



USAID
FROM THE AMERICAN PEOPLE

HAITI

NOTE FROM THE FIELD

Microloans Fight Rural Poverty

Small loan guarantees bring economic opportunity to hillside farmers



Photo courtesy of DAI

Haiti's hillside farmers examine their crops

Fonkoze's Director, Anne Hastings, explains that without HAP's intervention, it was simply too risky to extend loans to the associations. "We never would have even found these cooperatives high up in the mountains on the border. There is even less chance that we would have made a loan to them."

A USAID-funded project, implemented by Development Alternatives, Inc. (DAI), is increasing rural incomes by improving agricultural practices and business development services. The Haiti [Hillside Agricultural Program](#) (HAP) is working with rural farmers to create sustainable, beneficial changes in local agriculture. Farming provides two-thirds of Haiti's 7.6 million residents with food and any above-subsistence-level income they can obtain. Unfortunately, land shortage forces farmers to farm on the country's many hillsides. In order for hillside farming to be sustainable, suitable crops must be grown with the correct techniques. To facilitate this, HAP uses a market-based approach that treats the hillside farm as a business enterprise, enhancing productivity through improvements in resource management, agricultural production, post-harvest technologies, and marketing systems. In addition, HAP strengthens institutions such as farmer cooperatives, which support both farmers and local communities. The program is scheduled to continue through March 2006.

DAI elaborates on HAP's success below:

"Until recently, Haiti's hillside farmers faced immense obstacles to selling their coffee beans. Regional coffee cooperatives were unable to buy member-produced coffee because they lacked access to credit, which meant that farmers were forced to seek buyers in the Dominican Republic. Individual farmers had to make this seven-hour cross-border trip on foot, with a mule carrying the beans. After paying a tax at the border, the farmers were met with Dominican buyers in a position to offer the lowest prices: if processing did not begin within 24 hours, the coffee would be worthless. The long trip was difficult, the time away from farming wasteful, and their reliance on Dominican buyers humiliating.

"This situation has improved. USAID's mission in Port au Prince realized that meaningful economic advancement could not occur under

NOVEMBER 9, 2005

This publication was produced for review by the U.S. Agency for International Development. It was prepared by DAI.

the current system. For this reason, The USAID-funded Hillside Agricultural Program (HAP) extended a loan guarantee to a local nongovernmental lending institution, Fonkoze, which covered all loans made to coffee grower associations. Fonkoze has a long history with other DAI programs in Haiti, including the Financial Service Network for Entrepreneurial Empowerment project, which works to expand financial services throughout the country. With this capital, the grower associations have been able to buy farmers' coffee directly and at higher prices than the Dominicans offered—and then sell it at reasonable market prices.

“Farmer membership in coffee associations is increasing in these remote communities, with one such association increasing its membership by 500 percent. Given Haiti's ongoing political turmoil, food insecurity, and rampant poverty, HAP and Fonkoze's success in developing a new market for credit is particularly significant.

“The hillside farmers who benefit from this program—85 percent of them illiterate—inhabit a remote region, and their grower associations lack any history of financial borrowing. Fonkoze's Director, Anne Hastings, explains that without HAP's intervention, it was simply too risky to extend loans to the associations: ‘We never would have even found these cooperatives high up in the mountains on the border. There is even less chance that we would have made a loan to them.’

“The HAP-Fonkoze partnership is one component of the project's focus on increasing farmer income through high-value agricultural products that include coffee, mango, cacao, yam, and tropical pumpkin. HAP staff train farmers in the use of appropriate farming technology and sustainable cultivation techniques, supply them with up-to-date market information, and increase micro-investment opportunities. As part of its training campaign, HAP produces cultivation fliers with text in Haitian Creole and pictures for the illiterate. Even small increases in income can permit rural farmers to invest in their farms, live healthier lives, and provide for and educate their children. With this goal in mind, DAI continues its comprehensive approach to poverty alleviation and economic growth among Haiti's hillside farmers.”

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.