

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

HAITI

**INSTITUTIONAL STRENGTHENING AND REFORM
OF THE AGRICULTURE SECTOR II**

(HA-L1082)

GRANT PROPOSAL

This document was prepared by the project team consisting of: Marion Le Pommellec (RND/CHA), Project Team Leader; Bruno Jacquet (RND/CHA); Michele Lemay, David Corderi, Lina Salazar, Lisa Restrepo (INE/RND); Ricardo Quiroga (RND/CAR); Natacha Marzolf (INE/ENE); Pierre Kenol Thys (ENE/CHA); Laurence Telson (ICS/CDR); Taos Aliouat (LEG/SGO); Marise E. Salnave (PDP/CHA).

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ELECTRONIC LINKS	
REQUIRED	
1.	Policy Letter http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37681283
2.	Verification Matrix http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37677279
3.	Results Matrix http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37677274
OPTIONAL	
1.	Ex-Ante Economic Analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37678205
2.	Assessment Report PBG I http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37075062
3.	Comparison Policy Matrix (HA-L1074 and HA-L1082) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37677354
4.	Monitoring and Impact Evaluation Plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37681779
5.	Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36746823
6.	ESR form http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37699852
7.	Ministry of Agriculture – General assessment reports http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36650325 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36650519
8.	Ministry of Agriculture – Assessment reports on human resources management http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36655690 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36655910
9.	Ministry of Agriculture – Assessment reports on the procurement function http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36653137 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36653138
10.	Ministry of Agriculture – Assessment report on the financial management function http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36650494
11.	Ministry of Agriculture – Agricultural Health Services assessment reports http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36650178 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36650238 http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36781648

12. CIAT – Assessment report

<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36440965>

<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36440955>

ABBREVIATIONS

AFD	<i>Agence Française de Développement</i> (French Development Agency)
CBA	Cost Benefit Analysis
CIAT	<i>Comité Interministériel d'Aménagement du Territoire</i> (InterMinisterial Land Use Committee)
CPI	Consumer Price Index
DGI	<i>Direction Général des Impôts</i> (Tax General Directorate)
EA	Executing Agency
ECF	Extended Credit Facility
EDH	<i>Electricité d'Haïti</i> (Electricity of Haiti)
ESMR	Environmental and Social Management Report
FAO	Food and Agriculture Organization
FY	Fiscal Year
GDP	Gross Domestic Product
GoH	Government of Haiti
HIPC	Heavily Indebted Poor Countries
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IICA	Inter-American Institute for Cooperation in Agriculture
IMA	Independent Macroeconomic Assessment
IMF	International Monetary Fund
IRR	Internal Rate of Return
MARNDR	Ministry of Agriculture, Natural Resources and Rural Development
MEF	Ministry of Economy and Finance
NPV	Net Present Value
ODVA	Organism for the Development of the Artibonite Valley
OIE	<i>Organisation Internationale des Epizooties</i> (International Animal Health Organization)
ONACA	<i>Office National du Cadastre</i> (Cadaster National Office)
OVE	Office of Evaluation and Oversight of the IDB
PBG	Policy Based Grant
PCR	Project Completion Report
UEP	<i>Unité d'Etudes et de Programmation</i> (Studies and Programming Unit)
USAID	US Agency for International Development
USDA	US Department of Agriculture
WB	World Bank
WUA	Water Users Association

PROJECT SUMMARY
HAITI
INSTITUTIONAL STRENGTHENING AND REFORM OF THE AGRICULTURAL SECTOR II
HA-L1082

Financial Terms and Conditions	
Beneficiary: Republic of Haiti	
Executing Agency: Ministry of Economy and Finance (MEF)	
Source (US\$)	Amount
IDB (Grant Facility)	US\$15,000,000
Local	0
Total	US\$15,000,000
Currency	US\$
Disbursement Period	12 months
Project at a Glance	
<p>Project Objective/Description: The overall objective is to increase the agricultural productivity and access to market, in order to improve agricultural incomes (¶2.1). The specific objective is to increase the farmers' access to improved services in the strategic sub-sectors of agricultural health (¶2.3), agricultural applied research and technology transfers (¶2.4), irrigation and flood control (¶2.5), and land administration (¶2.7).</p> <p>The proposed operation is the second of three programmatic policy based grants (PBGs), to support the Government of Haiti (GoH) to design and implement policy, legal and institutional reforms in the agricultural sector. Those reforms address the policy, legal and institutional constraints that negatively affect the effective and sustainable implementation, output delivery and impact of the IDB-financed investment operations currently under execution and expected for the following years in the agricultural sector (¶1.25).</p>	
<p>Special contractual clauses: The disbursement of the single tranche is subject to presentation by the GoH of evidence satisfactory to the IDB that the conditions described in Annex II (Policy Matrix) have been duly fulfilled in accordance with the Means of Verification Matrix (electronic link 3) (¶3.1).</p>	
Exceptions to Bank policies: None	
Project consistent with Country Strategy: Yes [X] No []	
Project qualifies for: SEQ [X] PTI [X] Sector [X] Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>	
Procurement: N/A	

I. PROGRAM DESCRIPTION

A. Background and problem addressed

- 1.1 The proposed program is the second operation of a series of three Programmatic Policy Based Grants (PBG), to support the Government of Haiti (GoH) to implement important reforms in the agricultural sector. This series of PBGs addresses some key policy, institutional and legal constraints that negatively affect the implementation and impact of investments in agriculture, especially in the sub-sectors of agricultural health, applied agricultural research and technology adoption, water resources management, and land administration. The purpose of the reforms pursued with this programmatic series is to improve the effectiveness, efficiency and sustainability of those investments, hence to improve the provision of core public services that are key to increase agricultural productivity and farmers' access to markets. The first PBG (2731/GR-HA) was approved in May 2012 in the amount of US\$15 million, and disbursed in August 2012. The present operation will provide resources from the IDB Grant Facility in the amount of US\$15 million. Disbursement is expected to take place in 2013, once the policy reforms specified in the Policy Matrix have been achieved.

1. Macroeconomic outlook

- 1.2 In the last few years, and considering the shocks caused by the earthquake in 2010 and a severe hurricane season in 2012 (Isaac and Sandy), economic activity, program implementation under the Extended Credit Facility (ECF) with the International Monetary Fund (IMF), and macroeconomic policies have been satisfactory.¹ In early March 2013, the IMF's Board has approved the ECF's fifth review, and produced Haiti's article IV consultation report.
- 1.3 Economic growth has resumed after the earthquake and GDP increased at a rate of 5.6% in Fiscal Year (FY) 2011² with average inflation of 7.4%.³ Harder than expected conditions for agriculture (drought, then two severe hurricanes), and slower and anticipated capital expenditures reduced growth in 2012, however, to 2.8%. The country's fundamental macroeconomic variables remain the same as in 2011: single digit inflation that oscillates around food and commodity prices, and "twin" fiscal and external deficits that despite growing to 5.7% of GDP and 4.5% of GDP respectively in FY 2012 (from 3.7% of GDP and 3.5% of GDP, respectively, in FY 2011) are considered acceptable in view of the needs associated with reconstruction. Other key macroeconomic indicators are also stable. Despite the country's need for foreign currency, remittances, international aid, and foreign direct investment contributed to overall Balance of Payments surplus in FY 2012. Hence international reserves increased and reached six months of imports. It is also worth noting that Haiti's debt, despite being relatively low in absolute terms after bilateral and multilateral debt

¹ In July 2010, the IMF approved a 3-year Extended Credit Facility (ECF) arrangement to help the GoH cope with the crisis.

² FY starts in October of the calendar year and ends in September 30th of the following year.

³ CPI at end of period (September 2011) increase was 10.4%, showing acceleration of prices. Decreasing food prices in the last months of 2011 have brought inflation back to one digit.

cancellation in the recent past⁴ (reaching US\$1,042M at the end of FY 2012) is still considered to be High Risk under the framework of the Debt Sustainability Analysis undertaken by the IMF.⁵ The Independent Macroeconomic Assessment (IMA) conducted by the IDB concludes that the macroeconomic framework of Haiti is appropriate for a PBG that will help alleviate budget distress, including in the agricultural sector, which will require increased efforts to finance the recurrent costs and investments needed to ensure that the proposed reforms result in concrete changes.

- 1.4 Among the priorities for the GoH in 2013, the economic structural reform agenda will still focus on fiscal issues: (i) further raising domestic revenue from tax and customs offices; (ii) improving public financial management and economic governance; (iii) increasing development spending; and (iv) improving and expanding public investment management so that domestically financed capital spending is increased by 2% of GDP (to 9% of GDP). In addition, the government will continue to strengthen market-based operations and liquidity management as a means to stabilize further monetary indicators and improve monetary policy effectiveness, and will enhance the country's appeal to investment aiming at reducing the external gap, especially in the context of reducing foreign aid (which has declined from US\$1446M in FY2011 to \$988M in FY2012). Forecasts for 2013 indicate stronger economic growth (+6.5% increase in GDP), with single digit inflation (5.0% end of period) and fiscal and external deficits just above 5% of GDP.

2. Diagnostic assessment of the problem

- 1.5 Since this second operation is part of a programmatic series, it has been based on the diagnostic assessment performed under the first programmatic grant (2731/GR-HA) which described the importance of agriculture in Haiti and the key factors limiting agricultural productivity and competitiveness. By contributing to 23% of GDP (FY 2011-2012), accounting for around 50% of overall employment (66% in rural areas), and providing about 50% of the total households' income for more than one million families, agriculture indeed plays a fundamental role in the Haitian economy. Consequently, the decline of agriculture in the last two decades (with an average annual growth rate of -0.6% since 1990) has contributed to dramatic impoverishment in rural areas.⁶ The decline of the agricultural sector growth and the persistence of important agricultural productivity gaps can be largely explained by chronic public underinvestment and misinvestment in the sector for the past decades. The total investment budget allocated to the sector has decreased, or stagnated at a low level, for the last 15 years. During FY 2012-2013, without considering the special allocation of over US\$10 million related to the post-Isaac and Sandy hurricanes emergency program, investment for the agriculture sector represents only 5.5% of the total

⁴ Cancellation, in June 2009 of US\$1.2 billion of debt under the Heavily Indebted Poor Countries (HIPC) and Multilateral Debt Relieve Initiative (MDRI). After the earthquake in 2010, Haiti obtained additional debt relief from the IDB, Venezuela, and the International Monetary Fund (IMF) for US\$1.1 billion.

⁵ The analysis is based in debt and debt services projections under an estimated macroeconomic framework. Haiti's debt trajectories surpass certain thresholds that are considered high risk zones and hence the classification of its Debt risk. In particular, the present value of public external debt to exports goes beyond the 100 %.

⁶ [Make poor Haitians count, WB/Verner, 2005.](#); General Agricultural Census 2009: www.agriculture.gouv.ht; Ministry of Economy and Finance: www.mefhaiti.gouv.ht/budget.htm

investment budget financed by national resources. In addition, these scarce resources are not directed in priority to finance the public goods needed to improve farm yields and market access, such as agricultural health, agricultural research and development, or rural infrastructure, although such public spending has proven higher economic return rates than expenditures directed to the financing of private goods⁷. For instance, only 5% of the FY 2012-2013 investment budget (financed by national resources) for agriculture are allocated to agricultural health services, while 18% are allocated to subsidize fertilizers importers.⁸ Yet massive investments in public goods are precisely needed to overcome several key constraints that are seriously limiting the competitiveness of the Haitian agriculture. Those factors, which were identified during the initial design of the programmatic series, are summarized in the following paragraphs.

- 1.6 **Vulnerability to agricultural pests and diseases.** The diagnostic assessment conducted at the start of the programmatic series determined that the Haitian veterinary and phytosanitary services are among the weakest in the region, with “performance scores” of the veterinary and phytosanitary services of 1.58/5 and 15%/100% respectively (rating by the International Organization for Animal Health – (OIE) - and the Inter American Institute for Agriculture – (IICA).⁹ The inability of the national agricultural health system to protect plant and animal production from domestic and exotic pests and diseases and to meet the food safety standards required to access international markets, results in high losses of production and reduced trade opportunities for Haitian producers.
- 1.7 **Limited farmers access to technologies.** During the design of the programmatic series, it was established that most Haitian farmers are confined to non-profitable and environmentally unsustainable agricultural practices,¹⁰ situation that results in average agricultural yields among the lowest in the region.¹¹ The diagnostic concluded that this limited access of farmers to improved technologies mainly results from: (i) the insufficient availability of improved agricultural technologies adapted to the Haitian agro-ecological and socio-economical context, by lack of effective agricultural applied research;¹² and (ii) the lack of a permanent and affordable supply of agricultural goods and services,¹³ due to the absence of a competitive network of private providers, that are crowded out by the distribution of subsidized inputs by the GoH and Aid Agencies for the past 20 years.¹⁴

⁷ Agriculture and Natural Resources Management Sector Framework Document (GN-2709)

⁸ Dépense publique, gestion stratégique et responsabilité financière dans le secteur agricole (PEMFAR), WB/IDB, 2007. Ministry of Economy and Finance: www.mefhaiti.gouv.ht/budget.htm

⁹ Eight countries of the region, including Haiti, have authorized public access to the OIE assessment: www.oie.int.

¹⁰ For instance, only 14% of farmers have used any new high yielding variety from 2005 to 2010. Similarly, less than 10% use fertilizers, which are often inadequate types of products, applied in excessive quantities. [Seed System Security Assessment, Haiti, USAID/OFDA, 2010](#); *Enquête Nationale de la Sécurité Alimentaire, CNSA, 2011* (b) *Evaluation de l'impact de la gestion des engrais chimiques par le MARNDR, FAO/Bellande/Damais, 2005*.

¹¹ FAO-STAT, 2010

¹² Lessons learnt and studies include: (a) *Les centres de services régionaux : Etat des lieux, perspectives*. WB/ Damais, 2005; (b) Ibid, USAID/ OFDA, 2010 ; and (c) *Consortium de Recherche pour le Développement Agricole, IICA, 2011*

¹³ Other limiting factors, e.g. insufficient availability of agricultural credit services or weak training and extension services, are being addressed by other Donors.

¹⁴ (a) Ibid, USAID/OFDA, 2010 (b) Ibid, FAO/Bellande/Damais, 2005.

- 1.8 **Inefficient use of water resources.** The assessment conducted during the design of the programmatic series demonstrated that for decades, the GoH and Aid Agencies have been undertaking many efforts to improve agricultural production on the 90,000 Ha under irrigation countrywide (130 small-size perimeters, plus the large irrigated perimeter in the Artibonite Valley, that accounts for approximately 80% of the national rice production). But in the absence of a solid policy, institutional and legal framework, that includes all stakeholders, such as Water Users Associations (WUASs), Electricity of Haiti (EDH, that manages Peligre dam), or the Organization for the Development of the Artibonite Valley (ODVA), public investments to improve water management cannot result in an effective and sustainable water service to farmers.¹⁵
- 1.9 **Weak performance of the Ministry of Agriculture.** Diagnoses¹⁶ and lessons also ascribe the current ineffectiveness of the agricultural public services to several of the Ministry of Agriculture, Natural Resources and Rural Development's (MARNDR) cross-cutting weaknesses, such as: difficulties to set priorities through sound sector policies ; weak planning, programming and budgeting capacities, that affect the relevance of resources allocation by Public Treasury and Donors and lead to the multiplication of quasi-autonomous projects (the multiplication of such projects impeaches economies of scale, and leads to high transaction costs and important implementation delays); and absence of results-based culture, accountability mechanisms and abilities in monitoring and evaluation.
- 1.10 **Land tenure insecurity.** During the design of the programmatic series, it was determined that Haiti is characterized by high levels of informality in land transaction (60% of all privately owned parcels actually lack a formal property title¹⁷), that leads to land tenure insecurity, hinders agricultural investments, and impact income-generation capacity (farmers with a land title earn 19% more than their peers with no title¹⁸). It was also identified that this situation results from costly procedures, obsolete laws, and the absence of coordination of the numerous public and private actors in charge of the land administration services.
- 1.11 In regards to the above-mentioned factors that limit agricultural productivity and competitiveness in Haiti, the following section presents the progress achieved with the reforms supported by the first PBG to address these issues, and outlines the remaining challenges for the GoH.

3. Recent government progress in the sector and remaining challenges

- 1.12 During the design of the programmatic series, the diagnostic assessment called for comprehensive reforms in five key components that may greatly influence agricultural productivity and competitiveness in Haiti: modernization of the public agricultural health services, to address vulnerability to agricultural pests and diseases;¹⁹

¹⁵ Artibonite Master Plan, SCP/GOPA, 2001; AMF diagnostic, 2007; [SCP draft diagnostic, 2013](#).

¹⁶ See optional electronic links #7-10.

¹⁷ Grant proposal of operation 2720/GR-HA, approved in April 2012.

¹⁸ [Make poor Haitians count, WB/Verner, 2005](#)

¹⁹ Evidence on the effectiveness of interventions that aim at improving agricultural health services include: GRADE (2008)
(i) *Resultados globales de la evaluación de impactos de PRODESA en los programas de sarna de camélidos, control*

improvement of farmer's access to technologies;²⁰ modernization of the water resources and hydraulic infrastructures management framework, for a better use of water resources;²¹ reform of the Ministry of Agriculture, to address the weak performance of the institution; and modernization of the land administration public services, to address land tenure insecurity.²² In this regard, for the past year, the GoH has achieved notable progress in each of those components.

- 1.13 **Modernization of the public agricultural health services.** Aiming towards establishing a legal framework for a modern agricultural health system, Grant 2731/GR-HA set the first step by supporting GoH in the approval of a results-based operational plan²³ for 2012-2013. This plan established objectives, targets, investment actions, roles and responsibilities, and budget needs for improving permanent animal health and phytosanitary services (e.g., surveillance and control, quarantine, pest and disease eradication) services at the MARNDR. The plan has been key at ensuring that both national and donor resources are allocated in a more efficient manner to activities recommended by the OIE and IICA.
- 1.14 The next challenges for the Haitian authorities are to prepare the legal and regulatory framework, establish an appropriate institutional scheme, and design and implement a medium-term strategic and programmatic plan for the effective and efficient provision of key permanent agricultural health services, in accordance with international standards. In addition to considering environmental and food safety issues, coordination mechanisms with essential private and non-governmental stakeholders as well as the implementation of effective cost-recovery mechanisms to ensure the financial sustainability of the services are important challenges to be addressed in the future system.
- 1.15 **Improvement of farmers' access to technologies.** A two-fold strategic approach was proposed to address the limited access of farmers to improved technologies: (i) create a legal and policy framework for a modern agricultural research system in the country, capable of generating, validating and transferring technology; and (ii) expand progressively the undergoing market-friendly system of smart subsidies for promoting the adoption of agricultural technologies, under execution since November 2012 with

biológico y mosca de la fruta; and (ii) Análisis de los impactos institucionales del PRODESA en Perú; (iii) OVE (2009): Evaluación Ex Post de Proyectos de Sanidad Agropecuaria y Seguridad Alimentaria.

²⁰ Evidence on the effectiveness of interventions promoting agricultural research and innovation include: Evenson (2003): "Assessing the Impact of the Green Revolution, 1960 to 2000". *Science*, Vol. 300 no. 5620 pp. 758-762. The effectiveness of "smart subsidies" scheme was demonstrated by studies that include: (i) IFPRI (2009): "Fertilizer Subsidies in Africa. Are Vouchers the Answer?", Policy Brief #60; (ii) Morris, Michael, Valerie A. Kelly, Ron J. Kopicki, and Derek Byerlee (2007). *Fertilizer Use in African Agriculture: Lessons Learned and Good Practice Guidelines*. WashingtonDC: World Bank and; (iii) [The Impact of Technology Adoption on Agricultural Productivity: The Case of the Dominican Republic](#) by OVE on 1397/OC-DR operation.

²¹ Studies that corroborate the effectiveness of access to irrigation on agricultural productivity include: (i) Vermillion, D. L. (1997): "Impacts of Irrigation Management Transfer: A Review of the Evidence". IIMI Research Report n.11. International Irrigation Management Institute; and (ii) Garcés-Restrepo, C., D. Vermillion and G. Muñoz. (2007). "Irrigation Management Transfer, Worldwide Efforts and Results." FAO Water Reports, 32. FAO. Rome, Italy: FAO.

²² Evidence on the impacts of land titling interventions in productivity, income and investment include: (i) Torero, M. and E. Field. (2005). "Impact of Land Titles over Rural Households". OVE Working Paper OVE/WP-07. IADB. Washington, D.C; (ii) Zegarra, E., J. Escobal, U. Aldana. (2008). "Titling, Credit Constraints, and Rental Markets in Rural Peru: Exploring Channels and Conditioned Impacts". Working Paper CS1-152-P1085. IADB. Washington DC.

²³ The four sections of the operational plan are: [Animal Health](#), [Quarantine](#), [Plant Health](#), [Laboratory](#)

support of the Bank, WB, French Development Agency, while eliminating the distribution of subsidized inputs to avoid crowding out private suppliers.

- 1.16 Through grant 2731/GR-HA, the MARNDR prepared an [exhaustive inventory](#) of the on-going agricultural applied research activities, first step towards a complete diagnosis and subsequent reform. This inventory measured the current (low) level of knowledge and coordination of the research activities among different agencies within the MARNDR and non-governmental actors, as well as the insufficient efficiency and effectiveness of current research activities. The MARNDR also approved a [transition strategy](#) on inputs subsidies, that includes an alternative mechanism to the distribution of fertilizers by the State (which takes the form of a partial reimbursement to importers of fertilizers, against the formal obligation to respect a maximum retail price), while waiting for the smart subsidies mechanism to be scaled up nationwide.
- 1.17 To overcome the low effectiveness of resources allocated to agricultural innovation, the remaining GoH's challenges include (i) addressing the absence of a national strategy on agricultural research, and the lack of institutional capacities to: set relevant research priorities (more market and climate change responsive), with adequate coordination mechanisms and partnerships (including with International Research Centers networks, to take advantage of economies of scale) for a better efficiency, improved and sustained funding mobilization and linkages with extension services; and (ii) maintaining the "transition strategy on inputs subsidies" effective, and accelerate the expansion of the smart subsidies system on the field.
- 1.18 **Modernization of the water resources and hydraulic infrastructures management framework.** Under grant 2731/GR-HA, the GoH made substantial progress in improving the policy, institutional and legal framework for a better water resources management. The MARNDR (i) approved a new [National Irrigation Policy](#), which establishes co-management responsibilities of irrigated perimeters by the State and Water Users Associations (WUAs), and the link between watersheds protection and irrigated perimeters to limit damages from flooding downstream; (ii) developed a [five-year results-based programmatic plan](#) to help implement the new policy, which aligns, on national priorities, the various stakeholders dedicated to irrigation, as well as coordinates and complements the interventions; (iii) prepared a [draft bill](#), which formalizes WUAs and transfers them management of the irrigated systems from the State, allowing them the right to implement cost-recovery mechanisms for the systems' operation and maintenance. The GoH also created an Interministerial Commission for the co-management of water at the Péligre dam. Since its creation in 2012, this Commission, made of representatives of several Ministries, EDH and ODVA and steered by the InterMinisterial Land Use Committee (CIAT), has met six times, with the Bank participating as observer. An immediate and concrete result has been EDH's agreement to reduce water flushing at Péligre dam from January to April 2013, allowing the MARNDR to finalize rehabilitation works at Canneau dam (head of the irrigation system) downstream.²⁴

²⁴ Those works, financed by operation 1917/GR-HA, were suffering several years of delay by lack of coordination on water management at Péligre dam. Those delays resulted in substantial financial consequences (penalties) for the GoH.

- 1.19 To improve the management of water and hydraulic infrastructures, remaining challenges for the Haitian Government include: (i) the modernization of the institutional and legal framework for an effective, efficient and sustainable management of water and infrastructures in the Artibonite Valley large irrigated system; (ii) the strengthening of the inter-institutional coordination mechanisms and of the inter-sectorial knowledge, to effectively address complex water management issues, including the binational management of the Artibonite river; and (iii) the adoption of the new legal framework by Parliament.
- 1.20 **Institutional reform of the Ministry of Agriculture.** With Bank support under grant 2731/GR-HA, the MARDNR created a pool of public procurement specialists to improve its capacity to absorb and administer financial resources. Several procurement specialists, working for different projects, now share practices and resources, and prepare joint procurement processes when possible.²⁵ It's also worth mentioning that the results-based programmatic plans prepared for agricultural health and irrigation highlighted the importance of the programming, monitoring and evaluation function, and led the Ministry authorities' to restructure the key "Studies and Programming Unit" (UEP, for its French acronym). The UEP was staffed with high-level professionals, and recently launched the preparation of programmatic plans for additional sub-sectors, with the objective to have the next investment budget prepared following a rational programmatic approach and oriented towards priority investments in the sector, rather than being a collection of unrelated, scattered projects.
- 1.21 Building on the first efforts made to restructure the procurement and programming functions, the MARDNR's challenge is now to drive a comprehensive reform, aiming at orienting its human and financial resources to the effective and efficient provision of core agricultural public services.
- 1.22 **Modernization of the land administration services.** Through grant 2731/GR-HA, the GoH prepared a [draft bill](#) that includes, among others improvements, the right to use modern technologies to conduct land surveys and notary acts in a much more efficient manner.
- 1.23 Remaining challenges to make property registration more affordable and expedite and to ensure feasible land tenure regularization and administration activities in the country include: (i) the approval of a comprehensive Land Administration Policy, to clarify new institutional arrangements and repartition of roles among the many stakeholders involved in land administration; and (ii) additional modifications to the legal framework, that aims to provide legal force to the institutional arrangements defined in the new Policy; simplify land registration procedures at the Tax General Directorate (DGI, for its French acronym), eliminate the notaries and surveyors rates currently set in the law; and give legal force to digital documents.

4. Conceptual overview

- 1.24 The overall strategy is to have, at the end of the series of the three PBGs, solid sectorial policies and strategies developed, along with the legal, regulatory and operative instruments needed to implement them. The first PBG set up the framework

²⁵ Especially operations HA-L1009, HA-L1021 and HA-L1041.

to prepare several policies and strategies, already approved under the first PBG or to be approved under the second proposed PBG. The first as well as the second PBG aim to prepare a new legal framework, with the objective to have the new bills adopted under the third PBG. Additionally, both PBGs push the implementation of transitional instruments, while waiting for the new policies and strategies to be effective and laws adopted. At the end of the series, it is expected that the reforms implemented will have significantly strengthened the institutional capacity of the public agencies and others stakeholders of the agricultural sector to deliver core services to farmers.

- 1.25 The series of PBG focuses on four strategic sub-sectors: agricultural health, agricultural applied research and technology transfers, irrigation and flood control, and land administration, which are key for improving agricultural sector competitiveness in Haiti. The proposed reforms are consistent with Government interventions in the sector supported by the Bank in Haiti.²⁶ Proposed reforms in the water resources management sub-sector also addresses key institutional issues that affect the implementation of Bank supported operations dedicated to the rehabilitation of the hydro-electric plant at Péligre dam.²⁷ The institutional reform of the Ministry of Agriculture is also conducted in coordination with modernization of the State activities²⁸.
- 1.26 The proposed program has been designed in coordination with other donors, through the “Agricultural Sector Group” steered by the Bank and through frequent bilateral consultations. Through direct contribution to implement some of the reforms and/or by aligning their strategies, the World Bank, IICA, FAO, USAID and USDA, Canada, France, IFAD and Cuba, which active portfolios in the sector represent a total amount of approximately US\$350 million, to support the reforms proposed in this program.

5. Consistency with GCI-9 and Country Strategy

- 1.27 The program is aligned with the Bank’s Country Strategy with Haiti for 2011-2015 ([GN-2646](#)), which sets agriculture as a priority sector, and is included in the 2013 Operational Program Report ([GN-2696](#)).
- 1.28 The program contributes to the four lending program priority targets outlined in the Report on the Bank’s Ninth General Increase in Resources (AB-2764) and its Results Framework: (i) small and vulnerable countries; (ii) poverty reduction and equity enhancement, as beneficiaries are mainly small farmers; (iii) support climate change initiatives, renewable energy and environmental sustainability, by promoting the adoption of agricultural technologies and improving the use of water resources, to strengthen adaptation to climate change (§2.4-2.5); and (iv) support regional cooperation and integration as both agricultural health and the Artibonite watershed²⁹ are regional public goods (§2.3-2.5). It is consistent with the strategic priority “Protect the environment, respond to climate change and enhance food security”, and will contribute to its Regional Development Goal “Annual growth rate of agricultural

²⁶ 2393/GR-HA (agricultural health, agricultural research); 2187/GR-HA, 2562/GR-HA (adoption of agricultural improved technologies); 2390/GR-HA, HA-L1087 (water management); 2720/GR-HA (land administration).

²⁷ HA-L1032, HA-L1038 – Péligre Hydroelectric Plant Rehabilitation Program and supplementary financing.

²⁸ HA-L1018 – Support Human Resources Management in the Public Sector.

²⁹ 28% of the Artibonite watershed is located in Dominican Republic.

GDP” and its output “Farmers given access to improved agricultural services and investments” (¶2.3; 2.4; 2.5; 2.7).

II. OBJECTIVES

A. Program objectives and description

- 2.1 **Program objectives.** The objective of the Program is to increase the agricultural productivity and access to markets, in order to improve agricultural incomes. The specific objective is to increase the farmers’ access to improved services in the strategic sub-sectors of agricultural health, agricultural applied research and technology transfers, irrigation and flood control, and land administration. The [Policy Matrix](#) establishes a series of commitments to policy, legal and institutional reforms for the entire program, structured in six components:
- 2.2 **Component 1. Macroeconomic framework.** This component seeks to ensure that the GoH maintains a solid macroeconomic framework that is consistent with the objectives of the proposed operation and the policy letter referred to in ¶4.4.
- 2.3 **Component 2. Modernization of the public agricultural health services.** This component seeks to improve the performance of the Haitian agricultural health services and upgrade them towards international standards, by modernizing the associated institutional and legal framework as well as the operational instruments, as recommended by the OIE and IICA. The reforms proposed under this second operation of the PBG represent a very important step towards this goal, by: (i) preparing and launching the approval process of a draft bill on Agricultural Health, that will include, among others, the creation of a public autonomous body; (ii) establishing a transitory organizational structure within the MARNDR, until the adoption of the law creating the autonomous public body; (iii) preparing the strategic and programmatic investment plans 2014-2019 for the modernization of the agricultural health services; and (iv) implementing for the first time an accountability and performance measurement mechanism, under the form of a public, results-based reporting of agricultural health activities, based on the operational plan prepared under grant 2731/GR-HA and similar to the Bank’s “Project Monitoring Report”. It must be mentioned that the programmatic investment plan 2014-2019 was initially included as a trigger for the future third PBG. However, the MARNDR decided to prepare this programmatic plan immediately after the strategic plan, with the objective to have all the necessary tools ready to negotiate, as soon as possible, future investments in this highly strategic subsector with the Ministry of Finances and Donors. Similarly, the creation of a transitional “agricultural health unit”, waiting for the adoption of the law creating a public autonomous body, was not initially a trigger for the proposed second PBG. Those two new conditions reflect a strong political will for a drastic and expedient reform in the agricultural health and food safety sector.
- 2.4 **Component 3. Improvement of farmer’s access to technologies.** With the objective to ensure better access of Haitian farmers to improved technologies, this component will support, in accordance to identified challenges (¶1.17): (i) the creation of a modern policy, institutional and legal framework for agricultural research, to improve the quality of the public spending in this key sub-sector; and (ii) the progressive

expansion of the market-friendly system of “smart subsidies”, which execution recently started in some pilot municipalities. As part of this twofold strategy, the proposed program will support: (i) the preparation of a modern National Policy on Agricultural Research, based on the conclusions of an International Symposium held in April 2013, and which, among others, will define the future institutional scheme for public agricultural research in Haiti; (ii) the finalization of the methodological framework to create the national registry of farmers, which is the basic tool to implement the smart subsidies system; and (iii) the continuation of field testing of the smart subsidies system. Changes in the policy matrix, in comparison with the triggers initially considered during the design of the first PBG, include: (i) the cancellation of the “business plan of the public entity in charge of Agricultural Research.” Indeed, according to the conclusions of the International Symposium mentioned above, the MARNDR should withdraw from the implementation of research (transferring the operational role to the Universities), although it will keep a prominent steering role, in terms of priority setting and orienting financial resources; and (ii) replacement of the condition “Elimination of market-distorting distribution of agricultural inputs by the Ministry or Aid Agencies in municipalities where a demand-driven, market-friendly, “smart subsidies” system is tested” by “Transition strategy related to the agricultural inputs subsidies mechanisms: effective,” as far as the “transition strategy” already includes the principle of the elimination of inputs distribution by the State, but is more comprehensive.

- 2.5 **Component 4. Modernization of the water resources and hydraulic infrastructures management framework.** The objective of this component is to improve farmers access to water and to reduce damages due to flooding in irrigated areas, by modernizing the policy, institutional and legal framework related to watershed management in general and to water management in irrigated systems in particular. This second PBG includes, as MARNDR commitments: (i) the choice for a reform scenario to ensure an efficient and sustainable water management and infrastructures maintenance in the Artibonite irrigated perimeter; and (ii) prepare a results-based report for irrigation, based on the operational plan prepared under grant 2731/GR-HA. The CIAT commitments are: (i) to expand the InterMinisterial Surveillance Commission for the multi-purpose water management at Péligre dam, to include local authorities and civil society; (ii) to ensure that the said Commission meets at least on a quarterly basis; and (iii) to launch the preparation of an intersectorial investments optimization model in the Artibonite watershed. It was initially expected that this model would be finalized under the proposed operation HA-L1082, but as explained in detail in the [comparison matrix](#), preference was given to a participatory (rather than a quick) preparation of this important knowledge product. As a consequence, the trigger mechanism “Operation manual, for the implementation of the water management rule at Peligre dam effective” had to be postponed to third PBG, as the manual will be finalized at the same time as the optimization model.
- 2.6 **Component 5. Institutional reform of the Ministry of Agriculture.** This component seeks to address the MARNDR’s cross-cutting weaknesses that alter its capacity to steer the sector and to execute the investment budget, both in turn affecting the effective delivery of agricultural public services. A comprehensive institutional reform

will be promoted, pursuing the adoption of new organic law, organizational chart and internal procedures. For this second PBG, the MARDNR will finalize the detail roadmap for its reform, that will include a clear action plan and will especially focus on: (i) the strengthening of the Programming, Monitoring, Evaluation and Budgeting functions, building on the recent restructuring of the UEP; (ii) the redeployment of human resources; and (iii) the creation of a procurement unit, to be included in the future MARNDR's organizational chart, that will be in charge of the procurement function without distinction of the origin of the resources.

- 2.7 **Component 6. Modernization of the land administration public services.** The objective of this component is to improve the effectiveness and efficiency of the land administration services in Haiti, through a drastic policy and legal reform that will establish new roles, rights and responsibilities, reduce costs and expedite processes for all the actors in charge of the provision of land administration services. For this second PBG, the CIAT commitment includes: (i) the approval of a comprehensive, modern Land Administration Policy, to clarify the new institutional arrangements and repartition of roles among the many stakeholders involved in land administration (notaries, surveyors, DGI, Cadaster National Office - ONACA); and (ii) additional modifications of the legal framework, to give legal force to the institutional arrangements defined in the new policy; simplify land registration procedures at DGI; eliminate the setting, by the law, of the surveyors rates, and give legal force to digital documents. It must be highlighted that the CIAT wished to add more draft bills approved as new conditions for this second PBG, in order to gain more support and carry greater weight to accelerate reforms.
- 2.8 Changes to the policy matrix, in comparison with the triggers originally envisioned during the design of the first PBG, include: the cancellation of one condition (¶2.4), because it eventually appeared irrelevant as the reforms are progressing and some knowledge and policy gaps are being filled; and the postponement of two conditions to the third PBG (¶2.5), because emphasis was given to participation and consensus rather than swiftness of the process. To the contrary, some new, or more comprehensive conditions (¶2.3, 2.4, 2.7) make the matrix eventually more ambitious than initially envisioned, indicating a strong political will for reforms, as earlier outlined in ¶1.13, 1.16, 1.18, 1.20 and 1.22 that present the progresses achieved to date under the first PBG. Consequently, these changes to the policy matrix do not alter the overall rationale, logics and objectives of the series of three programmatic grants.

B. Results matrix indicators

- 2.9 The program aims at increasing agricultural productivity and improving access to international markets through the implementation of a series of policy reforms in the areas of agricultural health services, agricultural research and technology transfer, water resources and land tenure services. The success of the intervention will be measured by using as impact indicators the agricultural GDP, agricultural exports and average annual gross margins from selected crops. As a result of the specific policy reforms supported by this operation it is expected that the GoH will: (i) improve the performance of the veterinary and phytosanitary services; (ii) increase public investments in agricultural research; (iii) increase farmers' access to agricultural inputs; (iv) improve farmers' access to irrigation; (v) decrease damages to crops

caused by flooding in the Artibonite Valley; (vi) improve the capacity of the Ministry of Agriculture to execute projects and manage portfolio activities; and (vii) improve land administration services effectiveness and efficiency. Table II-1 presents the outcome indicators to be measured to assess the program’s objectives. Detailed indicators of impacts and outcomes along with baseline and target data are available in the [Results Matrix](#).

Table II-1 - Key Results matrix indicators

Outcome Indicators	Rationale of Outcome Indicator
OIE/PVS score and IICA/PVS score	Measures the performance of the GoH in the provision of agricultural and phytosanitary services.
% of Total Support Estimate dedicated to agriculture research	Measures the public investment that is allocated exclusively to conduct agricultural research.
Number of farmers with access to improved technologies	Measures the degree of accessibility to key agricultural technologies.
Number of private providers of agricultural inputs	Measures market participation of private providers.
Hectares equipped with irrigation infrastructure	Measures farmers’ access to water resources for irrigation purposes.
Value of flood damages	Measures the annual cost of flooding and crop losses.
Performance Indicator of IDB-financed operations	Measures the portfolio and project performance by comparing expected and actual progress for the execution and delivery of agricultural project outputs.
Average number of days and cost associated with title registration	Measures the efficiency of the land administration services.

C. Economic rationale

- 2.10 The proposed program addresses policy-related economic and institutional problems that constrain the growth potential of the agriculture sector in Haiti. The reforms proposed aim at improving the provision of core public agricultural services which will in turn trigger private investments, fostering the productivity of the sector. The proposed reforms have proved to increase agricultural productivity in other countries (see footnotes 19, 20, 21, and 22). Each of the program components addresses economic problems in the sector such as high transaction costs and investment disincentives from poor property rights (Component 5), limited access to resources for production due to negative externalities and coordination failures (Component 4), and failures of markets to provide a good or service (Components 2 and 3). Addressing the above mentioned constraints will increase agricultural productivity of farmers and improve sector competitiveness.
- 2.11 The economic analysis of this intervention focused on the evaluation of the major planned actions that will be triggered under the second tranche of this PBG. An economic assessment was conducted for the major activity under Component 3, the pilot program of the smart subsidies system. Using the information about cropping patterns, technology characteristics, subsidy design, and potential adoption rates, the Cost-Benefit Analysis (CBA) for the areas of intervention revealed an internal rate of return of 34.5%. In addition to Component 3, the cost-benefit analysis conducted for

Component 4 (modernization of the water resources management framework) under the first tranche of the PBG was updated with new information on costs and benefits. The new estimated internal rate of return of this component is 16.44% (compared to the original 17.63%). A sensitivity analysis was also conducted for the variables most likely to affect the economic performance of the Components 3 and 4. In all scenarios, the resulting Net Present Value (NPV) was positive and the benefit/cost ratio was greater than 1. The economic analysis of Component 6 (Modernization of land administration services) has already been conducted under HA-L1056. Given the difficulty of estimating the social benefits from land formalization, a cost-effectiveness analysis was undertaken; suggesting that the chosen project intervention was 20% cheaper than other alternatives. Accordingly, the economic rationale of the programmatic PBG components and planned actions is justified.

III. FINANCING STRUCTURE AND MAIN RISKS

A Financial Instruments and contractual conditions

- 3.1 This operation is the second of three Programmatic-PBGs, to support the GoH to implement reforms in the agricultural sector. It will draw upon the resources of the IDB Grant Facility in the amount of US\$15 million. Disbursement is scheduled for August 2013, upon execution of the respective contract and fulfillment of the policy reform conditions agreed upon with the GoH and included in the Policy Matrix and in accordance with the Means of Verification Matrix.

B. Environmental and Social Safeguard Risks

- 3.2 In accordance with Directive B.13 on Environmental Policy and Safeguards Compliance, policy-based operations are not classified. The reforms of the proposed operation are not expected to have direct environmental and social negative impacts, except the possible increased use of pesticides resulting from new subsidies mechanisms. The mitigation measure consisted of preparing and implementing a [pests and pesticides management plan](#). The operation is also expected to have positive social and environmental impacts, described in the [Environmental and Social Management Report \(ESMR\)](#) prepared during the design of the programmatic series.

C. Other Key Risks and Issues

- 3.3 Risks identified include: (i) non-implementation of the new policies and programs developed by the MARNDR, due to insufficient human and financial resources, and deficient coordination, communication and accountability mechanism; (ii) ineffectiveness of the new subsidies scheme, if private supply is insufficient in quantity and quality, or if supply and vouchers are not well synchronized with each other and with the agricultural season; and (iii) non-adoption of new bills by the Parliament: due to the non-controversial nature of the proposed legal provisions, and as some of them have already been discussed with the House and Senate Commissions for Agriculture, the main issue is to ensure that the draft bills are included in the Parliament's agenda for discussion. The general risk qualification is medium. Mitigation measures are detailed in the Risk Matrix and include: (i) to prepare the annual budget on the basis of the programmatic plans and to implement the reform strictly as stated in the "reform roadmap"; (ii) to organize regular meetings and

planning workshops between the MARNDR, donors and private sector; and (iii) strong lobbying and monitoring by MARNDR and CIAT, to ensure that the administrative processes of including the topics in the Parliament's agenda are moving forward. Moreover, the commitment to reforms at the highest governmental level, manifested among others by the double appointment of the CIAT Executive Secretary, now also Cabinet Director of the Prime Minister, is a clear opportunity to move forward with reforms. Indeed, the results already achieved to date under the first PBG and the preparation of the second one, demonstrate a clear political will to reform the sector.

IV. IMPLEMENTATION AND MANAGEMENT PLAN

A. Implementation and management

- 4.1 **Beneficiary and Executing Agency (EA):** The beneficiary is the Republic of Haiti and the EA will be the Ministry of Economy and Finance (MEF). The policy matrix has been agreed with, and will be monitored through the MEF. The EA will work jointly with the MARNDR and CIAT to accomplish the conditions agreed in the Policy Matrix. The MEF will: (i) prepare reports providing evidence that the proposed second PGB conditions have been met, and any other reports that the Bank may need to approve the disbursement; (ii) support the actions required as triggers for the grant's disbursement; and (iii) once the disbursement of the Program is completed, gather and prepare the required information so that the Bank and GoH can measure and evaluate the Program's results.

B. Supervision and evaluation of results

- 4.2 The [monitoring and impact evaluation plan](#) describes in detail the logic of the intervention, the program's evaluation methodology, the outcome and output indicators to be assessed, the institutions responsible for data collection to monitor progress, the timeline of activities, and the budget allocated to supervise and evaluate program's results. Given the national scope of the interventions, a reflexive methodology (before and after comparison of indicators) will be used to evaluate the effectiveness of the proposed operation and the programmatic series. Specifically, the commitments presented in the Policy Matrix, Verification Matrix and Results Matrix establish the parameters for operation and programmatic series' supervision and evaluation of results. The MEF, MARNDR and CIAT will be responsible for the compilation, analysis and delivery of progress and performance reports.
- 4.3 As per the Bank's regulations, one single Project Completion Report (PCR) will be prepared after the respective disbursement of the final operation in the series of PBGs.

C. Policy Letter

- 4.4 The IDB has agreed with GoH on the macroeconomic and sector policies included in the [Policy Letter](#) that will be presented by the MEF, describing the main components of the GoH's strategy for the operation and reaffirming its commitment to implement the agreed activities with the Bank.

Development Effectiveness Matrix			
Summary			
<i>I. Strategic Alignment</i>			
1. IDB Strategic Development Objectives		Aligned	
Lending Program	i) Lending to small and vulnerable countries, ii) Lending for poverty reduction and equity enhancement, (iii) Lending to support climate change initiatives, renewable energy and environmental sustainability, and (iv) Lending to support regional cooperation and integration.		
Regional Development Goals	Annual growth rate of agricultural GDP (%).		
Bank Output Contribution (as defined in Results Framework of IDB-9)	Farmers given access to improved agricultural services and investments.		
2. Country Strategy Development Objectives		Aligned	
Country Strategy Results Matrix	GN-2646	Increase agricultural income in target areas.	
Country Program Results Matrix	GN-2696	The operation is included in the 2013 Country Program Document.	
Relevance of this project to country development challenges (if not aligned to country strategy or country program)			
<i>II. Development Outcomes - Evaluability</i>		Highly Evaluable	Weight
		8.8	Maximum Score
		10.0	10
3. Evidence-based Assessment & Solution		10.0	33.33%
4. Ex ante Economic Analysis		10.0	33.33%
5. Monitoring and Evaluation		6.5	33.33%
<i>III. Risks & Mitigation Monitoring Matrix</i>			
Overall risks rate = magnitude of risks*likelihood		Medium	
Identified risks have been rated for magnitude and likelihood		Yes	
Mitigation measures have been identified for major risks		Yes	
Mitigation measures have indicators for tracking their implementation		Yes	
Environmental & social risk classification		B.13	
<i>IV. IDB's Role - Additionality</i>			
The project relies on the use of country systems (VPC/PDP criteria)			
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment		Yes	The program supports climate change initiatives, renewable energy and environmental sustainability, by promoting the adoption of relevant agricultural technologies and improving the use of water resources, to strengthen the adaptation to climate change.
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		Yes	Consultancies were financed by investment operation HA-L1003 (supply chains development program) for components 2, 3, 4 and 5 and operation HA-T1142 (preparation of the land tenure program) for component 6.
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan		Yes	The evaluation should provide evidence of the effects that a strengthened legal, institutional and public management framework has on agricultural productivity.

This program is the second of three Programmatic Policy Based Grants (PBG) aimed at increasing agricultural productivity and access to markets through policy reforms in key services with public goods characteristics: agricultural health, agricultural research and technology, water resource management, and land administration. The program also includes institutional reform of the Ministry of Agriculture.

The project document and its annexes provide a clear and complete justification for the project. Problems and their causes are clearly identified and discussed. The structure of the results matrix is satisfactory. The project document presents an ex-ante cost-benefit analysis to assess potential benefits of the smart subsidy scheme and an update of the irrigation scheme conducted for the first programmatic loan. This is illustrative of the role policy reform can have in unleashing both public and private investments in the sector. The project includes a reflexive evaluation (before and after).

The project documentation includes a risk matrix that identifies potential risks and mitigation measures, including metrics to monitor their timely implementation.

POLICY MATRIX

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
Component 1: Macroeconomic framework				
To maintain a stable macroeconomic framework	MEF	#1.1. To maintain a stable macroeconomic framework, consistent with the program objectives	#2.1. To maintain a stable macroeconomic framework, consistent with the program objectives	#3.1. To maintain a stable macroeconomic framework, consistent with the program objectives
Component 2: Modernization of the Public Agricultural Health Services				
To improve the performance of the public agricultural health services	MARNDR	#1.2. Operational plan 2012-2013 for Agricultural Health approved by the Minister of Agriculture and including, among others, the following aspects: (i) The short-term objectives and targets related to vaccination campaigns, phytosanitary control programs, strengthening of quarantine, diagnosis and epidemio-vigilance systems. (ii) The on-going actions undertaken, and additional actions needed, to achieve those objectives (investments in infrastructures and equipment; technical assistance), including the priority actions recommended by OIE and IICA; (iii) The respective persons / institutions in charge of the	#2.2. Draft framework law on the Agricultural Health and Food Safety Public Autonomous Body and draft laws on animal and plant health , prepared following the International Animal Health Organization (OIE) and Inter-American Institute for Cooperation in Agriculture (IICA) recommendations, submitted to Prime Minister by the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR).	#3.2. Framework law on the Agricultural Health and Food Safety Public Autonomous Body and laws on animal and plant health: adopted by the Parliament.
			#2.3. Agricultural Health Unit , structured according to the organizational chart recommended by OIE and IICA and grouping the current 4 technical directorates in charge of the agricultural health sub-sector: created within the MARNDR (transitory structure, waiting for the adoption of the law creating the autonomous public body referred to in points #2.2 and #3.2).	#3.3. New regulations established and effective for (i) the adequate provision of permanent services such as diagnosis, epidemiovigilance, risk analysis, quarantine, pest and disease control, food safety and traceability; (ii) environmental management of agricultural hazardous inputs and waste; (iii) cost recovery mechanisms.
			#2.4. Strategic plan 2014-2019 for the Modernization of the Agricultural Health Services approved by the MARNDR. The plan will include elements such as: (i) An institutional strategy for the implementation of the services, including the creation of a public autonomous body; (ii) A strategy for the sustainable availability of human, material and financial resources, including cost recovery mechanisms; (iii) A strategy for the modernization and strengthening of technical capacities such as diagnosis, epidemio-vigilance, risk analysis, quarantine, pest and disease control, food safety, traceability; (iv) An environmental strategy for the management of hazardous materials and waste in the	#3.4. Results-based report for the 2nd semester of FY2012-2013 for Agricultural Health

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
		implementation of those actions (iv) The investment and operating budget needed to undertake those actions; (v) The current allocation of the existing financial resources (Public Treasury, Donors and other Ministry's	<p>agricultural health services; (v) Mechanisms of coordination and partnership with public and private stakeholders concerned by Agricultural health.</p> <p>#2.5. Programmatic plan 2014-2019 for the Agricultural Health Services approved by the MARNDR, and including elements such as: (i) The objectives and targets for the Agricultural Health Services; (ii) The actions to implement to achieve those objectives; (iii) The respective persons /institutions in charge of the implementation of those actions (iv) The budget needed to undertake the actions; (v) The allocation of the existing financial resources (Public Treasury, Donors and other Ministry's partners); (vi) The remaining financial gaps to orientate the allocation of possible additional resources from the Public Treasury, Donors and other Ministry's key partners.</p> <p>#2.6. Results-based report for the last quarter of FY 2011-2012 and 1st semester of FY2012-2013 for Agricultural Health (i) available on the MARNDR website, (ii) demonstrating that the activities planned in the operational plan for the period (prepared under the Program of Institutional Strengthening and Reform of the Agriculture Sector - I) and that have obtained financing, have been actually implemented; and (iii) explaining the gaps if it is not the case (accountability and performance evaluation mechanism).</p>	<p>available on the MARNDR website on November 2013, (i) demonstrating that the activities planned in the operational plan for the period and that have obtained financing, have been actually implemented; and (ii) explaining the gaps if it is not the case (accountability and performance evaluation mechanism).</p>
Component 3: Improvement of farmer's access to technologies				

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
To improve the performance of the public agricultural research services	MARNDR	<p>#1.3. Inventory of the on-going interventions in the field of Agricultural Applied Research published on the Ministry’s website, and including, among others, the following aspects: (i) The short-term objectives and targets of the key Public Entities in Agricultural Applied Research (for instance: number and characteristics of the improved agricultural technologies developed); (ii) The on-going actions undertaken and their link to the objectives; (iii) The respective institutions or persons responsible; (iv) The allocation of the existing financial resources (Public Treasury, Donors and other Ministry’s partners)</p>	<p>#2.7. National Policy on Agricultural Research approved by the MARNDR, which includes, among others, the following aspects: (i) Medium and long-term objectives and targets of the Agricultural Research services; (ii) Strategic orientations to reach the objectives, e.g. response to users’ needs and to climate change; coordination mechanisms with other public and private stakeholders; strong connection with the network of International Research Centers; (vi) The financial instruments allowing the financial sustainability, and legal and institutional instruments (including the option to create a public autonomous entity for Agricultural Research) to implement the Policy.</p>	<p>#3.5. Legal framework for a modern Agricultural Research System adopted by the Parliament.</p> <p>#3.6. Programmatic plan 2014-2019 for Agricultural Research (to allow the implementation of the Policy) approved by the MARNDR, and including elements such as: (i) The objectives and targets for Agricultural Research; (ii) Actions to implement, to achieve those objectives, with the respective persons and institutions in charge; (iii) The budget needed to undertake the actions; (iv) The allocation of the existing financial resources (Public Treasury, Donors and other Ministry’s partners); (v) The remaining financial gaps, to orientate the allocation of possible additional resources of the Public Treasury, Donors and other Ministry’s key partners.</p>

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
To support the development of a sustainable, competitive supply of agricultural inputs and services by private providers	MARNDR	<p>#1.4. Transition strategy related to the agricultural inputs subsidies mechanisms approved by the Minister of Agriculture, and including: (i) A mechanism of subsidies to inputs importers (ii) A control mechanism aiming to eliminate the co-existence, in a same area, of contradictory subsidies mechanisms (distributions by the MARNDR or Aid agencies vs. vouchers to stimulate the demand for private supply)</p>	<p>#2.8. Transition strategy related to the agricultural inputs subsidies mechanisms: effective.</p>	<p>#3.7. Transition strategy related to the agricultural inputs subsidies mechanisms: still effective.</p>
			<p>#2.9. System of smart subsidies tested in 5 pilot municipalities attended by the Bank and the World Bank (Camp-Perrin, Thiotte, Les Cayes, Maniche, Grande Rivière du Nord).</p>	<p>#3.8. System of smart subsidies implemented in the 5 initial pilot municipalities and tested in at least 10 additional municipalities.</p>
			<p>#2.10. Methodological framework for the creation of a systematic national registry of farmers approved by the MARNDR.</p>	<p>#3.9. Independent evaluation of the technical, economic and institutional performance of the new subsidies system implemented in the 5 initial pilot municipalities completed and published on the MARNDR website.</p> <p>#3.10. Inputs quality control system (for seeds, fertilizers, pesticides): effective.</p> <p>#3.11. Bill on the legal status of farmers (will include the official criteria to be registered in the national registry of farmers): adopted by the Parliament.</p>

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
Component 4: Modernization of the Water Resources and Hydraulic Infrastructures Management Framework				
<p>(i) To improve the effectiveness and sustainability of farmers' access to water</p> <p>(ii) To reduce damages due to flooding in irrigated areas</p>	MARNDR	<p>#1.5. Draft bill on the transfer of irrigation perimeters management to Water Users Associations (WUAs): submitted to Prime Minister, and including elements such as: (i) The legal status of the WUAs; (ii) The right to transfer the responsibility of the management of the irrigated perimeters from the State to WUAs; (iii) The WUAs' right to collect and enforce water user fees.</p> <p>#1.6. Irrigation Policy approved by the Minister of Agriculture, and including, among others: (i) The objectives and targets of the Ministry regarding the development of irrigation; (ii) The strategic guidelines for the protection of watersheds upstream the perimeters, investments in irrigation infrastructures, definition of roles and responsibilities of WUAs and the value assessment of irrigated perimeters; (iii) The</p>	<p>#2.11. Study on the institutional options for an efficient and sustainable water management and infrastructures maintenance in the Artibonite irrigated perimeter approved, and one institutional scenario chosen, by the MARNDR.</p> <p>#2.12. Results-based report for the 1st semester of report for the last quarter of FY 2011-2012 and 1st semester of FY2012-2013 for Irrigation: available on the MARNDR website on May 2013, and (i) demonstrating that the activities planned in the programmatic plan for the period (prepared under the Program of Institutional Strengthening and Reform of the Agriculture Sector – I) and that have obtained financing, have been actually implemented; (ii) explaining the gaps if it is not the case (accountability and performance evaluation mechanism).</p>	<p>#3.12. Bill on the transfer of irrigation perimeters management to WUAs: adopted by the Parliament.</p> <p>#3.13. Reform of the institutional and legal framework for water management and infrastructures maintenance in the Artibonite irrigated perimeter: implemented, in accordance with the institutional scenario chosen by the MARNDR.</p> <p>#3.14. Results-based report for the 2nd semester of FY2012-2013 for Irrigation available on the MARNDR website on November 2013, and (i) demonstrating that the activities planned in the programmatic plan for the period and that have obtained financing, have been actually implemented (ii) explaining the gaps if it is not the case (accountability and performance evaluation mechanism).</p>

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
		<p>financial, legal and institutional instruments chosen to implement the Policy.</p> <p>#1.7. Programmatic plan 2012-2016 for Irrigation approved by the Minister of Agriculture and including, among others, the following elements: (i) The medium-term objectives and targets for the irrigation sector, such as: number of hectares equipped with infrastructures; number of WUAs legalized; number of WUAs collecting tariffs; number of irrigation perimeters protected up-stream.</p>		
	CIAT	<p>#1.8. InterMinisterial Surveillance Commission for the multi-purpose water management at Péligre dam created, to ensure that the management of water at the dam considers the diverse interests of all the stakeholders (production of hydro-electricity; irrigation; flood risk mitigation)</p>	<p>#2.13. Intersectorial Surveillance Commission for the multi-purpose water management at Péligre dam created (InterMinisterial Surveillance Commission expanded to include local authorities and civil society), to ensure that the management of water at the dam considers the diverse interests of all the stakeholders (production of hydroelectricity; irrigation; flood risk mitigation)</p> <p>#2.14. Optimization model in the Artibonite watershed: preparation on-going (in collaboration with the Dominican authorities). The model will: (a) estimate investment options and trade-offs between the objectives of generation of energy, agricultural production and flood control, (b) provide the GoH with a decision tool to ensure that all costs and benefits of any future investment (especially in Energy and</p>	<p>#3.15. Quarterly meetings of the Intersectorial Surveillance Commission for the multi-purpose water management at Péligre dam: done, to ensure that the management of water at the dam permanently considers the diverse interests of all the users (application of the operation manual).</p> <p>#3.16. Optimization model</p>

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
			<p>Agriculture) in the Artibonite watershed are considered, (c) include: (i) an analysis of the economic, social, environmental and political costs and benefits of several investments scenario (for hydro-electricity, irrigation and flood control), and (ii) a revised rule for water management at Peligre dam.</p> <p>#2.15. Quarterly meetings of the Interministerial, then Intersectorial (once created) Surveillance Commission for the multi-purpose water management at Péligre dam: done (from the date of creation of the Interministerial Commission established under the Program of Institutional Strengthening and Reform of the Agriculture Sector – I), to ensure that the management of water at the dam permanently considers the diverse interests of all the users.</p>	<p>in the Artibonite watershed: finalized and validated in binational (Haiti-Dominican Republic) workshop.</p> <p>#3.17. Operation manual, for the implementation of the water management rule at Peligre dam: effective.</p>
Component 5: Institutional reform of the Ministry of Agriculture				
To improve the MARNDR's capacity to execute investment budget to deliver public goods and services	MARNDR	<p>#1.9. Procurement teams of operations financed by IDB, WB and IFAD grouped in a single space achieved, in order to mutualize competences, with the objective to increase the effectiveness and efficiency of the procurement function of the Projects, and consequently to improve the execution of the investment budget dedicated to Agricultural Public Services.</p>	<p>#2.16. Roadmap for the reform of the MARNDR approved by the MARNDR, which includes: (i) a clear action plan to drive the reform of the MARNDR; (ii) an emphasis on the strengthening of the Programming, Monitoring, Evaluation and Budgeting functions; and (ii) an emphasis on the redeployment of human resources.</p> <p>#2.17. Strategy for the creation and institutionalization of a single procurement unit, consistent with the law on public procurement, approved by the MARNDR, in order to ensure the sustainability of an effective and efficient procurement function within the MARNDR.</p>	<p>#3.18. New organizational chart and procedures manuals approved by the MARNDR, associated with: (i) The procurement function, with a procurement unit integrated within the official organizational chart of the MARNDR, consistent with the national law on Public Procurement (ii) The Programming, Monitoring, Evaluation and Budgeting functions; (iii) Human resources management.</p> <p>#3.19. New organic bill of the MARNDR adopted by</p>

Component objectives	Institutions in charge	Conditions for 1 st Policy Based Grant (2012)	Triggers Mechanisms for Proposed 2 nd Policy Based Grant HA-L1082 (2013)	Triggers Mechanisms for future 3 rd Policy Based Grant
				<p>the Parliament, and including: (i) A clarification of the mission of the modernized Ministry (ii) The elimination of any reference to the organizational chart, to allow flexibility and adaptation to contextual changes</p>
Component 6: Modernization of the Land Administration Services				
To improve the effectiveness and efficiency of the land administration services	CIAT	<p>#1.10. Draft bills to modify the existing laws on surveyors, notaries, land registration and mortgage registry, submitted to Prime Minister by the Executive Secretary of CIAT, to give legal force at the use of new Information Technologies.</p>	<p>#2.18. National Policy on Land Tenure Security approved by Prime Minister, to establish the new institutional and legal arrangements for the modernization of land tenure management.</p> <p>#2.19. Draft bills to modify the existing laws on ONACA (Cadaster National Office) and cadaster: submitted to Prime Minister by the Executive Secretary of CIAT, aiming to (i) avoid duplication of responsibilities between ONACA, notaries and public surveyors; and (ii) transfer ONACA to the Ministry of Economy and Finance (MEF)..</p> <p>#2.20 : Draft bills to modify the existing laws on public surveyors, land registration and mortgage registry, submitted to Prime Minister by the Executive Secretary of CIAT, to (i) eliminate the setting by the law, of the public surveyors rates (ii) recognize that surveys conducted by public surveyors are valid and can be registered in the Cadaster (iii) replace the need to obtain a judicial authorization prior to land survey by the emission of an authorization by the MEF (iv) give legal force to digital documents (v) simplify land registration procedures at the MEF.</p>	<p>#3.20. Bills to modify the existing laws on public surveyors, notaries, land registration and mortgage registry, ONACA (Cadaster National Office) and cadaster adopted by the Parliament.</p> <p>#3.21. New regulation on the fees of the professions of public surveyors and notaries established and effective.</p>

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/13

Haiti. Nonreimbursable Financing ___/GR-HA to the Republic of Haiti
Institutional Strengthening and Reform of the Agriculture Sector II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Haiti, as Beneficiary, for the purpose of granting it a nonreimbursable financing to cooperate in the execution of the program for the institutional strengthening and reform of the agriculture sector II. Such nonreimbursable financing will be for an amount of up to US\$15,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Grant Proposal.

(Adopted on __ _____ 2013)