

## HAITI RECONSTRUCTION FUND

### STATUS UPDATE AS OF DECEMBER 31, 2016

<b>Project Title:</b>	<b>Partial Credit Guarantee Fund (PCGF) (Restructured) Reformulation (Phase 1)<sup>1</sup>: Program to Support Productive Development</b>		
<b>Partner Entity:</b>	IADB	<b>IHRC Concept Note Number:</b>	
<b>Project Development Objective:</b>	<p><b><u>Partial Credit Guarantee Fund (PCGF)</u></b>                      The objective of this operation was to contribute to the rehabilitation of the Haitian Productive sector, which had been negatively affected by the earthquake, in particular those enterprises that remained viable. This was to be achieved by establishing a Partial Credit Guarantee Fund (PCGF) to allow such enterprises to restructure bank-debt obligations they were unable to meet, preventing viable enterprises from going into liquidation and, furthermore, facilitating their continued access to finance to rebuild and operate their businesses.</p> <p>Owing to limited demand for further guarantees by commercial banks as the emergency situation had stabilized, the Government of Haiti requested a reformulation of the undisbursed resources to address the financial and nonfinancial needs of small enterprises and smallholder agriculture. This is to take place through two partial reformulations.</p> <p><b><u>1<sup>st</sup> partial reformulation: Program to Support Productive Development</u></b>                      The objective of the reformulation of the program (Refor.1) is to support the development of productive small-scale firms as a source of sustainable economic growth and employment generation. The specific objectives are to: (i) develop sustainable, small-scale firms, primarily in agribusiness, tourism, and industrial value chains through strategic investments in technical assistance, productive infrastructure, and financing; and (ii) improve access to capital equipment for small-scale firms and farms. The reoriented funds will be used for two purposes: (i) complement the HA-L1068 (2827/GR-HA) IDB Program by scaling-up the pilot program to a national level, achieving greater economies in their provision, and greater impact in terms of the number of firms benefited and employment created (see Results Matrix)<sup>2</sup>; and (ii) implement pilot to expand lease financing for capital equipment.</p> <p><b><u>2<sup>nd</sup> partial reformulation (approved in June 2015): Support to Anchor Investments Pilot Program</u></b>                      The objective of this program is to foster the productive, financial and social inclusion of the population associated with value chains led by anchor firms by facilitating investment in these companies via public-private partnership modalities.</p>		
<b>PARDH<sup>3</sup> Sector:</b>		<b>IHRC Sector:</b>	Private Sector Development
<b>Responsible Agency(s)<sup>4</sup>:</b>	<p><b>PCGF</b>                      Fonds de Développement Industriel  <b>Program to Support Productive Development</b>                      For partial reformation I the Responsible Agency is the Ministry of Commerce and Industry through the Service de Gestion des Micro Parcs Industriels (SGMPI) (technical) and the UGF (fiduciary), For partial reformulation II the Responsible Agency will be the Ministry of Agriculture (MARNDR) and Ministry of Economy and Finance (MEF), through the units UPISA-MARNDR and UCG/PPP-MEF. Technical responsibility for implementation of Subprogram I will be assigned to the Ministry of Commerce and Industry (MCI).</p>		

<sup>1</sup> It is expected a second reformulation for the remaining of the funds not used for the PGCF.

<sup>2</sup> As described in HA-L1068 the original program was designed to receive additional funding from HA-L1050 and from other donors.

<sup>3</sup> Plan d'Action pour le Relèvement et le Développement d'Haïti.

<sup>4</sup> Agency or Agencies that is/are the direct recipient of funds from the Partner Entity and is/are responsible for overseeing project implementation.

<b>Total Project Cost (US\$ million):</b>	Up to US\$ 95 Millions	<b>Total Approved HRF Grant (US\$ million):</b>	US\$12.5 Millions	<b>Total HRF Funds transferred to Partner Entity (US\$ million):</b>	US\$12.5 Millions
<b>Other Donors (indicate amount per donor):</b>	IADB: US\$20 Million; WB: US\$2.5 Million; Other (tbd): Up to US\$ 60 Millions				
<b>Project Funds disbursed (US\$ million):</b>	<b>PCGF</b> 1.9	<b>Disbursement as a percentage of total project cost:</b>	<b>PCGF</b> 5.69% (of up to total project) 5.58% (of signed and committed funding)		
	<b>SPD Program</b> 0.0		<b>SPD Program</b> 0.00% (of up to total project) 0.00% (of signed and committed funding)		
	<b>Anchor Program 0.4</b>		<b>Anchor Program 2.35%</b>		
<b>HRF Funds disbursed (US\$ million):</b>	<b>PCGF</b> US\$0.0	<b>Disbursement of HRF funds as a percentage of approved HRF grant:</b>	<b>PCGF</b> 0.00%		
	<b>SPD Program</b> US\$0.0		<b>SPD Program</b> 0.00%		
	<b>Anchor Program</b> US\$0.0		<b>Anchor Program</b> 0.00%		
<b>HRF SC Final Approval Date:</b>	<b>PCGF</b> 27 AUG 2010 (SC Meeting 2 )	<b>Project Effectiveness Date<sup>5</sup>:</b>	<b>PCGF</b> 15 MAR 2011		
	<b>SPD Program</b> 22 NOV 2012 (SC Meeting) The first part of the restructuring has been approved in December 2012. The corresponding amendments to the contracts involved have been signed on February 18th, 2013. An administrative blockage prevented disbursements until Q1 2017. Approximately \$2m are now committed.		<b>SPD Program</b> Request for first disbursement received and carried out in January 2017.		
<b>Expected Project Duration:</b>	77 months (in line with IDB signed contract and the extended new last disbursement date approved)	<b>Expected Project Closing Date:</b>	31 JULY 2019 (in line with IDB signed contract and amendment approved)		
<b>Implementing Agency:</b>	<b>Type of Organization (Local/Int'l NGO, Government Agency, etc.):</b>		<b>Total project funding channeled through Implementing Agency (Planned or Actual):</b>		
<b>PCGF</b> Fonds de Développement Industriel	Specialized institution of the Central Bank of Haiti (BRH), endowed with operational		US\$5.2 Million		

<sup>5</sup> Date of fulfillment of all project effectiveness conditions and start of implementation of project activities.

(FDI)	and financial autonomy. The FDI's General Manager is appointed by the Board of Directors, which is actually the Board of BRH.	
<b>Service de Gestion des Micro Parcs Industriels (SGMPI) ; and</b>  <b>UGF - Unit de Gestion Fiduciare</b> (fiduciary support to technical team)	The SGMPI will handle the technical and strategic decisions of the program. It is a specialized unit in the Ministry of Commerce and Industry pursuing the development of the Micro Parcs and Accelerator programs.  A specialized unit, L'UGF, has been created at MCI to take charge of fiduciary matters for the SPD program.	US\$10.25Million <sup>6</sup>
<b>MARNDR : Ministère de l'Agriculture, des Ressources Naturelles et du Développement Rural</b>	Government Agency	US\$17Million

Quantitative Results Indicators (include target):	Progress:	Cumulative Progress planned for: 2016
<b>Original Program (PGCF)</b>		
Guaranteed loan reimbursed by enterprises participating in the Program	N/A	N/A
<b>Reformulation (1) SPD Program</b>		
Businesses assisted by the Accelerator Program	0	34
Microparks built and functioning	0	1
Leasing companies created with program resources.	0	1
Technical consultancies carried out to support creation of leasing companies.	0	3
Persons employed by beneficiaries of: (i) the Business Accelerator; and (ii) Microparks	0	0
Businesses current on repayment of capital contributed by the business incubator.	0.00%	0.00%
Ratio of annual average savings rate generated by Micropark beneficiaries to the inputted capital services received from the program.	0.00%	0.00%
Beneficiaries of Businesses Accelerator evaluated as creditworthy by financial intermediaries	0.00%	0.00%
Lease contracts outstanding	0.00%	0.00%
<b>Reformulation (2) SPD Program</b>		

**Qualitative achievements against expected results<sup>7</sup>:**

<sup>6</sup> There is a second reformulation of the original operation that will handle the rest of the US\$17.05 Million.

<sup>7</sup> Include (i) qualitative achievements, (ii) key milestones (current or future) and (iii) any significant changes in project components or budget

**Original Program (PGCF)**

Despite the efforts made by the FDI to identify new operations, by December 31, 2011 no further guarantees had been issued. Given the temporary nature of the fund, an informal assessment was conducted in February 2012 to explore the possibility of extending the operative function of the guarantee. The FDI and the Bank concluded that the guarantee was no longer needed, meaning the Fund would not raise more guarantees against loans. Notwithstanding this conclusion, the operation will remain in effect until its contractual expiration so that the reports related on the guarantees already issued can be properly managed. At this date US\$29,400,000 of Program resources are available. The outputs of the Fund are:

The detailed composition of the guarantees issued (USD 3.333.289 ) has included 8 enterprises and 245 micro-enterprises, concentrated in 3 Banks and guarantying USD 10.6 million in loans, as follows:

Intermédiaire Financier	Garantie entreprises		Garantie Micro entreprises		Total	
	Nombre d'entreprises	Montant	Nombre d'entreprises	Montant	Nombre d'entreprises	Montant
Unibank	4	1,202,485			4	1,202,485
Capital Bank	-	-	54	94,611	54	94,611
Sogebank	6	1,510,522	191	525,672	197	2,036,193
<b>Total</b>	<b>10</b>	<b>2,713,006</b>	<b>245</b>	<b>620,283</b>	<b>2555</b>	<b>3,333,289</b>

The original program which was subsequently reformulated is currently in process of being partially closed. Outstanding IDB funds scheduled to be returned to the IDB (No HRF funds are involved).

**Challenges and other comments<sup>8</sup>:**

The SPD Program had planned disbursements for 35 beneficiaries of the Accelerator Loan Program and 3 Micro Parks (Marmelade Juice; CODEVI Cooks; and LIFE SA Apparel). Administrative delays prevented disbursement in 2016 but these are planned for January 2017 against over \$2m committed funds. A request for non-objection to the first disbursement of the program was received and executed in 2017.

reallocations.

<sup>8</sup> As applicable include (i) reasons for project delays, (ii) implementation challenges, (iii) funding status (funding gaps, new funding sources, or changes to initial contributions), and (iv) other relevant information.