

MULTILATERAL INVESTMENT FUND HAITI - PROJECT ABSTRACT

I. BASIC PROJECT DATA

Project title:	Promotion of Economic Opportunities for Women in Rural Areas		
Project number:	HA-M1010		
Executing Agency:	Femmes en Democratie (FED) [Women in Democracy]		
Beneficiaries:	Three WMEP (women micro entrepreneurs and producers) associations and around 1,200 female entrepreneurs.		
Project team:	Fernando Campero (SDS/MSM), Team Leader; Carla Bueso (MIF/DEU); Javier Jiménez (LEG/OPR); Bibiana Vazquez (MIF/OPS); Svante Persson (MIF/IKM); and Jempsey Fils-Aimé (COF/CHA).		
Financing Plan:	MIF:	US\$ 750,000	(70%)
	Counterpart:	US\$ 325,000	(30%)
	Total:	US\$1,075,000	(100%)
Tentative dates:	POC: May 2007; Donors Committee: August 2007		
Classification:	MIC/MCRO		

II. BACKGROUND AND PROBLEM STATEMENT

- 2.1 Rural poverty.** Over the last two decades, the drop in production, rapid demographic growth and a combination of a variety of endogenous and exogenous factors have led to the impoverishment of Haiti's population. Real annual per capita GDP in 2006 equaled only 70% of that in 1980, with the decline in production being especially severe in the rural economy, where the contribution of the agricultural sector to GDP dropped from 40% in 1990 to less than 25% in 2006. While poverty affects the whole country (75% of its population lives below the poverty line), it is accentuated in rural areas and among rural women. According to a recent national household survey, around 56% of rural dwellers earn less than US\$1 a day¹; and a recent study found that female-headed households in rural areas are 11% more likely to be poor than male-headed households², which is alarming, given that a large number of Haitian families are mono-parental and that the women that lead them are the default suppliers of many of the social protections that should normally be granted by the state. These segments of the population have a limited access to essential services, infrastructure and to other opportunities that help to reduce poverty. In light of the importance to deal with these issues, recent national policies and poverty reduction strategies call for prioritizing actions aimed at a pro-poor growth, particularly in sectors which would broaden the spectrum of opportunities provided to disadvantaged and marginalized groups³. These strategies also point to the need to give special attention to interventions targeting rural populations and women.
- 2.2 Rural producers and microenterprises.** A large majority of the rural population and their local economies depend on agriculture and micro-entrepreneurial activities for their

¹ Enquête sur les Conditions de Vie en Haïti, May 2004, Institut Haïtien de Statistique et d'Informatique.

² Social Resilience and State Fragility in Haiti; Report No. 36069-HT; World Bank, April 2006.

³ Interim Poverty Reduction Strategy Paper; International Monetary Fund; Country Report 06/411, Nov. 2006.

survival. Most rural micro entrepreneurs and producers (MEP) operate in the informal economy, which is estimated to represent about 85% of the country's total economy⁴. A large portion these micro entrepreneurs and producers are made up by women (WMEP) who produce mainly for the domestic market, generating low profit margins and little value added. Some WMEP are organized in producer associations and apply basic collaborative strategies for their production and commercialization needs.

- 2.3 In spite of their relevance to the local and national economies, most WMEP confront difficulties that limit their entrepreneurial development and ability to increase their competitiveness and income. Key obstacles include: (i) low productive capacity and product quality (which are associated to an almost nil access to technical advice and appropriate production technologies); (ii) weak organizational and entrepreneurial capacities; (iii) inadequate articulation with financial institutions, and limited access to credit; and (iv) an ineffective articulation with export and domestic markets, due to insufficient information on demand and market characteristics, and to the absence of adequate channels for the commercialization of their products. There are additional hurdles that WMEP face associated to gender issues: due to a number of reasons that have attitudinal and cultural origins, women frequently have lower self-esteem, are more risk-averse or less assertive, have fewer role models in the business world, and even face discrimination in accessing services. All these complicate their role as entrepreneurs.
- 2.4 **Opportunities for the economic participation of women.** In certain regions of the country, there are groups of WMEP that produce goods that have traditionally held local comparative advantages and which, over the time, were able to acquire some degree of specialization and organization around those products, which have helped them to sustain their production throughout the years, in spite the continuous crises confronting the country. *Femmes en Democratie* (FED) –an organization which has been collaborating with groups of WMEP in rural areas, through training and market promotion programs (see par. 5.1 below)— has identified an opportunity to improve the incomes of rural women and contribute to the local economic development of several municipalities in the southeastern region of Haiti, through a program that will promote the development of rural WMEP with these characteristics.
- 2.5 FED proposes to implement an innovative program that will contribute to improved income generation for rural women through facilitating market opportunities. The program seeks to facilitate market-oriented production and to strengthen the capacity of WMEP to position their products in large markets (domestic and international), as well as promote value added production of traditional and niche products from rural areas. The program will support the development, production, branding and marketing of niche products. A feature of the proposed program is that it will seek to support the identification of competitive products –with clearly identified market demands— and production *on the basis of local comparative advantages*. The program is inspired in the “One Village One Product” (OVOP) movement begun in Japan's Oita prefecture in 1979, and which has since been adopted with success in Japan and in several countries in Asia and, more recently, Africa to promote regional development. It consists of the identification of one or a few products that are specific to a local community, and which

⁴ USAID Haiti, Gender Assessment, June 2006

show a particular comparative advantage, and to concentrate resources on their production, establishing them as a local brand, and markets it to the entire country or beyond. The movement emphasizes the global market for locally made products, which undergo the necessary design and quality adjustments to match market specifications.

- 2.6 FED has identified some sectors/value chains with these characteristics, where there is market demand with potential for growth, and where there are WMEP groups that satisfy minimum requirements in terms of their basic productive capacity and local organization, which could be targeted by the project. These include: (i) agribusiness/processed agricultural products; (ii) aromatherapy/vegetable oils; (iii) garment, bijouterie and fashion accessories; and (iv) art crafts and decoration articles. Three products in these sectors (palm or castor oil, basketry, and seamed/embroidered work) have been initially prioritized for project start-up for having the most immediate market potential. Potential markets for these products include: (i) medium-sized domestic enterprises interested in establishing long-term supplier relationships with local producers to feed their production processes or export markets; (ii) the nostalgic markets of Haitian communities abroad, particularly in the US, which has more than a million individuals; (iii) fair trade and ecologic markets abroad; (iv) tourist markets in neighboring Caribbean countries, where Haitian crafts sell as locally-made. Three WMEP associations, comprising a total about 1,200 women, have been initially identified in the southeastern region of the country to participate in the project, in three municipalities of the district of Jacmel.
- 2.7 The proposed project would allow FED to pilot a methodology to improve the efficiency and quality in the production – commercialization chain of rural WMEP, based on the OVOP movement, and to connect them to the global economy. If successful, FED will seek to replicate it in other regions of the country.

III. PROJECT OBJECTIVES AND DESCRIPTION

A. Objectives

- 3.1. The **goal** of the project is to contribute to the development of local economies in rural areas in the southeastern region of the country, by improving the competitiveness of WMEP and their ability to access markets. Its **purpose** is to develop a model to improve the entrepreneurial capacities of rural WMEP and facilitate the competitive access of their products to domestic and international markets.

B. Components and activities

- 3.2. **Component 1: Development of organizational and managerial capacities:** The aim of the component is to transfer organizational, entrepreneurial and managerial skills to WMEP and their associations, so that they can carry out their productive activities efficiently and in a business-like manner. The component will strengthen the capacities of participating WMEP associations and help them to improve their capabilities for collective action and for the provision of better services to their members. The activities to be financed include: (i) A diagnostic of the current challenges facing WMEP groups and their members in terms of their organizational, productive and commercialization capabilities, and the formulation of individualized technical assistance/training plans for the participating WMEP groups. (ii) Training and technical assistance to support the WMEP associations to put in place stronger institutional governance, business organization structures and administrative tools, so that they can operate with a market-

orientation and provide their members with better services to support the production, marketing and commercialization of their products. These will include the development of strategic and business plans that respond to the needs identified in their target markets; improved financial management, strengthened decision making and conflict resolution capabilities, and clarification of the business and social roles of the organization, as well as the rights and obligations of the members. (iii) Training of individual WMEP in areas such as business planning, basic accounting, marketing, self-esteem, leadership, women roles and gender equity and others, in order to develop their business and managerial skills. (iv) The promotion of contacts between WMEP and microfinance institutions (MFIs). WMEP will receive training on how to establish their financial needs and debt capacity, as well as orientation on the technical, financial and legal requirements of MFIs.

- 3.3. **Component 2: Improving the production process and quality.** This component aims to improve the production process of WMEPs and to ensure the development quality products. The component will finance technical assistance and training services to transfer skills and technologies on production, processing/transformation, packaging and marketing to the groups of WMEP to allow them to strengthen their production and to increase the quality and value of their products, so as to respond adequately to the requirements of the target markets and to the business opportunities that are identified. Component activities will include: (i) provide technical assistance to WMEP to improve market awareness, product quality and design, production process, and the scope of their product offerings to fill the market niches, and for the selection and/or validation of products for selected villages based on market analysis; (ii) improving the production, transformation and packaging processes to upgrade, innovate and/or adapt the traditional methods, so as to ensure increased efficiency and product quality; (iii) facilitating access to appropriate raw materials, through screening and joint procurement; (iv) training in best management practices (BMP) and quality control tools for products and processes; (v) raising WMEP environmental awareness in product design and production and the adoption of environmentally-friendly production techniques.
- 3.4. **Component 3: Improved linkages with national and international markets.** The component will promote commercial linkages between WMEP groups and the domestic and international markets. The component will support market research, promotion and marketing activities to facilitate the identification and consolidation of domestic and international markets for WMEP products with a brand and local identity. It will finance: (i) studies to identify demand niches and business opportunities for WMEP products and to determine the specific requirements needed to access those markets, including the identification of potential buyers and development of specific sales' strategies; (ii) the development a strategic plan to integrate WMEP as suppliers of larger manufacturing or export companies; (iii) workshops to promote market requirements and information among WMEP; (iv) identification of new market opportunities, through participation of WMEP representatives in international and domestic fairs and in business roundtables with identified buyers and other commercial events to negotiate contracts that will show increased sales; (v) preparation of marketing and promotion material; (vi) development of specific brands and marketing strategies for the different products; and (vii) the development of commercialization and export capacities within FED to act as a broker in international markets, and strengthening those of participating local export companies to facilitate the access of WMEP groups to international markets.

3.5. **Component 4: Coordination, stakeholder sensitization, and dissemination of results.**

This component will support the promotion, coordination and implementation of the project, the generation of information for project monitoring and evaluation, and the systematization of information for eventual replication of the project in other regions of the country. The component activities will include: (i) design and implementation of a communication strategy to promote the project and the OVOP concept among WMEP, and other stakeholders; promotional activities will include a set of workshops at the local level to ensure proper sensitization and to favor ownership by the participating women; (ii) establish partnerships between WMEP groups and public/private sector organizations; (iii) a study to define the program's base-line indicators; (iv) implementation of an information system to monitor project and WMEP performance; and (v) elaboration and dissemination of project results and experiences.

IV. COST, FINANCING AND EXECUTION PERIOD

- 4.1 The total project cost is estimated to be US\$1,075,000. MIF will contribute non-reimbursable funds of US\$750,000 (70%) and the remainder US\$325,000 (30%) will be provided by FED. It is expected that part of FED's contributions will come from grants from other donors, which would provide both cash and in kind contributions. The expected execution period is 42 months and the disbursement period 48 months.

V. EXECUTING AGENCY AND EXECUTING MECHANISM

- 5.1. The project's Executing Agency will be FED, a non-profit organization established in 2000, which in 2006 was recognized as a public interest foundation. It forms part of the "Vital Voices" international movement, with which it shares the mission to enable women to improve their situation in the domains of economic and entrepreneurial opportunity, political participation, and legal/human rights protection. It operates under the premise that the country's development requires the full participation of women in all areas of decision-making business and life. FED is integrated and led by several prominent women figures in Haiti that play leadership roles in the country's society, and which include former parliament and cabinet members as well as successful business women.
- 5.2. In the area of economic and entrepreneurial promotion, over the past years FED's activities have focused on: (i) the provision of training to women micro-entrepreneurs and producer associations, through the organization of several seminars (in the areas of management, human relations, communication, leadership, information systems, and others); (ii) the establishment of a network of women entrepreneurs aimed at mutual collaboration for improving their businesses' competitiveness; and (iii) the organization of an annual "Women in Production" fair, started in 2004 and which in 2006 featured over 100 micro-entrepreneur exhibitors and attracted over 10,000 visitors.
- 5.3. FED has executed funds originating from different sources, including small grants from international donors (such as the European Commission, UNDP, and USAID), local private companies (such as the Sogebank Group and Comcel) and government programs. In FY2005-2006, it managed about US\$298,000. FED has also successfully implemented—as a service provider—training activities for 1,300 women microentrepreneurs under the MIF-funded "Private Training Market Initiative" (ATN/MH-6696-HA) executed by the Foundation of Industries of Haiti. These activities have given FED relevant experience,

which should contribute to facilitate the execution the activities envisioned in the Project. FED has a small administrative staff, which will need to be strengthened by the project.

VI. EXPECTED RESULTS

- 6.1 The results expected at the end of the project, include: (i) an increase in the value of sales made by participating WMEP, which would allow for significant improvement in their average incomes (and help to alleviate poverty); (ii) increased value-added along the selected value chains; (iii) local technical capacity has been generated in the participating associations for the production of competitive, market-oriented goods; (iv) at least three new markets will have been penetrated for the promoted products, of which at least two will be international; (v) efficient market channels have been established for at least one product in each of the participating municipalities; and (vi) at least 900 individuals, members of the WMEP associations will have received training, and at least 75% of them will be integrated into more markets channels selling internationally on a regular basis.

VII. ENVIRONMENTAL AND SOCIAL IMPACTS AND PROPOSED ACTIONS

- 7.1. The project will have a positive social impact, as it will contribute to reduce the effects of economic exclusion and vulnerability among women in rural areas, by improving their technical and managerial capabilities, and by helping women-led microenterprises and producer organizations to improve their sales and incomes. The project will also stimulate the formation of women networks and social capital at the local level which should have a positive impact on project beneficiaries. The project is not expected to generate direct environmental risks as it will focus mainly on training and improving the entrepreneurial and technical capacities of groups of women micro-entrepreneurs, as well as on their articulation to markets and sources of financing. However, the project will include relevant environmental and occupational health training, focusing on good environmental practices in the use of natural resources and production techniques..

VIII. SPECIAL ISSUES

- 8.1 The following aspects should be taken into consideration during project analysis: (i) origin and feasibility of the counterpart contributions⁵; (ii) feasibility of FED's proposed brokerage functions and alternative options; (iii) selection and demand for the products to be produced; (iv) coordination of project with other programs operating in the region; and (v) mechanisms for the articulation of the project with MFIs to facilitate WMEP access to financial services.

VIII. ACTION PLAN

- 8.2 The presentation of the project to the Donors Committee is expected for august 2007.

Approved by: Antonio Vives, Manager, SDS

Date: May 7, 2007

⁵ FED is expected to enter into an agreement with Geneva Global Inc. (GG), which will facilitate FED with counterpart funds. GG has expressed its interest in supporting the project and providing cash and in-kind grant contributions to FED for the full amount of the counterpart estimated for the project. GG is an organization based in Philadelphia, which administers grants from philanthropic donors (see www.genevaglobal.com).

MIF MEMORANDUM OF ELIGIBILITY

I. PROJECT SUMMARY

COUNTRY:	Haiti	
PROJECT:	Promotion of economic opportunities for women in rural areas (HA-M1010).	
FINANCING:	MIF (no-reimbursable)	US\$ 750,000
	<u>Counterpart</u>	<u>US\$ 325,000</u>
	Total:	US\$ 1,075,000

II. MIF ELIGIBILITY

The Committee determined that this proposal is eligible for MIF financing. The team should take into account the following issues in the design of the operation:

III. ISSUES

- The Background section should be strengthened by: i) providing additional information on the programs that the international community and the Bank are financing in Haiti in order to state the additionality of this project; and ii) referring to some lessons learned from previous similar operations.
- During the analysis of the project the team should: i) emphasize the project's rural territorial development focus and then justify its gender approach, in line with the principles of the "One Village One Product" (OVOP) model; ii) reconsider the name of the project to highlight this point; iii) emphasize that while the women will be the main beneficiaries of the project, the rural development approach implies working with the different actors of the productive chains in a possible particular sector, and in that sense, no population group will be excluded; iv) explore JICA's cooperation by their experience on the OVOP Initiative in Asia; v) consider the proper linkage of micro enterprise beneficiaries to microfinance institutions, in order to facilitate them access to credit; vi) assure that the sequence of components and activities are driven by the market needs; vii) clarify the strategy for the sustainability of the project; and viii) confirm the availability of counterpart funds.
- The project will be classified as MIC/MICRO.