as other themes of mutual interest may arise during the course of the Consultation Phase. Similarly, these themes do not comprise the Process agenda, which will be negotiated by the Parties once the Consultation Phase Process has initiated.

3.7 One of the topics that repeatedly arose in the conversations was the lack of baseline information. There are several disparities between the Parties in regards to the information they hold, concerning: (i) the affected people; (ii) their socioeconomic conditions; and (iii) the eventual Harm resulting from the alleged non-compliance of the IDB's relevant Policies.

- 3.8 Another relevant theme is the livelihoods of the affected communities. According to the Requesters, the loss of livelihood derived from losing land has had different implications in their lives, such as (i) the inability to afford school fees, resulting in the withdrawal of children from school; (ii) the lack of skills and training to take advantage of the zone's new economic opportunities and/or to diversify their economic activities; and (iii) the reduced ability to satisfy their basic needs.
- 3.9 Likewise, a better understanding of the environmental concerns could also be addressed in the Consultation Phase Process.
- 3.10 Finally, with the objective of obtaining a better understanding regarding the compensation process and its impacts, the evaluation that will be undertaken by the UTE is an opportunity to provide objective, accurate and precise information aiming to nurture the dialogue process and to help create a shared data baseline.

C. Relevant stakeholders

- 3.11 The MICI Process can include different stakeholders during the Consultation Phase Process. Throughout the entire Consultation Phase, three main actors arise: i) IDB Management; ii) the Requesters; and iii) the Executing Agency.
- 3.12 Additionally, during the development of the Consultation Phase Process, other stakeholders may be considered relevant participants in order to address some of the concerns and topics included in an agreed-upon Process roadmap, or within the defined agenda. From the missions conducted by the MICI team, as well as in the documents revisited, some of these possible relevant stakeholders have been identified as follows:
- a. Affected farmers who are not part of the Kolektif, including former ALENACT and ADTC members
 - b. Local authorities
 - c. Other government agencies, such as:
 - SONAPI
 - MEF
 - DGI
 - CIAT
 - Ministry of Agriculture
 - Ministry of Education
 - PIC's Tenants, or other Companies related to the Park
- 3.13 These other relevant stakeholders may or may not be included during the Consultation Phase Process, and their involvement would be voluntary and subject to the consent of the Parties. In this context, these stakeholders could be invited to the Process to address a set of specific items or to take part all through the Process. The list above

should not be considered comprehensive or final. Parties will be free to mutually determine which other actors, if any, should be convened, as well as their roles within the Process.

D. Proposed methodology

- 3.14 The proposed methodology to develop the Consultation Phase Process is a combination of different tools appropriate for various stages of a dialogue and Consultation Phase Process. For example, the MICI team may conduct bilateral meetings with the main and other relevant stakeholders, multi-stakeholder meetings, and possible joint fact-finding processes with the involvement of thematic experts.
- 3.15 A key part of the methodology will involve developing agreements between the Parties regarding important issues, such as: decision-making, representation and participation, communication among the stakeholders and with other relevant actors regarding the issues addressed in the Consultation Phase Process, and also a common roadmap to the development of the consultation. In this context, the methodology is seeing as adaptive to the needs of the Parties always within the framework of the MICI Policy requirements.
- 3.16 Finally, all stakeholders will be given time to review information provided, consult advisors and thematic experts as they see fit, according to their own needs over the course of this Process.

E. Resources required

- 3.17 In light of the proposed methodology, the Process will be coordinated by MICI who will also be responsible for its planning, in close conversation with the Parties, so as to provide required resources under the consideration of efficiency and effectiveness under which MICI operates.
- 3.18 One of the key elements to accomplish MICI's goals in this Request is the availability of an experienced process designer and facilitator who is able to assist in the design and implementation of the dialogue process.
- 3.19 Regarding the bilateral and multi-stakeholder meetings, MICI will conduct missions to the country as per the Parties agreed Consultation Phase Process Plan. Given the local language, this will also include the necessity of hiring an interpreter to assist the team during the missions.
- 3.20 In this context, it is possible that the process will require the rental of conference rooms to carry out the meetings in places considered to be as neutral as possible. In cases where conference rooms are located far from the Requesters' location, relevant travel expenses will need to be considered to ensure their presence during the Consultation Phase Process.

- 3.21 Furthermore, it is possible that during the Consultation Phase Process, Parties may require the academic opinion of expert, impartial, third parties to address certain subjects. The objective will be to reinforce the credibility and independence of the Process aimed at reaching an agreement.
- 3.22 Finally, given that Haitian Creole (the Requesters' mother tongue) and French are the official languages of Haiti; relevant documents will require translation to both. This will require considering additional time at certain stages of the Process for translation purposes, so as to ensure that all Parties are able to participate effectively and make decisions based on the information provided.

F. Tentative calendar

- 3.23 In accordance with paragraph 31 of the MICI Policy, the Consultation Phase Process shall be completed within a maximum period of 12 calendar months. This period begins with the Parties' negotiation and establishment of rules regarding representation, confidentiality and other elements relevant to the Process. Likewise, an agenda or roadmap will be developed with the consent of the Parties, in order to plan the necessary meetings and activities to carry out the Consultation Phase Process. As mentioned in the paragraphs above, some additional flexibility of time may be required for the translation of documents. Should this be the case, MICI will discuss a revised timeframe with the Parties and notify the IDB Board of Executive Directors in a timely fashion, so as to ensure their support.