

SECTION 1: PROJECTSUMMARY

PROJECTNAME: MOKAFE, A Cup of Hope Coffee Project

ProjectNum: HA-S1013 - OperationNum: ATN/OC-15396-HA

Purpose: To increase the supply of café pile within Geo Wiener's value chain through strengthening the linkage between the coffee cooperatives and the company in a win-win strategy.

CountryAdmin

HAITI

CountryBeneficiary

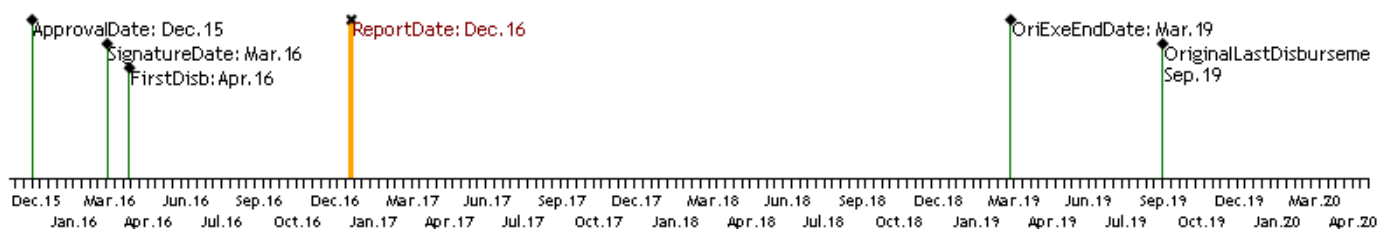
HAITI

EA: GEO WIENER S.A.

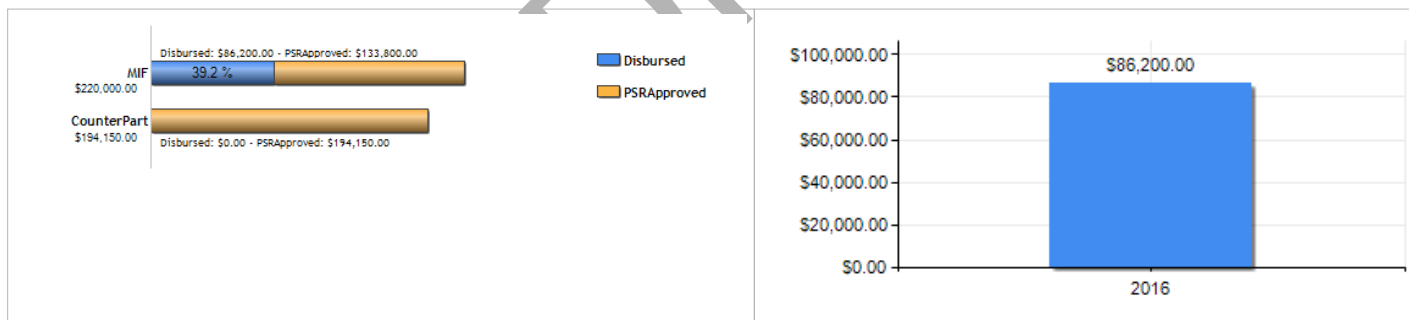
DesignTeamLeader: YOLANDA STRACHAN

SupervisionTeamLeader: FREDNEL ISMA

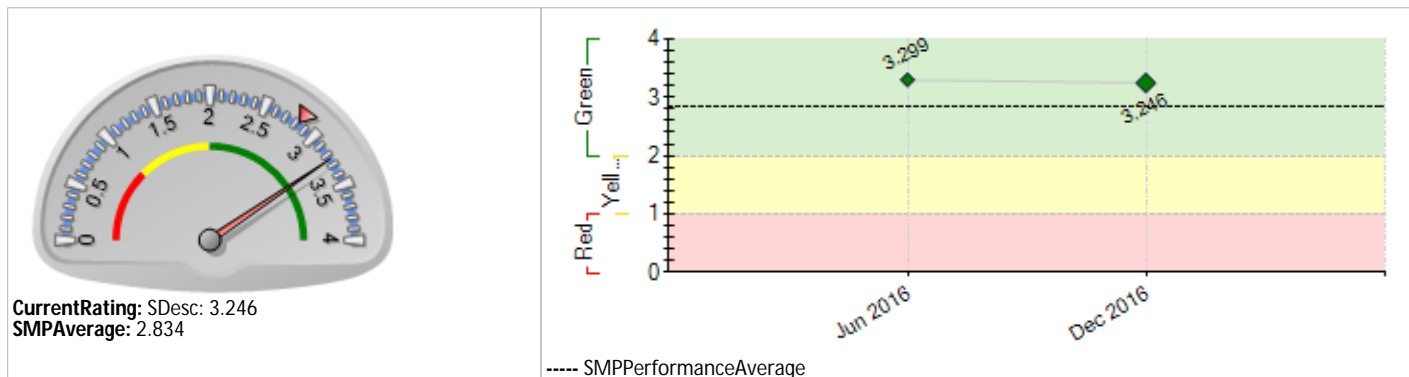
PROJECTCYCLE



PSRRESOURCEDISBURSEDSMP



PERFORMANCERATINGS



EXTERNALRISK

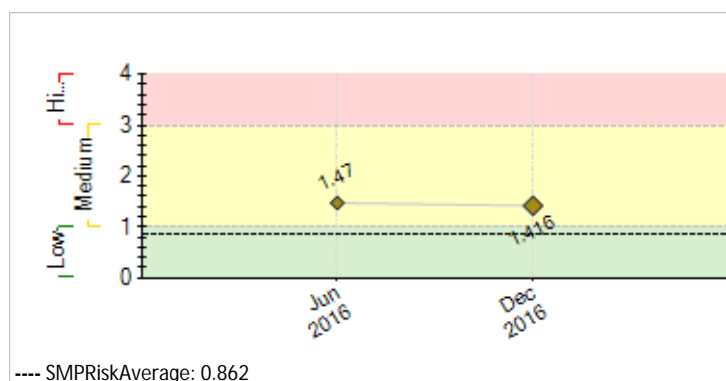
INSTITUTIONALCAPACITY

Risk

FinancialMngt: High

Procurement: Medium

TechnicalCapacity: Low



SECTION 2: PERFORMANCE

PSRReportCumulative

Over the course of the project we have achieved 1)The introduction of the credit and price policy 2)Created and started implementing the revolving funds for the number of seedling to be sold to cooperatives nurseries. With 3 coops 150,000 plantules are scheduled to be sold by the cooperatives to members from their respective coops. 3)The volume of natural coffee purchased surpassed the expectations for year one which represent a growth of more than 5%. They cover the indicators 8, 4, 2 and 7. The major delay was the hurricane Matthew which affected one of the most strategic coops ADAIB from Beaumont. Fortunately ADAIB is recovering with the help of the seedling fund. The other difficulties are the selection of two additional coops and the training in natural coffee production techniques. Currently the farmers sell their coffee regardless of the quality to the local market and at the border. Such difficulty represent one of the most important risk identified by the project. AGRITECH will strategically educate the farmers the importance on producing *café pile* by promoting bonus price and explore other areas to motivate the farmers. Aside of these difficulties the livelihood of the project is highly optimistic and the reasons are that the coops along with their respective members respond well to the initiatives. We have put in place the credit and price policy, revolving seedling funds yearly. All the loans given were paid back and we have surpassed expectations in some key areas.

PSRCommentsMIFSpecialist

Partially Agree with the Executing Agency comments

While this report seems to show optimism in the project execution, it misses some important aspects in the coffee value chain in general. Some reports even before Matthew suggested that the Haitian coffee was not producing enough. The coops were struggling to supply the demand; How does this situation affect the contracts with Mokafe and What are the risks for the next two years?

PSRReportSemester

Agritech finalized the seedling funds and initiated the production of 150,000 plantules to be done on a yearly basis according to our revolving fund manual. Under strengthen business capacity, equipments were distributed, leaders of 3 cooperatives were trained on credit management. The credit policy, and price policy were developed and currently being implemented. Milestone number 4 was reached due to our US contract. We purchased a total of 122,600 kgs of coffee which surpasses our first year expectation. Such aggressiveness is to respond to our US contract and other up and coming opportunity such as Canada. Out of the loans given to the cooperatives, all were reimbursed with coffee beans by the three participating cooperatives. The difficulty encountered was the selection of two additional cooperatives to be able to provide working capital to. Such challenge come to light due to the lack of coffee beans on some region of the country. To solve it, Agritech will focus the upcoming semester on vetting potential cooperatives with the ability to quickly recover using the Strengthen existing network of nurseries/Seedling Funds. Also, Agritech will simultaneously continue working with the participating coops (APCAB, APAS, ADAIB) on providing the training plan under improving quality of *café pile*, implementing the price policy developed, provide the on demand support for the cooperative loan management. Supporting documents will be physically provided to the IDB office in PAP

PSRCommentsMIFSpecialist

Agree with the Executing Agency comments

The report for this semester is consistent with the situation on the field for the project. The MIF would like, however, to know what is the strategy to include the two other cooperatives in this business model. Also, the narrative report (performance) should match the project execution (indicators and Milestones). Next time please include the documents and report the numbers for the specific indicators.

SECTION 3: INDICATORS AND MILESTONES

| Indicators | | Baseline | Intermediate 1 | Intermediate 2 | Intermediate 3 | Planned | Achieved | Status |
|---|--|---------------------|---------------------|---------------------|-------------------|---------------------|--------------------|--------|
| Goal: To increase high value market opportunities in <i>café pile</i> (natural coffee) for small-scale coffee producers in the 5 cooperatives participating in the project | I.1 Average annual sales growth for quality <i>café pile</i> from small-scale coffee producers in the 5 cooperatives participating in the project (CRF 330100) | 0 Mar 2016 | 5 Mar 2017 | 10 Mar 2018 | | 30 Mar 2019 | 1220 Jan 2017 | |
| | I.2 % of Geo Wiener's <i>café pile</i> that is sourced from the 5 participating cooperatives | 42 Mar 2016 | 44 Mar 2017 | 48 Mar 2018 | | 50 Mar 2019 | 0 | |
| Purpose: To increase the supply of <i>café pile</i> within Geo Wiener's value chain through strengthening the linkage between the coffee cooperatives and the company in a win-win strategy. | R.1 Volume of natural coffee sold by participating cooperatives to Geo Wiener annually. Kilograms of <i>café pile</i> (natural coffee) | 94000 Mar 2016 | 109000 Mar 2017 | 125000 Mar 2018 | | 145000 Mar 2019 | 119100 Feb 2017 | |
| | R.2 Total \$ value of new working capital for cooperatives provided by Geo Wiener (CRF 230700) | 0 Mar 2016 | 500000 Mar 2017 | 700000 Mar 2018 | | 1000000 Mar 2019 | 0 | |
| | R.3 Number of cooperatives with links to strategic business partners (CRF230200) | 0 Mar 2016 | 1 Mar 2017 | 2 Mar 2018 | | 5 Mar 2019 | 3 Feb 2017 | |
| | R.4 Increase sales of Mokafe & Geo Wiener lines of roasted coffee locally and internationally (USD). Annual sales of all GW lines of roasted coffee (USD) | 1092375 Mar 2016 | 1300000 Mar 2017 | 1500000 Mar 2018 | | 1700000 Mar 2019 | 0 | |

| | | | | | | | | |
|--|--|----------|----------|----------|--|----------|--|----------|
| Component 1: Enhancing productivity Weight: 25% Classification: Satisfactory | C1.11 Number of cooperatives receiving working capital advances | 0 | 5 | 3 | | 5 | | OnCourse |
| | | Mar 2016 | Mar 2017 | Mar 2018 | | Mar 2019 | | |
| Component 2: Improving Quality of Café Pilé: Weight: 25% Classification: Satisfactory | | | | | | | | |
| Component 3: Building Business Capacity of Coffee Cooperatives Weight: 25% Classification: Satisfactory | | | | | | | | |
| Component 4: Knowledge Management and Communication Weight: 25% Classification: Satisfactory | | | | | | | | |

| Milestones | Planned | DueDate | Achieved | DateAchieved | Status |
|--|---------|----------|----------|--------------|----------|
| M1 Credit and pricing policy developed and agreed with the participating cooperatives (before the first 6 months of the project implementation) | 1 | Sep 2016 | 1 | Sep 2016 | Achieved |
| M1 Conditions Prior | 9 | Sep 2016 | 9 | Mar 2016 | Achieved |
| M2 Number of Cooperatives trained on credit management (for working capital) and pricing policies | 5 | Mar 2017 | 3 | Nov 2016 | |
| M4 Number of small-farmers trained in natural coffee production techniques and GAP | 500 | Sep 2017 | | | |
| M3 Volume of natural coffee in tons sold by participating cooperatives to Geo Wiener. 124,895 kgs | 124895 | Mar 2018 | | | |
| M6 Number of small-farmers trained in natural coffee production techniques and GAP | 1000 | Sep 2018 | | | |
| M5 Volume of natural coffee in tons sold by participating cooperatives to Geo Wiener (143,629 kgs) | 143629 | Mar 2019 | | | |

PSRCRITICALISSUESTITLE
[NoneReportedFactors]

SECTION 4: RISKS

PSRRISKTITLE

| | Level | MitigationAction | Responsible |
|--|--------|---|---------------------|
| 1. Climate risks. Natural phenomena, as well as pests and disease, pose a risk because they may have an adverse effect on the productive activity of beneficiaries and, as a result, on GW's supplier cooperatives and GW itself. | Medium | Mitigating factors for this risk include: (i) development of partners' internal policies to arrange for early recovery of the credits; and (ii) diversification of GW's investments in project execution, with producer partners organizations in different geographical areas; (iii) use of disease resistance coffee seedlings. | Project Guest |
| 2. Credit risk from coffee cooperatives. There is a risk that that the farmers' organizations are unable to repay the working capital advances. | Medium | The funds will be provided directly to the producer organizations by Geo Wiener S.A's cash advances management unit; this unit has a good track record in managing advance funds given to suppliers. The procedure to provide the funds to the cooperatives will be in the form of a Purchase Order Agreement. It will include all of the mutually agreed-upon details which shall be: 1) the price of the coffee beans which will vary depending on the quality; 2) the quantity of beans that shall be purchased from each cooperative; 3) repayment in beans, i.e. 0% interest rate; 4) time frame for coffee bean delivery; 5) partial cash advance towards the total quantity listed on the Purchase Order Form (POF). The remaining will be given upon the completion of the delivery. The cooperative will make repayment in the form of coffee beans in each Purchase Order Agreement and credit will be automatically renewed based on the performance and financial results of the each organization. | Project Guest |
| 3. It represents a challenge to select two additional coops. The key priority to select a coop it's its reliability to repay the loan and its ability to source café pile in its region. Currently only two regions are producing enough; Thiotte and Beaumont. The other regions due to lack of coffee supply lost their credibility to source enough coffee to repay any loan given to them. | Medium | AGRITTECH along with GEO WEINER S.A will select 2 additional cooperatives which is so far COCANO and RECARB that has the ability to quickly recover using the seedling funds. Close monitoring from the agronomic team and business cooperatives specialist will be expected. th | Project Coordinator |
| 4. The associated risk is the level of content that the farmers are experiencing with the current market of cafe pile. They do not have the drive and desire to take on the challenge of producing quality cafe pile. | Medium | In order to generate the drive for the farmers to produce quality cafe pile, we need to give them the incentives. 1) With our current advance program, they will have less financial pressure to be able to produce the quality cafe pile desired. 2) With the training program, we will educate them on all the benefits that comes with producing quality cafe pile such as making more money per Pound (Bonus for | Project Guest |

| | | | |
|---|--------|--|---------------|
| <p>5. Supply risk. A possible risk is that small farmers will not be interested in selling their coffee (café pile) through their cooperative organizations</p> | Medium | <p>Grade A), to be able to export this quality coffee and instructing them about the added value that the café pile represent not just financially but also environmentally.</p> <p>This risk will be mitigated by effectively communicating to potential participants the marketing strategy, the economical benefits in working through their associations as an organized value-added chain to target the market, and the necessity to increase their quality to increase their revenues, so that the associations as a whole can overcome the current challenges in order to grow and thrive. Geo Wiener S.A. has been working with several coffee cooperatives and associations; the additional working capital allows the producer organizations to compete with middlemen in terms of delays on payments to small producers for coffee supply. This project is expected to formalize and structure the natural coffee value chain by strengthening the links between GW and these coffee organizations in order to guarantee their supply of natural coffee every year.</p> | Project Guest |
| OVERALLPROJECTRISK: Medium NRORISKS: 5 INEFFECTRISK: 5 NOTINEFFECTRISK: 0 MITIGATEDRISKS: 0 | | | |

SECTION 5: SUSTAINABILITY

PSRSustainabilityScore: P - Probable

PSRCRITICALISSUESSUSTAINABILITYTITLE

[NoneReportedFactors]

RelativeActions:

Due to being unable to find the voucher program for the seedling funds, Agritech developed a strategy to maximize the productivity of the seedling funds. A revolving fund has been created and is being implemented. The purpose is for the coops to produce plantules to be distributed to its members. An action to be taken every year and funded by the seedling funds. A minimum of 50,000 plantules from each participating cooperative is expected also yearly. Such actions help to strengthen the coffee supply and stabilize price.

SECTION 6: PRACTICALLESSONS

| | RelativeTo Implementation | Author Martin, stephane |
|---|-------------------------------------|-----------------------------------|
| <p>1. Over the past year, the fundamental lesson learned was not to underestimate purchases made by the dominicans at the Dominican and Haiti border and also the "Marche Kwabosal". Both market buy the café pile regardless of quality and price. Which consequently reduce the eagerness from the farmers to improve quality and also drive the price upward considerably. Altogether, due to these two players, we have bad quality and higher price. To respond to the challenge, Agritech will strategically use incentives such as seedling funds and equipments to encourage them to produce better quality. Also, educate them about the BONUS they will receive from Geo Wiener SA for the better quality. The component, improving quality of café pile will be crucial for the up and coming semester to positively shape this challenge. More alternative solutions will be presented by Agritech to tackle the challenge.</p> | | |