

DONORS MEMORANDUM
MULTILATERAL INVESTMENT FUND
MIF-IFAD PARTNERSHIP FACILITY FOR RURAL PRIVATE SECTOR DEVELOPMENT.

I. BASIC INFORMATION

Country: Haiti

Name and Project number: Enhancement of the remittances services to and within rural Haiti (HA-M1007)

Team: María Victoria Sáenz (MIF/OPS), María Elena Nawar (MIF/DEU), Gregory Watson (MIF/OPS), Yadira Dennis (MIF/OPS), Javier Jiménez (LEG/OPS) and Manuel Orozco, consultant

Date of the proposal: January, 2005

Beneficiaries: The beneficiaries of this project will be: (i) over 800 rural Haitians who will receive money transfers from abroad in the branches that will be newly opened and/or networked; (ii) around 20 Haitian American Hometown Associations (HTAs) and support groups.

Executing agency: Fondasyon Kole Zepòl-Fonkoze Haiti

| | | | |
|----------------|------------------|------|----------------|
| Financing plan | MIF (Window III) | US\$ | 260,000 |
| | IFAD | US\$ | 80,520 |
| | Counterpart | US\$ | <u>122,500</u> |
| | Total | | 463,020 |

II. PROJECT ELEGIBILITY

- 2.1 This project is under consideration for financing by the MIF's Small Development Facility under the Line of Activity "Financial Mechanism of Association FOMIN - IFAD for the development of the rural private sector"¹. The project aims to promote rural economic and financial development through the participation of low-income remittance recipient communities.
- 2.2 The goals of this project are consistent with those of the Facility under paragraphs 2.8 through 2.10 of Component II "Individual Projects" in MIF/GN-91 because the project proposes activities directly related both to the deepening of the financial sector and to the implementation of rural productive activities. However, to meet the eligibility requirements under paragraph 2.7, the local bank supervisory authorities must regulate Fonkoze.
- 2.3 The executive committee of the MIF/IFAD project requests eligibility for this project even though Fonkoze is not regulated by bank authorities because

¹ See MIF/GN-91

Fonkoze has applied for a bank license, but changes in the Haitian government and delays in the passage of a national microfinance regulatory regime have delayed the issuance of a license. In the absence of a Haitian microfinance regulation regime, Fonkoze has worked with key individuals in the Central Bank to come up with a “next-best” solution. The Board of Directors of Fonkoze has committed to ensuring that all prudential standards of the Central Bank are followed, with the exception that Fonkoze does not keep its reserves in gourdes in Haiti.

- 2.4 Although Fonkoze is not regulated in a traditional sense, the MIF feels that it is the only appropriate agency to implement this project. The financial sector in Haiti is underdeveloped, and only 400,000 to 500,000 Haitians are served by the formal banking system.² This is mainly due to the fact that the financial sector serves mainly urban areas and has limited rural coverage.³ Because this line of activity is designed to benefit rural populations, it is necessary to partner with an executing agency that has long-standing and well-documented ties to the rural community. Fonkoze, as outlined in section VI, has both.

III. BACKGROUND AND PROBLEM DEFINITION

- 3.1 Haiti is the poorest country in the Western Hemisphere, with an annual per capita income of \$361 and 65% of the population in poverty and a severely declining economy. Much of the country’s survival depends on remittances from abroad. While reliable remittance data is relatively difficult to find, recent data shows that in 2004, remittances to Haiti exceeded \$900 million and totaled 24% of GDP.
- 3.2 Remittances thus provide a safety net to the poorest groups, act as a communications network between senders and receivers, are key for the development of local communities, and aid the macroeconomic development of the country by adding to savings rates, consumption, and investment. However, large, private companies such as Western Union, UniTransfer, CAM, Boby Express and SogExpress dominate the U.S remittance market targeting the Haitian Diaspora and the remittance market in Haiti. These providers charge expensive fees and their services are concentrated in urban areas.
- 3.3 Moreover, the Haitian organized Diaspora represented by more than one hundred Hometown Associations (HTAs) in the United States and Canada working on small social projects in Haiti, face problems coping with the development needs of their communities. These HTAs and support groups, frequently lack the capacity to effectively put their funds to use and maximize the productive impact in their local communities in Haiti.
- 3.4 Through this project, Fonkoze will implement a strategy to a) tackle market inefficiencies in remittance transfers in rural areas, and b) build the capacity of HTAs. Fonkoze will aim at becoming a substantive payer in rural Haiti to allow money transfers and financial services in those areas. In addition, Fonkoze USA

² These figures are drawn from the UNDP Human Development Report, 2003, which is the last year for which data is available.

³ UNCAF Microfinance Programme Impact Assessment, 2003.

will help the HTA's find the optimum channels and choices for funding development projects in the country.

- 3.5 **Similar and related operations.** Since 2001 the MIF has been involved with project operations dealing with remittances. The MIF Remittances cluster has 23 projects listed. In addition during 2005 the Donors Committee approved 6 projects within the MIF/IFAD Line of Activity in the amount of \$1.3 million,⁴ and two more will be submitted to the Committee shortly in 2006. The latter are more similar operations to the present project because they all seek to link remittances to productive projects and to the financial sector in order to contribute to eliminate the cash-to-cash flow and fuel the bank-to-bank flows that will allow productive investment and growth.
- 3.6 **Additionality.** Fonkoze's microfinance work expanding into remittances in rural areas will enhance efficient payment and delivery in these areas. Through this project, Fonkoze will expand its technological capability and its distribution network through the alliances achieved with money transfer companies. It will become an effective payer with widespread presence in rural areas of Haiti.
- 3.7 Given the significant lack of development tools among HTAs, Fonkoze USA will initiate a program for outreach and training to Haitian HTAs in the United States, on community donations and their involvement with Haiti to make their role in aiding development more effective. Thus, it will help HTAs overcome one of their major weaknesses -difficulties identifying a community's basic needs and practical ways to work on them.

IV. THE PROJECT'S BASIC COMPONENTS AND ACTIVITIES

A. Objectives

- 4.1 The general objective of this project is to contribute to the deepening of Haiti's financial system by broadening its scope and access to rural areas through a link between remittance transfers and financial intermediation. The specific objective is to improve the effectiveness of Haitian American HTAs and support groups as agents of development for local communities in Haiti. The mechanisms to achieve these objectives will include expanding the technical capacity of Fonkoze's branch network to deliver money transfers into rural areas as well as improving money transfer information flows between them and providing training in development to HTAs in the USA.
- 4.2 The **expected outcomes** of the project after 18 months will be to (i) expand Fonkoze's payment capacity by partnering with at least three money transfer companies; (ii) expand its distribution capacity by opening eight new branches in rural areas; (iii) increase remittance transfers from 300 to 900 per month; (iv) reduce Fonkoze's transaction cost of remittance transfers by 20%; (v) provide

⁴ ATN/ME-9471-ME Universidad Autónoma de México; ATN/ME-9473-BO PRODEM; ATN/ME9474-ES Apoyo Integral SA de CV; ATN/ME-9474-PR El Comercio Financiera SAECA; ATN/ME-9492-DR ADOPEM and ATN/ME-9532-GU Cooperativa Salcajá de RL.

capacity building on basic needs in rural Haiti to 15 to 20 HTAs in Boston, New York, and Miami; (vi) prepare and distribute basic needs diagnosis of 3 rural communities in Haiti that are connected to HTAs in each of the mentioned US areas; and (vii) produce and distribute a directory of Haitian HTAs in the U.S.

B. Components.

4.3 Knowledge Development - Hometown Association training (MIF \$46,500; IFAD \$43,000; Counterpart \$7,500). The objectives of this component are to improve knowledge of the needs in rural communities in Haiti by training HTAs on how to identify these needs, understand local development challenges in the communities in which they operate, and learn to effectively design their projects. To that effect, Fonkoze will carry out the following tasks in three geographic areas of the United States – Boston, New York and Miami:

- a. Develop a database. Implement a database of Haitian HTAs. The database will function as an information clearinghouse containing data about the organizations, their work in Haiti and the range of projects they carry out. The database will later be shared and updated by Fonkoze USA with the HTA's.
- b. Needs assessment of 3 rural communities in Haiti. A community basic needs assessment will be prepared in at least 3 rural communities in Haiti that have links to a HTA in one of the three geographic areas mentioned above.
- c. Develop training materials and organize workshops. Around 7 associations from each of the mentioned areas will have a one-day workshop to receive training on how to contribute effectively to the development of their communities in Haiti.
- d. Results Report. Fonkoze will document and disseminate the results of the project as part of an evaluation of HTA performance and response to the training.

4.4 Rural Financial Services (MIF US\$189,500; IFAD US\$37,520 and Counterpart US\$100,000). The object of this activity is to expand and improve its money transfer service. The tasks to be undertaken will allow Fonkoze to be more effective in transferring remittances. Although Fonkoze is strategically located and well known among rural Haitians, it lacks sufficient technical reach that would allow its coverage to be more effective. Therefore Fonkoze proposes the following activities:

- a. Enable telecommunications capacity for 8 new branches in rural Haiti. These branches will be based in villages with no other banks or formal financial service providers, including money transfer companies. They will facilitate access to low-cost remittance services to rural Haitians and lead to an increase of overall transfers.
- b. Partner with 3 existing providers. While expanding its physical presence in rural Haiti, Fonkoze will negotiate partnership agreements with three other licensed money transfer providers in Haiti. These include MoneyGram, Microfinance International Corporation (MFIC), and will seek to negotiate

with a Dominican bank to become a payer for remittance transfers from the Dominican Republic. Through this partnership, these providers will gain access to Fonkoze's extensive branch infrastructure, and Fonkoze will be able to collect fees (for its distribution service), increase its number of transfers, and gain access to new clients. These partnerships will prove to be an example of successful private/non-profit partnerships.

- c. Network branch offices and technology improvement. In order to ensure effective delivery of transfers, Fonkoze will install basic information technology and Management Information Systems (MIS) infrastructure in 8 of its branches (generators, computers, satellite phone technology, and Internet) to allow them to communicate with the head office in Port-au-Prince. This communication effort will facilitate the transmission of essential information such as exchange rate reports, data transfers posted to clients' accounts, and branch cash needs due to loan disbursements. By networking the branch offices, transaction time will be dramatically reduced and clients will be more satisfied with the service.
- d. Staff training and recruitment. Finally, Fonkoze will train its staff about the new technology and remittance transfer procedures. Training will be essential to guarantee that branch staff is aware and prepared to handle information and process payments and disbursements from remittances.
- e. Promotional campaign. A marketing campaign will be implemented to target Haitian Americans in the U.S to educate them about Fonkoze's money transfer service and provide them with tools to improve their financial literacy.

V. COSTS AND FINANCING PLAN

- 5.1 The project's total cost is US\$463,020. The estimated project budget is as follows:

| Item | MIF | IFAD | FONKOZE | TOTAL |
|---|----------------|---------------|----------------|----------------|
| Knowledge Development | | | | |
| <i>Hometown association clearinghouse and directory</i> | | | | |
| • Consultants (2) to identify HTAs and collect information [3 months of work] | | 12,000 | | 12,000 |
| • Production of directory and database [1 month of work] | | 3,000 | | 3,000 |
| <i>Diagnosis of community basic needs</i> | | | | |
| • Consultants (2) to identify and analyze basic needs in three Haitian communities [3 months of work] | 21,000 | | | 21,000 |
| • Production of basic needs documents [1 month of work] | 5,000 | | | 5,000 |
| <i>Training on development project identification, design and implementation</i> | | | | |
| • Trainer on capacity-building for HTAs [1 month of work] | | 6,000 | | 6,000 |
| • Trainer on development projects in rural Haiti [one month of work] | | 6,000 | | 6,000 |
| • Printing of training materials | | 1,000 | | 1,000 |
| • Short term consultant to design materials [one month of work] | | 5,000 | | 5,000 |
| • Workshop logistics (organizational set up for 3 workshops) | 15,000 | | | 15,000 |
| • Other costs (travel costs for consultants and other staff) | | 10,000 | | 10,000 |
| <i>Report preparation and production (lessons learned)</i> | 5,500 | | 7,500 | 13,000 |
| Total Component | 46,500 | 43,000 | 7,500 | 97,000 |
| Rural Financial Services | | | | |
| Open 8 new branches | | | | |
| • Rent | | | 16,000 | 16,000 |
| • Staffing | | | 40,000 | 40,000 |
| • Operating costs | | | 44,000 | 44,000 |
| Information technology | | | | |
| • Computers, generators, modems, inverters, batteries, satellite phone, cabling, printer | 100,000 | | | 100,000 |
| • Satellite and phone fees | | 11,520 | | 11,520 |
| • Installation expenses | | 26,000 | | 26,000 |
| Training and recruitment | | | | |
| • Of branch staff | 26,000 | | | 26,000 |
| • Recruitment of Fonkoze money transfer representatives | 3,500 | | | 3,500 |
| • Training of the money transfer representatives | 15,000 | | | 15,000 |
| Promotional campaign targeting Haitian Americans | | | | |
| • Outreach and education in the US about remittance transfers | 20,000 | | | 20,000 |
| • Financial literacy (US and Haiti) about banking and remittances | 25,000 | | | 25,000 |
| Total Component | 189,500 | 37,520 | 100,000 | 327,020 |
| Project coordinator | 15,000 | | 15,000 | 30,000 |
| Evaluations (US\$4,000) and Audit (US\$5,000) | 9,000 | | | 9,000 |
| TOTAL | 260,000 | 80,520 | 122,500 | 463,020 |

5.2 Half of the counterpart can be contributed in kind. The counterpart resources will come from self-generated revenue and from corporate sponsorship. The Program will administer the amount of US\$4,000 for evaluation in order to carry out the activities related to project evaluation, as stipulated in paragraph 5.2 of the Document MIF/GN-91. This amount will be deducted from the total amount of the Contribution on the effective date of the letter of the Technical Cooperation Agreement, without the executing agency having to request it.

VI. EXECUTION MECHANISM

- 6.1 **Executing Agency.** Established in 1994, Fonkoze currently has over 80,000 depositors, almost 26,000 active borrowers (96% of whom are women), and 26 branch offices spread throughout every department of Haiti. Fonkoze offers a full range of financial services and a pioneering educational program that combines basic literacy training with practical education in subjects such as: business skills, sexual and reproductive health, and use of financial services. The services offered by Fonkoze include: (i) solidarity group and individual loans that are used to start or expand a small business; (ii) savings products geared towards meeting the needs of the poor; (iii) currency exchange services that allow Haitians to change US dollars into Haitian gourdes at a preferential rate; (iv) money transfer services that allow Haitians living overseas the opportunity to transfer funds to Haiti at a very low cost; and (v) literacy and business skills training. As of 30 September 30 2005, Fonkoze had over \$6 million in savings deposits, almost \$5 million in loans outstanding, and loans overdue more than 30 days were 5%.
- 6.2 Its partner, Fonkoze USA, was established in 1997 as a 501(c) 3 non-profit organization and is located in New York. Fonkoze USA has 4 main objectives: (i) raise donated funds to help Fonkoze reach its goals including expanding the literacy program, opening new branches, and testing new products; (ii) raise invested funds to help Fonkoze finance and expand its loan portfolio; (iii) increase public awareness about Fonkoze and Haiti in the U.S.; and, (iv) facilitate technical assistance to Fonkoze.
- 6.3 **Comparative Institutional Advantages.** Fonkoze has many advantages: (i) increased knowledge and expertise of the remittance market –its remittance service has substantially grown since 1999; (ii) international recognition with the 2003 CGAP/IFAD Pro-Poor Innovation Award; (iii) an extensive rural branch network – 26 branches with plans to open 8 more in 2005; (iv) innovative partnership with a U.S. based African-American owned bank managed by a member of the Haitian Diaspora that results in lower costs for users; (v) focus on the clients' needs for financial literacy and not just on the institution's needs for profits; (vi) already in negotiations to partner with VIGO and UNO, estimating to double and maybe triple its transfers; and (vii) experience working with the Haitian Diaspora in New York.
- 6.4 Fonkoze will execute the project and will work closely with Fonkoze USA in the implementation of this project. Fonkoze USA will be hired to contract for the technical assistance needed to train and build the capacity of HTAs and it will be responsible for hiring the consultants to implement the project in the USA. Fonkoze Haiti and Fonkoze USA must sign an agreement that will entail no cost for Fonkoze Haiti, the executing agency. This way, Fonkoze USA can develop and execute some activities but at no cost. Independent consultants hired according to IDB procurement rules and policies will do activities such as the assessment of the needs of the poor communities.

- 6.5 **Execution Mechanism.** To fulfill with the objective, the executing agency will hire a Project Coordinator, who will have the following responsibilities: (i) prepare and execute annual work plans (AWP); (ii) coordinate and manage (plan, organize, execute, supervise, and review) project activities; (iii) conduct contracting processes in accordance with Bank rules and supervise procurement of goods and services; (iv) supervise the timely and effective execution of project components; (v) process disbursement requests to the MIF/IFAD program coordinator; (vi) prepare and submit account statements and management reports to the MIF/IFAD program; (vii) monitor the performance indicators established in the Logical Framework; (viii) conduct selection and procurement procedures for goods and services, consultants or firms; (ix) supervise and review the work of the consultants; (x) monitor budget management and execution using established procedures; (xi) prepare account statements for resources used; (xii) prepare administrative and technical reports for the Bank; (xiii) ensure that all the project management and execution mechanisms are in place; (xiv) deliver semiannual progress reports on the project; and (xv) disseminate project outcomes.
- 6.6 **Procurement of goods and services.** Fonkoze will procure goods and consulting services in accordance with documents GN-2349-6 and GN-2350-6 respectively. Updates to the procurement plans are to be submitted with each semiannual progress report.
- 6.7 **Accounting and audits.** Project accounting and audits will be done in accordance with the MIF/IFAD program Operating Regulations, with which the executing agency states it is familiar. The applicable paragraphs of the Operating Regulations are 4.27 and 4.28.
- 6.8 **Execution period and disbursements.** The estimated execution period for the project is 24 months, with disbursement over 30 months. Disbursement shall be made under the following schedule: 25% - upon signing the agreement and the fulfillment of the Bank's General Conditions; the conditions precedent shall be met before the time of the first replenishment of the revolving fund.
- 6.9 **Responsibilities.** The MIF office at Headquarters will have technical responsibility for the operation. COF/CHA will have basic responsibility for the operation.

VII. MONITORING AND EVALUATION

- 7.1 **Performance monitoring reports.** Fonkoze will prepare and submit progress reports to the MIF/IFAD Program within 30 days after the close of each six-month period, and a final report within 3 months after the last disbursement. Semiannual reports that coincide with the close of the fiscal year will include the annual work plan (AWP) for the following year. Information on monitoring reports, formats, and type of information required, and frequency are all addressed in the program Operating Regulations, specifically paragraph 4.22.
- 7.2 **Evaluation.** The program will commission an overall evaluation of all program projects using the funds specified in paragraph 5.2. The MIF/IFAD program

provides for the hiring of a Coordinator, one of whose responsibilities will be ongoing monitoring of the activities and execution of individual projects. This coordinator will work both with the Regional Technical Cooperation Division (INT/RTC) and the MIF Operations Unit (MIF/OPS). Individual project evaluation activities are addressed in the program Operating Regulations, specifically paragraph 4.22.

VIII. PROJECT RATIONALE AND RISKS

- 8.1 The current conditions in Haiti remain uncertain due to political instability and insecurity. The usual risks associated in the course of implementation of the project are macroeconomic downturn, political instability and private security. However, the project is expected to succeed in achieving its development goals under the following crucial assumptions: (i) political and macroeconomic conditions of the country remain reasonably stable and conducive to support implementation of development projects; (ii) security conditions improve enough such that Fonkoze can open new branches and staff to travel to install the IT system and train staff; (iii) remittance senders continue to send remittances to their families; (iv) the interest in the financial intermediation of remittances continues; and (v) the clients in general remain satisfied with the money transfer services of Fonkoze.
- 8.2 **Rationale.** Fonkoze will fill two critical vacuums. First, breach the gap of inefficient money transfers in rural Haiti and second, provides development training to the Haitian Diaspora.
- 8.3 **Beneficiaries.** The beneficiaries of this project will be: (i) over 800 rural Haitians who will receive money transfers from abroad in the branches that will be newly opened and/or networked; (ii) around 20 Haitian American HTAs and support groups.

IX. ENVIRONMENTAL AND SOCIAL STRATEGY

- 9.1 The Committee on Environment and Social Impact (CESI) reviewed the project on 4 November 2005 and determined that the project team's strategy to address environmental issues was appropriate.
- 9.2 The project itself has no adverse environmental impacts. However, Fonkoze will be required to amend its Credit Regulations to reflect the MIF negative list of activities ineligible for financing,⁵ to grant women preferential access to credit, and to ensure that credit beneficiary enterprises meet industrial safety and labor standards.

⁵ To be found on the MIF webpage (www.iadb.org/MIF) "MIF/IDB Environmental and Social Guidelines for MIF Financial Intermediary Operations".

X. SPECIAL CONTRACTUAL CONDITIONS

- 10.1 As conditions precedent to the first replenishment of the revolving fund, the following must be submitted to the Bank's satisfaction: (i) the terms of reference for: (a) the Coordinator; and (b) consultants to conduct the needs assessment study of 3 rural communities in Haiti and of the basic characteristics of the Haitian HTAs in the United States; (ii) demonstrate to the satisfaction of the MIF/IFAD program's satisfaction that its policies and procedures are consistent abide with the environment policies of the Iadb and the requirements of environmental norms of the countries involved; (iii) the first annual work plan, which will include a project executing timetable with dates for partial fulfillment of the agreed targets and an update of the initial procurement plan; and (iv) a memorandum of understanding between Fonkoze Haiti and Fonkoze USA that will entail no cost for Fonkoze Haiti, setting forth each party's rights and responsibilities, the contributions to be made by each, the contracting to be done by each, and their respective implementation responsibilities.

LOGICAL FRAMEWORK FONKOZÉ

| Objectives | Verifiable Indicators | Means of Verification | Assumptions |
|--|---|---|--|
| Goal To help deepen the financial sector in Haiti, by extending its reach and coverage to rural low-income segments through a systematic and efficient link between remittance transfers and financial intermediation. | 2 or 3 years after the end of the project: An increase in the use of banking services among emigrant families. | Reports from the Central Bank of Haiti and Ministry of Finance | Emigrant remittance senders continue to be able to send remittances to their families. |
| Purpose To make Haitian American Hometown Associations (HTAs) in the U.S. more effective in supporting immigrant groups and serving as agents of local change and development for rural communities in Haiti. | At the end of the project: Around 800 families with relatives in the United States receive monthly transfers through new branches and Fonkozé networked offices. Fonkozé handles around 10,000 transfers per year, for an average of 800 transfers per month. Ten percent of new clients receiving remittances become savers. The transaction cost of remittance transfers is reduced by 20%. Around 20 Haitian American HTAs have the ability to support emigrant communities and the know-how to help them steer their families towards productive activities. | Final evaluation of the MIF/IFAD program Project completion report (PCR) Fonkozé final report Evaluation report from the program coordinator | Interest in the financial intermediation of remittances continues growing. |

| Objectives | Verifiable Indicators | Means of Verification | Assumptions |
|--|---|--|---|
| Components Knowledge Development | <p>At the end of the first year of execution, the study on Haitian community organizations in the U.S. is complete.</p> <p>At the end of the second year, the following is in place:</p> <ul style="list-style-type: none"> • The systematic evaluation of 3 rural communities in Haiti. • Training materials developed and 7 workshops held with 7 associations. | <p>Midterm evaluation</p> <p>Fonkoze semiannual reports</p> <p>Project performance monitoring report (PPMR)</p> <p>Fonkoze report on market composition</p> <p>Fonkoze financial reports</p> | <p>Demand for remittance transfers will continue to rise.</p> |
| Rural Financial Services | <p>At the end of the first year of execution there are:</p> <ul style="list-style-type: none"> • Agreements with 2 additional remittance service providers: MoneyGram and Microfinance International Corporation (MFIC). • An agreement with a Dominican bank, to become a payer of remittance transfers from the Dominican Republic. • The number of remittance transfers per month increases from 300 to 500; by 18 months, to an average of 600; and by project completion, to 900. | | |

| Objectives | Verifiable Indicators | Means of Verification | Assumptions |
|--|--|--|--|
| | <p>At the end of the second year of execution:</p> <ul style="list-style-type: none"> • Eight new branches in rural Haiti have adequate telecommunications capacity and are essentially networked to one another and to the head office. • There is a management information system in the head office and all branches. • All staff are trained in the new network technology and in remittance transfer and receipt. • A promotional campaign is developed and implemented to support productive use of remittances and to help improve financial literacy. | | |
| <p>Activities</p> <p>Hiring HTA research consultants in the U.S.</p> <p>Hiring consultants to research the characteristics of rural communities in Haiti.</p> <p>Developing training materials.</p> <p>Holding 7 training workshops for 7 communities.</p> <p>Opening 8 new rural branches.</p> <p>Developing and negotiating remittance transfers with two new remittance service providers.</p> | <p>Six months into the project, there is a database on Haitian communities in the U.S. for a total approximate cost of US\$15,000.</p> <p>Six months into the project, Fonkozé has a complete diagnosis of the conditions and needs of 3 rural Haitian communities. These consulting services will cost approximately US\$26,000.</p> <p>Before the end of the first year of execution, there are 3 new rural branches equipped with a network and satellite technology systems.</p> <p>At the end of the first year of execution, the necessary training materials are available in English and French.</p> | <p>Fonkozé semiannual reports</p> <p>PPMR</p> <p>Fonkozé financial reports</p> | <p>There is a specialized company to guarantee quality market studies.</p> <p>There are experts to identify and design financial products.</p> <p>The market strategy takes into account financial market preferences of receiving households.</p> |

| Objectives | Verifiable Indicators | Means of Verification | Assumptions |
|--|---|-----------------------|-------------|
| <p>Negotiating and reaching an agreement with a Dominican bank to become a payer of remittances from the Dominican Republic.</p> <p>Implementing a management information system.</p> <p>Instituting a computer network linking branches to one another and the head office. This will entail generators, computers, satellite phone technology, and the Internet.</p> <p>Training staff.</p> <p>Hiring technical consultants for promotional campaigns.</p> | <p>At the end of the first year of execution, 3 training workshops train 300 people.</p> <p>Twenty-four months into the project, 3 new rural branches are equipped with all network and satellite technology systems.</p> <p>By the end of the second year of execution, 4 additional training workshops train 400 people.</p> <p>Eighteen months into the project, a promotional campaign to share knowledge and disseminate the advantages of remittances is conducted.</p> | | |

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTIRATERAL INVESTMENT FUND

PROPOSED RESOLUTION MIF/DE-___/06

Haiti. Nonreimbursable Technical Cooperation ATN/ME-___-HA. Enhancement
of the Remittances Services to and within Rural Haiti

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with Fondasyon Kole Zepòl, and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT-___ with respect to a technical cooperation for the enhancement of the remittances services to and within rural Haiti.

2. That up to the amount of US\$260,000 or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the resources of the Line of Activity for MIF-IFAD Partnership Facility for Rural Private Sector Development of the Small Enterprise Development Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

(Adopted on ___ 2006)

LEG/OPR/RGII/IDBDOCS#766833
HA-M1007