

Global Agriculture and Food Security Program (GAFSP)

PROPOSAL

Republic of Haiti

Part 1: Summary of Overall Agriculture and Food Security Strategy and Associated Investment Plan

1.1. Objectives and Indicators

1. The agriculture sector of Haiti generates over ¼ of the country’s GDP, ½ of employment, 2/3 of rural employment, and ¾ of the employment of low income households. Although the importance of the agriculture sector in the overall economy of Haiti has been declining due to depletion of natural resources, reduction in productivity, political instability, natural disasters, and insufficient support policies to face the changes in relative prices; agriculture has proven to be a critical element for reversing Haiti’s environmental degradation and for lifting rural households out of poverty in a post-earthquake environment where the migration of the urban population to rural areas has been significant. Furthermore, land in Haiti is scarce. Approximately 60% of farmers have less than 1 hectare, covering 20% of the arable land, while less than 4% have more than 5ha, covering also 20% of the arable land. Most farmers practice hillside farming, and given the high poverty levels, food crops are the dominant crops (see Table 1 below), leading to the well know environmental degradation characteristic of most Haitian hillsides and the resulting devastating floods.

Table 1. Production structure of main agriculture products (source: MARNDR, 2006)

	# of Farmers	# of Hectares / heads	Volume Produced (MT)	Volume Consumed (MT)	Value of Production ¹ (USD)	Part Production Total
Plantain/Banana	50,000	20,000	300,000	316,000	84,410,738	13.3%
Beef	500,000	1,500,000	42,000	40,600	75,031,767	11.8%
Corn	300,000	290,000	232,000	244,000	73,359,630	11.6%
Coffee	200,000	100,000	24,000	14,400	54,022,872	8.5%
Yam	n/a	19,900	199,000	198,500	52,259,626	8.2%
Manioc	n/a	42,500	340,000	340,700	32,799,601	5.2%
Rice	130,000	60,000	76,800	420,800	29,841,205	4.7%
Haricot	300,000	100,000	50,000	57,500	26,797,060	4.2%
Sorghum	200,000	100,000	90,000	90,000	26,046,742	4.1%

2. Agriculture is the main economic growth pillar of the National Strategy for Economic Growth and Poverty Reduction (DSNCRP)² of Haiti, and is expected to play a key role in food security and the recovery of the economy and the social stability of the country after the earthquake³. The direct impacts of the earthquake on the agricultural sector are estimated to be over 31 million USD and include damages to the irrigation channels, storage and transformation centers, houses of farmers, and the administrative and technical buildings of the Ministry of Agriculture. The indirect additional costs to the sector post earthquake have been due to the migration of around 600,000 people

¹ The value of the production is calculated as the value added through the chain of supply, the margins retained by the producers, the transporters, the marketing, and sale. (It is not the price multiplied by the volume)

² See Attachment #4.

³ See Post-Disaster Needs Assessment (PDNA) in Attachment #5.

from Port au Prince to their villages of origin in the rural areas of the country. This caused a very significant increase in the number of persons living in the same home (in various departments the average number of persons per home doubled from 5 to 10), gave rise to a deficit of basic food products and associated with it an increase of food insecurity and rising prices. Moreover, there is certain use of the stock of seed for human consumption, a de-capitalization and impoverishment of small-scale producers, and the inability of them to buy inputs (seeds, fertilizers, etc.) and agricultural equipments.

3. The main constraints of the agriculture sector of Haiti are considered to be: (i) the accelerated degradation of natural resources (soil, water, forests) with the consequence of a progressive decrease of the productive capacity of lands; (ii) a weak/lack land tenure security; (iii) limited access to inputs and agricultural materials; (iv) a rural finance system, which is hardly developed and not really adapted to the needs of the operators; (v) the deficiency of agricultural research and technical training; (vi) the deficiency of agricultural and rural infrastructure, including irrigation and drainage infrastructure; secondary access roads; storage and conservation facilities; and transformation structures; (vii) a low level of investment in livestock and fishery; (viii) a deficiency in food availability (quantitative and qualitative); (ix) negative impact of certain endemic and epidemic illnesses; and (x) an adverse budgetary policy with few public resources allocated to the agricultural sector.

4. The Haitian Government, as well as the private sector, donors, and civil society have agreed over the past months since the earthquake on the importance of providing increasing medium and long term support to the agriculture sector of Haiti. Some of the main constraints to agriculture development in Haiti identified and acknowledged by all stakeholders include the dominance of small-scale subsistence farms (average farm size is 0.5ha), few or non-existent agriculture extension services, insufficiently developed food supply chains, limited access to rural finance markets, and the inability to meet increasingly important food safety standards. Furthermore, the natural and agricultural ecosystems and the livelihoods of inhabitants are under threat from several sources, including deforestation, soil erosion, increased intensity and impact of flooding, and unregulated livestock grazing (85 percent of the watersheds are deemed degraded and 80% of the surface of the country is mountainous).

5. The vision for the development of the agriculture sector of Haiti is stated in the Agriculture Policy Document for 2010-2025. This vision is to build-up and reinforce an agriculture sector in the long term that is: (i) modern, (ii) founded in the efficiency and effectiveness of family agriculture and agribusinesses; (iii) productive and competitive in local and international markets, ensuring food security of the population; (iv) achieving returns on the assets of the sector; (v) environmentally sustainable; and (vi) producing surpluses for value added processing. This vision has been articulated by the Government and the Development Partners⁴ into the National Agriculture Investment Plan (NAIP) covering the period 2010-2016. The NAIP not only derives its objectives and strategy from the existing Agriculture Policy, but also from the Post-Disaster Needs Assessment (PDNA) and the overall Government and International response to the post-earthquake reconstruction effort.

6. The National Agricultural Investment Plan (NAIP) is based on the overall Government's response to the post-earthquake reconstruction effort, and on the above-mentioned national agriculture policy. The NAIP has been through a process of technical review and final endorsement of Haiti's Development Partners of the sector, and seeks coordination and a common vision for achieving the financing and investment needs to support the development of the sector. The NAIP's objectives are to: (i) increase the productivity and the competitiveness of the agriculture sector; (ii) augment by 25 percent the contribution of the agricultural production in the national food availability; (iii) reduce by 50

⁴ By Development Partners we refer to the following type of organizations who have endorsed the NAIP: (i) Multilateral and Bilateral Donors; (ii) International Organizations for Technical Cooperation; (iii) Domestic and International Private Sector; and (iv) Civil Society and NGOs.

percent the number of persons who suffer from food insecurity⁵ in Haiti by 2015; iv) improve the health condition and nutrition of the Haitian people, with focus on vulnerable groups; (v) increase the agriculture income of at least 500,000 households; (vi) augment the entry of foreign currency to the country; and (vii) decrease the vulnerability of the general population to natural disaster risks.

7. The principal beneficiaries of the NAIP are mostly the farmers and the direct intermediaries and suppliers (agribusinesses, processors, traders, etc.) in the selected sub-sectors and regions. The planned interventions will be addressed to men as well as to women and will include producer organizations, professional agriculture organizations, private service providers (agribusinesses, consultants, farm workers), NGOs, central and decentralized public organizations of the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR) and of Regional and Local Governments (*Collectivites Territoriales*). The direct beneficiaries of the proposed investments in the NAIP are estimated to be around 530,000 families. This corresponds to around 3,000,000 people who will be affected by the main interventions of the NAIP in the priority regions (See Map with priority areas in Attachment #2). Additionally, the capacity building and training activities should have an additional impact on hundreds of mostly young professionals, farmers and students, and thousands of people who would benefit from the indirect jobs created by the increase in agriculture income in rural areas. The expected impacts and outcome indicators of the NAIP are detailed in Table 2 below and are divided by the proposed three strategic lines of action (See section 1.3 for a description of proposed lines of action).

8. The proposed targets and indicators are realistic and achievable according to recent experience. The MARNDR, with the support of Development Partners in the sector, have, since 2004, been intensely involved in the relaunching of the Agriculture Sector of Haiti in a coordinated fashion. This effort has produced in-depth studies, analyses, diagnostics and baselines, and has led to the implementation of projects that are yielding lessons learned and opportunities for scaling up investments. Furthermore, the MARNDR is currently receiving technical and financial support for strengthening its own capacity and increasing the level of external resources that could be absorbed to undertake or supervise the activities proposed in the NAIP. An Agriculture Public Expenditure Review (PEMFAR) conducted by the Government, and with support from the IADB and the World Bank in 2008, produced a road map and concrete action plan that is serving as the basis for increasing the capacity of the Government to coordinate and execute internal and external funds in the sector (see Attachment #6).

9. The MARNDR has the capacity for managing socio-environmental safeguards, both local and from international institutions. Due to the substantial experience of MARNDR in executing Multilateral Development Bank's (MDBs) financed projects (mainly IADB, IFAD, and WB), there is built-in capacity with MARNDR for addressing such issues. Nevertheless, the NAIP's objectives include the promotion of socio-environmentally friendly investments and practices. The only major environmental risks from proposed investments arise from the rehabilitation and/or expansion of irrigation perimeters. Detailed environmental impact assessments will need to be carried out before such investments are made.

⁵ The definition of food insecurity is when NOT all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. (FAO).

Table 2: Measuring outcomes and beneficiaries of the NAIP Components (2010-2016)

Lines of Action	Component	Expected Impact	Outcome Indicator (by the end of 2016)	Beneficiaries (# of Hholds)
A. Development of rural infrastructure	A.1. Renovation of watersheds and forestry	<ul style="list-style-type: none"> - Increased the surface under sustainable agriculture or agroforestry production. - Increase the level of rural employment generated. - Improve yearly water flows from major rivers. - Reduce the risk of flooding. 	<ul style="list-style-type: none"> - Increase forest⁶ cover by 8% in selected watersheds. - Generate 30'000 employment equivalent benefits (in 5 years) in selected watersheds - Water quality and flows are monitored on a regular basis in selected watersheds. 	10,000
	A.2. Irrigation and drainage	<ul style="list-style-type: none"> - Increase the area under irrigation - Improved access and use of water for irrigation. 	<ul style="list-style-type: none"> - Additional 14,000 hectares irrigated (18% increase). - 60% of irrigated land has functioning Water User Groups 	30,000
B. Production and development of sub-sectors	B.1. Breeding	<ul style="list-style-type: none"> - Increasing local production of cattle meat. - Reducing the mortality rate of livestock. 	<ul style="list-style-type: none"> - Existence of at least 3 private sector breeders supplying the local market. - Continue with the growth trend of cattle meat production. 	30,000
	B.2. Fishing and fish farming	<ul style="list-style-type: none"> - Increase the diversification of catch and production - Improve the availability of locally caught /produced seafood. 	<ul style="list-style-type: none"> - Increase productivity by 100kg/fisherman/year. 	20,000
	B.3. Crop production			450,000
	B.3.1. Access to inputs and agricultural tools	<ul style="list-style-type: none"> - Increase access to improved seeds and inputs and agricultural services - Reduction in the level of plant health risks - Increase productivity of main crops. 	<ul style="list-style-type: none"> - Increase productivity of staple crops due to improved and/or increased input use. - Increase in the number of private sector input suppliers. 	450,000
	B.3.2. Rural finance	<ul style="list-style-type: none"> - Increase access to formal financial services. - Increase the use of land-title as collateral. 	<ul style="list-style-type: none"> - Increase usage of land titles or land property for obtaining financing. 	50,000
	B.3.3. Post harvest management and commercialization	<ul style="list-style-type: none"> - Establishment of strategic seed stocks to respond to disasters. - Reduction in post harvest losses. - Improved market access to small producers. 	<ul style="list-style-type: none"> - Système de suivi des prix locaux opérationnel - Structuring of 40 market alliances⁷. - Increase options for producers for storage facilities and cold chains. 	50,000
	B.4. Urban and peri-urban agriculture	<ul style="list-style-type: none"> - Improve the diet of urban households - Increase income of households 	<ul style="list-style-type: none"> - 3,000 urban family gardens created with a capacity of 6 to 12kg of produce each. 	20,000
B.5. Local production and humanitarian operation	<ul style="list-style-type: none"> - Increase the opportunities for farmers to sell to humanitarian organizations and school feeding programs. 	<ul style="list-style-type: none"> - Support 15 producer groups to sell to local food aid purchasing schemes. 	20,000	
C. Agricultural services and institutional support	C.1. Research, extension and training	<ul style="list-style-type: none"> - Improve the training of youth in rural areas, in particular in agriculture techniques. 	<ul style="list-style-type: none"> - Establishment of 100 young farmer groups. - Training of trainers to 800 youths leadership and agriculture practices. 	100,000
	C.2. Access to land and tenure security	<ul style="list-style-type: none"> - Reduce the number of conflicts - Increase access to land and reduction in costs to obtain new land or land titles. 	<ul style="list-style-type: none"> - Strengthening of the Cadastre Office (ONACA) and identification by GPS of farmland in selected watersheds and irrigated areas. 	10,000
	C.3. Institutional support to the agricultural public services.	<ul style="list-style-type: none"> - Improved access to extension services for producers. - Access to animal and plant health activities and practices. 	<ul style="list-style-type: none"> - Rehabilitation of 8 R&D Centers in Rural Areas. - All quarantine posts (in border region) are operational. 	100,000

⁶ Forest cover includes agroforestry systems.

⁷ Market alliance refers to an agreement between a producer group and a marketing agent (exporter, distributor) to sell the agreed product/volume over time.

10. Economic feasibility studies exist for most of the proposed interventions, as the investments involve mainly scaling up and/or application of well know best practices in Haiti. Some existing ex-ante evaluations of economic returns for the different NAIP's components are detailed in Table 3 below. The high Internal Rate of Return (IRR) across all of NAIP's components signals to the viability of investing in such areas. Nevertheless, detailed economic assessment will be done for each project or program during their appraisal. The proposed NAIP, will provide direct support to producers and producer groups and serve as a catalyst to improve investment flows into critical areas of the agriculture sector by targeting key barriers and opportunities to switch to sustainable land use practices, increase value added and income, and to promote private sector development. Through the expected substantial increase in household income from changes in land use practices and the investments in public goods and services, the NAIP will contribute directly to the protection of the upper watershed and of the direct beneficiaries and broader population downstream, lowering the risk and severity of floods and mudslides, including for heavily populated areas and transport infrastructure. The NAIP will enable replication and scaling up of lessons learned and best practices from extensively studied past experiences. The main levers by which NAIP will seek to sustainably increase farmer incomes while reducing environmental degradation will consist in: (i) an increase in investments at the farm level through individual improved access to agriculture inputs and services (direct support to producers); (ii) an increase in the investment level for pre- and post- harvest activities; (iii) an increase in agribusiness enterprises due to improved agriculture infrastructure and support services at a local and national level; and (iv) the direct benefits to producers from reverting land degradation in their land, increasing yields and reducing post-harvest losses.

Table 3. Economic Feasibility Studies

Sub-Sector	Project Name	IRR ⁸ (%)	Comments/Description
Irrigation Infrastructure	PIA - Artibonite (Financed by IADB, 2003).	69	Investments include: rehabilitation of irrigation infrastructure, technical assistance for farmers, and institutional support of water user groups
	PIA - Ennery Quinte (Financed by IADB, 2006)	12	Investments include: rehabilitation of irrigation infrastructure and improved inputs to farmers.
	PPI-2 – North East and North West (Financed by FIDA, 2006)	23	Investments include: water usage and improved inputs to farmers
Watershed Management	PIA - Ennery Quinte (Financed by IADB, 2006)	31	Investments include: technical assistance and improved inputs for hillside farmers, in particular fruit tree propagation.
	Disaster Response Program – South West and North (Financed by IADB, 2009)	30	Investments include: Institutional strengthening of watershed planning and decision making, infrastructure, and technical assistance for hillside farmers.
Agriculture productivity of crops	Disaster Response Program – South West and North (Financed by IADB, 2009)	100	Investments include: technical assistance and financial incentives for technology adoption for hillside farmers.
	RESEPAG - South East and South West (Financed by World Bank, 2009)	57	Investments include: technical assistance and financial incentives for technology adoption for farmers.
Agricultural Services and Support	DEFI – R&D in 4 Regional Centers (Financed by IADB, 2007)	123	Investments include the rehabilitation of 4 regional agriculture Research Centers for R&D activities

⁸ IRR stands for Internal Rate of Return. In this case it is the Economic Rate of Return of Projects, calculated based on a 20 year projection of proposed investments.

	DEFI - animal and plant health (Financed by IADB, 2007)	143	Investments include the strengthening of the national capacity in animal and plant health.
Institutional Strengthening	RESEPAG (Financed by World Bank, 2009)	19	Investments include: institutional strengthening support to increase the administrative and fiduciary capacity of MARNDR.

1.2. Key elements of the policy environment

11. The policy environment in the agriculture sector of Haiti is clear and benefits from strong support of the public sector and Development Partners, but articulation will need to be ensured with the overall post-earthquake reconstruction effort. Both the National Agriculture Policy and the NAIP present clear medium to long term vision, objectives and lines of action to achieve the proposed results. The National Agriculture Policy and NAIP have been endorsed by the Government at its highest levels, as well as by Development Partners. However, given the evolving situation concerning the country's domestic and international community's response to the earthquake, leadership and partnership between the Government of Haiti and Development Partners need to continue to be strong in order to avoid short term relief measures that can jeopardize the long-term sustainable development of the agriculture sector. One such example is ensuring that the short-term disaster response measures to support the poor with food aid, or to provide farmers with increase access to seeds, fertilizers and/or agriculture tools, do not undermine the medium/long term efforts to strengthen existing agriculture markets for domestically produce food nor the growth of the private agribusiness sector who depend on the sale of agriculture inputs.

12. Coordination with the Interim Haitian Recovery Commission (IHRC)⁹ is critical as the post-earthquake reconstruction effort develops. The agriculture sector is considered to be a key engine of growth, critical for sustaining the post-earthquake recovery by increasing incomes in rural areas while also protecting critical watersheds from further soil erosion and environmental degradation. The NAIP will serve as a guiding strategy for the IHRC to coordinate and ensure that investments related to the reconstruction of agriculture infrastructure and the short-term support measures are consistent with longer-term sector development objectives. Although the IHRC is in the process of being established, both the Government and Development Partners have pledged to ensure consistency and coordination between the IHRC assessment process and the NAIP.

1.3. Plan components to achieve the objectives

13. The NAIP proposes to achieve the proposed objectives and overall sectoral vision by focusing on three strategic lines of action: (i) development of rural infrastructure; (ii) support to improving agriculture production and productivity, and to developing targeted sub-sectors; and (iii) strengthening and improving agricultural public services and institutional support. In order to maximize the impact of the NAIP on sector growth as well as poverty reduction and food security, these proposed lines of action emphasize the development of staple crops and food sub-sectors, while promoting private sector-led growth in agribusinesses. Section 1.1 above details the vision, objectives, and expected impact and outcomes of each component, while Table 4 below describes some of the proposed activities and approaches.

14. Furthermore, the three strategic lines of actions and components are closely interrelated and their execution will need to be coordinated. The first line of action (Development of Rural Infrastructure) has a spatial/territorial approach to agriculture and rural development, focusing on

⁹ For more information on IHRC, please visit: www.cirh.ht

watersheds as the unit of comprehensive intervention, and the need for infrastructure to ensure that products are able to reach the market. The second line of action (Production and Development of Subsectors) has a supply chain approach, focusing on key commodities and products that will be developed within the same physical space impacted through the the first line of action. Thirdly, the strategic third line of action (Agriculture Services and Institutional Support) will seek to strengthen those public goods and services that are essential to establishing and maintaining an environment in which farmers and agribusiness will increase their incomes in a sustainable manner and cope with sector-level risks.

15. Various actors will intervene in the implementation of the NAIP. Multiple public and private actors, as well as NGOs will be responsible for implementing the NAIP, as MARNDR's role is mainly restricted to a normative and coordinating one. MARNDR will thus assure the overall coordination of the implementation and the mobilization of resources of the NAIP, while the private and associative sectors are the main actors in the implementation of the investment plan. They include producer and farmer organizations, NGOs, research institutions, construction companies, financial institutions, and local authorities. A public-private partnership will be established to ensure the link and improve the flow of information between production and market. Other public sector institutions such as the Ministry of Public Works (MTPTC), Ministry of Environment (MDE), and Ministry of Public Health (MSPP) will be responsible for supporting the investments planned in areas such as infrastructure, watershed management, and nutrition respectively.

1.4. Planned composition and level of spending to implement the components

16. The total amount of resources requested in order to finance the different programs and sub-programs of the NAIP are estimated to be around USD 790 million. The short term measures (up to September 2011) are 28% of the overall proposed investments and the detailed break-up of component costs are in Table 5 below. Currently, the MARNDR manages a total annual budget (including external and domestic sources of financing) of approximately US\$150million¹⁰, and the proposed NAIP is expected to generate an additional recurrent expenditure of US\$15million per year beyond the NAIP completion date (2016). This is a 10% increase over the current overall sector budget, which is deemed manageable and within the MARNDR's current and expected capacity. However, it is important to note that in order to sustain such level of recurrent expenditures the MARNDR will need to continue to implement the institutional strengthening program under way and the additional planned activities in the NAIP.

17. The expected level of additional public budgetary allocations to the agriculture sector needed to sustain the investments under NAIP is expected to require an increase from 4% to 6% of the Total Government Budget¹¹. In order to ensure that the additional US\$15million per year required beyond 2016 is available to maintain investments under NAIP, an increase on the overall Government Budget allocated to the sector will be necessary. The analysis of public expenditures in the agriculture sector shows that the share of the total budget going to agriculture has been steadily increasing from 2% in 2002 to the current level of 4%. Furthermore, the Government of Haiti, has clearly signaled the importance of increasing such share in the strategic vision for the development and reconstruction of Haiti, with confirmed commitments and support from Development Partners (both budget and investment support) to reach such objective as evidenced in the pledges made at the recent World Summit on the Future of Haiti on June 2, 2010¹².

¹⁰ Estimated 2010 Overall Budget allocated to the agriculture sector, including external resources.

¹¹ This assumes that the overall level of the National Budget will remain constant at 2009 level.

¹² See the following link for more information on this meeting: <http://cumbrehaiti.com>

Table 4. Strategic Lines of Action and Components of the NAIP (description)

Lines of Action	Component	Main Constraints	Advantages/Opportunities	Proposed Activities
A. Development of rural infrastructure	A.1. Renovation of watersheds and forestry	<ul style="list-style-type: none"> Farming practices on steep slopes and deforestation, leading to land erosion Land insecurity inhibiting investment 	<ul style="list-style-type: none"> Large agro-ecologic variability Abundant water resources 	<ul style="list-style-type: none"> Integrated development of watersheds Reforestation with agro-forestry
	A.2. Irrigation and drainage	<ul style="list-style-type: none"> Damaged irrigation infrastructure Watershed degradation 	<ul style="list-style-type: none"> Strong irrigation potential 	<ul style="list-style-type: none"> Rehabilitation of canals and feeder roads Management by irrigation associations
B. Production and development of sub-sectors	B.1. Breeding	<ul style="list-style-type: none"> Limited access to veterinary care Difficult access to markets for high-quality inputs 	<ul style="list-style-type: none"> Diverse animal and vegetal production 	<ul style="list-style-type: none"> Support to farmers producing eggs, goats, poultry, pigs, bees, and dairy Rehabilitation of slaughterhouses Vaccine provision and animal health
	B.2. Fishing and fish farming	<ul style="list-style-type: none"> Use of rudimentary fishing equipment and lack of technical assistance Limited post-harvest processes 	<ul style="list-style-type: none"> Potential in marine and inland water resources Internal demand for fish 	<ul style="list-style-type: none"> Organizational strengthening of fishermen and private sector partnership Aquaculture and value chain development
	B.3. Crop production			
	B.3.1. Access to inputs and agricultural tools	<ul style="list-style-type: none"> High price and low availability of quality seed and fertilizer Lack of farm equipment 	<ul style="list-style-type: none"> Experience growing seeds and marketing inputs Possibility of farm mechanization 	<ul style="list-style-type: none"> Provision of quality seeds and fertilizer Improving the ability of farmers access to basic tools and equipment
	B.3.2. Rural finance	<ul style="list-style-type: none"> Lack of assets to serve as collateral Weak legal framework governing financial institutions and credit guarantees 	<ul style="list-style-type: none"> Community banks demonstrate ability to penetrate rural areas and provide local financial services 	<ul style="list-style-type: none"> Guarantee fund for agricultural loans National network of loan officers and agricultural insurance
	B.3.3. Post harvest management and commercialization	<ul style="list-style-type: none"> Limited infrastructure (poor condition of roads and ports and limited electricity) Lack of standards and control systems Lack of access to market information 	<ul style="list-style-type: none"> Emergence of professionalized producer groups and cooperatives Private sector investment in the value chain 	<ul style="list-style-type: none"> Support for traders (<i>madam Sara</i>) and producer organizations Construction of mini-industrial park
	B.4. Urban and peri-urban agriculture	<ul style="list-style-type: none"> Marginal areas and slums characterized by poor living conditions, and food insecurity 	<ul style="list-style-type: none"> Improve diet and household income 	<ul style="list-style-type: none"> Develop and harvest gardens Provide technical support
	B.5. Local production and humanitarian operation	<ul style="list-style-type: none"> High dependence on external food aid that can undermine local production and prices 	<ul style="list-style-type: none"> Link food aid to national agricultural production 	<ul style="list-style-type: none"> Establish local procurement program Strengthen capacity of producers to meet demand in quantity and quality
C. Agricultural services and institutional support	C.1. Research, extension and training	<ul style="list-style-type: none"> Rural exodus of youth to major urban centers often occupying low-paying non-farm employment 	<ul style="list-style-type: none"> Create jobs for youth, women, and vulnerable populations 	<ul style="list-style-type: none"> Train youths and farmers through the establishment of farm schools (<i>Champs Ecole Paysan</i>)
	C.2. Access to land and tenure security	<ul style="list-style-type: none"> Land tenure insecurity Increased cost of access to land 	<ul style="list-style-type: none"> Provide farmers with land tenure security to promote development 	<ul style="list-style-type: none"> Identify property, occupier, and right person on the property (title, tenancy, etc.), and establish verbatim record
	C.3. Institutional support to the agricultural public services.	<ul style="list-style-type: none"> Agricultural research and extension not available to producers Technical innovation is limited 	<ul style="list-style-type: none"> Involve NGOs and farmer groups in outreach Support regional research centers 	<ul style="list-style-type: none"> Strengthen the protection of agricultural crops (disease and pest prevention) Improve animal health

1.5. Financing sources and gaps

18. From an initial total USD790 million, the Government would contribute USD107.2 million from its own budget, with additional contributions of USD571.8 million from the donors, and of USD112 million from the private sector, taking into account the considered contribution of each partner. Of this total, around USD 28 million are already budgeted for the year 2010 and come from the State, donors and privates. The IADB and the US Government have committed \$310 million over the next few years. This means that the current financial gap, accounting for the latest commitments by donors, is approximately USD 261.8 million.

19. The Government of Haiti and Development Partners' investments under the NAIP will seek to crowd-in rather than compete with private sector funds. The private sector is expected to finance 14% of the NAIP, and thus is an important player and fundamental actor for the sustainability of proposed investments. For example, NAIP's interventions will seek to encourage private sector investments in fertilizer distribution, agriculture technologies, livestock feed, and support agro-input dealers in creating a network of distributors throughout Haiti. This will be done, inter alia, by implementing smart subsidies and having farmers and farmer groups deal directly with private suppliers rather than with the Government or NGOs for accessing agro-inputs. This strategy will foster private sector competition among agro-input dealers while providing the necessary subsidies for farmers to adopt the new inputs and technologies.

Table 5: Summary of Costs, Financing Sources and Gaps per Component of NAIP.

Lines of Action	Component	CIP Total financial contribution (USD)	Of which GOH (USD)	Of which Private Sector (USD)	Of which donors (USD)	Gap to be filled by donors (USD)
A. Development of rural infrastructure	A.1. Renovation of watersheds and forestry	251,000,000	11,600,000	41,500,000	197,900,000	197,900,000
	A.2. Irrigation and drainage	109,790,000	11,290,000	-	98,500,000	98,500,000
	<i>Sub-total</i>	<i>360,790,000</i>	<i>22,890,000</i>	<i>41,500,000</i>	<i>296,400,000</i>	<i>296,400,000</i>
B. Production and development of sub-sectors	B.1. Breeding	38,374,200	4,274,200	8,400,000	25,700,000	25,700,000
	B.2. Fishing and fish farming	32,500,000	2,700,000	3,000,000	26,800,000	26,800,000
	B.3.1. Access to inputs and agricultural tools	197,580,000	65,850,000	48,080,000	83,650,000	75,850,000
	B.3.2. Rural finance	24,000,000	1,000,000	3,000,000	20,000,000	20,000,000
	B.3.3. Post harvest management and commercialization	45,025,800	3,625,800	8,000,000	33,400,000	33,400,000
	B.4. Urban and peri-urban agriculture	16,000,000	-	-	16,000,000	16,000,000
	B.5. Local production and humanitarian operation	11,500,000	1,000,000	-	10,500,000	10,500,000

	<i>Sub-total</i>	<i>364,980,000</i>	<i>78,450,000</i>	<i>70,480,000</i>	<i>216,050,000</i>	<i>208,250,000</i>
C. Agricultural services and institutional support	C.1. Research, extension and training	5,000,000	300,000	-	4,700,000	4,700,000
	C.2. Access to land and tenure security	4,000,000	400,000	-	3,600,000	3,600,000
	C.3. Institutional support to the agricultural public services.	56,200,000	5,200,000	-	51,000,000	51,000,000
	<i>Sub-Total</i>	<i>65,200,000</i>	<i>5,900,000</i>	<i>-</i>	<i>59,300,000</i>	<i>59,300,000</i>
TOTAL		790,970,000	107,240,000	111,980,000	571,750,000	563,950,000

1.6. Process by which the strategy and investment plan was developed

20. The preparation of the investment plan was based on a strong peer review and consultation process, which was guided by the following principles: (i) strong involvement of the management and staff of the MARNDR; (ii) participation of development partners (mainly the FAO, IICA, World Bank, IADB, USAID, USDA, and the Department of State of the USA) for technical and financial discussions; and (iii) participatory consultations in Haiti with the civil society, farmer organizations, local authorities, the private sector and the representatives of the international community. Furthermore, the NAIP has been available in the MARNDR's website (<http://agriculture.gouv.ht/>) for comments since March 2010. Comments received throughout the consultations and peer review process were discussed and incorporated throughout the several versions of the NAIP that have been produced in the past few months.

21. Workshops, presentations, meetings, consultations and information events were organized for the elaboration of the NAIP, all of which are detailed in the Report on Consultations, Independent and Peer Reviews of NAIP in Attachment 3. Presentations and discussions were held in the context of: (i) the Agriculture Sectoral Table, which assembles the MARNDR and the Development Partners at the local level; (ii) two High Level International Meetings held in the Dominican Republic with International Development Partners; (iii) two Technical Meetings held in Washington, DC with International Development Partners; and (iv) broad consultations within Haiti for farmers, farmer groups, local governments, civil society, the media, NGOs, and the private sector, including individual meetings, web-site discussions, a national workshop and debates about the agricultural policy and the NAIP, and the organization of an "open doors" day for the public and the youth, with conferences, debates, information stands and video movies; and interviews to the media.

Part 2: Specific proposal for GAFSP financing

2.1 Specific objectives and targeted results

22. The objectives of the specific proposal for the GAFSP is to sustainably increase small farmers' agriculture incomes, while reducing environmental degradation in upper watersheds and increasing food security. This objective will be achieved through improving irrigation water use management and infrastructure, increasing access to improved private agriculture services and inputs for crop¹³ production, and strengthening agriculture public goods and services. The specific proposal for GAFSP will focus in Regions (watersheds) of the country that have received migrants from earthquake-affected areas and specific supply chains (sub-sectors) as specified in the NAIP. The proposed objective is in line with the NAIP, and tackles all three strategic lines of action of NAIP, focusing on components A.2, B.3, and C.3.

23. The proposed GAFSP financing is expected to play an important catalytic role in the implementation of sustainable medium and long term investments guided by the NAIP, while filling an important financial gap. Although donors (bilateral and multilateral) have pledged an increasing amount of financial resources towards the agriculture sector, no new NAIP investment or program has entered the design or preparation stage yet. The proposed GAFSP financing will enable the Government and donors to align their investments in each strategic line of action of the NAIP, thus acting as a catalytic agent for launching the medium and long term agriculture interventions to support a sustainable economic recovery post-earthquake. Such GAFSP financing will send a signal to Development Partners that the NAIP is entering its implementation stage, allowing donors to have increased confidence in pledging additional resources to specific NAIP components. Furthermore, and in particular for the component on the access to improved agriculture private services and inputs, the GAFSP financing will also enable the Government of Haiti to fill an important financial gap where pledges from donors have not been confirmed.

24. The proposed GAFSP financing is expected to produce the following measurable results¹⁴ in the selected targeted regions and supply chains: (i) 100,000 small farmers with increased access to improved agriculture inputs and services; (ii) sustainable increase in agriculture productivity and gross margins of selected agriculture supply chains (both crops and livestock); (iii) 8% increase in vegetative cover in upper watersheds in selected regions; and (iv) increase the rate of commitments¹⁵ of the operating budget (excluding salaries) of MARNDR to 90%. Indicators have been developed and will be monitored by the Monitoring and Evaluation Unit (DSE) of the MARNDR. The MARNDR will report on progress against the desired results on a semi-annual basis using the existing M&E system for investment projects, SYSGEP¹⁶. Table 6 below presents the results framework for the GAFSP proposal. Additionally, the Supervising Entity (SE) will conduct supervision missions twice a year to assess progress made in the implementation of GAFSP financing. The midterm review will be conducted no later than 3 years after GAFSP approval, and focus on progress towards achieving the proposed results, relevance and effectiveness of the indicators and overall monitoring system. It will also review the progress of the implementation of the overall NAIP. A final external evaluation will be conducted 6

¹³ Crop includes annual and permanent crops. This is particularly important as fruit trees in upper watersheds are a key aspect of this proposal.

¹⁴ Additional intermediate results and indicators will be added as the design of investments to be financed by the GAFSP is undertaken.

¹⁵ The rate of commitment is calculated by dividing the committed resources by the allocated resources (budgetary credits of the Finance Law).

¹⁶ SYSGEP (*Systeme de Gestion de Projets*) is an information platform that the Ministry of Planning and External Cooperation (MPCE) has implemented (with financing from the World Bank) in selected Ministries that monitors progress of investment projects, with modules including financial, administrative and results indicators.

months prior to project closure, to draw lessons from design and implementation of investments, and the achievement of results.

Table 6. Results Framework for proposed GAFSP financing

Objective of GAFSP Proposal	Outcome Indicators	Means of Verification	Use of Outcome Information
To increase agriculture incomes of small farmers and reduce environmental degradation in upper watersheds in a sustainable way.	<ul style="list-style-type: none"> Increase in agriculture incomes of 100,000 small farmers in selected regions by 2016. Increase forest cover by 8% in upper watersheds of selected regions by 2016 	<ul style="list-style-type: none"> SYSGEP report Independent evaluation report CNIGS¹⁷ satellite imagery 	<ul style="list-style-type: none"> Will indicate the success of the adoption of improved agriculture inputs, services and irrigation Will show the change in hillside agriculture and livestock practices.
Component 1: Irrigation Management & Infrastructure (Comp. A.2 of NAIP)			
(a) To rehabilitate irrigation networks.	(a.i) 4000 ha of additional hectares under irrigation & drainage systems by 2016.	<ul style="list-style-type: none"> SYSGEP report Independent evaluation report 	
(b) Establishing and strengthening water (irrigation) user groups.	(b.i) Water user groups supported by investments can finance the maintenance of tertiary canals, and partially cover costs for secondary and primary canals by 2016.	<ul style="list-style-type: none"> SYSGEP report Independent evaluation report 	
	(b.i) Water user groups have on average 20% of women participating in their steering committee by 2016.	<ul style="list-style-type: none"> SYSGEP report Independent evaluation report 	
	(b.ii) Water user groups use a land cadastre tool to calculate the financial/in-kind contributions from water users by 2014.	<ul style="list-style-type: none"> SYSGEP report Mid term evaluation report 	
Component 2: Small farmer productivity (Comp. B.3 of NAIP)			
Increasing access to improved agriculture inputs, technology, and practices	(a.i) Creation of a national registry of service providers and a registry of producers/beneficiaries (with demographic, production and technical variables) before the end of 2013.	<ul style="list-style-type: none"> UEP¹⁸ Database Mid term evaluation report 	

¹⁷ CNIGS (*Centre National d'Information Geospatiale*), is the National Center that collects and provide Geospacial information.

¹⁸ UEP is the Unit within MARNDR in charge of Policy and Planning.

Objective of GAFSP Proposal	Outcome Indicators	Means of Verification	Use of Outcome Information
	(a.ii) 50,000 small farmers (with at least 10'000 of them women) have implemented improved agriculture inputs and technologies on their farms by 2016.	<ul style="list-style-type: none"> • UEP Database • Independent final evaluation report 	
	(a.iii) 100 additional private sector service and input providers by 2016.	<ul style="list-style-type: none"> • UEP Database • Independent final evaluation report 	
Component 3: Agriculture Public Services (Comp. B.3 of NAIP)			
(a) Increase and strengthening of the public sector's R&D capacity	100,000 additional farmers receiving extension services (out of which at least 20'000 women) by 2016	<ul style="list-style-type: none"> • UEP Database • Independent final evaluation report 	
(b) Strengthen the public sector's animal and plant health capacity	(b.i) A national laboratory certified with biosafety level 2	<ul style="list-style-type: none"> • UEP Database • Independent final evaluation report 	
	(b.ii) 100,000 additional farmers (out of which at least 20,000 women) receiving training on animal and plant health risks and best practices	<ul style="list-style-type: none"> • UEP Database • Independent final evaluation report 	

25. Socio-environmental considerations have been mainstreamed in the NAIP and in the proposed GAFSP financing. The proposed investments to be financed under the GAFSP will mainstream gender, youth, and environmental considerations in the design and implementation of activities. In particular, project activities will be targeting women and smallholders as they are part of the segment of farmers that are mainly located in rainfed areas with little or no access to improved agriculture inputs and services. Proposed investments will target these vulnerable groups by adapting the operational mechanism of smart subsidies and agriculture services to the needs of women (overcoming some disadvantages such as illiteracy, financial concepts, work-schedules, and security), and small farmers (located in remote areas, illiteracy, autoconsumption of production, and off-farm employment). Such specific needs of vulnerable groups were assessed during the preparation of the NAIP and within the context of the Strengthening of Agriculture Public Services Project under execution by MARNDR.

26. The Government of Haiti, and in particular the MARNDR, has already demonstrated their commitment to mainstreaming of gender and environmental aspects in current investments and activities by: (i) creating an environmental unit (UTES) within MARNDR; (ii) establishing a full-time joint Gender Specialist position at MARNDR with the Ministry of Women Affairs; (iii) undertaking an assessment of the specific needs for the empowerment of women in the agriculture sector, and mainstreaming lessons into investment program design; and (iv) focusing all agriculture and livestock policies and programs on both a supply chain and a watershed management approach to ensure market linkage and environmental sustainability of interventions, in particular reducing soil erosion in upper watersheds and improving natural resource management. Furthermore, the management of natural resources in upper watersheds through sustainable agriculture and livestock practices is considered a key aspect for Haiti's adaptation to climate change and is at the center of the current Pilot Program for Climate Resilience (PPCR) under preparation.

27. The proposed GAFSP financing will be directed towards an investment project to be executed by MARNDR. The proposed investments to be financed by GAFSP are aligned with the GAFSP Framework Document, in particular with Component 1: Raising Agriculture Productivity. The proposed activities to be financed by GAFSP follow the type of investments described in Sub-components 4.1.1 (Adoption of Higher Yielding Technologies); 4.1.2 (Technology Generation); and 4.1.3 (Water Management). The proposed investments and activities were selected based on two factors: (i) their catalytic role in aligning and leveraging investments by Development Partners around the three main lines of action of the NAIP; and (ii) those investments that showed the most significant financing gap.

28. The sustainability of the proposed investments is a necessary factor in the design of the investments to be financed under GAFSP. Proposed investments within the GAFSP proposal, but within NAIP in general, have been selected given their proven success in Haiti. The Haitian success stories that have driven the current proposal are based in the government's and producers' ability for maintaining irrigation infrastructure, adopting improved agriculture inputs and technologies, sustainably raising agriculture incomes in hillsides while reducing soil degradation, and strengthening and expanding the capacity to deliver public services to farmers. These have been documented, and investment design will follow such lessons learnt, scaling up successful experiences and ensuring a close monitoring and evaluation. Finally, for the overall NAIP, the Government has committed to increase the level of public sector budgetary resources allocated to the Agriculture sector in order to maintain the overall level of investments beyond 2016.

2.2 Activities to be financed

The proposed GAFSP financing is divided into three components:

29. Irrigation Management and Infrastructure (US\$30 million): The proposed activities to be financed under this component are the rehabilitation of irrigation infrastructure in priority regions specified in NAIP, with the goal of improving water usage, increasing productivity and expanding the area under irrigation for a better management of water availability. These activities are based on the proposed investments in component A.2 of NAIP, and include investments in rehabilitation of infrastructure works (hardware), the establishment and/or strengthening of water user groups (software) through technical assistance for organizational support, land and water use administration (establishment of a land cadastre), and financial management to ensure the maintenance of investments. The proposed activities fall under the Water Management subcomponent (Part 4.1.3) of the GAFSP Framework Document, as the investments will be geared towards: (i) design studies for irrigation schemes; (ii) public works in irrigation infrastructure (e.g. primary and secondary canals); and (iii) technical assistance for water users groups.

30. Although currently various donors have expressed interest in financing additional irrigation infrastructure, several priority regions and a substantial financial gap remains to be covered. Thus, the reasons why these activities under this component were selected are: (i) that an approximate gap of US\$98.5 million, which would be used to rehabilitate and expand irrigation networks in priority areas of Haiti, still remains; and (ii) by signaling to Development Partners the availability of significant funds through the GAFSP to invest in irrigation infrastructure in a specific priority region of the country, this would in turn attract donors to select and put forward financing proposals for other irrigation investments from the NAIP that GAFSP funds will not finance.

31. The technical entity responsible for delivering these investments will be the Directorate of Agriculture Infrastructure (DIA) of the MARNDR. The DIA currently oversees the execution of several irrigation projects financed by external donors and local funds, and has the necessary experience to undertake the task. Nevertheless, technical support will be needed to ensure that technical, economic, and socio-environmental studies, procurement, and investment supervision of the infrastructure works and

activities will be executed in the planned timeframe. For the establishment and/or strengthening of water user groups, this has often been undertaken by experienced local NGOs, and in this case the proposed strategy would be to use the same execution arrangement.

32. It is expected that these investments in rehabilitating irrigation systems in priority regions will help expand the irrigated area by approximately 4,000 hectares, and will also establish and/or strengthen the water user groups associated with such infrastructure works. The selected regions that have been prioritized by NAIP and which do not yet benefit from financing or potential financing are the North and North West regions. The advantage of GAFSP investing in irrigation infrastructure in those regions is that there are currently investment projects executed by MARNDR in the upper watersheds of this irrigated plains, which will ensure coherence and sustainability between investments.

33. Sustainability of the irrigation investment program are addressed as follows: (i) the environmental sustainability is addressed by undertaking environmental impact studies before the investments begin in order to incorporate mitigation measures in concept design and implementation, and by ensuring that the upper watersheds are implementing environmental and natural resource management practices in order to reduce the negative impact of soil degradation in the irrigation investments downstream; (ii) the financial sustainability is addressed by establishing and/or strengthening water user groups to maintain the investments on-farm and in tertiary canals, while providing an increasing level of financial support to maintain primary and secondary canals; and (iii) the socio-economic sustainability is addressed by establishing an appropriate institutional structure within and between water user groups to ensure equity and gender inclusion in decision making and administration of resources.

34. Small Farmer Productivity (US\$30 million): The proposed activities to be financed under this component intend to provide increased access for farmers to improved agriculture inputs and technologies, while supporting the development of a private agriculture service and input provider network. The activities that would be financed include: (i) the evaluation of the public sector role in the development of the seeds market; (ii) scaling up of partial reimbursement and voucher schemes for improved agriculture input and technology adoption based on market-based non distortionary principles; and (iii) strengthen the private agriculture services and input supplier network through supplier credit schemes, training and capacity development. This will be done for priority supply chains based on the indications of component B.3 of NAIP, which include both annual crops (mainly for food security), and export crops (mainly perennial crops). The proposed activities fall under the Adoption of Higher Yielding Technologies subcomponent (Part 4.1.1) of the GAFSP Framework Document.

35. The MARNDR has only recently begun implementing market-based non-distortionary principles to direct farmer support programs. Therefore, only a few Development Partners are currently supporting such initiative. The role of the GAFSP financing could prove to be crucial in: (i) scaling-up successful experiences and establishing a methodology for delivering direct farmer support efficiently, effectively and in a transparent fashion; and (ii) bridging a financial gap (currently at US\$75.8 million) in a critical component of the NAIP. The technical entity responsible for delivering these investments will be the Directorate of Crop Production (DPV), in close coordination with the Directorate of Animal Production (DPA) and the Directorate of Research and Training (DRF). Currently, the DPV and DRF are executing pilot projects in the delivery of direct farmer supports based on market-based non-distortionary principles. Furthermore, the Government, as well as Development Partners, support the transition from the short term emergency response face where the public sector intervened in providing direct agriculture services and inputs to farmers, to a medium-long term sustainable approach of empowering farmers to make production decisions, while fostering the development of privates sector agriculture service and input providers.

36. Nevertheless, close monitoring and coordination of emergency programs will need to be in place, in particular with the IHRC, in order to ensure that short term measures will not undermine the medium-long term investments financed by the GAFSP. Thus, conditionality and technical support will be needed

to ensure the alignment of public sector's and Development Partners' interventions in this area. It is expected that these investments will increase access to improved agriculture services and inputs for approximately 50,000 small farmers (out of which at least 20,000 women farmers), and increase by 100 the number of private agriculture service and input providers. Furthermore, the GAFSP financing will allow the MARNDR to consolidate and expand the producer registry, establishing a national farmer registry that will allow the Government and Development Partners to target and deliver future direct farmer support in a rapid, efficient and transparent fashion, in particular in case of emergency.

37. Sustainability of direct farmer support for accessing improved agriculture services and inputs will be integrated into farmer eligibility criteria and the menu of input and technology options available to the farmers. For example, criteria regarding the location of the farm (slope, soil type, etc.) and the size of the farm will guide the level and type of technology and inputs to be supported. Furthermore, the following measures would ensure sustainability of investments in this component: (i) the financial incentive to farmers will be a one-time event, and an economic and financial viability of the improved input or technology will need to be assessed before hand to ensure at least a 100% IRR to the farmer; (ii) each option(s) to be provided to farmers for access to improved inputs and technologies will need to be environmentally beneficial in farms located in hillsides (or at least environmentally neutral in farms located in valleys); (iii) the farmer (or farmer group) will purchase the agriculture service and/or input directly from the private sector (no intermediation by the public sector or NGO); and (iv) the farmer (and not the Government) will be responsible for making the production decisions, with the training and information to be provided by the MARNDR's extension services. It is important to note that a menu of input and technology options (*paquets technologiques*) has already been assessed and are available for implementation in several watersheds.

38. Agriculture Public Services (US\$20 million): The proposed activities to be financed under this component intend to increase and strengthen the animal and plant health public services as well as develop and expand the extension services in priority regions specified in the NAIP. The activities that would be financed include: (i) strengthen the community-based veterinary groups (GSB); (ii) expand capacity for animal and plant disease (SPS) surveillance; (iii) extension and advisory services to improve livestock management practices in hillsides; (iv) farmer training and information on the optimal choice and use of improved agriculture inputs and services for more informed production decision making; (v) investments for the certification of a national biosafety laboratory (category 2); and (vi) training of public and private sector extension service providers. These activities fall under component C.3 of NAIP.

39. The MARNDR is implementing a Strengthening of Agricultural Public Services Project (RESEPEG), and a Supply Chain Development Project (DEFI), both of which seek to strengthen Research and Development (R&D) and SPS capacity; however strengthening of extension services and of local SPS capacity in GSBs remains largely without financing. Although investments in this area (third axis of the NAIP) are relatively small compared to other proposed investments, it is clear (see Table 3) that the socio-economic returns to such public services is higher than in other sub-sectors. Currently, a few Development Partners are supporting the strengthening of such public services, so the role of the GAFSP financing will be important in: (i) ensuring a minimum level of capacity on the ground to deliver public services in the area of SPS and extension of agricultural best practices; and (ii) bridging a relatively smaller but critical financial gap (currently at US\$55.7 million) of the NAIP. The technical entity responsible for delivering these investments will be the Directorate of Animal Production (DPA) for SPS activities, and the Directorate of Research and Training (DRF) for extension services. Currently, the DPV and DRF are involved in strengthening their own capacity, and have the experience to scale up such activities.

40. It is expected that these investments will increase access to extension services and training on animal and plant health to approximately 100,000 small farmers (out of which at least 20,000 women farmers). Furthermore, the GAFSP financing would allow an increase in the capacity of the public sector to undertake bio-safety analysis in-country by investing in necessary equipment and technical assistance

to certify the national laboratory to bio-safety level 2. Extension and SPS services are the responsibility of the public sector, and as such, the sustainability of this investments is driven by: (i) the commitment by the Government of Haiti to increase the level of public budgetary resources allocated to the agriculture sector; and (ii) implementing a cost-recovery system for users of certain SPS services and a cost-sharing scheme with farmers for extension services. Finally, the investments in strengthening of extension services and animal and plant health capacity will mainstream environmental considerations into the training programs and information materials. The MARNDR has experience in implementing the safeguard policies of multilateral development banks, and the proposed GAFSP financing will follow such guidelines.

2.3 Amount of financing requested

41. The proposed amount for GAFSP financing requested is US\$80 million, which corresponds to 10% of the Total financing need and 30% of the estimated financial gap for the NAIP (considering the latest pledges from the IADB and the US Government). However, considering that the current maximum GAFSP resources available per country are US\$50 million, a prioritization is presented in Table 7 below. Given the focus of the proposed GAFSP financing (and of the NAIP) on achieving sustainable increases in farmer agriculture incomes and food security, relatively larger resources were allocated to the farm productivity component. Nevertheless, all three components are deemed critical for leveraging and aligning investments from Development Partners, as well as substantially reducing the financial gap.

Table 7. NAIP's financial plan & GAFSP proposal

Lines of Action	Component	Total NAIP financing need (US\$)	Of which requested from donors (US\$)	Remaining gap to be filled by donors (US\$) ¹⁹	Request for financing from GAFSP (US\$)	As share of total NAIP financing need (%)	Adjusted request for financing from GAFSP (US\$)	As share of total NAIP financing need (%)
A. Development of rural infrastructure	A. 1. Renovation of watersheds and forestry	251,000,000	197,900,000	197,900,000	-	-	-	-
	A.2. Irrigation and drainage	109,790,000	98,500,000	98,500,000	30,000,000	27%	15,000,000	14%
B. Production and development of sub-sectors	B.1. Breeding	38,374,200	25,700,000	25,700,000	-	-	-	-
	B.2. Fishing and fish farming	32,500,000	26,800,000	26,800,000	-	-	-	-
	B.3.1. Access to inputs and agricultural tools	197,580,000	83,650,000	75,850,000	30,000,000	15%	25,000,000	13%
	B.3.2. Rural finance	24,000,000	20,000,000	20,000,000	-	-	-	-
	B.3.3. Post harvest management and commercialization	45,025,800	33,400,000	33,400,000	-	-	-	-
	B.4. Urban and peri-urban agriculture	16,000,000	16,000,000	16,000,000	-	-	-	-
	B.5. Local production and humanitarian operation	11,500,000	10,500,000	10,500,000	-	-	-	-
C. Agricultural	C.1. Research, extension and	5,000,000	4,700,000	4,700,000	20,000,000	33%	10,000,000	16%

¹⁹ This does not include the US\$310 million pledged by the US Government and the IADB in June 2010 as the allocation between components has not been made.

Agricultural services and institutional support	training							
	C.3. Institutional support to the agricultural public services	56,200,000	51,000,000	51,000,000				
	C.3. Access to land and tenure security	4,000,000	3,600,000	3,600,000	-	-	-	-
A+B+C	Total	790,970,000	571,750,000	571,750,000	80,000,000	10%	50,000,000	6%

2.4 Preferred supervising entity

42. The Government of Haiti proposes the World Bank as the Supervising Entity (SE) of this GAFSP proposal. The following reasons were considered by the Government of Haiti when selecting the SE: (i) the continued support and technical assistance the World Bank provided the MARNDR during the preparation, consultations, peer reviewing and presentation of the NAIP; (ii) the open and direct policy dialogue that the World Bank has had in the sector for the past years; (iii) the fact that the World Bank is financing the Strengthening of Agriculture Public Services Project (RESEPAG), which is highly complementary to the proposed GAFSP investments; (iv) the fact that the World Bank financing is directly executed by the MARNDR, and not by external agencies or project executing units; (v) the experience of MARNDR in working with World Bank financial and procurement policies and procedures, and environmental safeguards; and (vi) the additional IDA resources that the World Bank has committed towards the agriculture sector of Haiti. Furthermore, the following characteristics of the World Bank experience were considered in the choice of SE: (i) its role in the Haitian Agriculture sector, as well as other sectors, in catalyzing investments and sectoral dialogue; (ii) the relationship with other key donors and Development Partners; (iii) the analytical capacity for introducing innovative concepts and knowledge from world-wide experiences; and (iv) the experience in executing complex agriculture projects in fragile states.

2.5 Time frame of proposed support

43. The GAFSP funding will be executed in a 5 year period, from 2011 until 2016. Given the executing capacity of the MARNDR and the nature of project activities and investments, a 5 year investment project execution period is in principle deemed appropriate. However, the final appropriate length of the execution period will be assessed during project design and appraisal. The proposed time frame is in line with the expected life of the GAFSP Trust Fund, and is within the time frame of the NAIP and National Agriculture Policy.

2.6 Risks and risk management

44. The main risk to the achievement of the objectives of the NAIP is the risk of an increase in social and political instability. In part, this risk can be reduced by continuing the level of consultations, peer reviewing and discussions on the NAIP and the National Agriculture Policy so that the vision and objective remain, even if the political leadership changes. With respect to the specific proposed GAFSP proposal, the main risk is that of a natural disaster setting back the public sector years in development. Thus, activities in all components of the proposal have been designed with the catastrophic risks in mind: the irrigation infrastructure will be designed to sustain such catastrophic level events; the system for farmers to access improved inputs and services will enable the rapid disaster response and targeting of beneficiaries in the producer registry; and improving the capacity of the MARNDR to respond to animal or plant diseases will address large portion of the expected losses. Table 8 describes these risks with the

qualifications assessed by the current risk level, the probability of happening and the eventual level of impact.

Table 8. Risk Matrix of Impact of Risks on GAFSP proposal's objectives/activities

Risks/Risk Hypothesis	Level of Risk	Probability	Level of Impact	Mitigation Element	Responsibility
Risks at the NAIP level					
Increase in social and political instability	medium	medium	medium	Ensure the continuous participatory process of beneficiaries in policy and planning decision to ensure the NAIP's ownership beyond the Ministry of Agriculture.	MARNDR
The lack of collaboration between Development Partners could minimize the impact	medium	medium	medium	Continue using the Sectoral Table as a forum to discuss sectoral issues and make decisions.	Government – MARNDR Donors
Insufficient commitments to fill the financial gap	medium	low	high	Reassess weaknesses in the NAIP and make an additional effort to secure new sources of financing.	Government – MARNDR Donors
Risks at the GAFSP proposal level					
Natural disaster (flooding, hurricane, earthquake) produces substantial damage to investments	medium	medium	high	Undertake: (i) infrastructure design studies that can sustain catastrophic level events; (ii) promote agriculture practices that reduces soil erosion in upper watersheds; and (iii) build into the budget contingency funds to respond/adjust to the event.	Government – MARNDR Donors
Difficulty in hiring new functionaries needed to maintain the proposed investments.	low	low	medium	Negotiate with the Ministry of Finance a set amount of additional staff needed per year and the partial financing/training of junior staff with project funds.	CIVIL SOCIETY Government – MARNDR Donors
The private partners of the plan in important numbers do not invest in the production of productive projects	medium	medium	high	It will be necessary to study with the private sector the causes of the absence of investments and find the mechanism to embark them in the plan	MARNDR Civil Society Private Sector
An important number of formal financial institutions do not lend the level of resources expected to the private agribusiness sector	Low	Low	medium	Use the 'smart-subsidy' scheme to crowd-in rural financial institutions into providing co-financing for such small farmer grants.	MARNDR Civil Society Private Sector

2.7 Consultation with local stakeholders and development partners

45. Beyond the consultations and peer reviewing described in Attachment 3, the specific GAFSP financing proposal was discussed among the main local Development Partners in Haiti in the context of the Agriculture Sectoral Table. The Sectoral Table is represented by Civil Society,

farmer groups, private sector, women's groups, youth organizations, donors, technical cooperation agencies and other ministries. The GAFSP proposal was very well received since all Development Partners had recently endorsed the NAIP. Nevertheless, several comments and questions were asked, including: (i) questions regarding how the GAFSP functions and what possibility of financing additional proposals there will be beyond this first round; (ii) several donors and technical agencies supported to increase the emphasis of the proposal on its second component; and (iii) the requests to the World Bank (SE) for the shortening the preparation period of the processing of the final Investment Project to get World Bank Board approval during 2010. These comments were provided during a meeting of the sectoral Table on June 9th and the NAIP and GAFSP investment proposal can be found in the Ministry's website. The comments received were integrated in the GAFSP proposal by the staff from the MARNDR, and an opportunity to provide written comments before Friday 11th was given. Finally, the group of donors and technical agencies of the sector, the Agriculture Donor Group, also sent a letter of endorsement of the GAFSP proposal.

Attachments:

1. National Agriculture Policy (2010-2025) (in French)
2. National Agriculture Investment Plan - NAIP (2011-2016)
3. Report on NAIP's independent review, peer review and consultation process (2010)
4. National Strategy for Economic Growth and Poverty Reduction – DSNCRP (2007)
5. Post Disaster Needs Assessment (2010)
6. Agriculture Public Expenditure Review – PEMFAR (2008) (in French)
7. Letter of endorsement of the GAFSP proposal of the Agriculture Donor Group (GSA) of Haiti