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Investing in rural people

## President's report

### Proposed grant to the Republic of Haiti for the Agricultural and Agroforestry Technological Innovation Programme

#### Note to Executive Board representatives

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For: Approval

## Contents

Abbreviations and acronyms	ii
Map of the programme area	iii
Financing summary	iv
Recommendation for approval	1
I. Strategic context and rationale	1
A. Country and rural development and poverty context	1
B. Rationale and alignment with government priorities and RB-COSOP	2
II. Programme description	2
A. Programme area and target group	2
B. Programme development objective	3
C. Components/outcomes	3
III. Programme implementation	4
A. Approach	4
B. Organizational framework	4
C. Planning, monitoring and evaluation, and learning and knowledge management	5
D. Financial management, procurement and governance	5
E. Supervision	6
IV. Programme costs, financing and benefits	6
A. Programme costs	6
B. Programme financing	7
C. Summary benefit and economic analysis	7
D. Sustainability	8
E. Risk identification and mitigation	8
V. Corporate considerations	9
A. Compliance with IFAD policies	9
B. Alignment and harmonization	10
C. Innovations and scaling up	10
D. Policy engagement	10
VI. Legal instruments and authority	11
VII. Recommendation	11
Appendices	
I. Negotiated financing agreement	
II. Logical framework	

## Abbreviations and acronyms

AWP/B	annual workplan and budget
COSOP	country strategic opportunities programme
ERR	economic rate of return
FAO	Food and Agriculture Organization of the United Nations
FFS	farmers' field school
IDB	Inter-American Development Bank
GAFSP	Global Agriculture and Food Security Programme
MARNDR	Ministry of Agriculture, Natural Resources and Rural Development
M&E	monitoring and evaluation
PBAS	performance-based allocation system
PEU	programme execution unit
PITAG	Agricultural and Agroforestry Technological Innovation Programme
PTTA	Technology Transfer to Small Farmers Project (IDB)
SDG	Sustainable Development Goals

# Map of the programme area

Haiti

Agricultural and Agroforestry Technological Innovation Programme



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 29-11-2017

## Republic of Haiti

### Agricultural and Agroforestry Technological Innovation Programme

#### Financing summary

<b>Initiating institution:</b>	IFAD
<b>Recipient:</b>	Republic of Haiti
<b>Executing agency:</b>	Ministry of Agriculture, Natural Resources and Rural Development (MARNDR)
<b>Total programme cost:</b>	US\$77.899 million
<b>Amount of IFAD grant:</b>	US\$10.859 million
<b>Terms of IFAD grant:</b>	Grant under Debt Sustainability Framework
<b>Cofinancier(s):</b>	Inter-American Bank of Development (IDB), Global Agriculture and Food Security Programme (GASFP)
<b>Amount of cofinancing:</b>	IDB: US\$55.00 million GASFP: US\$10.00 million
<b>Terms of cofinancing:</b>	Grant
<b>Contribution of recipient:</b>	US\$1.00 million
<b>Financing gap:</b>	US\$1.04 million
<b>Appraising institution:</b>	IDB/IFAD
<b>Cooperating institution:</b>	IDB/IFAD

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant to the Republic of Haiti for the Agricultural and Agroforestry Technological Innovation Programme, as contained in paragraph 59.

## Proposed grant to the Republic of Haiti for the Agricultural and Agroforestry Technological Innovation Programme

### I. Strategic context and rationale

#### A. Country and rural development and poverty context

1. Haiti is both a fragile country and a small island developing state, highly vulnerable to external shocks, climate change and political turbulence. With a per capita annual GDP of US\$818 (2015) and 59 per cent of the population living in poverty (World Bank, 2012), Haiti is the poorest country in the Latin America and Caribbean region and one of the poorest in the world, ranking 163<sup>rd</sup> of 188 countries in the 2015 United Nations Development Programme (UNDP) Human Development Index. The poverty rate is even higher (75 per cent) in rural areas, where access to basic services remains very limited.
2. The rural poor in Haiti are exposed to a vicious circle consisting of low agricultural productivity, high environmental degradation and poor nutrition. Food insecurity is widespread. The country is ranked 115<sup>th</sup> of 118 countries in the 2016 Global Hunger Index.
3. Agriculture plays a major role in the Haitian economy, contributing 25 per cent of GDP and 85 per cent of employment in rural areas. The gap between local production and the demands of a growing population has progressively widened over the years. Today the country only satisfies 45 per cent of its food needs and the deficit is essentially covered by massive imports of food products. Haitian agriculture presents very low levels of productivity when compared to other countries in the region. The per capita income in the Haitian agricultural sector has stagnated in recent years and is currently estimated at around US\$400 per year.
4. Overall, limited access to factors of production – capital, land, labour and water – places constraints on farmers' ability to increase agricultural productivity. The main factors exacerbating low productivity include: (i) low levels of investment and access to technologies; (ii) a lack of financial and human resources to develop agricultural innovation; and (iii) climate-related risks.
5. Haiti's exposure to climate change risks also has an impact on nutrition, either directly through altered agricultural patterns and diet or indirectly through additional agricultural workload for women, which affects their capacity to care for household members.
6. Rural women in Haiti participate in most agricultural activities, in addition to taking care of the household, fetching water, and looking after the processing, transportation, storage and marketing of agricultural products. Approximately 60 per cent of rural women work in agriculture and between 20 and 30 per cent of them own land. Rural women are less educated than men (55 per cent have never attended school versus 30 per cent of men) and female-headed households have lower income levels (US\$176 versus US\$347) and face more severe food insecurity (86 per cent versus 71 per cent male-headed households).

7. Young people between 15 and 24 years of age represent 21 per cent of the total population according to a study by the United Nations Population Fund (2011). At present, inactivity and unemployment rates for young people are extremely high. In rural areas, 64 per cent of young people are inactive and 17 per cent are unemployed. About 68 per cent of the active youth population living in rural areas work in the agricultural sector.

## B. Rationale and alignment with government priorities and RB-COSOP

8. Several experiences in Latin America show the importance of public investment in agricultural research and training, as well as technology transfer services to farmers, in order to increase productivity and environmental sustainability. In fact, the literature recognizes the existence of several market failures that hinder the process of agricultural technology adoption in developing countries, including: (i) lack of access to information and/or asymmetric information and knowledge on the effective use of technologies; (ii) input and output market inefficiencies with limited outreach of markets for rural technology providers; (iii) liquidity constraints and insufficient access to credit; and (iv) risk aversion, with most producers investing in new technologies only when they can confirm their benefits through experience from other farmers.
9. The proposed programme has been designed by the Inter-American Development Bank (IDB) to address the above market failures based on a previous technology transfer programme, the Project for Technology Transfers to Farmers (PTTA). It promotes environmentally sustainable production technologies (mainly agroforestry) to support productivity increases while enhancing the communities' natural resource base.
10. The Government of Haiti and the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR) have expressed a keen interest in the proposed programme and are committed to ensuring that its activities are sustainable beyond the execution period.
11. The programme is aligned with the three strategic objectives of IFAD's country strategic opportunities programme (COSOP), which was recently extended to 2021: (i) promote climate-smart agriculture; (ii) promote productive initiatives; and (iii) invest in human capital development. In terms of the Sustainable Development Goals (SDGs), the new programme is expected to contribute mainly to SDG1 (end poverty); SDG2 (achieve food security and improved nutrition, and promote sustainable agriculture); and SDG10 (reduce inequality within and among countries).

## II. Programme description

### A. Programme area and target group

12. The Agricultural and Agroforestry Technological Innovation Programme (PITAG) will target a total of 65,048 poor rural households in 30 communes distributed over five departments: North, North East, Artibonite, South and Grande Anse. Household size in rural Haiti is estimated at 4.6 persons per household.
13. IFAD's financing will target 12,359 households in eight communes of the South department, while IDB and GASFP funding will cover the remaining 22 communes. The South department is characterized by hillside agriculture and was severely affected by Hurricane Matthew in October 2016, which significantly reduced local agricultural production and created nutritional deficits in the area.
14. Programme beneficiaries include poor rural households with access to less than 0.6 hectares (ha), women-headed households and unemployed youth. Fifty per cent of the beneficiaries in the South department will be women, and 20 per cent will be young people. The programme will reach out to members of producers'

organizations, women's groups and youth groups, as well as to those who do not belong to any group, organization or association.

## B. Programme development objective

15. The overall goal of the programme is to increase food security and agricultural income for smallholder farmers in selected areas of Haiti. The development objectives are to increase agricultural productivity and improve the use of natural capital through the adoption of sustainable technologies.
16. The programme's key impact indicators are as follows:
  - (i) Reduction in the percentage of households that are severely food-insecure;
  - (ii) Increase in agricultural household income (United States dollars (US\$)/year);
  - (iii) Increase in the value of agricultural production (US\$/year);
  - (iv) Number of new technologies developed by new lines of research;
  - (v) Percentage of beneficiary producers adopting agricultural technologies; and
  - (vi) Number of beneficiaries adopting agroforestry packages for soil protection and restoration.

## C. Components/outcomes

17. PITAG will be structured in two technical components.
18. Component 1: Agricultural applied research and training
  - (a) Applied and adaptive agricultural research projects, developed and implemented by national and/or international institutions. These research projects will create, improve and adapt sustainable agricultural technologies that will enhance the supply of technological options available to farmers.
  - (b) Strengthening of the higher education curriculum through activities conducted within the research projects (e.g. scholarships), in order to improve applied and adaptive research and technology transfer capabilities.
  - (c) Institutional strengthening of the MARNDR Innovation Directorate (ID), through: (i) technical and scientific support; (ii) materials and equipment; and (iii) strengthening the technical and scientific profile of its professionals.
  - (d) The development of science-based farmers' fields schools (FFS) to further support the complementarity and synergies between component 1 (adapted research) and component 2 (adoption of sustainable technologies) The FFS approach will be applied as a pilot in the South department, where IFAD is active.
19. Component 2: Promotion of sustainable agricultural technologies
 

This component will support the adoption of profitable, climate-smart and sustainable agricultural technologies, which will improve farm profitability, generate positive environmental externalities, and facilitate the mitigation of and adaptation to climate change. It will be based on the existing MARNDR agricultural incentives programme, for which clear guidelines and implementation procedures were developed. A preliminary menu of technologies has been selected through a prioritization exercise, based on the relative importance of the different crops and their socio-economic relevance, market potential and environmental sustainability.<sup>1</sup> The menu will be updated each year, based on the inputs provided by component 1.

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<sup>1</sup> The menu includes: (i) Creole garden package (avocado, coconut, mango, cashew, timber, yam, banana, pineapple); (ii) Creole garden-cocoa package (cocoa seedlings, fruit trees, forest trees, banana, yam and pineapple); (iii) fruit tree package; (iv) fodder package; (v) energy forest package; and (vi) agricultural equipment packages, including motor pumps for irrigation, animal traction support for land preparation, threshers, and drying and storage equipment.



20. Besides the operational components 1 and 2, the programme also includes the following activities: (i) project administration (e.g. consultants, travel, equipment, operational costs, audits); (ii) midterm and impact evaluations; and (iii) contingencies.

### III. Programme implementation

#### A. Approach

21. A cooperation agreement between IDB and IFAD was signed in 1978, followed by a supplementary arrangement in 1994. These agreements establish an interest in cooperation and coordination between the two institutions in Latin America and the Caribbean, with IDB possibly taking the lead in project identification.
22. Based on these documents and within the framework of PITAG, which was designed by IDB, the two institutions will sign an agreement covering: (a) the grant administration of IFAD funds; (b) the financial and procurement aspects specific to IFAD-funded activities; (c) operational arrangements related for supervision and the implementation support missions; and (d) a description of the activities to be financed by IFAD, which are focused in the South department.
23. The approach followed within the IFAD targeted areas will be based on IFAD's experience of working with small and vulnerable communities in Haiti, in the small-scale irrigation rehabilitation projects known as PPI-2 and PPI-3, as follows:
  - (a) Targeting: vulnerable population segments will be targeted, with special emphasis on female-headed households, women farmers and rural youth. IFAD will support a gender and youth study in its area and aims to reach 50 per cent of women and 20 per cent of young people among the target beneficiaries.
  - (b) Building social capital: IFAD typically uses a participatory and bottom-up approach to empower farmers and establish community-based organizations and farmer groups that are built on trust, coherence and good governance. IFAD will introduce the FFS approach for technology adoption and evaluation by farmers, suggesting the development of new technologies or their improvement, and introducing nutrition and diet diversification, household methodologies, household and farm economies, and environmental and other special topics considered important by farmers.
  - (c) Climate change and environment: IFAD will finance a detailed disaster and climate risk assessment study and recommend risk mitigation interventions on this basis.

#### B. Organizational framework

24. MARNDR will be the executing agency of PITAG. It has been in charge of implementing the previous PTTA technology transfer programmes financed by IDB. MARNDR also benefits from an IFAD capacity-building grant operated by UNDP.
25. The organizational set-up to be put in place is articulated around four levels of responsibility:
  - (a) MARNDR for overall programme management;
  - (b) A steering committee and consultation mechanism at the departmental level;
  - (c) A programme execution unit (PEU) to coordinate and manage activities; and
  - (d) Contractual service providers to execute field activities with support and supervision by MARNDR (central and decentralized entities).

### C. Planning, monitoring and evaluation, and learning and knowledge management

26. Planning. The development of an annual workplan and budget (AWP/B) will be led and organized by the PEU. The AWP/B will reflect the needs and priorities of beneficiary farmers in the different municipalities targeted by the programme and will be informed by input from the main implementation partners operating in the field.
27. Monitoring and evaluation. Progress on the key performance indicators will be monitored through baseline, midterm and final impact studies, as well as through continuous monitoring and evaluation (M&E) activities. The indicators for the IFAD programme area will be collected separately to allow for comparison with the other programme areas. In particular, the M&E system will monitor increases in physical production over time and assess the physical risks of climate change and their impact on production. In addition, based on the activities proposed by the gender/youth study, the M&E system will include specific gender and youth activities, outputs and outcome indicators.
28. Learning and knowledge management. A comprehensive knowledge management strategy will be developed by the PEU at start-up. It will support: (i) the decision-making processes of the programme team at the PEU central office and in the field; (ii) the programme communications function, managed by a communication officer from the PEU; (iii) the exchange of knowledge, experience and information among farmers, ministry staff, researchers, IFAD and IDB; and (iv) the generation and communication of good practices and lessons learned from the development, dissemination and adoption of technological packages.

### D. Financial management, procurement and governance

29. The country risk is rated as high. Transparency International's Corruption Perception Index ranked Haiti 159 of 176 countries in 2016 (unchanged from 2015) with a score of 20 (17 in 2015). Therefore, to mitigate this risk, IFAD will continue in the foreseeable future to: (i) rely on special PEUs to execute all programmes while strengthening institutional capacities; and (ii) implement special fiduciary arrangements for programme implementation and conduct close supervision of PEUs. Given the significant planned monitoring and tracking of operations, especially for procurement and financial areas, the programme risk is rated as medium.
30. Financial management. The PEU will provide financial management, and the MARNDR procurement unit will perform programme procurement activities. The PEU has gained experience in the execution of IDB-financed operations over the past five years, during the execution of PTTA.
31. Accounting and financial reporting requirements. The SYSCOMPTE system, currently being used by MARNDR, will be upgraded and used for programme financial management. The financial and accounting system will provide for: (i) recording and reporting of transactions by component, category, source of funds, AWP/B activity and geographical location; (ii) budget monitoring; (iii) automated bank reconciliations; (iv) contract management and monitoring of financial commitments; and (v) production of the required financial reports and statements in accordance with the International Public Sector Accounting Standards (IPSAS).
32. Flow of funds. Funds will flow as follows: (a) IDB will open a separate bank account to receive IFAD funds. The flow of funds will be based on the cash forecasts of activities to be implemented; and (b) the recipient will open United States dollar-denominated designated accounts operated by the Ministry of Finance at the Central Bank of Haiti, to receive the IFAD grant and cofinancing resources.
33. Audit. Annual financial statements will be audited by an external private sector auditor appointed for three years. During the competitive process the terms of

reference for the audit will be submitted to IFAD for no-objection. The selected auditors will conduct their work in accordance with the International Standards on Auditing (ISA) and the IFAD Handbook on Financial Reporting and Auditing, including public disclosure of audit reports, which are to be submitted to IFAD within four months of fiscal year-end.

34. Procurement. Procurement under PITAG will be carried out by the MARNDR Public Procurement Unit in accordance with IDB procurement guidelines. The fiduciary risk related to procurement delays is classified as medium, and mitigation measures include: (i) anticipation and good planning for complex procurement processes; (ii) strengthening of the PEU; and (iii) support to MARNDR to simplify procedures for contract approval and signature.
35. Governance. The programme steering committee will be responsible for providing general guidance to the programme and ensuring that its activities are implemented in compliance with the Government's policies, approving AWP/Bs, ensuring proper coordination with other development programmes and providing broad oversight for programme implementation. Members of the steering committee will include the Director General of MARNDR as chair, the MARNDR Unit of Studies and Programming and Departmental Directorate of Agriculture, and the Ministry of Economy and Finance, with IDB and IFAD as observers. The dissemination of IFAD's anti-corruption policy among programme staff and stakeholders should reinforce the use of good practices.

#### E. Supervision

36. PITAG will be supervised jointly by the Government, IDB and IFAD, with annual supervision and implementation support missions. IFAD will use these missions to monitor and evaluate the activities in the municipalities of the South department, as well as the programme's targeting performance, youth focus and gender approach.

### IV. Programme costs, financing and benefits

#### A. Programme costs

37. Total costs. Total programme costs over the five-year period are estimated to be US\$77.9 million, including contingencies and taxes.<sup>2</sup> They are composed of research activities under component 1 (19 per cent), agricultural packages in component 2 (72 per cent) and programme management costs (9 per cent).
38. The IFAD grant will finance mainly agroforestry packages under component 2 (93 per cent), farmers field schools under component 1 (5 per cent) and a gender and youth targeting study and expert in the PEU under administration and management (2 per cent).

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<sup>2</sup> The exchange rate used for calculations is US\$1= HTG 63.5. Physical contingencies have been calculated at 15 per cent for technological packages, and inflation was calculated at 5 per cent per annum for local products and 2.1 per cent for imported products.

Table 1  
**Programme costs by component and financier**  
 (Thousands of United States dollars)

<i>Components</i>	<i>IFAD grant</i>		<i>Financing gap</i>		<i>IDB</i>		<i>GASFP</i>		<i>Recipient counterpart</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Agricultural applied research and training	544	4	0	0	14 600	96	0	0	0	0	15 144	19
2. Promotion of sustainable agricultural technologies	10 090	18	769	5	35 050	63	10 000	18	0	0	55 909	72
3. Administration and others	225	3	271	4	5 350	78	0	0	1 000	15	6 846	9
<b>Total</b>	<b>10 859</b>	<b>14</b>	<b>1 040</b>	<b>1</b>	<b>55 000</b>	<b>71</b>	<b>10 000</b>	<b>13</b>	<b>1 000</b>	<b>1</b>	<b>77 899</b>	<b>100</b>

## B. Programme financing

39. The programme will be cofinanced by IFAD with 14 per cent of the cost from the 2016-2018 cycle of the performance-based allocation system (PBAS) in the amount of US\$10.859 million, made available in the form of a Debt Sustainability Framework grant; by IDB with 71 per cent under a grant facility of US\$55 million; and by the Global Agriculture and Food Security Programme (GAFSP) with 13 per cent in the form of a grant of US\$10 million. The Government's contribution will finance US\$1 million to cover recurrent costs (1 per cent of the cost). The potential financing gap of US\$1.04 million could be sourced from the subsequent IFAD PBAS cycle under financing terms to be determined, subject to internal procedures and Executive Board approval. The programme has been designed to be sustainable, even in the event that the financing gap is not covered.
40. The table below shows the IFAD financing based on IFAD's expenditure categories:

Table 2  
**Programme costs by expenditure category for IFAD financing**  
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD grant</i>	
	<i>Amount</i>	<i>%</i>
1. Training and workshops	458	4
2. Grants and subsidies	9 081	84
3. Consultancies	138	1
4. Operating costs	96	1
5. <b>Unallocated</b>	1 086	10
<b>Total</b>	<b>10 859</b>	<b>100</b>

## C. Summary benefit and economic analysis

41. The economic and financial analysis confirms the financial and economic viability of the programme, summarizing the expected benefits of each component. The overall economic rate of return (ERR) was estimated at 27.8 per cent, and is resilient to changes in the programme cost and the assumed technology adoption rate.
42. The quantified ERR does not include a series of non-quantifiable benefits that have features of public goods, such as: (i) better knowledge and scientific knowhow on the part of farmers through FFS-promoted learning; (ii) improved nutrition for households and locally through improved availability of fruits and vegetables; and (iii) improved resilience of the creole garden system to changing climatic conditions.
43. The financial analysis evaluates the different technology packages and ensures that beneficiaries are in a position to cover the 10 per cent counterpart financing of the

investment required. Each technology package is shown to be profitable, with financial internal rate of return (FIRR) indicators ranging from 13.2 per cent to 90.5 per cent.

#### D. Sustainability

44. PITAG recognizes the sustainability challenges of its interventions in rural areas of Haiti. Based on the PTTA experience, PITAG includes cost-sharing mechanisms for the technology packages promoted. In particular, farmers are requested to contribute 10 per cent to adopt the technologies, in cash in the Northern department, and in kind in the form of labour and time in the South and Grand Anse areas, which were affected by Hurricane Matthew in 2016. This approach will support ownership and longer-term adoption of the technologies beyond the programme's life. In addition, a behavioural study will be conducted to determine farmers' willingness to pay for the new technologies resulting from adaptive research, in order to support the programme's sustainability over the longer term.
45. Also, PITAG is using the FFS approach, specifically in the IFAD target area, as an entry point not only to encourage adoption of the technologies, but also to promote social coherence and trust among Haiti's rural communities and build their social capital, which is critical for their resilience. This approach will also support their working together in groups, which will enhance their economic potential, resilience and coping strategies when faced with climatic and economic shocks. The special focus on women and youth, especially in the IFAD target area, is also expected to contribute to the sustainability of interventions.
46. Finally, in terms of institutional arrangements, PITAG will use existing government structures and procedures, which are fully integrated within MARNDR.

#### E. Risk identification and mitigation

47. The main risks identified and corresponding mitigation measures are described in the table below.

Main risks	Mitigation strategy
Insufficient quality and quantity of technology providers Level of risk: high	<ul style="list-style-type: none"> <li>- Strengthened selection process for providers</li> <li>- Additional training for service providers and input suppliers on quality standards</li> <li>- Option to exclude providers who do not follow the rules</li> </ul>
Extreme climate events Level of risk: high	<ul style="list-style-type: none"> <li>- Promotion of technologies that are resilient to climate change based on a detailed climate risk assessment</li> <li>- Research on climate resilience based on results of the climate change study and feedback from farmers in the field using the technologies promoted</li> <li>- Good planning of the campaigns in terms of areas and seasons</li> </ul>
Complexity of the subsidy management process Level of risk: medium	<ul style="list-style-type: none"> <li>- Updated operational procedures, based on PTTA experience</li> <li>- Improvement of information system</li> </ul>
Limited number of actors that can conduct quality research in the country Level of risk: medium	<ul style="list-style-type: none"> <li>- Promotion of consortiums with national and international research centre</li> <li>- Efforts to give maximum visibility to calls for proposals</li> </ul>
Lower or slower adoption rate of the technology packages Level of risk: medium	<ul style="list-style-type: none"> <li>- Strong communication campaigns</li> <li>- Provision of technologies that take into account the farmers' socio-economic and climatic conditions</li> <li>- A good selection process for service and input providers</li> <li>- Provision of technical assistance, coaching and FFS to achieve sustainable results</li> </ul>
Difficulty to access intervention areas Level of risk: medium	<ul style="list-style-type: none"> <li>- Timely preparation of providers</li> <li>- Selection of providers that will have access to difficult areas</li> </ul>
Market access and sales of the additional agricultural production Level of risk: medium	<ul style="list-style-type: none"> <li>- 50 per cent of production is expected to be for self-consumption</li> <li>- A market evaluation has been conducted to decide on seed for crops in each area</li> <li>- The expected increase in production of different crops is not very high, since the production area per farmer is small (0.5 ha) and the packages are highly diversified</li> </ul>

## V. Corporate considerations

### A. Compliance with IFAD policies

48. PITAG is compliant with:

- (i) IFAD's Strategic Framework (2016-2025), since it will support activities to strengthen the productive capacity and increase the income levels of poor smallholders in rural communities of Haiti;
- (ii) IFAD's approach to small island developing states, mainly with respect to the strategic objective to strengthen resilience to environmental and climate change and enhance adaptation capacity, through the transfer of adaptive and innovative technologies;
- (iii) The targeting policy, with special emphasis on female-headed households, women farmers and rural youth; and

- (iv) the Gender Equality and Women's Empowerment Policy, by implementing a set of activities to reduce gender inequalities and promote women's participation.
49. Environmental and social category. No major infrastructure is planned and any negative impact of activities is expected to be low and avoidable through adequate mitigation measures. Programme implementation will be required to comply with an environmental and social management plan. The programme is classified as a B operation in environmental and social terms.
50. Climate risk category. Based on the extreme weather events observed repeatedly in recent years – Hurricanes Matthew in October 2016, and Maria and Irma in October 2017 – IFAD's climate risk assessment resulted in a high risk classification. As a result, a disaster and climate risk assessment will be conducted, to identify mitigating measures to be carried out during programme implementation.

## B. Alignment and harmonization

51. Synergies and harmonization. The programme is aligned with national policies such as the 2010-2025 Agriculture Policy Document and the 2016-2021 National Agriculture Investment Plan.
52. Several national and international institutions have been partnering with MARNDR on the provision of incentives to smallholder farmers and on applied agricultural research and training in Haiti, including: IDB, the World Bank, the United States Agency for International Development (USAID), the Agence Française de Développement, the Food and Agriculture Organization of the United Nations (FAO), the Embassy of France in Haiti, the Inter-American Institute for Cooperation on Agriculture, the Faculty of Agronomy and Veterinary Medicine, and NGOs for applied agricultural research and training. The proposed programme will seek out synergies with these experiences.
53. After having worked independently in previous projects in Haiti – the Productive Initiatives Support Programme in Rural Areas, PPI-2 and PPI-3 – with mixed results, IFAD has decided to partner with IDB, which has a strong country presence. The South department has been selected by IFAD in order to concentrate its interventions geographically, as it is close to the PPI-3 project area and the area of the recently concluded Innovative Crop and Soil-based Technologies grant with the International Centre for Tropical Agriculture, which focuses on beans and cassava.

## C. Innovations and scaling up

54. The overall goal of the programme is to promote innovation to increase agricultural income and food security for smallholder farmers. The proposed programme represents a scaling up of a previous positive experience under PTTA with agroforestry projects in the North department. In addition, any successful practice in the IFAD programme area, such as the FFS, could be scaled up over the entire programme area.

## D. Policy engagement

55. While coping with catastrophic weather events is beyond the scope of the programme, policy discussions will cover the possibility of establishing links with regional programmes to insure agricultural investments against extreme weather events.<sup>3</sup> In addition, the involvement of women and youth in rural development will be a topic for discussion, by identifying attractive activities for young women and men in rural areas.

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<sup>3</sup> Either of the following two programmes could be evaluated as appropriate mechanisms for risk reduction: (i) the World Bank Group managed Global Index Insurance Facility (GIIF), funded by the European Union, ACP, and the Governments of Japan and the Netherlands; and (ii) the World Bank's Disaster Risk Financing and Insurance Program (DRFI), from new or improved insurance products.

## VI. Legal instruments and authority

56. A programme financing agreement between the Republic of Haiti and IFAD will constitute the legal instrument for extending the proposed financing to the recipient. A copy of the negotiated financing agreement is attached as appendix I.
57. The Republic of Haiti is empowered under its laws to receive financing from IFAD.
58. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## VII. Recommendation

59. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a Debt Sustainability Fund grant to the Republic of Haiti in the amount of ten million eight hundred fifty-nine thousand three hundred and five United States dollars (US\$10,859,305), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo  
President



## Negotiated financing agreement

### Programme d'Innovation Technologique en Agriculture et Agroforesterie

(Négociations conclues le 5 April 2018)

DON NO. \_\_\_\_\_

Nom du programme: Programme d'Innovation Technologique en Agriculture et Agroforesterie ("le projet" ou "PITAG")

La République d'Haïti ("le Bénéficiaire")

et

Le Fonds international de développement agricole ("le Fonds" ou "le FIDA")

(désignés individuellement par "la Partie" et collectivement par "les Parties")

conviennent par les présentes de ce qui suit:

Attendu que le Bénéficiaire et la Banque Interaméricaine de Développement (BID) ont négocié un accord de financement ("l'Accord de Don BID<sup>4</sup>"), daté du 11 janvier 2018 afin d'apporter un financement au Programme ("le Programme");

Attendu que le Bénéficiaire a sollicité du Fonds un co-financement du Programme;

Attendu que le Fonds a consenti à contribuer au financement dudit Programme; et

Attendu que le financement du FIDA sera directement administré par la BID conformément à "l'Accord d'Administration BID-FIDA" conclu par le Fonds et la BID en date du [\_\_\_\_\_].

En foi de quoi, les Parties conviennent par la présente de ce qui suit:

#### Section A

1. Le présent accord comprend l'ensemble des documents suivants: le présent document et le tableau d'affectation des fonds (Annexe 1).

2. Les Conditions Générales applicables au financement du développement agricole en date du 29 avril 2009, amendées en avril 2014 et toutes éventuelles modifications postérieures ("les Conditions Générales") sont annexées au présent document, et l'ensemble des dispositions qu'elles contiennent s'appliquent au présent accord. Aux fins du présent accord, les termes dont la définition figure dans les Conditions Générales ont la signification qui y est indiquée.

3. Le Fonds accorde au Bénéficiaire un Don ("le Financement"), que le Bénéficiaire utilisera aux fins de l'exécution du Programme, conformément aux modalités et conditions énoncées dans le présent accord.

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<sup>4</sup> Accord de Don No. 4359/GR-HA et GRT/GA-16490-HA

## Section B

1. Le montant du Don est de dix millions huit cent cinquante-neuf mille trois cent cinq dollars des Etats Unis (USD 10 859 305).
2. Deux comptes désignés, libellés en dollars des Etats Unis et en Gourdes, seront ouverts à la Banque Centrale d'Haïti afin de recevoir les fonds provenant du Don par le biais de la BID, et administrés par le Ministère de l'Economie et des Finances. Ces deux comptes sont destinés au financement des activités liées au Projet conformément aux modalités décrites dans l'Accord d'Administration entre le FIDA et la BID.
3. A titre d'exception aux dispositions de l'Article IV des Conditions Générales, toute demande de retrait de fonds devra être soumise directement par le Bénéficiaire à la BID et non au Fonds.

## Section C

1. L'agent principal du Programme est le Ministère de l'Agriculture, des Ressources Naturelles et du Développement Rural (MARNDR).
2. La date d'achèvement du Programme est fixée à la première date entre le 5ème anniversaire de la date d'entrée en vigueur de l'Accord de Financement et la date d'achèvement du Don BID.

## Section D

1. La BID assure l'administration du Don, et la supervision du Programme est conjointement assurée par le Fonds et la BID, jusqu'à la date de clôture de l'Accord de Don BID (90 jours après la date d'achèvement) ou toute autre date ultérieure que la BID et le Fonds détermineront conjointement et notifieront au Bénéficiaire.

## Section E

1. Les éléments suivants constituent des motifs supplémentaires de suspension ou d'annulation du présent accord: l'Accord de Don BID a été suspendu ou annulé.
2. Les éléments suivants constituent des conditions générales additionnelles préalables au premier décaissement:
  - a) Un Manuel de mise en œuvre comprenant, inter alia, la description détaillée des dispositions relatives à l'exécution du Programme et des rôles et responsabilités institutionnels, un calendrier d'exécution détaillé, les procédures administratives, financières et comptables, les procédures d'approvisionnement, de suivi et d'évaluation, et les procédures de mise en place des mesures de sécurité du Programme, devront avoir été adoptés par le Bénéficiaire en les forme et substance acceptables pour le Fonds.
3. Les dispositions prévues aux Conditions générales énoncées ci-dessous ne s'appliquent pas au présent accord:
  - a) Section 7.05 (Approvisionnement): dans le cadre de cet accord, les dispositions de l'Accord de Don de la BID et de l'Accord d'Administration BID-FIDA ainsi que toutes éventuelles modifications ultérieures seront applicables à tous les biens, travaux et services de consultation qui seront financés par les fonds provenant du Don.

- b) Section 8.03 (Rapport d'avancement et Revue à mi-parcours) et Section 8.04 (Rapport d'achèvement): dans le cadre de cet accord, les dispositions de l'Accord de Don de la BID et de l'Accord d'Administration BID-FIDA ainsi que toutes éventuelles modifications ultérieures seront applicables à tout rapport de Programme.
- c) Section 9.02 (Bilans comptables): dans le cadre de cet accord, les dispositions de l'Accord de Don de la BID et de l'Accord d'Administration BID-FIDA ainsi que toutes éventuelles modifications ultérieures seront applicables à toute remise et audit des bilans comptables.
- d) Section 9.03 (Audit des comptes): dans le cadre de cet accord, les dispositions de l'Accord de Don de la BID et de l'Accord d'Administration BID-FIDA ainsi que toutes éventuelles modifications ultérieures seront applicables à tout audit de Programme.
- e) Section 11.01 (Taxes/Impositions): dans le cadre de cet accord, les dispositions de l'Accord de Don BID (voir l'Accord de Don, Normes Générales Chapitre VIII, Art 8.01) ainsi que toutes éventuelles modifications ultérieures seront applicables à toute utilisation qui sera faite de fonds issus du Financement pour le paiement de taxes.

4. Toutes les communications ayant trait au présent accord doivent être adressées aux représentants dont le titre et l'adresse figurent ci-dessous:

Pour le Bénéficiaire:

Ministère de l'Economie et des Finances  
Avenue Charles Sumner 5  
Port-au-Prince, Haiti  
Tel: +509 2992-1010

Pour le Fonds:

Le Président  
Fonds international de développement agricole  
Via Paolo di Dono 44  
00142 Rome, Italie

Le présent accord, en date du \_\_\_\_\_, a été établi en langue française en deux (2) exemplaires originaux, un (1) pour le Fonds et un (1) pour le Bénéficiaire. Le présent Accord entrera en vigueur à la date de sa signature par les parties et de la signature de l'Accord d'Administration BID-FIDA.

LA REPUBLIQUE D'HAÏTI

\_\_\_\_\_  
Ministre de l'Economie  
et des Finances

FONDS INTERNATIONAL  
POUR LE DEVELOPPEMENT AGRICOLE

\_\_\_\_\_  
Gilbert F. Houngbo  
Président

## Annexe 1

## Tableau d'affectation des fonds

1. Affectation du produit du don. Le tableau ci-dessous indique les catégories de dépenses admissibles à un financement sur le produit du don ainsi que le montant du don affecté à chaque catégorie et la répartition en pourcentage des dépenses à financer pour chacun des postes des différentes catégories:

Catégories	Montant du don affecté (exprimé en Dollars des Etats Unis)	% des dépenses éligibles à financer Hors Taxes et Contribution du Gouvernement et des Bénéficiaires
I. Formation et Assistance Technique	483 000	100%
II. Dons et Subventions	9 585 000	100%
III. Etudes et conventions	146 000	100%
IV. Coûts récurrents	102 000	100%
Non alloué	543 305	
<b>Total</b>	<b>10 859 305</b>	

2. Le tableau ci-dessous indique l'allocation du don FIDA sur les composantes du projet prévues dans l'Accord de Don BID No. 4359/GR-HA et GRT/GA-16490-HA:

Composantes	FIDA (USD)
<b>I. Composantes</b>	
1. Recherche appliquée et formation	544 946
2. Diffusion de technologies agricoles	10 090 273
<b>II. Autres coûts</b>	
Administration	107 505
Audits	
Suivi & Evaluation	116 581
Imprévus	
<b>TOTAL</b>	<b>10 859 305</b>

## Logical framework<sup>5</sup>

Results Hierarchy	Indicators				Means of Verification			Assumptions (A)/Risks (R)
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	<ul style="list-style-type: none"> <li>▪ Persons receiving services promoted or supported by the programme<sup>6</sup></li> <li>▪ Estimated corresponding total number of households' members</li> </ul>	0	19,514 89,764	65,048 299,230				(A) Household size in rural Haiti is estimated at 4.6 persons per household.
Goal: To increase food security and agricultural income for smallholder farmers in selected areas of Haiti	<ul style="list-style-type: none"> <li>▪ Percentage of male-headed households who are severely food insecure using the Food Security Scale (ELCSA)</li> <li>▪ Percentage of female-headed households who are severely food insecure using the Food Security Scale (ELCSA)</li> </ul>	71% 86%		35% 50%	Agricultural Household Surveys for baseline and follow-up	Impact survey	MARNDR/IDB/IFAD	The baseline number will be updated with surveys to be collected prior to programme implementation. The baseline values correspond to baseline values of PTTA.
	<ul style="list-style-type: none"> <li>▪ Annual agricultural household income</li> </ul>	USD 170		USD 268	Agricultural Household Surveys for baseline and follow-up	Impact survey	MARNDR/IDB/IFAD	The baseline number will be updated with surveys to be collected prior to programme implementation. The baseline values correspond to baseline values of PTTA R) Low adoption rates; poor climatic conditions; insufficient market demand or lower prices.
Development Objective: Increase agricultural productivity and improve the use of natural capital through the adoption of sustainable technologies	<ul style="list-style-type: none"> <li>▪ Annual value of household agricultural production</li> </ul>	USD 347		USD 478	Agricultural Household Surveys for baseline and follow-up	Impact survey	MARNDR/IDB/IFAD	This corresponds to an increase of 38% in the value of production. This target corresponds to the results obtained in the impact evaluation of PTTA. Targets apply to program beneficiaries. (R) Low adoption rates; poor climatic conditions, insufficient market demand or lower prices. (A) Technological packages effectively respond to needs expressed in each region.
	<ul style="list-style-type: none"> <li>▪ Beneficiaries of improved management and sustainable use of natural capital<sup>7</sup></li> <li>- Total programme</li> <li>- IFAD Total<sup>8</sup></li> </ul>	0	18,373 3,490	61,224 11,632	PEU/MARNDR	Impact survey	MARNDR/IDB/IFAD	This number corresponds to beneficiaries from agroforestry technologies. IDB finances 37,347 beneficiaries, GAFSP 12,245, and IFAD 11,632. (A) Majority of land users choose agroforestry packages. Limited formal land ownership is not a deterrent to adoption.

<sup>5</sup> Logframe includes results attributable to the entire programme (IDB+IFAD+GAFSP financing). IFAD-specific targets only concern IFAD's financed activities in the IFAD programme area (South Department). The M&E system will collect the results separately for the IFAD area and for other areas, and the outcome of IFAD's contribution will be assessed only against the activities in its area of intervention.

<sup>6</sup> Disaggregated data will be presented for this indicator. Corresponding number of households reached, disaggregated by gender and age groups (youth/adults) will be included in the detailed M&E plan for reporting purposes.

<sup>7</sup> Disaggregated data will be presented for this indicator

<sup>8</sup> In IFAD's region, 12,359 beneficiaries are targeted; the 11,632 correspond to approximately 94 per cent of the households, according to the IDB preliminary study.

Results Hierarchy	Indicators				Means of Verification			Assumptions (A)/Risks (R)
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
		Number of beneficiaries who adopted soil protection and restoration technologies CI 3.2.2 <sup>9</sup>  - Total programme - IFAD Total	0	13,775 2,617	45,918 8,724	PEU/ MARNDR	Impact survey	MARNDR/ IDB/IFAD
Component 1								
Outcomes: Improve Agricultural Innovation Services	▪ Research and development expenditure as percentage of Agricultural GDP	0.12%		0.3%	MARNDR's executed budget	Annual	MARNDR	(A) Baseline is taken from IDB Agrimonitor estimations for the average of the period 2008-2012.
	▪ Number of new technologies developed or adapted by new applied research projects	0	4	8	MARNDR	Annual	MARNDR	These new technologies correspond solely to those developed by the Ministry of Agriculture. (A) Programme will support and strengthen the capacity of MARNDR.
	▪ Number of farmers who adopted the technologies developed with new applied research projects (Component 1) <sup>10</sup>	0	900	3,000	MARNDR	Annual	MARNDR	These new technologies correspond solely to those developed by the Ministry of Agriculture. (R) limited number of actors that can execute quality research. (A) Programme will support and strengthen the capacity of MARNDR.
Outputs	Applied agricultural research projects implemented for the development/adaptation or improvement of new agricultural technologies	0	2	15	PITAG progress reports	Annual		The initial lines of research will include: rice, banana, tubers, horticulture products, legumes and agroforestry. (R) limited number of actors that can execute quality research. (A) Lines of research correspond to crops with high demand and well adapted to local conditions.
	Applied agricultural research projects implemented for the development/adaptation or improvement of agricultural technologies that specifically target female farmers	0	0	3	PITAG progress reports	Annual	MARNDR	Research projects on horticulture, tubers, and legumes. (R) limited number of actors that can execute quality research. (A) Lines of research correspond to crops with high demand among women farmers.
	Applied agricultural research projects implemented for the development/adaptation or improvement of agricultural technologies that specifically target climate change adaptation or mitigation	0	0	3	PITAG progress reports	Annual	MARNDR	Three research projects on agroforestry. (R) limited number of actors that can execute quality research. (A) Lines of research correspond to crops with high demand and well adapted to local conditions.

<sup>9</sup> Disaggregated data will be presented for this indicator

<sup>10</sup> Disaggregated data will be presented for this indicator

Results Hierarchy	Indicators				Means of Verification			Assumptions (A)/Risks (R)
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Component 2								
Outcomes Increase Adoption of Agricultural Technologies	Percentage of beneficiary producers who adopted agricultural technologies: CI 1.2.2 - Percentage of women	0%	22.5%	75%	Agricultural Household Surveys for baseline and follow-up	Annual	MARNDR	(A) The target represents the percentage of adopters compared with similar projects in the region. (R) Women are not adequately reached or incentivized by the programme.
	Women beneficiaries of economic empowerment initiatives -Total women -IFAD women	0 0	7,806 2,033	26,019 6,777	Agricultural Household Surveys and PITAG report	Annual	PEU / MARNDR	This includes the total number of women to benefit from the program (40% of total beneficiaries from component I and II for IDB and GAFSP, 50% for IFAD). For component 2, IFAD finances 6,777. (R) Women are not adequately reached or incentivized by the programme.
	Minimum Dietary Diversity Score for women for enhanced nutrition (only IFAD area)	Tbc	4	5	Agricultural Household Surveys and PITAG progress reports	Impact Survey		
Outputs	Number of beneficiary farmers who received technological packages CI 1.1.3 <sup>11</sup> - Total programme - IFAD total	0 0	19,514 2,472	65,048 12,359	PITAG progress reports	Annual	PEU/ MARNDR	IDB finances 39,679 beneficiaries, GAFSP 13,010, and IFAD 12,359. (R) insufficient quality and quantity of technology providers.
	Number of beneficiary farmers who received technological packages for climate change adaptation and mitigation: CI 3.1.1 <sup>12</sup> - Total programme - IFAD total <sup>13</sup>	0 0	18,367 3,490	61,224 11,632	PITAG progress reports	Annual	PEU/ MARNDR	This number corresponds to beneficiaries receiving agroforestry technologies. IDB finances 37,347 beneficiaries, GAFSP 12,245, and IFAD 11,632.
	Number of beneficiary farmers who received technical assistance CI 1.1.4 <sup>14</sup> - Total programme - IFAD total	0 0	9,900 2,750	33,000 8,250	PITAG progress reports	Annual	PEU/ MARNDR	IDB finances 24,750 beneficiaries, and IFAD 8,250. (R) insufficient quality and quantity of service providers.
	Number of beneficiary farmers who participate in farmer field schools (IFAD area)	0	800	2,000	PITAG progress reports	Annual	PEU/ MARNDR	(R) Inadequate quality of services provided by FFS.

<sup>11</sup> Disaggregated data will be presented for this indicator

<sup>12</sup> Disaggregated data will be presented for this indicator

<sup>13</sup> In IFAD's region, 12,359 beneficiaries are targeted; the 11,632 correspond to approximately 94 per cent of the households, according to the IDB preliminary study.

<sup>14</sup> Disaggregated data will be presented for this indicator