

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK DOCUMENT
MULTILATERAL INVESTMENT FUND

HAITI

**PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL
AREAS**

(HA-M1010)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Fernando Campero (MIF/ATF), Team Leader; Carla Bueso (MIF/DEU); Javier Jimenez (LEG/OPR); Bibiana Vazquez (MIF/OPS); and Jempsy Fils-Aimé (COF/CHA); and Carlos Puig (consultant).

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Proposed Resolution

DOCUMENTS AVAILABLE IN THE TECHNICAL FILES

Execution:

DOCUMENT 1	Draft Project Operational Manual (POM)
DOCUMENT 2	Key Terms of Reference of Proposed Consultants
DOCUMENT 3	Project Implementation Schedule
DOCUMENT 4	Draft Procurement Plan

Preparation:

- FED – Project application
- Executing Agency Institutional Assessment
- POC Eligibility Memorandum
- Analysis Mission Aide Memoir
- FED's Bylaws and Registration Documents
- Initial Diagnostic of Project "Promotion of Economic Opportunities in Rural Areas in the South-east", Final Report, Dec. 2007; prepared by Jean Chariot Michel, Consultant, for the Inter-American Development Bank
- Memorandum of Understanding signed by FED and Global Geneva in 10/2007 for US\$300.000.
- Letter of Agreement from Sogebank Group granting US\$50.000 to FED.
- Map of Haiti with targeted project area ([IDBDOCS/1359061/R](#))
- Government's Non Objection letter

ACRONYMS AND ABBREVIATIONS

ANATRAF	National Association of Food Transformation
CC	Consultative Council
CECI	Centre d'Etudes et de Cooperation Internationale from Canada
CIDA	Canadian International Development Agency
EA	Executing Agency
FED	Femmes en Democratie
FEDTU	Femmes en Democratie s Trade Unit's
GDP	Gross Domestic Product
GG	Global Geneva
IDB	Inter-American Development Bank
IICA	Inter-American Institute for Cooperation on Agriculture
LIC	Local Implementation Committees
MARNDR	Ministry of Agriculture, Natural Resources and Rural Development
MEP	Micro-entrepreneurs and producers
MIF	Multilateral Investment Fund
OVOP	"One Village One Product" Movement
PC	Project Coordinator
PCU	Project Coordination Unit
PADF	Pan American Development Foundation
POM	Project Operations Manual
SME	Small and Medium Enterprises
TOR	Terms of Reference
TA	Technical Assistance

PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS (HA-M1010)

I. EXECUTIVE SUMMARY

Executing Agency:	Femmes en Democratie (FED) [Women in Democracy]		
Beneficiaries:	Around 500 rural Micro-Entrepreneur and Producers (MEPs) and their organizations in Haiti’s South-East Region.		
Project team:	Fernando Campero (MIF/ATF), Team Leader; Carla Bueso (MIF/DEU); Javier Jimenez (LEG/OPR); Bibiana Vásquez (MIF/OPS); and Jempsy Fils-Aimé (MIF/CHA).		
Financing plan:	Modality: Non-reimbursable		
	MIF:	US\$	765,000 ¹ (68%)
	Counterpart:	US\$	355,000 (32%)
	Total:	US\$	1,120,000 (100%)
Objectives:	The goal is to contribute to the development and competitiveness of rural local economies in Haiti. The purpose is to develop a model for the improvement of competitiveness and access to national and international markets by rural MEP's in the south-eastern region.		
Execution timetable:	Execution period:	42 months.	
	Disbursement period:	48 months	
Rotating fund:	A rotating fund of up to 10% of MIF contributions will be established.		
Special contractual conditions:	Prior to the first disbursement the executing agency should have: (i) selected a Project Coordinator; (ii) approved the Project Operations Manual; (iii) established the Consultative Council; and (iv) approved a work plan for the first year of execution. The disbursement of more than 15% of MIF’s contribution is conditioned to FED presenting evidence that it has made the final selection of the value-chains that will be supported and has signed agreements with at least 3 MEP organizations to implement the project.		
Relevant initiatives of other official development institutions:	Relevant projects supported by other official development organizations in the area include: the World Bank-funded Community Driven Development Project that provides small grants to local organizations to prepare and implement community-identified projects; and a European Commission Food Security program. FED also has a cooperative agreement with CECI, through a volunteer program funded through the Canadian International Development Agency. FED will coordinate closely with these projects in the future. The Inter-American Institute for Cooperation on Agriculture will provide orientation and in-kind support to the Executing Agency for project implementation.		
Environmental and social review:	The project has an environmental and social classification of “C”. The Environmental and Social Review Committee reviewed it on 13 August 2007 and had no comments on the operation.		
Exceptions to Bank policy:	None		

¹ One half of one percent of MIF's contribution is earmarked for the impact assessment account administered by MIF.

II. BACKGROUND AND JUSTIFICATION

- 2.1 **Local situation. Rural poverty.** Over the last two decades, a 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 GDP per capita 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 day². Another study found that female-headed households in rural areas are 11% more likely to be poor than male-headed households³.
- 2.2 These segments of the population have only a limited access to basic 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 groups⁴. These strategies also point to the need to give special attention to interventions targeting rural populations and women.
- 2.3 **Rural micro-enterprises and producers and their challenges.** A large majority of the rural population and their local economies depend on agriculture and micro-entrepreneurial activities for their survival. Most rural micro-entrepreneurs and producers (MEP) in Haiti operate in the informal economy, which is estimated to represent about 85% of the country's economy. An important portion of these MEP produce mainly for non-dynamic domestic markets, generating low profit margins and little value-added. Some MEPs are organized in producer or community associations, and apply basic collaborative strategies for their production and commercialization activities, which they often combine with the promotion of other social and community goals.
- 2.4 Despite their relevance to the local and national economies, most MEPs confront difficulties that limit the competitiveness of their production and their entrepreneurial development rooted in traditional approaches. Critical limitations include: (i) low product quality and productivity (in activities such as agriculture and food transformation, arts and crafts, where they concentrate), resulting from the use of traditional and often inappropriate production technologies due to a lack of access to technical advice and market information; (ii) weak organizational and managerial capacities that impact MEPs at the different stages of the production and commercialization cycle; (iii) low capitalization, poor articulation with financial institutions and reduced access to credit; and (iv) a weak integration of their production to larger markets, due to the lack of information on demand, market characteristics and product requirements, lack of working business relationships with larger domestic firms and to the absence of adequate channels for the commercialization of their products and poor marketing techniques for product promotion⁵.
- 2.5 **Opportunities for MEPs integration to markets.** In certain regions of the country, such as the South East (S.E.), there are groups of MEPs that produce goods that have traditionally held local

² Enquête sur les Conditions de Vie en Haïti, May 2004, Institut Haïtien de Statistique et d'Informatique.

³ Social Resilience and State Fragility in Haiti; Report No. 36069-HT; World Bank, April 2006.

⁴ Interim Poverty Reduction Strategy Paper; International Monetary Fund; Country Report 06/411, Nov. 2006.

⁵ A recent study (ref. JC Chariot, below) cites the cases of a few productive projects implemented by local organizations in rural areas of Haiti that failed to thrive due to an inadequate focus on marketing and commercialization.

comparative advantages and which, over time, were able to acquire some degree of specialization and basic organization around these goods. *Femmes en Democratie* (FED) –an organization that has been collaborating with groups of MEPs in rural areas through training and market promotion programs—has identified an opportunity to improve the economic situation of rural MEPs with high women participation and to contribute to local development, through a program that will strengthen rural MEPs with these characteristics.

- 2.6 **Project approach.** With the project, FED seeks to implement an innovative program aimed at improving income generation for rural MEPs through facilitating market opportunities. The program seeks to strengthen the capacity of MEPs to position their products in larger markets, as well as to promote value-added production of niche products from rural areas. A feature of the program is that it will seek to support the promotion of competitive products –with clearly identified market demands—*on the basis of local comparative advantages*. It is inspired by 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. The movement’s interventions consist in the identification, with the support of local buyers/exporters, of one or a few products that are specific to a local community and which show a particular comparative advantage, and to concentrate resources on their production, working on improving their quality in order to market them to local firms or to larger markets in the country or beyond. The movement emphasizes the search of larger markets (domestic and international) for locally made products, which undergo the necessary design and/or quality adjustments to match buyer/market specifications. In facilitating market access for these products, the program will adopt a buyer- driven approach, working with existing buyers in the country who already have established market channels, supplementing these efforts with trade brokerage services.
- 2.7 Based on a preliminary diagnostic study⁶, its own research and interviews with domestic enterprises, FED has pre-identified an initial set of products/value-chains in Haiti’s S.E. region, with potential for competitive production and market access, which it intends to target with the program⁷. MEP groups that operate in these chains and local organizations that would be potential project partners, comprising about 1,200 individuals, have been identified in 3 municipalities in the Jacmel district (La Valle, Marigot, and Meyer) along with domestic firms working with these products.
- 2.8 The proposed project lays out a framework for stimulating MEP development in rural areas in the S.E. region. With it, FED will pilot a methodology of intervention, based on the OVOP movement that will combine training and technical assistance (TA) tools with cluster and value-chain development techniques to improve quality and efficiency in the production of selected MEP groups and to facilitate their access to more dynamic markets, either through existing in-country buyers/exporters as well as through the identification of direct marketing opportunities in national or regional markets. Potential markets to be tapped include: (i) medium-sized domestic enterprises interested in establishing long-term supplier relationships with local producers to feed their production processes or export orders; (ii) nostalgic markets of Haitian communities abroad,

⁶ Initial Diagnostic of Project “Promotion of Economic Opportunities in Rural Areas in the South-east”, Final Report, Dec. 2007; prepared by Jean Chariot Michel, Consultant.

⁷ The proposed value chains include: (i) ricin/castor oil with APLADEM in Meyer; (ii) fruit transformation through APLADEM and other groups with ANATRAF; and (iii) yam with AFAM3 in La Vallée de Jacmel and other organizations related to ASSODLO; (iv) dry fish processing with APLKL supported by OFAVMA in Marigot; (v) art crafts and decoration articles/basketry also with APLKL supported by OFAVMA; and (vi) fashion embroidery: seamed/embroidered work with Dix Digts in La Vallée de Jacmel.

particularly in the U.S., which has close to a million individuals; (iii) fair trade and ecologic markets; (iv) tourist markets in neighboring Caribbean countries; and (v) larger domestic markets.

- 2.9 **Bank Strategy/Relevant Initiatives.** The project is in line with the Bank's country strategy to help combat poverty through private sector dynamization and with the initiative to incorporate base of the pyramid populations to the benefits of economic development, as it will contribute to the efforts of low-income rural MEP groups to improve their product competitiveness and to gain better access to markets. Relevant initiatives include the Rural Supply Chain Development Program (HA-L1003), executed by the Ministry of Agriculture (MARNDR), which has national coverage and includes activities in the S.E. Region (in Savane Zombi and Tchiottes) to the north and upland of the present Project's targeted area. The program includes Japanese grant funds to support rural chain business development. A related project "*Reinforcement of competitiveness and profitability of fruit-processing micro-enterprises*" to be executed by the National Association of Food Transformation (ANATRAF) is also being considered by the Bank under a "Mini-MIF".

III. PROGRAM OBJECTIVES AND DESCRIPTION

A. Objectives

- 3.1 The **goal** of this project is to contribute to the development and competitiveness of rural local economies in Haiti. Its **purpose** is to develop a model for the improvement of competitiveness and access to national and international markets by rural MEP's in the south-eastern region.

B. Components

1. **Component I: Preparation of strategic plans for MEP integration to value-chains and markets (MIF: US\$125,500; Local Counterpart: US\$12,000)**

- 3.2 The purpose of this component is to design strategies for MEP development, based on their production, market and socio-economic potential. The strategies will seek to facilitate collaborative approaches for production, transformation and commercialization among MEPs and between MEPs groups and existing buyers/exporters, to facilitate their integration into organized value chains and their competitive access to markets. To this end, the project will finance training and/or consultant services for the following activities: (i) a diagnostic of selected value-chains with strong MEP participation in the targeted project areas, to determine their economic and market potential, competitiveness factors and opportunities for collaborative work among their members, emphasizing on their potential to integrate MEP production with that of other players in their value chains; (ii) an assessment of the public policy environment impact on the competitiveness of the selected value chains; (iii) preparation of Strategic Plans for the development of the value chains that are prioritized as a result of the diagnostics, with the aim of improving the conditions of MEP participation in them; and (iv) sensitization of public, private and non-governmental actors on the Strategic Plans and promotion of alliances for their implementation.
- 3.3 International and local consultants will be hired for the preparation of the diagnostics, to complete the production, market and socio-economic potential assessments of the selected value-chains, as well as to develop the corresponding Strategic Plans, one per value-chain, once they have been prioritized. The consultants will map the value-chains, defining value-added segments and identifying the vertical and horizontal linkages, bottlenecks and opportunities for MEP integration. They will also identify the market standards to be met by the key products in these

value-chains. Strategic Plans will include the corresponding logical framework, budgets and baseline for evaluation. This will allow for the selection of those value-chains that are conducive to the application of strategies to facilitate MEP development and access to markets. A local consultant will be hired to develop assessment and recommendations on the business climate impact on the value chains and MEP groups. Two workshops will be conducted per selected value-chain, one for consultation and one for dissemination of the Strategic Plans among stakeholders. An international consultant will be hired to train project and key community leaders on productive integration and on local economic development methodologies, which will take into consideration MIF experiences in this area. With a well-defined strategy and an understanding of market needs, individual stakeholders and MEP groups will better understand their role in the value-chains and be better informed on how to best collaborate with other players.

- 3.4 As a result of this component, the Strategic Plans for value-chain development will be prepared and approved for at least 3 prioritized chains, with guidelines integrate MEPs into domestic and international markets and key stakeholders trained on productive integration methodologies, laying the groundwork for further actions by the project.

2. Component II: Implementation of Strategic Plans (MIF: US\$210,500; Local Counterpart: US\$155,700)

- 3.5 This component will support the implementation of the Strategic Plans prepared for the selected value-chains. The component will strengthen MEP organizations' productive, managerial and associative capacities in order to develop their competitiveness and their ability to interact with other value chain players and to access markets. The component will finance training and TA services to strengthen the identified value-chains and to promote collaboration and coordination across their links. MEPs will receive TA and training to improve production processes and product quality. The component is composed of two subcomponents: (i) development of MEP organizational and managerial capacities; and (ii) improvement of production processes and quality of MEPs' products. The component will also help strengthen MEP linkages with institutions operating in the credit market.
- 3.6 **Subcomponent II-A: Development of MEP organizational and managerial capacities.** Organizational and managerial skills will be transferred to MEP and their organizations, so that they can carry out their productive activities efficiently and in a business-like manner. The activities to be financed include: (i) training and TA on good management practices to support MEP organizations to put in place stronger institutional governance, business organization structures and administrative tools, and natural disaster management, 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 design of business plans, improved financial management, 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 their members; (ii) training to MEPs in areas such as basic finance and management techniques, entrepreneurship and personal empowerment, in order to develop their business and personal skills; and (iii) training of 3 field coordinators on good management practices, so that they can provide follow-up training and support to MEP organizations' and their members, in order to ensure continuity in the implementation of project training. The Project will implement 12 one-day seminars on gender issues, personal empowerment and citizen responsibility. Training at all levels will stress the importance of promoting equitable access to non-traditional positions for women and avoidance of gender stereotypes.

- 3.7 **Subcomponent II-B: Improvement of production processes, product quality and value-chain integration.** The project will finance TA and/or training for the following activities: (i) improvement of market awareness, design and development of new products, and improvement of the scope and quality of MEPs product offerings for the selected value-chains; (ii) building capacity of MEPs and local experts in good agriculture and production practices and the use of quality control tools; (iii) value-chain coordination for joint production, integration with buyers and establishment of long-term relationships among its members; (iv) awareness building to MEPs in environmental management, clean production and safety, and assessment of relevant environmental impacts and implementation of plans to address them if needed; and (v) design and implementation of a guarantee mechanism (to be supported with counterpart resources) for partial credit risk-coverage for loans from financial institutions to MEP and MEP organizations, which will aim to leverage financial resources to meet the investment and working capital needs of MEP groups. Training will be supported by the development and dissemination of extension materials to facilitate technology transfer to MEPs and to help ensure that the project impacts an even wider audience than just the direct project participants. MEPs are expected to pay a portion of the costs of the TA and training they are provided by the project⁸. A financial expert and a lawyer will be hired to assist FED structure its loan-guarantee mechanism, prepare its guidelines and to help it negotiate the subscription of initial agreements with interested financial institutions.
- 3.8 The component's expected results include: (i) for MEP organizations participating in the selected value-chains: (a) at least 75% of governing body members and 90% of top executives will have been trained on institutional governance and on business planning and control tools; and (b) formal financial management, production planning and control policies will have been approved, accounting tools developed and product-pricing methodologies implemented; (ii) at least 3 new products will have been developed or improved per selected value-chain; (iii) at least 70% of the products produced by the participating MEP organizations satisfy quality standards set by domestic or international buyers; (iv) at least 500 MEPs and 10 local experts have been trained in basic management techniques, entrepreneurship, personal empowerment and citizen responsibility, as well as in good production practices, the use of quality control tools⁹ and environmental management; and (v) the loan guarantee mechanism set up by FED is operational and is facilitating access to loans to MEPs and their organizations.

3. Component III: Improved linkages with national and international markets (MIF US\$216,700; Local Counterpart US\$36,700)

- 3.9 This component aims to help develop a viable commercial system to promote linkages between MEP groups and the national and international markets. The component will support market research, promotion and marketing activities to facilitate the identification and consolidation of markets for MEP products with a brand and local identity. Its activities will be conducted in parallel to component II, and will support the strengthening and consolidation of market channels that have already been established by MEP buyers participating in the prioritized value-chains.
- 3.10 This component will include the following activities: (i) feasibility study, business plan and creation of a Trade Unit at FED responsible for finding markets and brokering business opportunities for MEP products; (ii) identification of new markets and business opportunities,

⁸ Estimated cost sharing will be between 5% to 10% of the direct service costs to be applied after the initial year. The initial diagnostics will estimate the ability to pay of the beneficiaries.

⁹ Including facilitating access to appropriate raw materials and environmentally-friendly production techniques.

through market studies and product promotion in international and domestic fairs and other commercial events; (iii) preparation of a marketing plan by value-chain; (iv) development of promotional tools and labels, and information mechanisms to help the marketing of products in domestic and international markets; and (v) implementation of a monitoring and control system to ensure adherence by producers and value-chain links.

- 3.11 An international firm will be hired to carry out three international market studies for three value-chains (to be selected based on the diagnostic studies under Component 1), prepare FED's Trade Unit's (FEDTU) feasibility study and business plan; and give orientation and training to FEDTU to implement its operations; and identify demand niches and business opportunities. Local consultants will be hired to: (a) carry out 3 national market studies for prioritized value-chains; and (b) develop a marketing plan for each of the selected value-chains to improve the sales of products with strong MEP participation. The project will develop various communication tools, aiming to promote MEP groups and their value-chains at the national and international level, as well as to inform MEPs and their organizations of the training offered by the project, and encourage their active participation. The project will organize the participation in domestic and overseas trade fairs of FEDTU, representatives of MEP groups and business persons engaged in the prioritized value chains. It will facilitate information on overseas trade fairs and help finance stands and general promotion costs for these events. MEP or business persons participating in overseas trade fairs, will be required to cover the direct costs of their participation.
- 3.12 The component's results will be: (i) FEDTU has been created to support marketing efforts of MEP/value-chain products and has established on-going business relationships with at least 5 clients in international markets who purchase local goods, and is able to cover 50% of its operating costs; (ii) FEDTU has marketing plans for each value-chain selected under the project; (iii) at least 3 international and 3 national new markets for MEP products are identified and accessed; and (iv) 12 new product collections by raw materials developed for MEPs.

4. Component IV: Coordination, stakeholder sensitization, and dissemination of results (MIF US\$42,400; Local Counterpart US\$51,600)

- 3.13 This component aims to 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. This component will include the following activities: (i) design and implementation of a communication strategy to promote the project and the OVOP concept among MEPs; (ii) training in OVOP for government officers, technical schools and MEP organizations; (iii) implementation of an information system to monitor the project and MEP performance; and (iv) elaboration and dissemination of project results and experiences.
- 3.14 The results for this component will be: (i) communication strategy to promote the project and the OVOP concept among MEPs implemented; (ii) MEP leaders and field coordinators trained in Local Economic Development (LED); (iii) information system to monitor project and MEP performance implemented; and (iv) project results and experiences disseminated.

IV. COST AND FINANCING

- 4.1 Project costs are estimated at US\$1,120,000. The MIF will contribute US\$765,000 on a non-reimbursable basis. The executing agency will be responsible for counterpart contributions of US\$355,000, of which at least 50% will be in cash. Part of the counterpart funds will originate in

contributions made to FED by Global Geneva (GG)¹⁰ and the Sogebank Group, both of whom will participate in the project's Consultative Council (CC). The budget includes a US\$3,825 contribution to MIF's general impact evaluation account, to be executed by MIF. MIF funds will be used primarily to cover specialized consulting and training costs in Components 1 to 4 and project dissemination activities. Counterpart contributions will cover consulting and training costs, pay administrative costs and fund a loan credit risk-sharing mechanism for MEPs. Expenditures towards activities contemplated in the project budget, made by FED after March 20th 2008 up to US\$30,000 will be recognized as counterpart contributions.

Estimated Project Budget (US\$)

Description	MIF	Counterpart	Total
Component 1: Preparation of Strategic Plans	125,500	12,000	137,500
Component 2: Implementation of Strategic Plans	210,500	155,700	366,200
Component 3: Improved linkages with markets	216,700	36,700	253,400
Component 4: Sensitization and dissemination	42,400	51,600	94,000
Project coordination and logistics	106,500	93,500	200,000
Baseline, evaluations and audit	34,500	0	34,500
Contingencies	25,075	5,500	30,575
Project Total	761,175	355,000	1,116,175
Contribution to general impact evaluation account (0.5%)	3,825	0	3,825
Grand Total	765,000	355,000	1,120,000
%	68%	32%	100%

- 4.2 **Sustainability of project activities.** The sustainability of the operation's intervention is analyzed at two levels: (i) at the economic level, it is based on the viability to be achieved in the entrepreneurial activities undertaken by the individual MEPs and MEP organizations that will receive project support. MEP will benefit from new skills to manage their businesses and to design and produce marketable products, as well as from enhanced links to value-chains and larger markets. MEPs and their organizations will have better access to market information on trends, quality standards and product design and will establish improved connections with buyers in value-chains and, with the support of FEDTU, in larger markets that will provide opportunities for the sale of their output. (ii) at the institutional level, FED will strengthen its institutional capacity to implement complex projects and to provide support women MEPs in reaching more dynamic markets, which will strengthen its ability to continue operations with this target group in the future. In the Project's first year of execution, a Feasibility Study and Business Plan for FEDTU will be developed, which will include a sustainability strategy for the project. Finally, a year prior to the end of the project, FED will organize a Sustainability Workshop (with the participation of FED, the Bank and others to be agreed on) with the purpose of evaluating the inroads made to sustain project activities and to identify the measures needed to ensure the continuity of project activities once its resources are used up. The workshop's scope will be agreed on by IDB and FED with sufficient anticipation.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

- 5.1 **Executing Agency (EA).** The project's Executing Agency will be Femmes en Democratie (FED), with whom the Bank will sign a Technical Cooperation Agreement. FED is a non-profit organization established in 2000, which in 2006 was recognized as a public interest foundation. It

¹⁰ GG is an organization based in Philadelphia, which administers grants from philanthropic donors (www.genevaglobal.com). GG will structure a monitoring mechanism and conduct evaluation visits which are expected to facilitate project supervision.

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. FED is integrated and led by several prominent women figures that play leadership roles in Haiti’s society, and which include former parliament and cabinet members as well as successful business women. FED has executed funds originating in different sources, including small grants from donors (such as the European Commission, UNDP, and USAID), local private companies (such as the Sogebank Group and Comcel) and government programs. In FY2006-2007, it managed about US\$380,000. FED has also successfully implemented –as a service provider–training activities for 1,300 MEPs 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 experience relevant to the execution of the activities envisioned in the Project.

- 5.2 **Execution mechanism.** The project will be implemented according to the Project Operations Manual (POM), which FED will approve at the beginning of the project (a draft is contained in the project technical files). (i) Project Coordination Unit (PCU). FED will establish a PCU, which will be headed by a Project Coordinator (PC) –selected through a competitive process– who will report to its Executive Director and will operate out of FED’s office in Jacmel. The PC’s contract will be renewed yearly, based on an evaluation of the work-plan and project progress. The PCU will be responsible for day-to-day planning, programming, operation, procurement, reporting and control of project activities and for overseeing the implementation of project to reach the project’s objectives and performance indicators (see logical framework -Annex I). It will also be staffed with an Administrative Assistant, a part-time Accountant and three Field Coordinators. The PCU will manage the project in accordance with Bank procedures and FED’s Board of Directors and project Consultative Council guidance. (ii) Consultative Council (CC). A CC will be created by FED to serve as a policy and technical resource on project activities and approach. The CC will be chaired by FED’s President and integrated by representatives of GG, MARNDR’s Regional Office, private sector enterprises involved in the selected value-chains, IICA, FED’s Executive Director and the PC, who will act in the role of secretary. Its members will participate *ad honorem*. Other organizations may be invited to the CC with the Bank’s and the EA’s agreement. The CC’s responsibilities will be described in the POM and will include: receiving regular progress updates; providing guidance to the PC; monitoring project performance against its objectives and indicators; providing advice on potential new opportunities for the Project; and representing the Project with their constituents, staff and members. The CC will meet twice a year. (iii) Local Implementation Committees (LIC). To support project execution, FED will establish LICs, which will be entrusted the coordination of project activities in the participating villages. LICs will be composed of a project field coordinator, hired with project funds, who will report to the PC, and local MEP organization leaders. LICs responsibilities will include: (a) supervising the implementation of Project activities in their area of influence; and (b) monitoring compliance with project objectives and indicators.
- 5.3 **Coordination with relevant initiatives.** The PCU will coordinate project activities with relevant initiatives in the S.E. region supported by the Bank and other official development institutions. In particular, efforts on value-chain development will be coordinated with the Rural Supply Chain Development Program (HA-L1003) through MARNDR. FED will report on its coordination activities in the project progress reports.
- 5.4 **Eligibility criteria:** To participate in the project MEPs and their organizations need to meet minimum eligibility criteria set by the POM. For MEP organizations these will include: (i) being

based in one of the municipalities targeted by the project; (ii) be in operations for at least two years; (iii) having an active governing body and a working organizational structure, that meets regularly at least twice a year; (iv) having been able to accumulate a minimum capital for the organization; (v) have members contributing dues to the organization; (vi) having implemented economic activities and members with relevant experience in the selected value chain; (vii) Have an interest for the project and the OVOP concept. On their part, MEPs will have to: (i) be active members for more than a year, of a MEP organization that has signed an agreement with FED; and (ii) ideally have prior experience in the value-chain selected by the organization. Many of the targeted MEPs have received some minimum training in the past, which should facilitate project implementation and the absorption of project assistance.

- 5.5 **Procurement.** The selection and procurement of project goods and services will be made according to the Bank's policies stipulated in documents GN-2349-7 and GN-2350-7, respectively. The PCU will present a procurement plan (see technical files), detailing the items, selection modalities and amounts of the goods and services to be procured. The Bank will make an ex-ante review of the selection and procurement procedures for goods and consultant services. The procurements and contracts will be open to all MIF member countries and developing countries that are members of the Bank.
- 5.6 **Special contractual conditions:** As conditions prior to the first disbursement, FED will submit evidence that it has: (i) selected a PC; (ii) approved the POM; (iii) established the CC; and (iv) approved a work plan for the first year of execution. The disbursement of more than 15% of MIF's contribution is conditioned to FED presenting evidence that it has made the final selection of the value-chains that will be supported and has signed agreements with at least 3 MEP organizations to implement the project.

VI. MONITORING AND EVALUATION

- 6.1 **Monitoring.** FED will prepare and submit to Bank, through, the Country Office in Haiti, project progress reports within thirty 30 days after the completion of each semester and a final report within 30 days of the final disbursement. These reports will follow a format previously agreed to with the Bank and will address project activities and finances, as well as results measured in terms of the indicators and benchmarks identified in the logical framework. The Bank will utilize these reports to monitor project implementation progress and to prepare a Project Completion Report within 3 months of the last disbursement.
- 6.2 **Evaluations.** At project start-up, the FED will hire an expert to develop baseline indicators and a monitoring system for evaluating project outputs. An intermediate and a final evaluation of the project will be undertaken by external consultants contracted directly by the Bank with project funds. The intermediate evaluation will be prepared 24 months after the start of the project or when 40% of its resources have been disbursed. A final evaluation will be conducted 3 months after the end of project execution or when 95% of the Bank's contribution has been disbursed. The consultant will participate in the closing workshop, scheduled towards the end of the project to evaluate outcomes and identify activities required to increase project impacts. Emphasis will be placed on lessons learned and how to bring such lessons to bear on other MIF projects.
- 6.3 During project execution, the EA will compile supervision and project evaluation indicators. These indicators are set forth in the Logical Framework (see Annex I) and will be used by the Bank and the EA to gauge the overall impact and to assess the results. The executing agency will provide access to all the information and documentation needed to conduct these evaluations.

VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 The project has an environmental and social classification of “C”. The Environmental and Social Committee reviewed and cleared the operation on August 13, 2007 requiring no further action. The project is expected to have a positive social impact, as it will contribute to reduce the effects of economic vulnerability among MEPs and of exclusion of women in rural areas, by helping MEP’s to improve their sales and incomes and entrepreneurial abilities. The project will also stimulate the formation of value-chains, MEP networks and social capital at the local level which should have a positive impact on these groups. The project is not expected to generate direct negative environmental impacts as it will focus mainly on the provision training and TA to groups of MEPs, as well as on their articulation to markets and sources of financing. The project includes relevant training in environmental management and clean production, focusing on good environmental practices in the use of natural resources and production techniques, as well as TA to provide MEPs with environmental orientation on their production processes.

VIII. BENEFICIARIES AND RISKS

- 8.1 **Beneficiaries.** The project will contribute to the development and competitiveness of MEPs in rural local economies in the S.E. region of Haiti, and hence to the improvement of incomes of participating MEPs. MEPs organizations to be targeted are made up predominantly of women with income levels below the national average. It is expected that by project completion, around 500 MEPs will have improved their individual and collective production, and be able to reach new more dynamic markets nationally and abroad, allowing MEPs to improve their sales and incomes. At least 3 MEP organizations and 2 local organizations will benefit directly from technical assistance and training in different areas to improve their productive and managerial capacities. MEP organizations and FED will also benefit from the creation and operations of a commercialization unit at FED that will facilitate access to new markets, and which will move towards sustainability during the life of the project. Similarly, the creation of a partial credit-risk loan guarantee mechanism (to be funded with counterpart resources) will facilitate access to financing to sustain production by the project. The will pilot the OVOP model and is expected to serve as a development model to be replicated in other regions of the country.
- 8.2 **Risks:** The project involves two main risks: *Risk:* MEPs might refuse to adopt the production practices required to meet the new demands of the markets and value-chains. *Mitigation:* This risk may be lessened by involving the producers in defining the chains’ objectives (productivity, quality, trust, and opportunity), by transferring knowledge of market demands, and by a gradual shift in attitude toward an entrepreneurial vision of their production activities. Similar projects have successfully utilized these mechanisms to reduce this risk. *Risk:* MEPs and their organizations might encounter difficulties in accessing financial resources that may enable their production given their low levels of capitalization. *Mitigation:* With legal and financial advice financed by the project, FED will establish a partial credit risk-coverage guarantee mechanism for loans from financial institutions to MEPs. It has already obtained commitments for the funds it will use to establish this mechanism. *Risk:* The S.E. region prone to hurricanes that might affect production. Although this risk cannot be mitigated, MEPs will receive training on natural disaster preparedness. MEPs selection will take into consideration accessibility and proximity to main roads, to diminish the vulnerability of project beneficiaries.

IX. EXCEPTIONS TO BANK POLICIES

- 9.1. None.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

DESCRIPTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL			
Contribute to the development and competitiveness of rural local economies in Haiti.	<ul style="list-style-type: none"> Three years after the end of the project, 75% of rural MEP project 500 beneficiaries have increased their yearly real income, generated by their entrepreneurial activities, by at least 30% in relation to their situation before the project¹. 	<ul style="list-style-type: none"> Base line Report. Final evaluation Project completion report (PCR). 	<ul style="list-style-type: none"> The economic and the political situation in the country remain stable. The area of incidence of the project is not affected by major natural disasters.
PURPOSE			
To develop a model for the improvement of competitiveness and access to national and international markets by rural MEPs in the south-eastern region.	<u>At the end of the project (EOP):</u> <ul style="list-style-type: none"> At least 3 MEP organizations obtain an average increase of 15% in their net income with respect to their situation when joining the project. 50% of MEPs participating in the project show a increases in their annual sales of at least 100%. 250 MSEs have developed new stable value chain links (stable sales, long term or renewed contracts, joint purchasing) with larger domestic firms (buyers / processors or exporters) for sale of goods and services At least 200 MEP are producing and commercializing together through FED and MEP organizations. At least 30% of products sold by MEP have reached international markets, directly or indirectly. 	<ul style="list-style-type: none"> Semiannual progress reports Project performance monitoring report (PPMR) Financial Statements of MEP organizations Mid-term and final evaluations. Project completion report (PCR) 	<ul style="list-style-type: none"> MEP and their organizations are interested in developing and adapting their products to meet buyer/market requirements. There is a demand for MEP products in the intended target groups and areas.

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
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¹ Definitions and estimated figures for indicators to be developed by base line consultant to be hired at the beginning of the project.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

COMPONENTS			
Component I: Preparation of Strategic Plans for MEP integration in value-chains and markets			
<ul style="list-style-type: none"> ▪ Design implementation strategies for MEP development to facilitate their integration into value chains and their competitive access to markets. 	<ul style="list-style-type: none"> ▪ Diagnostic of 6 value-chain on local production, market and economic potential finalized in the first semester. ▪ Assessment of impact on value-chain competitiveness of public policy environment and policy recommendations completed and disseminated, with recommendations issued and approved, by Year 1; ▪ At least 6 economic strategic plans designed and approved (one per value-chain) by the end of the first semester. ▪ The strategic plans agreed by the key stakeholders and approved by MEPs during first year. ▪ By Year 2, FED project staff, 12 community leaders and at least 6 relevant buyers/stakeholders trained on productive integration methodologies. 	<ul style="list-style-type: none"> ▪ Diagnostic report. ▪ Public policy assessment report; ▪ Approved strategic plans ▪ Semiannual progress reports ▪ Project performance monitoring report (PPMR) ▪ Inspection Visits ▪ Mid-term and final evaluations. ▪ Financial Statements of MEP organizations ▪ Project completion report (PCR) 	<ul style="list-style-type: none"> ▪ MEP and stakeholders have demonstrated high interest in the project.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
COMPONENTS			
Component II: Implementation of MEP Organizations’ Strategic Plans			
<ul style="list-style-type: none"> Strengthening MEP capacities for competitiveness. 	<p><u>At the end of the project:</u></p> <ul style="list-style-type: none"> By the end of the project at least 70% of the products produced by the participating MEP organizations satisfy market quality standards. 50% by year 3. <p><u>After the first Year:</u></p> <ul style="list-style-type: none"> Increase of production per association by 10% by year compared to the base line. Increase of 80% in the number of MEPs participating in the production process at each of the organizations. 	<ul style="list-style-type: none"> Semiannual progress reports Project performance monitoring report (PMR) Inspection Visits Mid-term and final evaluations. PCR Report. Technical reports from the Local Implementation Committees (LICs) 	<ul style="list-style-type: none"> The MEP organizations and their members implement the activities as per strategic plans indicators.
<ul style="list-style-type: none"> Subcomponent II-A: Development of MEP organizational and managerial capacities 	<ul style="list-style-type: none"> By EOP, at least 75% of board members and 90% of executives of participating MEP organizations trained on institutional governance, business organization structures, use of administrative planning and control tools. By EOP, business planning, financial management and production planning and control policies and tools have been approved and implemented and are functional in at least 3 MEP organizations At least 500 MEP trained in basic finance and management techniques, entrepreneurship, personal empowerment, and citizen responsibility. 	<ul style="list-style-type: none"> MEP association financial statements Semiannual progress reports Project performance monitoring report (PMR) Inspection Visits Mid-term and final evaluations. PCR Report. Technical reports from the Local Implementation Committees (LICs) 	<ul style="list-style-type: none"> There is availability of qualified experts for developing and conducting the technical assistance and BMP training. MFT's are interested in Haiti South-East development. Public and private sector have interest in the project.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
COMPONENTS			
Component II: Implementation of MEP Organizations’ Strategic Plans			
Subcomponent II-B: Improve production processes, product quality and value-chain integration	<p><u>At the end of the project:</u></p> <ul style="list-style-type: none"> ▪ At least 3 MEP organizations are able to generate and accumulate profits. ▪ 3 MEP organizations have implemented formal production planning and control mechanisms ▪ 3 new products have been developed per selected value chain. ▪ 500 MEP and 10 local experts trained in production processes and quality control tools, in good agricultural practices and environmental management. • 60% of the beneficiary’s members of the participating organizations have access to credit. • By Yr. 1, loan guarantee mechanism has been approved and is operational, and is facilitating access to loans to MEPs and their organizations 	<ul style="list-style-type: none"> ▪ MEP association financial statements ▪ Semiannual progress reports ▪ PPMR ▪ Inspection Visits ▪ Mid-term and final evaluations. ▪ PCR Report. 	<ul style="list-style-type: none"> • MEPs and their organizations are interested in adopting the training and working together maintaining a high level of participation. • There is availability of qualified experts for developing and conducting the technical assistance.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
COMPONENTS			
Component III: Improved linkages with national and international markets.			
<ul style="list-style-type: none"> Develop a sustainable commercial system to promote linkages between MEP groups and the national and international markets. 	<p><u>At the end of the project:</u></p> <ul style="list-style-type: none"> FEDTU has on-going business relationships with at least 5 clients in international markets, who purchase local goods regularly. FEDTU’s commercial operations cover at least 50% of its operating costs. Selection and/or validation of products based on market analysis realized during the first semester. 12 new product collections by raw materials developed. At least 3 international and 3 national new markets have been identified for MEP products. <p><u>At the end of the first year:</u></p> <ul style="list-style-type: none"> FEDTU has been formally created, and has established on-going business relationships with at least 5 clients in international markets who purchase local goods. FEDTU has developed and is implementing marketing plans for each value-chain selected under the project At least 3 products defined by month 6 of the Project. 	<ul style="list-style-type: none"> Contracts with international clients. Market study reports for selected products. FEDTU by-laws and financial statements Semiannual progress reports PPMR Inspection Visits Mid-term and final evaluations. PCR Report. 	<ul style="list-style-type: none"> Good collaboration between FED and MEP organizations. Transparency for the choice of hiring consultants for the studies. Good selection in CU personnel.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
COMPONENTS			
Component IV: Coordination, stakeholder sensitization, and dissemination of results			
<ul style="list-style-type: none"> 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. 	<p><u>At the end of the project:</u></p> <ul style="list-style-type: none"> The communication strategy to promote the project and the OVOP concept among MEP designed and implemented. MEP leaders and field coordinators trained in Local Economic Development (LED) adopted. The information system to monitor project and MEP performance implemented at FED. The project results and experiences disseminated. At least 80% of small-scale producers will report a high degree of motivation and satisfaction with the program. 	<ul style="list-style-type: none"> Assistance sign sheet of each Workshop held. Semiannual progress reports PPMR Inspection Visits Mid-term and final evaluations. PCR Report. 	<ul style="list-style-type: none"> There is interest from the objective public in adopting the LED training.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
ACTIVITIES			
Component I. Preparation of MEP Organizations Strategic Plans			
	MIF: US\$125,000 <u>Counterpart: US\$ 12,000</u> Total: US\$137,500		
1.1 Diagnostic of value chains in targeted areas to determine production and market potential ²	By the end of first semester 1.1 1. Diagnostic prepared, discussed and disseminated 1.1.2. Products/value chains have been identified for implementation by participating MEP organizations. (Final criteria to select products/value chains have been agreed on among stakeholders).	<ul style="list-style-type: none"> ▪ Agreements of partnerships signed. ▪ Assistance sign sheet of each Workshop held. ▪ Semiannual progress reports ▪ PPMR ▪ Inspection Visits ▪ Mid-term and final evaluations. ▪ PCR Report. 	<ul style="list-style-type: none"> ▪ There is availability of qualified experts for developing and conducting the technical assistance and BMP training. ▪ MFT's are interested in Haiti South-East development. ▪ Public and private sector have interest in the project.
1.2 Assessment on effects of public policy environment (business climate) on competitiveness and policy recommendations.	1.2 Assessment completed and recommendations issued. Policy recommendations approved.		
1.3 Preparation of the strategic plans for the development of the value-chains.	By the end of second semester 1.3 Strategic plans agreed and approved by at least 3 MEP organizations and other key value-chain stakeholders.		
1.4 Promote alliances with public and private organizations to support strategic plans.	1.4 At least 10 project and key community leaders trained on productive integration under LED.		

² Note: Methodology of diagnostic preparation should include a participatory consultation. Diagnostic would include: -MEP association (organizational, technical, productive, operational and financial capacities), -products

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“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
ACTIVITIES			
Component 2: Implementation of Strategic Plans			
	MIF: US\$210,500 Counterpart: US\$155,700 Total: US\$366,200		
1. Subcomponent II-A: Development of MEP organizational and managerial capacities.			
2.1 Training ³ and technical assistance to the MEP organizations and their members on good management practice (governance, business organization, administrative tools, production organization and planning, and natural disaster management).	2.1.1 By Year 2, all participating MEP organizations have proper statutes and legal registration documents. 2.1.2 By Year 2, properly functioning organization bodies (GA, boards, vigilance committees, etc.), meet regularly. 2.1.3 By Year 2, participating MEP operate set business and administrative tools (accounting, basic business plan) 2.1.4 At least 60 leaders from MEP organizations trained in BMP including: business planning, basic accounting, marketing, cost structure, pricing and scope of their products. 2.1.5 By Yr. 3, all participating organizations have a business plan, an operational accounting information system and generate monthly financial reports.	<ul style="list-style-type: none"> ▪ MEPs training list participation. ▪ Technical assistance programs and MEPs participation list. ▪ MEPs and MEPs surveys. ▪ PPMR ▪ Mid-term and final Project evaluations. ▪ PCR Report. 	<ul style="list-style-type: none"> • MEPs capacity to implement the trainings. • Stakeholders are interested in developing their value-added chain and working together.
2.2 Training of MEP in basic finances and credit management.	2.2 500 MEP trained in basic finances and credit management.		
2.3 Training to individual members on personal empowerment, MEP management needs and citizen responsibility.	2.3 At least 60 leaders from MEP organizations trained by the end of the third year in self-esteem, leadership, women roles and gender equity. <ul style="list-style-type: none"> • By EOP, at least 80% of the MEP beneficiaries trained. 		
LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
ACTIVITIES			
Component 2: Implementation of MEP Organizations Strategic Plans			
2. Subcomponent II-B: Improve the production process of MEPs and to ensure the development quality products.			

³ On leadership, governance, business organization, financial management and administrative tools - Best Management Practices (BMP). Establish processes and systems, manuals, etc.

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

2.4 Design and development of new products.	2.4 New product collections by raw materials used developed by (cumulated): Year 2 – Three; Year 3 – Eight; Year 4 – Twelve.	<ul style="list-style-type: none"> ▪ MEPs training list participation. ▪ Technical assistance programs and MEPs participation list. ▪ MEPs surveys. ▪ Revolving funds audit. ▪ PPMR. ▪ Mid-term and final Project evaluations. ▪ PCR Report. 	<ul style="list-style-type: none"> • MEPs capacity to implement the trainings and managing the Revolving Funds.
2.5 Provide training to MEP and local experts in production practices and quality control tools for products and processes.	2.5.1 At least 500 MEPs trained in PP and quality control tools ⁴ , by EOP 2.5.2. 10 local experts trained in PP and quality control, by Yr. 1 2.5.3. 60 MEPs and group leaders trained in production planning and organization, by Yr. 1 2.5.4. At least 500 beneficiaries trained in good agricultural/production practices by the end of the third year. 2.5.5. One manual produced and disseminated among participating MEP for each of the products selected by the project.		
2.6 TA on value-chain integration and coordination.	2.6. TA and training to businessmen and MEPs on value chain integration completed.		
2.7 Training and technical assistance in environmental management, clean production and safety.	2.7. At least 500 beneficiaries trained in environmental management by the end of the third year. By EOP, all value-chains have environmental assessment and mitigation plans.		
2.8 Design and implementation of a guarantee mechanism for partial credit risk-coverage for loans from financial institutions to MEP organizations.	2.8. 1. Guarantee mechanism designed, approved by FED in Yr.1. At least one financial institution has signed participation agreement in Yr. 1. At least 3 loans to MEP organizations made by Yr.2 2.8.2. By EOP, at least 100 MEPs have access to a working capital at the end of the project.		

⁴ Including facilitating access to appropriate raw materials and environmentally-friendly production techniques.

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“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
ACTIVITIES			
3 - Improved linkages with national and international markets			
	MIF: US\$216,700 <u>Counterpart: US\$ 36,700</u> Total: US\$253,400		
3.1. Creation of Trade Unit in FED (FEDTU).	3.1 a) Feasibility study and Business Plan of FEDTU completed in Yr.1. b) 2 professionals trained, and FEDTU has been formally established by the end of Yr.1. c) By EOP, FEDTU has established on-going business relationships with at least 5 clients in international markets who purchase local goods, and is able to cover 50% of its operating costs d) By EOP, each participating MEP association has signed at least 3 contracts with SME's or Exporter.	<ul style="list-style-type: none"> ▪ Semi-annual progress reports ▪ PPMR. ▪ Mid-term and final Project evaluations. ▪ Inspection visits ▪ FED/FEDTU financial statements. ▪ FED/FEDTU Web site ▪ PCR Report. 	<ul style="list-style-type: none"> ▪ FED capacity to be broker in the international markets. ▪ Designed products been copied by larger competitors with larger production capacity.
3.2 Market studies and training to identify demand niches and business opportunities.	3.2 At least 3 international and 3 national market studies developed and at least 10 professionals trained on product/market methodology by the end of the first year.		
3.3. Marketing plan (national or exports) by targeted value added chain (filière).	3.3 At least 3 marketing plans developed by the end of Yr. 1 and implemented by end of Yr. 4.		
3.4. Development of promotional tools.	3.4 Web Site for FED implemented by Yr.1. Promotional documentation developed by the end of Yr 2.		
3.5. Product promotion through international and domestic fairs.	3.5 Participation to at least 2 international and 12 domestic fairs by the end of the forth year.		
3.6. Implementation of monitoring and control system to ensure adherence by producers and value-chain links	3.6 Monitoring system implemented by Yr2.		

LOGICAL FRAMEWORK – HA-M1010

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS”

LOGIC OF INTERVENTION	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
ACTIVITIES			
4 - Coordination, stakeholder sensitization, and dissemination of results			
	MIF: US\$42,400 Counterpart: US\$51,600 Total US\$94,000		
4.1 Design and implementation of communication strategy to promote the project and the OVOP concept among MEP.	4.1 One start-up seminar. Communication strategy developed by the end of the first year and implemented by the EOP.	<ul style="list-style-type: none"> ▪ Semi-annual progress reports ▪ PPMR. ▪ Mid-term and final Project evaluations. 	<ul style="list-style-type: none"> ▪ Governments officers are interested in promote the OVOP model.
4.2 Training in OVOP for government officers, technical schools and MEP organizations.	4.2 15 government officers, 3 technical schools and at least 10 MEP organizations trained by the end of the second year.	<ul style="list-style-type: none"> ▪ Inspection visits. ▪ PCR Report. 	<ul style="list-style-type: none"> ▪ Availability of the information and evaluation reports to be disseminated.
4.3 Implementation of an information system to monitor the project and MEP performance.	4.3 Information system implemented by the end of the first year - MIF's model for project monitoring.		
4.4 Elaboration and dissemination of project results and experiences.	4.4 Two national workshops (year 3 and year 4); participation of PCU to MIF/IDB cluster international events; and one closing workshop.		

ANNEX II

“PROMOTION OF ECONOMIC OPPORTUNITIES IN RURAL AREAS” BUDGET IN US\$

#	SUMMARY	MIF	LOCAL	TOTAL
1	Preparation of MEP Associations Strategic Plans	125,500	12,000	137,500
1.1	Diagnostic of production, market and socioeconomic potential.	35,250	6,000	41,250
1.2	Assessment on effects of public policy environment (business climate) on competitiveness and policy recommendations	10,250	0	10,250
1.3	Preparation of strategic plans by value-chain	79,500	3,000	82,500
1.4	Promotion of alliances with public and private organizations	500	3,000	3,500
2	Implementation of MEP Associations' Strategic Plans	210,500	155,700	366,200
2.1	Provide training in good management practices for MEPs	11,200	40,300	51,500
2.2	Training to MEP in personal finances and credit management	5,000	2,200	7,200
2.3	Seminars on personal empowerment, MEP management needs and citizen responsibility	9,000	0	9,000
2.4	Design and development of new products	69,900	36,200	106,100
2.5	Provide training to MEP and local experts in production practices and quality control tools for products and processes	48,400	24,000	72,400
2.6	TA on value-chain integration and coordination	45,000	0	45,000
2.7	Training and technical assistance in environmental management, clean production and safety	10,000	9,000	19,000
2.8	Financial and legal counsel to structure guarantee mechanism	12,000	4,000	16,000
2.9	Loan guarantee mechanism for MEP's Working Capital	0	40,000	40,000
3	Improve Linkages with National and International Markets	216,700	36,700	253,400
3.1	Market studies and training to identify demand niches and business opportunities	85,000	0	85,000
3.2	Marketing plan (national or exports) by value added chain (filier).	16,500	0	16,500
3.3	Creation of a commercialization Unit with in FED.	61,200	6,000	67,200
3.4	Development of promotional tools.	42,000	16,900	58,900
3.5	Product promotion through international and domestic fairs.	12,000	13,800	25,800
4	Coordination, Stakeholder Sensitization and Dissemination of Results	42,400	51,600	94,000
4.1	Communication strategy to promote the project and the OVOP concept among MEP	5,750	30,000	35,750
4.2	Training in OVOP for government officers, technical schools and MEP associations.	7,450	0	7,450
4.3	Implementation of an information system to monitor the project and MEP performance	15,000	0	15,000
4.4	Elaboration and dissemination of project results and experiences	14,200	0	14,200
4.5	Local Coordination	0	21,600	21,600
	Coordination & Logistics	106,500	93,500	200,000
	Management	105,000	73,500	178,500
	Logistics	1,500	20,000	21,500
	SUBTOTAL	701,600	349,500	1,051,100
	Base line	6,000	0	6,000
	Midterm and final evaluations	18,500	0	18,500
	Audits	10,000	0	10,000
	Contingencies	25,075	5,500	30,575
	TOTAL	761,175	355,000	1,116,175
	Impact Evaluation Account (0,5%)	3,825	0	3,825
	FINAL TOTAL	765,000	355,000	1,120,000
	Percentages	68%	32%	100%