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# SUPPORT TO HAITI'S MICROFINANCE, SMALL AND MEDIUM ENTERPRISES SECTOR (HAITI MSME)

## Rural and Agricultural Finance Workshop and Training of Trainers: Aide Mémoire



May 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by John Jepsen for Development Alternatives, Inc.

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## **Abbreviations**

ANIMH – Association Nationale des Institutions de Microfinance d’Haïti  
CTPEA – Center de Techniques de Planification et d’Economie Appliquée  
DAI – Development Alternatives, Inc.  
HAP – Hillside Agricultural Program  
IDB – Inter-American Development Bank  
IMOFOR – Institut Mobile de Formation  
KNFP – Konsèy Nasyonal Finansman Popilè  
MSME – Micro, Small and Medium Enterprises  
RAF – Rural and Agricultural Finance  
ToT – Training of Trainers  
USAID – United State Agency for International Development

## Overview

The Rural and Agricultural Finance Workshop and Training of Trainers is an on-going activity that falls under Haiti MSME's Objective 4: Promote economic growth that benefits poor households by supporting the access of MSMEs to new market opportunities. MSMEs are the engine of economic growth and require access to financial services to benefit from market opportunities, expand, and increase employment. Limited supply of financial products and services, weak integration of value chains, and the scarcity of bankable enterprises are key constraints to competitiveness in the Haitian agriculture and production sectors.

During the week of April 23-27 2007, USAID's Haiti MSME Project presented the Rural and Agricultural Finance Workshop and Training of Trainers. The workshop, which took place the first three days of the week, brought together microfinance associations, cooperative and non-cooperative microfinance representatives, government officials from the Ministries of Commerce, Agriculture and the Central Bank, agricultural sector representatives, and colleagues from international organizations such as the Inter-American Development Bank (IDB), the European Union, and several international non-governmental organizations. The Training of Trainers, which included the three day workshop plus two additional days, created a cadre of five local experts ready to replicate the workshop throughout Haiti.

### **Promoting Access to Finance in Haiti**

Microfinance has show great growth in Haiti during the last 12 years and now serves a total client base of approximately 500,000. Much of that growth has been in urban and peri-urban areas. In recognition of the vital role of the rural economy which accounts for 60% of the population and agriculture which accounts for 27% of the economy, USAID Haiti has prioritized a further expansion of financial services into rural area and agricultural markets. Through direct technical assistance and grants to encourage financial services innovation, USAID's Haiti MSME program is working to improve the access to credit in Haiti, with a particular emphasis on rural and agricultural finance.

The Rural and Agricultural Finance Workshop and Training of Trainers is a program that learns from the past, uses present issues as learning opportunities, and creates a pathway for the future. This Aide Mémoire documents the process of the Haitian RAF Workshop and Training of Trainers program and captures the opportunities for next steps in the development and expansion of rural and agricultural finance in Haiti.

## The Rural and Agricultural Finance Workshop Methodology

The RAF Workshop is based on a standard training developed by USAID/Washington's Bureau of Economic Growth, Agriculture, and Trade. The course material includes both a training on the basics of rural and agricultural finance and the best current and emerging practices, and a hands-on planning session that encourages dialogue among key stakeholders. The workshop brings together producer associations, agricultural

cooperatives, financial institutions, government intermediaries, and donors to participate actively in a problem-solving approach to the challenge of rural and agricultural finance in their countries. The approach provides tools and know-how to identify obstacles and solutions, and more important, provides structured time to formulate responses to the challenges of the delivery of rural and agricultural finance.

## ***Base Materials***

The RAF Workshop curriculum and methodology was designed to respond to the common problem of underdeveloped financial markets serving rural areas and the agricultural sector. The objective of the RAF Workshop is to provide a common space for participants with a diverse range of backgrounds, including rural development, agriculture, economic growth, and financial market development, to learn about and begin to address constraints to expanding rural and agricultural finance. The workshop was developed with the understanding that participants may only have a rudimentary understanding of either agriculture and rural development or finance.

Many of the exercises/activities in the RAF course follow an “Experiential Learning” model. The model assumes that people learn best by doing. By learning through experience, participants gain knowledge and understanding, explore their own attitudes, see and use skills/knowledge in action, learn from each other, and demonstrate their own learning through structured experiences.

The curriculum presents a holistic approach to rural and agricultural finance, including the roles of financial institutions and value chain actors. Financial institutions are concerned with expanding into rural areas while maintaining institutional sustainability and building institutional capacity. Value chain actors are concerned with constraints at various stages along an agricultural commodity chain, and developing financial solutions (when appropriate) that are based on the linkages in that chain. Value chain financing includes financial flows or credit relationships between producers, production organizers (i.e. associations), input suppliers, processors and/or traders. It may or may not incorporate traditional financial institutions. By examining rural or agricultural financial systems under a common framework that incorporates both financial institutions and value chain actors, participants gain a greater understanding of the range of possible options available for promoting rural and agricultural development through increased access to financial services.

The curriculum is organized into the following Modules:

**Module 1: The Importance of Rural and Agricultural Finance for Development**

**Module 2: Understanding Rural Markets**

- Who are the clients?
- Supply of finance & financial services
- Enabling environment

**Module 3: From market assessment to financial innovation**

- Mapping the value chain, inventorying financial service providers, dialoguing with principal stakeholders

- Identifying new financial solutions

#### **Module 4: Getting the intervention right**

- Historical perspective & the role of the government and donor
- Intervention options (10 intervention options are detailed with separate specialty topic packets that provide mechanics, preconditions, timing and resources and specific examples)
- New product development

#### **Module 5: Back in the Field**

### ***Country Level Tailoring***

In order to respond to the country level considerations and realities, the base course materials were tailored to the Haitian context. Haiti MSME partnered with the Konsèy Nasyonal Finansman Popilè (KNFP), a member based association of rural focused microfinance institutions that is committed to the expansion of rural microcredit and other financial services meeting the needs of the rural poor. Haiti MSME also committed resources to incorporating lessons learned and innovations developed under previous USAID Haiti agricultural programs, such as the Hillside Agricultural Program, and by other donors. Haitian data and information were woven throughout the course, and Haitian-based case studies were created. In addition, special presentations from some of the course participants were solicited.

Most important, the agenda emphasized opportunities for Haitian stakeholders to work together, dialogue, and share experiences. The course materials are highly participatory, including plenary brainstorming, group exercises, and problem solving activities in every Module. The participants' own contributions, questions, and examples provided significant "tailoring" of the course and ensured its relevance to the Haitian context.

### ***Workshop Delivery***

The workshop was presented at the Hotel Montana for thirty participants (see Annex A for the list of participants). It was led by John Jepsen and Osé Pierre of the Haiti MSME project, and Catherine Johnston, a rural and agricultural finance specialist from DAI (see Annex B for the final workshop evaluation report).



#### **The Rural and Ag Finance Workshop Modules**

KNFP was responsible for the creation and presentation of Module 1. The presentation, done by Lionel Fleuristin, KNFP's coordinator, describes the importance of the rural economy in Haiti, the large portion of the rural economy driven by the agricultural sector, and the dearth of financial services

available to the rural population and the agricultural sector. Module 1 provides time for participant introductions and a course road map.

Module 2 supplies the participants with a common understanding of the rural and agricultural finance market. It introduces the typical demanders and suppliers of financial services in this market. The first role-play of the workshop, based on the Haitian cacao sector, allows participants to play value chain and financial sector roles in order to understand the flow of financial services from formal financial institutions and from value chain actors. The module also presents the enabling environment and its impact on the provision of financial services.

Module 3 gives the participants a methodology for assessing agricultural value chains, identifying areas in which finance is a critical constraint, and creating potential financial solutions. A key learning from this Module is that agricultural value chains face many constraints (low productivity, poor infrastructure, etc.) and that financial solutions are not always appropriate. This module utilizes the Haitian mango sector as a case study. The case study was developed by Haiti MSME following an examination of USAID's investment to support access to finance to Haiti's value chains, particularly mango, coffee, and cacao. The mango case study gave the participants an opportunity to map the value chain structure, identify existing and potential financial flows from financial institutions and value chain actors, and suggest new financial products for mango sector players.

Module 4 presents the role of government and donors and gives in-depth information on ten financial innovations to increase access to rural and agricultural finance. Six of the financial innovations – leasing, warehouse receipts systems, business development services, ag-based household loans, rural savings, and trader credit/outgrower schemes – were presented to the group by the participants. They presented a general overview of the product or process, and then led a discussion on a Haitian application of the tool. An additional session was added to Module 4 to introduce the new product development cycle and interest rate pricing for microcredit. The session was added in response to an increasing debate over microcredit's role in Haiti's development.

Module 5 provides an opportunity for participants to choose a particular opportunity in rural and agricultural finance and work together to identify potential solutions. The outcomes of the Module 5 activities are presented in the Outcomes and Next Steps section of this report.

### **Additional Presentations**

The course benefited from two outside presentations. Marion LePomellec of the Inter-American Development Bank presented the overview of the IDB's assessments of forty Haitian value chains and how these reports can be used to inform financial solutions. Carl



République d'Haiti  
Ministère de l'Agriculture, des Ressources  
Naturelles et du Développement Rural



Banque interaméricaine de développement  
Fonds français de coopération technique

**IDENTIFICATION DE CRENEAUX POTENTIELS  
DANS LES FILIERES RURALES HAITIENNES**



Dejoie of Dady Ferme, a local aviculture organization, presented a potential financial solution for the egg production sub-sector

## Training of Trainers



The expansion of rural and agricultural finance in Haiti involves stakeholders from various sectors in all parts of the country. It is not simply the responsibility of financial institutions based in the city centers or government entities. Thus, it is important to continue the rural and agricultural finance dialogue with diverse participants from all parts of Haiti. Further, a cadre of expertise should be built in order to promote and implement solutions during and after the project's lifetime. To accomplish these goals, Haiti MSME took the opportunity to provide a training of trainers to five of the RAF Workshop participants.

Five trainees who participated in the three-day RAF Workshop also took part in two additional days of discussion and training to prepare them to present the course material in future RAF Workshops. Three of the ToT participants - Ismene Paul, Moliere Ermonte, and Mathieu Fortis, are trainers in KNFP's training center – Institut Mobile de Formation (IMOFOR). The other two represent the agricultural and microfinance sectors. Jean-Fritz Estimee was a regional office director for the USAID HAP program, and Frantz Bernard is a director of KOFIP - a rural-focused microfinance institution. Along with KNFP, Haiti MSME will define additional opportunities and locations to present the RAF.

### UPDATE!

In honor of Haiti's National Agriculture and Labor Day celebrations, trained RAF trainer Mathieu Fortis presented an overview of the RAF workshop for students and professors at the Centre de Techniques de Planification et d'Economie Appliquée (CTPEA). His presentation sparked a good debate among the participants – particularly around the role of the government in agricultural financial market development.

The Training of Trainers was led by Haiti MSME's Osé Pierre. In November, Osé was sponsored by USAID's Office of Agriculture to attend a presentation of the RAF workshop in Rome, Italy. Osé, a microfinance expert and agricultural engineer by training, will lead future regional trainings in partnership with the newly trained trainers.

## Outcomes and Next Steps

The following themes emerged from the RAF Workshop. Haiti MSME will continue to dialogue with the participants and other relevant parties to define and implement solutions.

### **Encourage Emerging Rural and Agricultural Finance Opportunities**

Several opportunities were discussed during the last module of the workshop – Module 5 - Back to the Field. During this Module, four teams broke into discussion groups to formulate action plans for potential financial solutions for:

- Aviculture
- The coffee sector
- Rural households (including savings)
- Agricultural input providers

The participants spent a significant amount of time mapping the specific sector(s) and defining the constraints. In all cases, financial services were defined as a primary constraint to the expansion of the specific sectors and to increased livelihoods in the rural milieu. Many of the participants organized follow-on conversations or identified specific needs to promote financial services. Interestingly, the majority of the solutions to increase financial services were directed at strengthening the players within the value chain. This reflects participants' recognition that more developed value chains can attract increased access to finance, and that finance itself is not always the correct solution.

Haiti MSME has the following tools to encourage and promote these and other financial innovations focused on the agricultural sector and the rural milieu:

- Technical assistance and training in new product development process
- Support to ANIMH and KNFP in their work with the government of Haiti for an improved legal and regulatory environment for microfinance, including the ability to mobilize and intermediate savings
- Direct grant assistance to promote new product development or service expansion
- Strategic linkages with other USAID and donor programs (e.g. identified a linkage with CHF and Carl Dejoie to promote egg production and financial solutions to encourage its development in Haiti).

### **Continue the Dialogue on Rural and Agricultural Finance**

Haiti MSME will incorporate the feedback from the first presentation of the RAF workshop and work with KNFP and other partners to replicate it. Haiti MSME will work with the newly trained trainers to define workshop schedules and locations, develop participant lists, and prepare materials. A follow-on workshop has already been identified with the nineteen credit unions supported by Haiti MSME under its subcontract with Desjardins. Haiti MSME will follow-up with opportunities that emerge from each presentation.

### **Promote Value Chain Approach to Agricultural Finance**

An important current innovation for increasing access to agricultural finance is the value chain approach to assessing agricultural markets and developing appropriate financial products and services. Building on the material presented in Module 3, Haiti MSME is in the process of designing a two day course on designing new financial products for the agricultural sector. The course will aid financial institutions to develop the capacity to use an approach:

- to analyze value chain operations, from production to final sale
- to identify support services (transport, storage, etc.) in the value chain
- to identify the demand for finance from value chain actors or support service providers
- to analyze the existing and potential providers of financial services
- to identify critical constraints to growth and profitability for the value chain as a whole, and for individual value chain actors
- to create financial solutions where appropriate

The value chain approach addresses many of the causes of failure in agricultural credit programming of the past. It ensures that increased access to credit is market driven and responsive to client needs. It also ensures that finance is used only where appropriate, and in a manner which supports growth with equity in the value chain. It encourages dialogue and the development of alliances among financial institutions and between financial institutions and value chain actors. These alliances bring together the strengths of value chain actors (market information, interdependent relationships) and the strengths of financial institutions (risk assessment, credit methodologies, diverse products and services) to create integrated solutions to financial constraints.

## Annex A: Rural and Agricultural Finance Workshop Participant List

Secteur	Institution	Nom	Email
Gouvernement	Ministère de l'Agriculture	Phito Blemur	Phitoblemur@yahoo.fr
Gouvernement	Ministère de l'Agriculture	Allain Moncoeur	Monall73@yahoo.fr
Gouvernement	Ministère de l'Agriculture	Wisly Dezallant	456-5673
Gouvernement	Ministère du Commerce	Rony Ducé	mci_haiti@yahoo.fr
Gouvernement	Banque de la République d'Haïti	Louisemane Beaubrun	lbeaubrun@hotmail.com
Organisation Internationale	Banque Interaméricaine de Développement	Marion Le Pommellec	marionlp@Contractual.iadb.org
Organisation Internationale	Fonds International de Développement Agricole	Jean-Pierre Heurtelou	jpheurtelou@faeshaiti.org
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Finance – IMF	Sogesol/Accion	Michel Plouffe	mplouffe@accion.org
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Formation de Formateur	Konsèy Nasyonal Finansman Popilè	Mathieu Fortis	fmath72@yahoo.fr
Formation de Formateur	Indépendant	Jean Fritz Estimée	jfestime@hotmail.com
Formation de Formateur	KOFIP	Frantz Bernard	kofip98@yahoo.fr



## Annex B: Evaluation-Summary Report

<b>TRAINING LOCATION:</b>	Hotel Montana, Port au Prince, Haiti
<b>DATES OF TRAINING:</b>	23-25 April 2007
<b>COURSE TITLE:</b>	Atelier sur le Financement Rural et Agricole
<b>USAID STAFF PRESENT:</b>	Alex Deprez Eunice Irizzary Ben Swartley Edgard Rosemond Marc-Eddy Martin
<b>TOTAL PARTICIPANTS:</b>	30
<b>TOTAL # EVALUATIONS:</b>	26
<b>NAMES OF INSTRUCTORS:</b>	John Jepsen – USAID/Haiti MSME Osé Pierre – USAID/Haiti MSME Catherine Johnston – USAID/Haiti MSME

### (1) SUMMARY RATING:

	Excellent	Good	Fair	Poor
Quality of Materials	14	12		
Quality of Instructors *	11	14		
Practical Application *	5	17	3	
Overall Course *	9	15	1	

\*One participant did not fill out the form.

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## (2) COMMENTS FROM EVALUATION FORMS:

Course Topic / Module	Most Useful	Least Useful	Additional Emphasis
<b>Module 1: The Importance of RAF for Development</b>	6	2	2
<b>Module 2: Comprendre les Marchés Ruraux et Agricoles</b>	6		4
– Demande de financement rural et agricole	2		
– Offre de financement et de services financiers	1		
– Environnement habilitant	5		2
<b>Module 3: De l'évaluation du marché à l'innovation financière</b>	10		4
– Schématiser la filière, inventaire des prestataires des services financiers, dialogue avec les principaux dépositaires	10		
– Identification de Nouvelles Solutions Financières	4		2
<b>Module 4: Réussir l'intervention</b>	4	1	3
– Perspective historique et rôle du gouvernement et du donateur	4	1	3
– Options d'intervention – Outils financiers	6		4
– Processus de développement de nouveaux produits	2	1	8
<b>Module 5: Retour sur le terrain</b>	1		

### Participant Comments:

- J'aimerais recevoir une autre formation surtout sur le financement et le crédit, leur risque, etc.
- Je pense qu'on devrait continuer avec le programme s'il y a une volonté réelle de changer la situation économique des gens de milieu rural. Je vous remercie déjà pour le bon début.
- Il faudra réserver un plus grand espace d'échange. Les échanges sont très importants et peuvent être très utiles au FRA.
- Je suis satisfait de ce séminaire et le niveau de participation des invités.
- Les contraintes du financement rural sont au niveau macro principalement. Ce sont entre autres : Offre insuffisante de capitaux dans l'économie haïtienne, la faible productivité des exploitations, des modalités de développement inappropriées, un manque d'intégration des stratégies entre la finance rurale et l'économie nationale et une prise en compte insuffisantes de la production qui a un rôle stratégique pour la retour des autres acteurs de la filière et la sécurité alimentaire.
- Cet atelier de formation de 3 jours a été très bénéfique pour moi car j'ai beaucoup appris sur le secteur rural un secteur que j'ignorais. Maintenant je peux construire une filière.
- C'était une très bonne initiative, on a vu beaucoup de matières, à l'avenir

- on doit le faire sur un plus longue période (une semaine).
- Le temps de discussions alloué à journée 1 et 2 trop court.
  - C'est une grande opportunité pour les IMF surtout celles qui sont dans les zones rurales de franchir les risques, les contraintes pour continuer à faire grandir les organisations. Le financement rural est incontournable le développement du pays.
  - Cet exercice nous permettra certainement de mieux identifier les besoins en financement dans nos zones d'intervention respective et d'apporter de meilleures réponses au cas où nous disposons de fonds d'investissement.
  - Créer des programmes visant la création des filières de productions.
  - Nous pensons qu'il faut insister sur le rôle de l'état en favorisant un environnement propice au financement des clients en milieu rural et dans le secteur agricole.
  - J'ai rencontré beaucoup de partenaires potentiels pour CHF international. Félicitations et bon travail.
  - Une meilleure orientation en vue de faciliter la réussite totale des activités pratiques, surtout l'activité terrain.
  - Tous les thèmes abordés ont été pertinents à la compréhension du financement des filières. Bravo !
  - Manque de mise en train. Terminer chaque jour à 4 heures serait mieux. Préférable de commencer à 8h AM à 4h PM.
  - Nos remerciements à toute l'équipe de MSME pour la qualité du travail pendant les trois jours.
  - Je peux dire qu'en général, l'atelier a été très intéressant et j'ai beaucoup appris.
  - Les temps alloués aux discussions en atelier sont généralement trop courts.
  - La finance rurale et agricole est extrêmement importante pour permettre à la majorité de la population Haïtienne de sortir de l'état de pauvreté. Je souhaite que les décideurs et secteur public, privé et bailleur se mettent ensemble pour venir au secours des foyers ruraux.
  - J'apprécie la pléiade d'institutions que se sont représentés. Cette diversité avait enrichie les discussions et les échanges et des travaux en groupe.
  - Je pense que le FRA a beaucoup d'importance pour le développement de notre pays, on doit lui accorder beaucoup de temps, et surtout utiliser les résultats de cet atelier pour pouvoir commencer avec un changement réel.
  - Bien, bien, bien !