

Global Agriculture and Food Security Program

Public Sector Window projects

COVID-19 Response Additional Funding Request

Proposal HAITI

Agricultural and Agroforestry Technological Innovation Program (PITAG)

August 12, 2020

1. Basic Project Information

a. Project Name(s)	Investment project: PITAG (Agricultural and Agroforestry Technological Innovation Program) TA project:
b. Current project development objective	Investment project: Increase agricultural income and food security for smallholder farmers in selected areas of Haiti TA project:
c. Responsible Supervising Entity/ies (SE)	Investment project: IDB (Inter-American Development Bank) TA project:
d. Investment SE Project Team Leader	Name: Carmine Paolo De Salvo Title: RND/CHA Email: desalvo@iadb.org
e. TA SE Project Team Leader	Name: Title: Email:
f. Project country	Haiti
g. Counterpart Government Ministry/ies and Department(s)	Investment project: Ministry of Agriculture, Natural Resources and Rural Development TA project:
h. Date of Project approval by the SE	Investment project: January 11, 2018 TA project:
i. Current Project closing date	Investment project: March 2023 TA project:
j. Latest Project implementation rating by SE for investment project	Rating towards project development objective: Satisfactory Date: March 2020 Rating on implementation progress: Monitoring meeting organized by video conference Date: June 9, 2020
k. Latest Project implementation rating by SE for TA project	Rating towards project development objective: Date: Rating on implementation progress: Date:

2. Project Financial Information (as of July 31 2020)

l. Project Funding	Investment project: All funding sources ¹ : US\$ 76.8 millions Of which GAFSP grant amount: US\$ 10 millions
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¹ Include GAFSP funds as well as other financing sources, such as bilateral, multilateral, government or beneficiary contributions.

	TA project: All funding sources ² : US\$ Of which GAFSP grant amount: US\$
m. Disbursements	Investment project: All funding sources: US\$ 12 millions GAFSP grant: US\$ 1 million TA Project: All funding sources: US\$ GAFSP grant: US\$

3. Summary of Additional Funding Request

n. Additional Funding amount requested	Investment project: US\$ 7 millions TA project: US\$
o. Supplemental SE administrative fee request ³	Investment SE: US\$ 0.56 million TA SE: US\$
p. Costed list of proposed components and/or activities to be funded	<i>(Funding of technological packages for farmers x (US\$ 5,915,000), Technical assistance to beneficiary farmers (US\$ 750,000), Monitoring & Evaluation (US\$ 133.300), Administration (US\$ 201,700)</i>
q. Revised Project Development Objective (if applicable)	Investment project: N/A TA project:
r. Revised project closing date (if applicable)	Investment project: N/A TA project:
s. Estimated number of direct and indirect beneficiaries (disaggregated by gender) (indicate if these are additional to the current project beneficiaries)	Direct beneficiaries: 8.000 (Men: 4.800; Women: 3.200) Indirect beneficiaries: 40.000 N.B These are additional to the current project beneficiaries

4. COVID-19 impact and Funding Needs

- **Brief description of the impact and disruptions caused by COVID-19**

Worldwide and in Haiti, the impact of the COVID-19 pandemic on people and the economy is already considerable. In Haiti, it occurs in the context of an economic crisis unfolding over the last five years and characterized by episodes of social and political turmoil contributing, among other things, to a continuous decline in per capita GDP, the deterioration in the value of the local currency and an increase in poverty and social inequalities. Besides being a very low-income country, Haiti's health system lacks enough resources to fully meet the prevention and treatment of COVID-19. The Haitian population, which has become further impoverished, is seeing their situation worsen with direct consequences on employment, income and purchasing power and health. The COVID-19 pandemic is just an aggravating factor in the context of pre-existing dire conditions.

² Include GAFSP funds as well as other financing sources, such as bilateral, multilateral, government or beneficiary contributions.

³ The supplemental administrative fee should cover the SE's cost to appraise and approve the additional funding, and any additional funds needed for project implementation support. The indicative fee ceiling is 8% of the requested grant amount.

After the confirmation of COVID-19 cases in Haiti, the Haitian Government declared a state of health emergency throughout the country to limit the mortality rate and damage to the economy. The government has taken preventive measures to curb the spread of the virus such as reducing working hours, introducing social distancing and restrictions on movements and gatherings, it has closed schools, international airports and Haitian-Dominican borders alike. Other measures are announced at the municipal level, including limited access to and operating hours of markets, including for agricultural and hygienic products, and restriction of transport to several locations. The consequences are considerable. We observe :

(i) At the macroeconomic level

- A drastic slowdown in economic activities
- A decrease in tax revenues and an increase in budget deficit
- A clear increase in monetary financing beyond what was agreed in the governance pact signed between the Ministry of Economy and Finance and the Central Bank
- Inflation estimated at 23% for 2020
- A decrease in the volume of remittances to Haiti, typically representing around 34% of GDP (according to the World Bank), resulting from the slowdown in economic activities in North America and in Europe. This affects the sources of income of a relatively large category of households receiving these transfers. Remittance data for Haiti show an 18% decline when comparing March 2019 and March 2020 transfers.
- The acceleration of the depreciation of the gourde from February 2020

(ii) Agricultural production and food security

Even before the COVID-19 pandemic, the food situation was already concerning in Haiti. The number of people suffering from hunger at or above critical level in 2019 was estimated at 3.7 million by the National Coordination Agency for Food Security (*Coordination Nationale de la Sécurité Alimentaire / CNSA*). According to the World Food Program (WFP), poor economic and security conditions, exacerbated by climate shocks and the long-term impact of natural disasters, have exacerbated acute food insecurity.

Regarding the impact of COVID-19 on PITAG's areas of intervention and target groups, we observe:

- A reduction in access to the means of production for farms, particularly the smallholding, many of which are managed by women
- Upward fluctuation of basic foodstuff prices in a context of continued depreciation of the national currency against the US dollar and of declining incomes
- The decrease in the self-financing capacity of agricultural households
- The disruption of supply chains, with shutdowns across the global economy
- Limitations of technical support services due to travel restrictions and physical distancing
- Farmers have difficulty in selling harvested products in nearby markets and in Port-au-Prince. Producers are forced to sell their produce at lower prices in the production areas or lose part of it (especially when it comes to perishable products) during transport, resulting in reduced income.

It is important to note that the COVID-19 pandemic has further complicated the challenges that farmers already face, and which are further compounded by climate change. Indeed, rainfall recorded from March to June 2020 was below average and irregularly distributed in time and space. Most of the program's intervention areas (dependent on rainfall) are in the grip of a prolonged water deficit which compromises the vegetative cycle of

crops and causes a lack of watering points for animals, thus reducing their market value. The result is a decline in agricultural productivity and production, and consequently in farmers' income.

The drop in income means that farmers lack financial resources for new plantations, especially since each new farming season is highly dependent on income from the previous harvest. Thus, farmers struggle to obtain the financial counterpart to fulfill PITAG's co-financing requirement to carry out farming operations or to apply the technical packages (such as irrigation motor pumps, animal-drawn ploughing).

At the national level, a preparedness and response plan has been prepared by the Ministry of Public Health and Population (MSPP). Meanwhile, the Ministry of Agriculture, Natural Resources and Development (MARNDR) has developed a plan to mitigate the agricultural and food impacts due to COVID-19, centered a set of measures and actions to be implemented.

The IDB, as a financial partner and Supervising Entity for the GAFSP funds, and in response to a request from the Haitian Minister of Agriculture, has mobilized resources already available to PITAG to set up new emergency activities, in line with both the MARNDR response plan and with the objectives of the program. This did not result, however, in a fundamental restructuring of existing operations or in additional fund injections.

- **Summary of the current project implementation progress**

Due to the virulence of COVID-19 and its high contagiousness, the health and physical distancing instructions issued by the government have, in general, slowed down various business segments. The implementation of PITAG was not spared by this situation. In fact, the activities underway as well as those planned are strongly influenced by the current health context as well as by the climate of insecurity in the country. However, the Program Delivery Unit and Service Providers are developing, until further notice, appropriate strategies to continue activities in the field, and to maintain the original development goals.

As part of the response plan drawn up by the MARNDR, some PITAG resources (USD 3 million) are being mobilized to support the production of seasonal crops, in some program areas, particularly in some communes of the North, Northeast, Grande Anse departments where the Program is already implemented, with the exception of the South where the World Bank supports emergency actions through the RESEPAG and TPR projects.

This intervention is in sync with PITAG's general objective and the implementation strategy. It aims to grant incentives for farmers to produce short-cycle food crops (beans, maize, strain peas, spinach, sweet potato, etc.) in the PITAG intervention areas to face the consequences of the pandemic on Haitian households, whose food security was already precarious long before the appearance of the pandemic. However, the 3 million US dollars mobilized and coming from the PITAG budget remains insufficient given the requests received and the problems yet to be solved, such as the difficulties in the supply of agricultural inputs and water. It is then necessary to seek additional funding to increase the activities to be implemented within PITAG.

5. COVID-19 Response Activities with the additional funding requested

The intervention envisaged with the additional financing requested consists in granting direct financial support to farmers allowing them to buy goods and services necessary for the implementation of certain cropping operations under the two forthcoming agricultural seasons, while ensuring better water supply.

The technical packages to be promoted are, above all, those linked to annual crops such as rice, corn, beans, wild peas, vegetable garden crops, sweet potatoes, irrigation equipment such as motor pumps⁴ or solar energy pumps, construction of family water tanks⁵ (for watering small market gardening plots, watering animals, etc.), post-harvest equipment (storage, drying, processing, etc.) The maximum amount of the grant will depend on the specific technology chosen by the farmers and varies between 500 and 2000 US\$. The intervention will also finance technical assistance for farmers (i.e. specific assistance on how to choose and apply technical packages).

Targeted crops represent an important part of the diet of Haitian families and farmers' income. **Rice** is Haiti's main staple food. It has gradually replaced the more traditional products of Haitian agriculture in household consumption. **Maize** is one other staple crop and has a key place in the national diet, especially among the poorer population layers. **Beans and peas** are sources of vegetal protein for the Haitian population. **Vegetable crops** are a source of vitamin which is very important for food security. Finally, **sweet potato** is an important source of vitamins A and C.

Among the **key actions** to be carried out it is worth mentioning:

- Raise awareness and inform key stakeholders, including farmers, suppliers of agricultural goods and services, on the opportunities availed by the Program.
- Update the farmers' registers.
- Update the suppliers' register and proceed with the selection of suppliers of agricultural goods and services.
- Provide training for new selected suppliers in quality standards and procedures related to the technological packages.
- Support farmers in the choice of technological packages and ensure the implementation of the incentive mechanism in line with the principles and procedures defined in PITAG's incentive management manual.
- Provide technical assistance to farmers receiving the incentives.
- Collect the information necessary for periodic activity reports and to inform the program's M&E system.

So far, PITAG has focused on establishing agroforestry systems favoring relatively long-cycle crops. The Program is also getting ready to finance irrigation motor pumps in areas with few water points, especially since this technical package requires a larger expense. Farmers in the targeted areas continue to record low food production (beans, corn, plantain, etc.) due to the lack and irregularity of the rains. The weakness in the water supply also makes it difficult to establish vegetable crops which are of high market and nutritional value, and largely cultivated by women. This is one of the obstacles limiting the growth of agricultural productivity, especially in areas where rainfed agriculture is prevalent. Higher agricultural productivity will translate into higher agricultural yields, and therefore, better food production for household consumption. Higher agricultural productivity will also increase agricultural income through better sales, which will improve household purchasing power. The funding requested is meant, among other things, to improve access to water and to help improve food security for a greater number of people.

⁴ A Water Resources Assessment was launched to understand the available water resources in the targeted intervention areas.

⁵ They should make it possible to stock and use rainwater from the rainy seasons and to practice supplemental irrigation for the food crops, especially vegetable crops.

The governance structure of the incentive mechanism includes various actors:

- Ministry of Agriculture (central and decentralized structures);
- Farmers benefitting from the incentives;
- Private suppliers of agricultural goods and services;
- Service operators (OPS) who support the implementation of the incentive system;
- Financial institutions for the management of the incentives and the payment of suppliers of agricultural goods and services; and
- Financial partners.

A steering committee is to be set up with a mandate to monitor the achievement of the Program's objectives and to ensure compliance with its broad guidelines. A permanent internal monitoring of the impact indicators and key results by component is also established, detailed in the results matrix presented in Annex 2. Additionally, monitoring activities will be carried out periodically throughout the life of the program to allow reporting on the progress of planned activities as against the terms of the contract and the requirements of the Haitian Government and the IDB.

The intervention is aimed mainly at smallholder farmers, men and women. Women will represent at least 40% of the beneficiaries. An awareness-raising and communication campaign will be specifically carried out considering their schedule. As resources are limited, the proposed targeting will happen in coordination with other Bank-financed rural development programs and other partners and will focus on the farmers most in need of the proposed technology. All the target groups derive their income mainly or exclusively from agriculture. The direct beneficiaries will amount to 8,000.

To be eligible for the agricultural incentive mechanism, the farmer must meet the following conditions (defined in the PITAG incentives manual):

- Possess an official means of identification (national identity card or similar)
- Be registered in the local farmers' register
- Farm in the intervention area
- Farm on an area equal to or greater than 0.25 hectare
- Be of adult legal age before Haitian law
- Not be an active recipient of subsidies linked to the agricultural incentive mechanism of the Ministry
- Meet the specific criteria for the desired technical package

Expected impact of additional funding

The implementation of technical packages will reduce the risks facing agricultural activities. The targeted groups will develop better control over their production activities. By addressing key factors such as improvement of agricultural techniques, organization of input supply and water supply which generally constitute obstacles to smallholding production systems, the Program will remove fundamental obstacles to agricultural profit-creation. It will therefore allow both an increase in the production and income of the target groups, and consequently the improvement of food security.

Finally, the financing of drying and storage equipment will enhance production and reduce post-harvest losses, with a direct impact on food security.

The program will support technological packages that will allow farmers to generate additional income to sustain the implementation of the said packages over time. In the case of irrigation equipment, the main users will have to pay the service charges to meet the costs of operating, maintaining, repairing and, when needed, renewing the equipment. They will therefore make it possible to continue and possibly even expand these operations beyond the lifetime of the Program. At the institutional level, the strong involvement of the Departmental Agricultural Directorates (DDA) and the Communal Agricultural Offices (BAC), brought into all stages of implementation, should enable them to monitor results even after the end of the funding period.

6. Project readiness to utilize additional funds

The planned intervention provides for investments that can promote an increase in agricultural productivity and better food production in the areas concerned. In this sense, it is perfectly in line with the objectives of the Program consisting in increasing agricultural income and food security for smallholder farmers in the targeted regions of Haiti. The targeted areas are in the departments and communes privileged by PITAG. The proposed action thus responds to the geographical area of funding provided for under the Program.

The activities envisaged will be essentially increments of the existing activities, particularly at the level of Component 2 “Promotion of sustainable agricultural technologies”. This Component finances the adoption of profitable and sustainable agricultural technologies that will improve the profitability of farms and facilitate climate change mitigation and / or adaptation.

The planned intervention is an integral part of PITAG which is already being implemented in most of the targeted departments. The Executing Unit in place is responsible for planning and coordinating the execution of the intervention in accordance with the methods defined in the operational manual, managing the funds intended for its financing, organizing the monitoring of activities and the evaluation of the results and impacts of the program.

The two Service Providers (OPS) already contracted through the MARNDR will be responsible for the implementation of the incentive mechanism and technical assistance to beneficiaries in the selected intervention areas. This responsibility will be carried out in close coordination with the Departmental Agricultural Directorates (DDAs) and the Communal Agricultural Offices (BACs) concerned, so that in the future they can fulfill the same functions autonomously.

Contracts with these operators will be amended. In fact, part of the payments depends on the number of farmers benefiting from the incentives and technical assistance, and this number will be subject to an increase under the requested funding extension.

Agricultural incentives will be granted following the mechanism described in detail in the PITAG Incentives Manual. This mechanism allows for more efficient targeting of beneficiaries and the strengthening of the private input supply network. It comprises a several steps, of which the main are:

- Mobilization, information and awareness-raising activities;
- Update of the farmers’ register;
- Update of the suppliers’ register and selection of suppliers;
- Training of selected suppliers;
- Implementation of the incentive mechanism, involving the following milestones: farmers’ requests for incentives; suppliers’ provision of inputs and services to farmers at agricultural fairs organized in several sites; payment of suppliers by the financial institution;

- Technical assistance to farmers benefiting from the incentives; and
- Monitoring of the granting of incentives and of the implementation of technical packages.

The activities related to the proposed COVID-19 response will be concretely carried out for a period of 18 months, starting from when the additional funding is secured. They will take place according to the implementation schedule proposed below.

Implementation schedule

Activity/Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Meetings between stakeholders	-																	
Establishment of an amendment to providers' contracts	--																	
Communication and awareness campaign		--							---									
Update of the register of farmers		-								--								
Updating the supplier register and selection		-								--								
Development of technical packages to be financed			--								--							
Training of new selected suppliers			--								--							
Development, analysis and approval of requests for incentives			-	---								---						
Provision of services and inputs to farmers					---	---	---						---	---	---			
Payment of suppliers								---	---						---	---	---	
Technical assistance to farmers					---	---	---						---	---	---			
Monitoring of the implementation of technical packages					---	---	---						---	---	--			
Reporting							---						---					---

The outputs and expected results of this additional funding over the next 18 months are:

Outputs:

- ✓ 8,000 farmers benefit directly from financial support promoting the application of technological packages
- ✓ at least 75% of them also benefit from technical assistance

Results:

6,000 beneficiary farmers adopt improved and sustainable technologies under the incentive mechanism.

To ensure satisfactory implementation, the following provisions will be implemented:

- Improvements will be made to the strategy for delivering inputs to farmers by ensuring the organization of input fairs in all areas of intervention. These fairs, concentrating several suppliers on a single site, significantly reduce cases of fraud and ensure the quality of the inputs availed by suppliers.
- Strengthen collaboration between the departmental and communal structures of MARNDR, the service providers and representatives of the PITAG Execution Unit.

Annex 1: Updated Project Budget

Investment Funding:

Components	Activities	Original Budget (US\$)		Additional Funding (US\$)	Total Budget (US\$)
		Disbursed	Available		
Component 1: [:Agricultural applied research and training]	Activity 1: [Applied agricultural research projects implemented for the development]	629,157	11,559,889	0	12,189,046
	Activity 2: [Scholarships to support the implementation of new innovation projects delivered to research fellows]	9,145	359,809	0	368,954
	Activity 3: [Directorate of Innovation strengthened]	596,994	1,445,006	0	2,042,000
Component 2: [Promotion of sustainable agricultural technologies]	Activity 1: [Number of beneficiary farmers who received technological packages]	9,390,372	40,518,933	5,915,000	55,824,305
	Activity 2: Number of beneficiary farmers who received technical assistance]	-	6,000,000	750,000	6,750,000
Component 3: [Monitoring & Evaluation Administration & Audit]	Activity 1: [Audit]	19,129	130,871		150,000
	Activity 2: [Monitoring & Evaluation]	361,760	338,240	133,300	833,300
	Activity 3: [Administration]	993,443	4,006,557	201,700	701,700
<i>Contingencies</i>		0	500,000	0	500,000
TOTAL BUDGET FOR ALL COMPONENTS		12,000,000.00	64,859,305	7,000,000	83,859,305

Annex 2: Updated Results Framework (or logframe)

Impact	Increase agricultural productivity and food security for smallholder farmers in selected regions of the North, North-East, Artibonite, South and Grande Anse Departments			
Indicators	Unit	Baseline	Target	Means of Verification
Percentage difference in food security between beneficiaries adopting the technology and the control group	%	0	+30%	Baseline and endline survey (through FIES).
Percent difference in agricultural gross margins between beneficiaries who adopted the technology and the control group	%	0	+30%	Baseline and endline survey
Component 1 : Agricultural applied research and training				
Results	Improving the availability of sustainable agricultural technologies			
New sustainable agricultural technologies developed and ready to be promoted	Technologies	0	12	M&E reports
Beneficiary farmers who have adopted improved and sustainable technologies through applied research and training programs	Farmers	0	2,250	Baseline and endline survey
Outputs	An applied agricultural research and training program is implemented			
An applied agricultural research and training program is implemented	Program	0	10	M&E reports
Number of farmers participating in an applied research and training program	Farmers	0	3,000	M&E reports
Percentage of women among farmers participating in an applied research and training program	%	0	40	M&E reports
Outputs	Establishment of farmer field schools in the South Department			
	Program	0	2 000	M&E reports
Component 2 : Promotion of sustainable agricultural technologies				
Results	Improving the transfer of sustainable agricultural technologies			
Beneficiary farmers who have adopted improved and sustainable technologies under the matching grant mechanism	Farmers	0	54,750	M&E reports
Outputs	Subsidy mechanism implemented			
Farmers receiving the matching grant mechanism	Farmers	0	73,000	M&E reports
Percentage of women among farmers receiving matching grant mechanism	%	0	40	M&E reports