Design, implementation and consolidation of the Enriquillo Norte Agroindustrial centre

Dominican Republic

October 17-20, 2023

HIH Investment Forum | Rome, Italy
Dominican Republic

4.9% Gross Domestic Product (GDP) growth in 2022

The Agricultural GDP growth in 2022 was 5.0%

The agricultural sector accounted for 6.2% of exports.

9.6% of formal employment comes from agriculture.

27.7% Monetary poverty level

30.9% Rural, (MEPyD, ONE 2023)

Undernourishment prevalence of 6.3% by 2023

Source: BCRD 2023

Source: FAO, OCHA ESRU, 2023
02. INVESTMENT CLIMATE
2.1. Why invest in the country?

Political stability and legal security.

Foreign Direct Investment growth was **25.5%** (USD 813.6 million) in 2022.

Binational Market with Haiti which is the most important in terms of export, **14.5%** of the total.

Special fiscal regime for agricultural and agroindustrial enterprises based on the Haitian border zone.

### Per capita GDP growth 2012 - 2022

- **Republica Dominicana**
- **Americalatina y El Caribe**

![Graph showing per capita GDP growth from 2012 to 2022 for Republica Dominicana and Americalatina y El Caribe. The graph indicates fluctuations in growth rates.]
Border Area Development Strategy, Productive Border Programme
“Ley 12-21 - MEPyD”

Enriquillo Agroindustrial Center
Agricultural Transformation and Local Economic Development
2.2. In line with plans National priorities

**Productive Frontier Programme**

- National Multiannual Public Sector Plan
- Country Programming Framework MPP FAODO
- Institutional Strategy Plan (PEI) of the Ministry of Agriculture (MARD)
- Touristic Development Project of Pedernales Master Plan – Tourism Ministry

(26) Development, building and consolidation of Enriquillo North Agroindustrial Center
Development Strategy of the Border Zone. Productive Frontier Programme “Ley 12-21 MEPyD”

... Government tool to oriented the border regions development, based on population prioritized demands, structural gaps analysis, productive zoning considering territorial potential ...

7 Provinces
33 Municipalities
33 Municipalities Districts

POPULATION
500,460

POPULATION DENSITY
46 HAB.KM²

SUPERFICE
10,823 Km²

PREVAILING ECONOMIC ACTIVITIES
AGRICULTURAL PRODUCTION
BINATIONAL MARKET

POTENTIAL ECONOMIC ACTIVITIES
SUSTAINABLE TOURISM AND ECO-TOURISM
LOGISTICS SECTOR
FREE TRADE ZONES

POPULATION
500,460

PREVAILING ECONOMIC ACTIVITIES
AGRICULTURAL PRODUCTION
BINATIONAL MARKET

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SUSTAINABLE TOURISM AND ECO-TOURISM
LOGISTICS SECTOR
FREE TRADE ZONES

Hand-in-Hand Initiative

GOVERNMENT OF THE REPUBLIC OF DOMINICANA
2.3. Territorial prioritization with HiH Methodology
2.4. Complementary Projects

- Irrigation System of Independencia
- Binational Market Independencia
- Binational Market Pedernales
- Cabo Rojo Project Pedernales
- Irrigation dam Monte Grande
- Agroindustrial Center Municipality of Bahoruco and Barahona

Infrastructure works
- International Airport of Pedernales
- Seaport for cargo and passengers
- Renewable energy infrastructure
- Cabo Rojo aqueduct
- Public routes: Barahona – Pedernales – Santo Domingo – Barahona
- Improve 600 km of neighbourhood paths
MARKET STUDY 03.
3.1 Demand analysis

1. Tourist Sector

- 24% the contribution of this sector to GDP in 2022.
- 7,2 million tourists in 2022.
- Tourists demanded 68,021 Ton of:
  - Fruits (42%), Vegetables (37%), Beverage (19%) y Legumes (2%)
- Purchase by USD$ 86.1 million.
- That represents 20% of national production.

Forecast: 8 million tourists for 2023 12% growth.
2. Tourist Project Cabo Rojo - Pedernales

First Step - 2024
- 430,000 Turists
- Demand of 3.010 Tonnes (Fruits, Beverage, Vegetables and Legumes).
- Purchase Forecast by USD$ 3.8 million by year

Second Step - 2027
- 880,000 Turists
- Demand of 6.1 mil Tonnes (Fruits, Beverage, Vegetables and Legumes).
- Purchase Forecast by USD$ 7.7 million by year

Third Step - 2029
- 1,2 million of tourists
- Demand of 8.4 mil Tonnes (Fruits, Beverage, Vegetables y Legumes).
- Purchase Forecast USD$ 10.6 million by year
3. Binational Market

- Export by **US$961.5 millions** (2022), is the second Destiny for exportations.
- **USD$ 94.8 millones** in agricultural products by year.

**Indepencia and Pedernales Markets.**

- **2.8 millions** haitian population, because is the nearest point to Port au Prince.
- **32.1 mil Ton** (estimated) ofr agricultural products by year.
- **US$40.7 millones** in agricultural products by year.
3.2. Supply Analysis

1. Enriquillo region production

Fruits, Musaceae, Vegetables, Tubers y Legumes

- Near to 12,000 producers participate.
- 24.5 mil has in production
- 58,640 Tonnes total production in 2022
- Sales by USD$ 74.1 millions
- Main markets:

<table>
<thead>
<tr>
<th>Market</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>42%</td>
</tr>
<tr>
<td>Binational – Haití</td>
<td>23%</td>
</tr>
<tr>
<td>Santo Domingo</td>
<td>20%</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
<td>15%</td>
</tr>
</tbody>
</table>

SOURCE: Ministerio de Agricultura, Unidades Regionales de Planificación y Economía (URPE), 2021. * Preliminary data
2. Production with Irrigation Projects

• 32.2 mil Ha.
  ✓ 18.7 mil Ha Monte Grande dam.
  ✓ 13.5 mil Ha Irrigation Project in Independencia.
• 42% of Ha implemented with irrigation.

• 9,800 Producers with irrigation
• 76.9 mil Tonnes of production

82% of producers with irrigation
43% increase in production

SOURCE: Ministerio de Agricultura, Unidades Regionales de Planificación y Economía (URPE), 2021. * Datos preliminares INDESUR, 2023
3. Timeline

**Haití Exports**

17.9 mil Tonnes  Fruits, Musaceaa, Vegetables, Tubers y Legumes

**Demand**

- 430.000 Tourists  Demand of 3.010 Tons
- 880.000 Tourists  Demand of 6.100 Tons
- 1.200.000 Tourists  Demand of 8.420 Tons

**Supply**

- 21.4 mil Ha in Irrigation
- 10.8 mil Ha in Irrigation  (Total de 32.2 Ha)
- 51.1 mil Tons
- 76.9 mil Tons
HiH Investment Note. Design, Implementation and consolidation of Agroindustrial Center in Enriquillos
4.1. General Structure of Investment Note

**Objective**

Contribute with agrifood system transformations and strengthen access to market for farmers in Enriquillo Region.

1. Development of agroindustrial structure
   - 1.1. Design and construction of Agroindustrial Center and satellite centers.
   - 1.2. Management of Agroindustrial center
   - 1.3. Technical assistance for productive partnerships with farmers and market management

2. Strengthen farmers capacities
   - 2.1. Technical assistance at producer and producer organization level
   - 2.2. Design of Business Plans

3. Promotion of Productive Development and Market Access
   - 3.1. Business Plan implementation
   - 3.2. Promotion of irrigation technology
   - 3.3. Promotion of non-agricultural services and activities (Hospitality sector, Rural tourism and Craftwork)

**Financial Source**

- Investor
- Government
- Farmers
- Financial Sector
4.2. General Description of the Investment Note

**Intervention at farm level**

Focus on sustainable use of natural resources, implementation of Good Agricultural Practices adapted to climate change and technified irrigation

**Intervention at producers organization level**

Producers Organization: Business Plan with focus in markets

Producers Organization: Business Plan with focus in markets

Producers Organization: Business Plan with focus in markets

**Agroindustrial center and sub-center**

Focus on strengthening management capacities at the organizational level to access markets

Articulator of supply. Post harvest services. Market Management.

**Demand**

Local Market

Binational Market

Hotels and Restaurants

Markets
4.2.1. Intervention at Farmer level

Objective: Transforming the productive system towards one adapted to climate change and oriented to markets

Main Activities:
1. Promotion of irrigation technology
2. Technical assistance for the implementation of agricultural practices adapted to climate change:
   - Integrated pest management
   - Crop rotation and diversification
   - Management of water and nutrients in soil

Goal: 7,600 Producers (18,975 hectares) strengthen their capacities for the implementation of agricultural practices adapted to climate change; ii) 1,000 hectares with technified irrigation
4.2.2. Intervention at organization level

**Objective:** Establish Productive Alliances that facilitate Access to markets by producer organization

Main Activities:

1. **Strengthening capacities of producers organizations**, with the objective of reach Productive Alliances in which 4 kinds of actors participate: suppliers, Public Sector, Organizations, and Buyers
2. Capacity development to achieve production in quantity, quality, timeliness and safety

Goals: i) 40 organizations strengthen their capabilities and implement market-oriented business plans;
4.2.3. Intervention at Agroindustrial and satellite centers

**Objective:** The Agro-industrial Center and the Satellite Centers will complete the value chain, through a dual function: provide post-harvest services to producer organizations, and connect them to markets.

**Main Activities:**
1. Design, Building and O&M for 5 years of the Agroindustrial Center and 3 Satellite Centers.
2. Technical Assistance for capacity building of the Agroindustrial Center and 3 Satellite Centers.
3. Internal Management: operation, production process, documentation, etc.
4. Market Management: market research, search and establish of partnership with buyers
   - Tourism: hotels and restaurants
   - Binational Market
   - Local and Regional Market
   - Market in Santo Domingo
5. Training Blocks for producer organizations to establish productive alliances

**Goals:** 1 Agroindustrial Center and 3 Satellite Centers are operating sustainably over time and connect producer organizations with markets.
4.3. Opportunity for economic and social development with the Agroindustrial Center.

- Creation of new direct and indirect jobs at the border.
- Increased food production by 42%, through the use of new technologies.
- Value added to agricultural production and a 50% increase in producer income.
- Growing provision of demand for food from tourism sector and binational markets Haiti, contributing to food security.
- Reduced environmental impact through irrigation and soil efficiency.
- Strengthening associations and set up cooperatives.
## 4.4. Design, Implementation and Consolidation of Agroindustrial Center in Enriquillo Norte

<table>
<thead>
<tr>
<th>Components</th>
<th>USD M</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Agroindustrial Infrastructure Development</strong></td>
<td>$18.9</td>
</tr>
<tr>
<td>- Design, construction and operation of agro-industrial infrastructure</td>
<td></td>
</tr>
<tr>
<td>- Technical assistance for strengthening internal management, establishing productive alliances with producer organizations and market management</td>
<td></td>
</tr>
<tr>
<td><strong>2. Strengthening the capacities of producers</strong></td>
<td>$7.2</td>
</tr>
<tr>
<td>- Technical assistance for implementation of agricultural practices adapted to climate change</td>
<td></td>
</tr>
<tr>
<td>- Technical assistance for capacity building of producer organizations</td>
<td></td>
</tr>
<tr>
<td>- Business Plan design</td>
<td></td>
</tr>
<tr>
<td><strong>3. Promotion of Productive Development and Market Access</strong></td>
<td>$9.5</td>
</tr>
<tr>
<td>- Implementation of Business Plans</td>
<td></td>
</tr>
<tr>
<td>- Promotion of technified irrigation</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL COST</strong></td>
<td>$35.6</td>
</tr>
</tbody>
</table>
4.5. Investment Opportunity: Agroindustrial Center of Enriquillo

Description
Design and management of an agroindustrial and collection centre for post-harvest processing of agricultural products located in Enriquillo

Expected Results
- **7,600 Producers located** in the Centre’s area of influence.
- **38,000 Direct Beneficiaries**
- **64,000 Indirect Beneficiaries**
- **32,200 ha** improved for production of legumes, tubers, vegetables and fruits.
- Connection with tourism value chain.
- Strengthening the binational market with Haiti.
- Commercialization of 14,4000 tons per year by the Agroindustrial Center

Location

Cost – profit Metrics
Agroindustrial Center: US$ 18.9 millions
IRR: 28.2%
NPV: US$ 11.2 millions
Return of Investment years: 6 years

Turning point
Price sale increase 37%
IRR: 12.3%
NPV: US$0.2 millions

Investment cost by person: 1,800 US/person

Mitigation of risks

Main risks
- Change in government priorities.
- Social problems on the border with Haiti.

Mitigation
- Strong dissemination of the project and its benefits among producers
- Implementation of activities to strengthen producers and their associations under the project
- Implementation of activities to establish trade agreements
## INVESTMENT PLAN OF DOMINICAN REPUBLIC

### SUMMARY

<table>
<thead>
<tr>
<th>Component</th>
<th>Total Investment</th>
<th>Average IRR</th>
<th>Beneficiaries</th>
<th>Per capita income</th>
<th>Production Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ 35.6 M</td>
<td>46.4%</td>
<td>102,000</td>
<td>$2,676</td>
<td>43%</td>
</tr>
</tbody>
</table>

### COMPONENT 1: AGROINDUSTRIAL INFRASTRUCTURE DEVELOPMENT

- **Cost:** US$ 18.9 M
- **IRR:** 28.2%
- **NPV:** US$ 11.2 M

**Sustainability Benefits:**
- Direct Beneficiaries: 38,000 persons
- Indirect Beneficiaries: 64,000 persons
- Per capita income increase US$2,676 per annum

### COMPONENT 2: STRENGTHENING PRODUCERS CAPACITIES

- **Cost:** US$ 16.7 M
- **IRR:** 48.6%
- **NPV:** US$ 239 M

**Sustainability Benefits:**
- Direct Beneficiaries: 38,000 persons
- Indirect Beneficiaries: 64,000 persons
- Per capita income increase US$ 2,676 per annum

### COMPONENT 3: PROMOTION OF PRODUCTIVE DEVELOPMENT AND MARKET ACCESS