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UNCLASSIFIED

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

HAITI

PROJECT PAPER

TECHNICAL CONSULTANTS AND TRAINING

AID/LAC/DR:135

PROJECT NUMBER:521-0167

UNCLASSIFIED

1. TRANSACTION

**A** A = Add  
C = Change  
D = Delete

2. PROJECT DATA SHEET

3. COUNTRY

Haiti

5. PROJECT NUMBER

521-0167

4. BUREAU/OFFICE

USAID/Haiti

5. PROJECT TITLE (maximum 40 characters)

Technical Consultants and Training

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
03 31 85

7. ESTIMATED DATE OF OBLIGATION  
(Under "B" below, enter 1, 2, 3, or 4)

A. Initial FY 83 B. Quarter 2

C. Final FY 83

8. COSTS (\$000 OR EQUIVALENT \$)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total			1000			1000
(Grant)						
(Loan)						
Other						
U.S.			573.4			573.4
Host Country						
Other Donor(s)						
<b>TOTALS</b>			1573.4			1573.4

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	660	650				1000		1000	
(2)									
(3)									
(4)									
<b>TOTALS</b>						1000		1000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

613 660 710 930 940 920

11. SECONDARY PURPOSE CODE

650

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code TNG

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To improve the capability of the Haitian public sector to attract and support private sector investment, and to design and implement viable development programs and projects.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY  
03 85

15. SOURCE/ORIGIN OF GOODS AND SERVICES

001  941  Local  Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page(s) Amendment)

17. APPROVED BY

Signature

Title

Director, USAID/Haiti

Date Signed

MM DD YY  
03 30 83

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

PROJECT AUTHORIZATION

Name of Country : Haiti  
Name of Project : Technical Consultants and Training  
Number of Project : 521-0167

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, and to Chapter VI of the Supplemental Appropriations Act of 1982, I hereby authorize the Technical Consultants and Training Project for Haiti involving planned obligations of not to exceed \$1,000,000 (one million United States Dollars) in grant funds ("Grant") over a two-year period from date of authorization, subject to the availability of funds in accordance with the AID allotment process and the Supplemental Appropriation for the Caribbean Basin Initiative, to help in financing foreign exchange and local currency costs for the project.

2. The project ("Project") consists of a variety of activities aimed at strengthening those entities of the Government of Haiti whose activities directly affect the effective functioning of the Haitian private sector, through the provision of technical assistance and training, and limited commodity procurement for training supplies.

3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with AID regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as AID may deem appropriate.

a. Source and Origin of Goods and Services

Goods and services financed by AID under the Grant shall have their source and origin in countries included in AID Geographic Code 941 or in Haiti, except as AID may otherwise agree in writing. Ocean shipping financed by AID under the Grant shall, except as AID may otherwise agree in writing, be financed only on flag vessels of countries included in AID Geographic code 941 or in Haiti.

b. Conditions Precedent to Initial Disbursement

Prior to any disbursement, or the issuance of any commitment documents under the project Agreement, the GOH shall, except as AID may otherwise agree in writing, furnish to AID, in form and substance satisfactory to AID:

(i) Evidence that a Project Director has been appointed within the Secretariat of State for Finance and Economic Affairs, for the customs and tax administration component of the Project;

(ii) Evidence that a Project Director has been appointed within the Secretariat of State for Plan, for the project monitoring component of the Project; and

(iii) Evidence that a National Director of Disaster Preparedness has been appointed, for the disaster preparedness component of the Project.

c. Condition Precedent to Disbursement for Technical Assistance

Prior to any disbursement, of the issuance of any commitment documents under the Project Agreement, to finance technical assistance services, the GOH shall, except as AID shall otherwise agree in writing, furnish to AID, in form and substance satisfactory to AID, scopes of work for said services and a proposed list of counterpart personnel.

d. Covenants

The GOH shall covenant that, unless AID otherwise agrees in writing, it will

(i) recruit and maintain sufficient qualified personnel at all levels required to carry out the objectives of the Project effectively;

(ii) continue to use the Joint Project Implementation Plan system or other mutually agreed-upon method to monitor the project systematically; and

(iii) provide adequate budgetary support for all Project activities, and provide such other resources as are necessary to carry out the project.



Harlan H. Hobgood  
Mission Director  
USAID/Haiti



DRE:RByess: rjb:3/26/83:004

Clearances:

DRE, WSRhodes WJR  
A/CSU, FHayden FF  
CONT, Fryder FR

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## ACRONYMS

BID	Banque Interaméricaine de Développement
CBI	Caribbean Basin Initiative
DARNDR	Secrétariat d'Etat de l'Agriculture, des Ressources Naturelles et du Développement Rural
DEC	Division d'Evaluation et Contrôle
DRE	Development Resources and Program Evaluation, USAID/Haiti
EOP	End of Project
EOPS	End of Project Status
GOH	Government of Haiti
IBRD	International Bank for Reconstruction and Development (World Bank)
IHSI	Institut Haitien de Statistique et de l'Informatique
IMF	International Monetary Fund
INAGHEI	Institut National de Gestion et de Hautes Etudes Internationales
JPIP	Joint Project Implementation Plan
LOP	Life of Project
MIS	Management Information System
OPRODEX	Office pour la Promotion des Denrées Exportables
SEP	Secrétariat d'Etat du Plan
SRI	Service des Recettes Internes

## I. RECOMMENDATION AND SUMMARY

### A. Recommendation

Pursuant to review and approval of the proposed Technical Consultants and Training Project by the USAID/Haiti Mission Project Review Committee, it is recommended that the Mission Director approve the project described herein for a total cost to AID of \$1,000,000 in CBI ESF grant funding over a two-year period.

### B. Summary of Project Rationale

Haiti, the poorest country in the Western Hemisphere, suffers from a variety of resource constraints, among the most important of which is the lack of public sector institutional capacity to implement its development program. Under the terms of the Caribbean Basin Initiative (CBI), for which the economic aid portion was recently approved by the Congress, Haiti will receive \$10 million in grant funds. Of this amount, 90% has been programmed for the private sector and private voluntary organizations (PVOs). The remainder of the funds, which have been programmed under the present project, are to be allocated to those public sector institutions whose activities directly affect the operations and efficiency of the Haitian private sector.

The project aims at upgrading the capabilities of various ministries (most notably the Secretariat of State for Finance and Economic Affairs, which administers the customs and tax regulations of the Government) to perform the functions vital to a healthy and progressive economy. The Project focuses upon both the revenue generation and the resource programming functions in support of private sector activity.

### C. Summary of Project Description

In order to accomplish these objectives, the project will undertake the following:

- Improvement of customs administration procedures, including technical assistance in the reform of customs legislation, streamlining regulations, and training of customs personnel (estimated at \$180,000).
- Improvement of tax administration through multiple-level training with the GOH tax service to increase auditing and accounting capacity (est. \$250,000).
- Technical assistance in establishing a project planning, monitoring, and evaluation capability within the Ministry of Plan (SEP) and in evaluation units of selected line ministries (est. \$200,000).
- Several studies in support of the program of the GOH Office of Exportable Commodities (OPRODEX) and/or the Ministry of Finance and Economic Affairs, designed to identify and promote agricultural production opportunities for export and/or to provide other economic consultant services aimed at improving the export and investment climate of the country (est. \$28,000).

- Provision to the GOH of an expert in disaster preparedness (\$35,000).

The total two-year LOP funding, with the addition of \$7,000 for an end-of-project evaluation, is \$1,000,000. The bulk of the planned assistance is for the Ministry of Finance in customs and tax improvement.

D. Project Preparation and Review

The following AID personnel were significantly involved in the development of this project:

- David Adams, Project Development Officer, USAID/Haiti
- Derick W. Brinkertoff, Management Specialist, AID/W, ST/MD
- Richard Byess, DRE, USAID/Haiti
- Nico Chaney, OEA, USAID/Haiti
- Phyllis Dichter, D/DIR, USAID/Haiti
- James Hester, Chief Environmental Officer, IAC Bureau, AID/W
- Harlan H. Hobgood, Director-Chairman, Project Review Committee, USAID/Haiti
- Nicole Jean Mary, DRE, USAID/Haiti
- Shirley Pryor, OEA, USAID/Haiti
- William Stacy Rhodes, Chief, DRE, USAID/Haiti
- James Walker, OEA, USAID/Haiti

Non-AID personnel instrumental in the development of the project include:

- Kenneth Stacey, Consultant on taxation and customs reform

The following GOH personnel were involved in the project development process:

- Albert Boyer, Directeur Général, Administration Générale des Douanes, Secrétariat d'Etat des Finances et des Affaires Economiques
- Gérard Dorcely, Commissaire Général, Commissariat National à la Réforme Administrative et de la Fonction Publique
- Odonel Fenestor, Directeur Général, Service des Recettes Internes, Secrétariat d'Etat des Finances et des Affaires Economiques
- Yves José, Directeur Général, Secrétariat d'Etat des Finances et des Affaires Economiques
- Pierre Mithurin, Directeur Général de la Division Contrôle et Evaluation, SEP
- Frantz Merveon, Secrétaire d'Etat des Finances et des Affaires Economiques
- Yves Saintil, Directeur Général, OPRODEX
- Claude Well, Secrétaire d'Etat du Plan

Secretarial assistance was provided by:

- Mireille Peloux

## II. PROJECT BACKGROUND AND RATIONALE

### A. Project Background.

Poverty in Haiti. Haiti is the poorest country in the Western Hemisphere, with a per capita income of only \$260 (1982 IBRD estimate). The causes of poverty in Haiti are diverse, and stem in part from a seriously eroding natural resource base, severe overpopulation and declining agricultural production. The rural population is significantly poorer than urban residents; the World Bank estimates that per capita income in Port-au-Prince is ten times that of rural areas.

Rural-to-urban migration is on the increase as people seek opportunities to improve their living standards in the provincial capitals and Port-au-Prince. Growing fragmentation of landholdings, lack of off-farm employment, and minimal social services have fueled this migration. Despite population flows, however, Haiti is and will remain a predominantly rural and agricultural country. The challenge to overcoming poverty in Haiti lies in seeking solutions to the intertwined mix of rural and urban, agricultural and industrial, physical and socio-political problems confronting the country.

The United States has a clear and well-documented interest in the long-term development of Haiti. This interest has political, economic, and humanitarian dimensions. The US and other donor countries and agencies have begun a serious effort aimed at aiding the government of Haiti (GOH) to put in place an equitable and sustainable development program. AID provides assistance to the private and public sectors of Haiti, in the form of capital assistance, technical assistance and training.

The Caribbean Basin Initiative. The President's Caribbean Basin Initiative, of which the Foreign Assistance component was approved by Congress in September, 1982, represents a medium-term effort to address the current economic and political difficulties of the countries of the Caribbean Basin and Central America. Of the \$350 million in Economic Support Funds approved for this assistance, Haiti has been designated to receive \$10 million in grant funds. The strategy for the application of this assistance in Haiti was elaborated in a series of exchanges between the Mission and AID/W (see summary in Port au Prince 3546, Annex B). The strategy recognizes the Congress's desire that the bulk of the assistance be made available to the private sector and to non-governmental voluntary organizations.

A further objective of the CBI is the promotion of vigorous and healthy economic activity in the region, particularly through supporting the equitable functioning of free market economies. In Haiti, the dynamism of the private sector has been repeatedly demonstrated, and is supported by a variety of Mission activities, most notably the funding of the Development Finance Corporation, a CBI-funded project which is currently in the early phase of implementation.

Constraints to Development. Efforts at promoting development through aid to the private sector in Haiti, however, are eventually constrained by the Government's inability to administer programs necessary for the

proper and efficient functioning of the Haitian economy. The Mission has long been aware of these constraints, and over the past year and a half has undertaken a series of studies and discussions aimed at improving the investment and operating climate of the Haitian economic environment. Examples of these are:

- the analysis prepared during spring 1982 by a tax and customs administration team, which recommended a multiyear effort aimed at upgrading the GOH's ability to administer income, property, and other taxes. The report further recommended a training program for customs agents to upgrade their abilities to collect customs duties.
- a series of discussions with officials of the Ministry of Plan (SEP) concerning a training program for GOH Ministry and regional representatives in the fields of project design, administration, and evaluation. Further activities were suggested in the area of reform of the civil service system and in personnel management. These discussions were based on the recommendations of the administrative reform team's report done in fall 1981.
- a study, currently underway, of the Haitian coffee market and of the possibilities for GOH reforms in this sector.
- a proposal to provide support to the GOH in implementing its recently-enacted administrative reform law. Further support has been requested for the regionalisation and decentralisation initiatives, also recently enacted.
- a series of studies in disaster preparedness and assistance in the formulation of a national disaster preparedness plan.

The constraints addressed by the above AID-supported activities all affect the private sector in Haiti, which requires a stable and dependable governmental infrastructure in which to operate. Foremost among the problems cited by entrepreneurs in Haiti as a constraint to investment or expansion of ongoing enterprises is the confusing, and often poorly enforced, Haitian legal and fiscal system. Reform and upgrading of basic public sector services is urgently needed if the private sector in Haiti is to realize its potential to generate employment and increase per capita income.

The GOH is currently handicapped by a severe balance of payments crisis, as a result of which they have negotiated with the IMF for a standby loan of some \$38 million. To obtain this agreement, the GOH was required to reduce its development budget expenditures severely (see Economic Analysis section below). One consequence of this arrangement is that the GOH is finding it more difficult than ever before to finance the development needs of the country, and is running critically short of sources of revenue. One of the major sources of revenue to the GOH is customs levies; however, the customs agents and functionaries whose responsibility it is to apply customs regulations are poorly trained and poorly equipped for the task.

Basic Problem: Weak Institutional Capacity. The majority of Haiti's development constraints involve, either directly or indirectly, weak

institutional capacity in the public sector. As highlighted above, this in turn affects private sector capacity. Especially crucial is the GOH's inability both to generate revenue to finance development and to program funds effectively for development purposes. This results in: a) an inadequate fiscal base as large amounts of public revenues are lost through the inefficiency of tax and customs administration, and b) inefficient or ineffective allocation of available funds through faulty, uncoordinated project planning and management.

Effective institutional capacity derives from a combination of trained people, appropriate organizational structures and procedures, and sufficient resources. Deficiencies in any one of these elements affects the ability of the others to contribute to institutional operation, and consequently reduces capacity. Though scarce resources are a problem, the Haitian public sector suffers particularly from a lack of well-trained manpower, and of well-designed organizational procedures. Relieving constraints to development in Haiti requires attention to these crucial elements of building institutional capacity.

#### B. Project Rationale.

Relationship to the Private Sector. Long-term growth of Haiti's private sector is a requirement for the sustained improvement of the country's economy. The industrial base being established in Port-au-Prince must be expanded to other geographic areas, especially the regional growth poles of Cap-Haitien, Gonaives and Les Cayes. But in order for this to occur, incentives, basic services, and appropriate infrastructure must be developed in these areas. Much is already being done in this regard with respect to physical infrastructure through the projects of AID, IBRD, and IDB. However, the further development of institutional infrastructure for the management of public resources is crucial.

The private sector has moved in a dynamic fashion to develop trade and industrial institutions that represent their interests and philosophy, while the government seems to have increasingly realized the limitations of seeking to promote economic development single-handedly. This increased self-confidence of the private sector in conjunction with the government's apparent conclusion that it cannot by itself bring about significant growth of the economy has resulted in an increasing GOH interest in private enterprise. The need to alleviate the massive unemployment and poverty of Port-au-Prince's rapidly growing urban population has led the GOH to search, sometimes hesitantly, for areas of collaboration with the business community.

For this collaboration to be fruitful, however, several actions are required. The GOH must facilitate the expansion of private sector activity through rational taxation policies, improved tax and customs administration, export incentives and increasingly decentralized services. Not only will a rationalized, effectively administered tax and customs system increase investor confidence, but it will help to finance public sector development projects in rural areas. A reversal of resource flows from provincial to urban areas and a reduction of the loss of revenue due to the avoidance of customs duties and taxes are critical necessities for the development of Haiti. The need for reform of the system has now become especially critical because of the negative effects

on counterpart project financing resulting from the GOH austerity program under the IMF Agreement. Improved management of increasingly limited resources for the public sector is, therefore, particularly important at this juncture.

The inefficiencies and inequities of the present GOH fiscal process can be seen to stem from a three-part systematic disorder. First, the Ministry of Finance suffers from an inadequate revenue collection capability. This results in unfair and unevenly applied taxes and customs levies, and in a proliferation of smuggling and contraband activities. Second, due to the shortfall in critically needed revenues, the GOH is not in a position to invest in the services and infrastructure required for the sustained advancement of the economy. Finally, the Government does not have a clearly-defined process to identify priorities and target programs accordingly, nor to monitor nor evaluate the results of its investments.

Most Haitian national governmental institutions responsible for the planning and management of social and economic development programs have been in a constant state of rebuilding since 1973, and continue to require substantial outside expertise and support. The development line ministries, i.e., Agriculture, Public Health and Population, Transportation and Public Works, and agencies subsumed under these ministries suffer from similar organizational flaws, financial problems and ingrained inefficient practices. Those few private institutions that possess any coordinating or sector-wide planning capability tend to have a negligible ability to fulfill the overall investment and development requirements of the Haitian private sector.

At present, the annual and medium-term plans of the development ministries consist of little more than a listing of projects, many of which are never fully conceptualized, let alone funded or implemented. Project design and analysis skills are insufficient. Most projects eventually implemented are still developed by external donor organizations or by advisors connected with the donors. Reinforcement and support of the pockets of competence in the Ministry of Plan (SEP) and the planning divisions of the principal development ministries is a sine qua non of further development in Haiti.

The strategy of the proposed project, then, is to address the above concerns through provision of technical assistance and training to those GOH development agencies whose functions impact upon the productivity of the private sector. The project will build on technical assistance already provided the GOH by USAID, which fielded short-term teams for tax and customs administration improvement, administrative reform, and for the development of a food sector strategy. The project will undertake several additional studies, and will pursue the implementation of selected recommendations of these teams.

Relationships to CDSS and GOH Priorities. The project will advance Mission and GOH priorities described at length in the FY 1984 CDSS. The primary sectoral strategy objective which will be addressed by the project is the increased development of available human resources. Cross-sectoral strategic objectives which will be advanced include: (a) strengthening of development institutions; (b) improved joint management

of U.S. development resources; (c) appropriate economic and social policy reform; and (d) private enterprise development.

The latter objective focuses on the need to stimulate increased private investment in Haiti and is targeted at stimulating employment-generating industrial and agro-industrial growth, especially in provincial towns. The Mission believes that key private sector institutions must be strengthened in order to mobilize domestic and foreign private investment. The bulk of the Mission's ESF allocation through the CBI is directed at supporting the establishment or strengthening of development financing institutions to stimulate and channel investment in labor-intensive enterprises or agro-industries. The technical support to be provided under the project is designed to assure the complementarity of public sector policies and programs with these private sector activities.

The GOH's economic development strategy and priorities are based upon the apparent conviction that, in order to promote effective socio-economic development, economic policies should be formulated to support the expansion of a free market economy. In such a system, the private sector should play the dominant role in industrialization and take responsibility for production of the majority of goods and services. It is the intention of the GOH to carry out this strategy through the following initiatives:

1. the construction of infrastructure required for the growth of marketable agricultural production;
2. the promotion and establishment of manufacturing enterprises throughout the country;
3. encouragement and support of private initiative through new credit policies and a coherent budget policy; and
4. assuring rational administration of external aid and cooperation in order to realize maximum benefit.

### III. DETAILED PROJECT DESCRIPTION

#### A. Goal and Purpose.

The long-term goal of the project is the creation of a sustainable long-term economic development process in Haiti, particularly in regions outside Port-au-Prince. The purpose is to improve the capability of Haitian public sector to attract and support private sector investment, and to design and implement viable development programs and projects.

#### B. Project Strategy

The strategy underlying the Technical Consultants and Training Project incorporates new knowledge gained by the Agency in two important areas: a) project implementation, and b) institutional capacity-building. Each of these has influenced the project's design.

The lessons of research and experience have demonstrated the pitfalls of using capital assistance/construction project design and implementation models for technical assistance projects. Effective implementation requires modification of intended action in the face of changing circumstances. This emphasizes a continuous cycle of adaptation and redesign during implementation with a focus on the project purpose.

Another lesson learned is that though the flow of discrete documents may suggest that project design is separate from implementation, the distinction is more apparent than real. Pre-Project Paper (PP) activity differs from post-PP activity mainly in level of effort, throughout the process the project's goal and purpose remain the same.

How have these lessons been incorporated into the project's strategy? In a real sense, this project began when the Mission undertook studies in the areas of administrative reform, food sector strategy, and customs/tax administration. The USAID-GOH discussions that led to those studies, plus the subsequent interaction based on the studies' recommendations, represent iterative steps toward the purpose stated in Section III A above. This Project Paper lays out a set of planned actions, each arrived at in close collaboration with the relevant GOH entities, designed to achieve the project's purpose. The Mission fully expects, however, to modify some of these actions during the two-year life-of-project. With the fluidity that characterizes the GOH Ministries' operating mode, a redesign-during-implementation approach is crucial to project success.

The project incorporates new knowledge about capacity-building in the following ways. Training is most effective when it is targeted on specific job-related skills, integrated into on-going operations, and designed to be short-term and non-degree. All training to be done under this project shares these features. Also, training contributes most effectively to capacity-building when it is applied as one element in an organizational change intervention, rather than by itself. In each of the project components, training is designed to accompany either planned or already enacted changes in policy, organizational structures and procedures.

### C. Project Components.

The project consists of five discrete but closely related components, each of which comprises technical assistance and training for public sector officials with either policy or management responsibilities. Each of the five segments of the project is discussed in turn.

#### 1. Customs Administration Improvement

The customs component of the project is designed to increase the GOH's ability to monitor commodity flows across its borders, to assess customs duties fairly and effectively, and through this process to aid in supplying the revenues necessary for public investment.

USAID/Haiti has financed three studies to assess possibilities for Mission assistance in tax and customs reform. These studies were done in close collaboration with personnel of the Ministry of Finance (MOF). Based on the results of these reports, the Mission entered into discussions with the Director General of the Ministry of Finance and together chose four priority areas for assistance:

- Control of Franchised Goods. This project activity will establish a system of customs control over goods conditionally allowed duty-free or duty-reduced importation to prevent their diversion to illegal use. The Customs Service has already begun a program aimed at closer monitoring and control of franchised goods, an area widely believed to be abused at present. This is explained in part by the fact that the control of franchised goods involves the participation of several different Ministries, with little coordination of effort. Technical assistance will help the MOF to develop the franchised goods control system, and to work with the other Ministries involved to shift responsibility for the control of these goods entirely to the Customs Service.
- Extension of Valuation Control. This project activity will re-organize the work of the Valuation Section so that the information collected at present can be better utilized in detecting and correcting under-declared values of imported goods. The under-valuation of imports is believed to be widespread, and results in part from agents being poorly trained and supervised in applying valuation criteria. An example of this problem is the import of a luxury good which, for some reason, is declared to be for industrial use and therefore benefits from a lower tariff category. Technical assistance will help establish a permanent customs training program for these agents, design and test a course curriculum, and will set up a monitoring and supervision system to reduce the number of undervalued imports.
- Establishment of a Customs Inspection Service. Project-financed advisors will work with the MOF to develop a regulation assigning four officers full-time to customs inspection responsibilities. At present, the Fiscal Inspection Service of the Ministry of Finance is partly responsible for the duties of customs inspection; however, it carries out this function only intermittently. In addition to having the responsibility of customs inspection, these officers will be in a

position to analyze statistical trends analysis in commerce and duty collection, often a good indicator of unscrupulous activity.

- Upgrading of Post-Audit Procedures. Project assistance will be provided to modify current post-audit procedures. These are cumbersome and involve a larger number of personnel than is necessary for manifest cancelling. Certain forms currently employed (e.g., bordereaux and consular invoices) need to be eliminated, allowing the manifest to become the key control document for the monitoring of ships' arrivals. This element of the project, in particular, conforms to the Minister's desire to undertake actions designed to increase revenue generation as quickly and directly as possible.

The customs administration improvement component of the project will be implemented by a technical assistance team of three persons. A customs administration generalist will serve as team leader to coordinate the various activities planned under this project component. His role is a pivotal one, as he will also serve as the key individual for the tax administration component of the project described below. A training advisor will assist the Customs Service to set up the customs school and to design an appropriate curriculum. A legal advisor will aid the MOF in drafting of enabling legislation for customs reform. All team members should be qualified in French at the S-3+ level or better, and should have experience with LDC customs management.

Besides technical assistance, this project component provides advanced customs training for up to six GOH Customs Service personnel at the customs schools at Hofstra University and Neuilly, France. Candidates will be selected by the MOF with USAID approval. Also, supplies for the customs school to be established in Haiti will be purchased. Additional details on this project component are found in Table I.

During the PID review of this project in AID/W, concern was expressed that the training of customs officials may be in contravention of Section 660 of the FAA, which proscribes US assistance to law enforcement agencies. In fact, the Customs Administration has no law enforcement mandate or responsibility, and no such training or advisory services will be provided. The Mission sent a cable describing the proposed project activities to Washington for an opinion by the General Counsel's office, and received clearance to proceed (see Annex I.)

Table I. Customs Administration Improvement Component:  
Financial Plan

<u>Element</u>	<u>Description</u>	<u>Quantity</u> <u>(man-mos.)</u>	<u>Cost</u> <u>(\$000)</u>
Technical Assistance	Training Advisor	18	\$180.0
	Customs Generalist	20	200.0
	Customs Advisor (legal reform)	6	60.0
	(Subtotal, technical assistance)		(440.0)
Training	Training Customs officials to Hofstra (up to three individuals)	4.5	15.3
	Customs officials to Neuilly (up to three individuals)	4.5	17.0
	(Subtotal, Training)		(32.3)
Commodities	Customs school supplies	various	7.7
	(Subtotal, Commodities)		( 7.7)
Total			480.0

## 2. Tax Administration Improvement

Besides the GOH customs system, the USAID-financed studies mentioned above examined the tax system and provided recommendations for improvement. Personal and corporate income in Haiti is estimated to be severely underreported, contributing to the treasury's shortfall in meeting government expenses. In addition, property tax collection is underenforced.

This project component strengthens the Service des Recettes Intérieures (SRI), the counterpart agency to the US Internal Revenue Service. The SRI provides a combination of in-country training for auditors, accountants, and assessors; and US training for senior level tax personnel. The following elements make up this component:

- Taxpayer Audit Training. Four advisors will train 75 SRI accountants in basic and/or advanced auditing procedures. The course will last for three months.
- Tax Administration Training. Four SRI senior personnel will attend the IRS INTAX course in the US. This course lasts eight months.
- Property Tax Assessment. One advisor will provide training for up to 20 assessors during a two month-period.
- Manufacturers' Excise Tax. One advisor will train five accountants for three months in excise tax auditing procedures.
- Alcohol, Tobacco, and Gasoline Tax. One advisor will train ten inspectors in tax compliance procedures for one month.

The implementation of these various tax training programs will be conducted by a US institution with experience in LDC fiscal policy course design and training methods, plus appropriate language skills. This project component involves an intensive training effort within a single organization and reaches personnel at different levels of the SRI hierarchy; for this reason, Mission personnel believe that it will have a strong probability of modifying future tax policy as well as making existing tax legislation more efficient.

As explained above, the tax administration component of the project should be viewed as a subcomponent of a larger program of assistance to the Ministry in both the tax and customs fields. The responsibility for implementation of the tax component is therefore that of the same team leader mentioned in the customs administration component. Only in this way can a concerted effort be mounted on both the customs and tax fronts simultaneously.

Table II below displays more details on the tax administration improvement component.

Table II. Tax Administration Improvement Component:  
Financial Plan

<u>Element</u>	<u>Description</u>	<u>Quantity</u> <u>(person-mos)</u>	<u>Cost</u> <u>(\$000)</u>
Technical Assistance			
	Taxpayer Audit Advisors (4)	12	\$144.0
	Property Tax Expert (1)	2	24.0
	Excise Tax Advisor (1)	3	36.0
	Tax Compliance Advisor (1)	1	12
	(Subtotal, technical assistance)		(216.0)
Training			
	SRI senior personnel to INTAX	32	34.0
	(Subtotal, training)		(34.0)
	Total		\$250.0

### 3. Project Planning, Monitoring, and Evaluation

Capacity to program effectively available development resources is a high-priority GOH need. During the course of project preparation, USAID-GOH discussion centered on the need to strengthen the Ministry of Plan's (SEP) ability to monitor and evaluate the various line ministries' project portfolios. This ability is needed both to improve management of existing projects and to plan better future projects.

SEP officials are aware of the need to improve GOH project performance, and already have a project monitoring process based upon reporting forms submitted by the line ministries. These forms contain elements resembling AID's logical framework and USAID/Haiti's JPIP system. However, the SEP acknowledges that the system has been less than fully successful and is searching for means to rectify the situation.

This project component will provide technical assistance to the SEP's Division d'Evaluation et Contrôle (DEC), where responsibility for monitoring and evaluation lies, in order to build that unit's capacity to: a) monitor and evaluate GOH development projects in a way that improves the SEP's ability to plan the use of the GOH development budget effectively, and b) serve as a resource to other GOH ministries in project management improvement. Similar assistance may also be provided to the SEP's Division de Coopération Externe, which is responsible for the coordination of donor activities and GOH programs. The following activities are planned:

- Design of a Project Monitoring System. This activity will entail a combination of needs assessment, study of the existing system and previously tried solutions, management information system (MIS) design and testing. It is important that the system devised respond both to the SEP's needs and those of the other ministries whose personnel must furnish the information for the system to operate. Design will be done in a team mode with selected DEC personnel so as to build the Division's capacity to manage the system and adapt it to changing needs over time.
- Development of a Project Audit Capability. This activity complements the MIS. While the MIS provides the data base for evaluation and management improvement, DEC needs to be able to perform management audits and diagnoses once problem areas have been flagged by the system. The DEC team will receive technical assistance to build its capacity to do such audits and diagnoses.
- Project Management Training. This activity encompasses a two-phase training program to build selected GOH personnel skills in project management, with an emphasis on monitoring and evaluation. Training will be a mix of on-the-job and short seminars or workshops. Training content will incorporate use of the MIS described above. The first phase will be for DEC personnel; much of this will be on-the-job training. The second phase will be for selected line ministry personnel with project monitoring and/or management responsibilities.

These interventions are proposed at a propitious time, as the GOH has recently passed two sweeping public-sector reorganization measures: the Regionalization and Decentralization Law, and the Administrative Reform Law. The GOH has prepared a proposed plan of action for the implementation of these measures, and the technical assistance provided under this project will afford the SEP the opportunity to integrate the MIS into the new administrative system.

The Mission considers that technical assistance to the SEP can best be furnished by placing a long-term advisor in the DEC for a year. The advisor will be supplemented periodically by short-term expertise in particular fields, depending upon DEC need and the skills of the individual selected. Likely fields include management training, financial analysis, or microcomputer applications. The person chosen as long-term advisor should be a management specialist with particular skills in monitoring and evaluation. Ability to conduct training workshops is also desirable. Advanced French language skills and LDC experience are required. Table III provides financial details on this project component.

#### 4. Economic Studies.

The GOH has repeatedly requested that AID provide funds for a variety of studies aimed at improving the Government's ability to target its investments in a productive and dynamic manner. Among the types of requests pending are studies of exportable commodities, assistance to the MOF in undertaking economic analyses itself, and various specific studies related to agricultural marketing.

This component of the project will establish a fund designed to give the Mission the capability to respond to specific requests for such assistance in a timely fashion. \$20 thousand will be set aside for this purpose. Examples of the types of studies likely to be funded from this component are the following:

- explorations of the potential for the expansion of exports of tree crops and other commodities;
- a study of the impact of the AID-funded Small Farmer Marketing Project on the incomes of small coffee producers;
- a study of the requirements for improvement in the promotion, marketing and standardising of coffee for nonconventional exporters; and
- a study of the MOF's Office of Economic Affairs, the branch of the Ministry which undertakes macroeconomic and microeconomic studies of GOH activities.

The number of studies to be funded under this component is of necessity small, but the activities will be carefully selected with an eye to gaining the maximum possible impact from each study. Although it is not possible to specify the exact content of the studies at this time, due to the constantly changing requirements of the GOH, it is likely that at least one of the beneficiary agencies will be OPRODEX, the office of

Table III. Project Planning, Monitoring,  
and Evaluation Component: Financial Plan

<u>Element</u>	<u>Description</u>	<u>Quantity (person-mos)</u>	<u>Cost (\$000)</u>
Technical Assistance			
	Management Advisor	12	\$125.0
	Short-term experts; various	4	48.0
	(Subtotal, technical assistance)		(173.0)
Training			
	Management Seminar	2.25	27.0
	(Subtotal, training)		( 27.0)
	Total		\$200.0

exportable commodities. A brief institutional analysis of OPRODEX is therefore included in that section.

#### 5. Disaster Preparedness Assistance.

Based on the recommendations of a USAID-financed disaster preparedness team, the GOH has decided to establish an office of Disaster Coordination. A Disaster Coordinator has been appointed to work out the particulars of setting up this office. The Mission provided short-term technical assistance to the coordinator in fall 1982. In the interests of continuing to assist the GOH in planning and managing disaster preparedness and response, including integrating disaster activities of non-governmental organizations and the donor community, this project component provides the services of the same expert for a ten-month period.

The consultant will assist the GOH to finalize its disaster preparedness, mitigation and response program. He will assist in identifying personnel, equipment and material required for effective implementation of the program. In so doing, he will make recommendations to AID concerning possible assistance in the provision of items such as communications or logistics equipment and/or specific technical services. In addition to his advisory services to the GOH, the consultant will serve as regional disaster advisor to other Caribbean countries and to USAID/Haiti. Funding for these services will be shared under this project (\$35,000) and AID's Office of Foreign Disaster Assistance in Washington (\$35,000).

#### C. Project Inputs and Outputs

AID will provide \$1,000,000 in grant funds to the GOH over the life of the project. These funds will be used to finance three types of inputs:

- technical assistance, both long- and short-term (\$776,000);
- training, long- and short-term (\$322,300); and
- commodities (\$7,700, for classroom materials).

Under the customs and tax components of the project, 50 line ministry officials will be trained, and 144 tax officials will participate in short-term and long-term courses in a variety of fields.

The GOH contribution will take the form of personnel salaries, use of vehicles, equipment and classroom buildings, and is calculated to equal \$571,000, as is shown in Table IV.

The expected outputs of the project, as reflected in the logframe (Annex E) are as follows:

- an increased revenue-collection capability within the Ministry of Finance, both in the customs and tax areas. This will result in an improved capability to administer customs and tax regulations, and in the increased availability of funds for public sector investment projects;
- an improved project monitoring and tracking capability within the Ministry of Plan, including the installation of a management information system (MIS) and an increased capacity to identify and

design development projects;

- an improved understanding of the agricultural export sector, through the provision of selected, targeted studies; and
- an established and fully functional office of disaster preparedness.

Each of these areas represents a high priority for the concerned GOH agency, which have participated at all levels of project design.

#### D. Beneficiaries.

The primary beneficiaries of the project, at least in the short term, will be the public sector officials who participate in the seminars and training courses offered under the project. However, the longer-term benefits of the project are certain to flow to a variety of other individuals and institutions.

Within the Ministry of Finance, an estimated 144 persons will receive short-term, non-degree training in a variety of disciplines. The technical assistance provided in the tax and customs fields will provide the Ministry with the requisite expertise to carry through the proposed program of revenue generation described in this paper. In addition, four senior officials will receive training in the United States through the IRS and Hofstra University, and two more senior individuals in Neuilly, France.

In the Ministry of Plan, approximately 50 persons will participate in the Management Seminar to be organized under the auspices of the DEC, and will receive training in personnel management, fiscal control, and revised project monitoring and auditing techniques. One half of these persons will be attached to ministries outside that of Plan.

The project has been designed to be of benefit to the private sector--to entrepreneurs and investors whose daily operations are affected by the laws and regulations of the Government of Haiti, as enforced by public sector officials. Their benefits will derive from increased efficiency and quality of public sector activities which have a direct impact upon the daily functioning of private sector institutions.

Table V : Summary Financial Plan

<u>Component</u>	<u>Description</u>	<u>Total</u> <u>(\$000)</u>	
1.	Customs Reform	480.0	
2.	Tax Administration	250.0	
	(subtotal)		(730.0)
3.	Procurement Management	200.0	
4.	Exportable commodities	28.0	
5.	Disaster Preparedness	35.0	
	(subtotal)		( 93.0)
6.	Evaluation	7.0	
	TOTAL		1,000.0

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#### IV. PROJECT ANALYSES

##### A. Institutional Analyses

Ministry of Finance. The principal institutional beneficiary of the project is the Secrétariat d'Etat des Finances et des Affaires Economiques, one of the fifteen Secrétariats of the COH. Under the Administrative Reform Law of October 28, 1982, the Secrétariat has the responsibility of financial and fiscal affairs, including the administration of tax and customs.

The Ministry of Finance is the umbrella agency for a variety of bureaus, divided for functional reasons into "internal" and "external" offices. Among the internal bureaus are the Office of the Director, the Office of the Treasury, and the Public Revenue Service. There is a legal office (the Juridical Affairs Office) and the audit service (Inspection). Furthermore, the office of Pensions is attached to the internal division within the Ministry.

The Office of Economic Affairs, whose responsibilities include the compilation of economic statistics and the undertaking of economic studies, is a part of the internal division of the Ministry. It is this office which may serve as the recipient of funding from this project for short-term technical assistance for the purpose of identifying training and organisational requirements.

There are five "external" services attached to the Ministry as well, among which are the two principal beneficiaries of this project: the Customs Service and the Service des Recettes Intérieures (SRI, the counterpart of the US Internal Revenue Service). Although these are classified as external services, they fall under the direction of the Minister and the Director General, and are physically located in the same building.

The Ministry is also the parent department of the Superior Court of Accounts, the National Financial Administration School (ENAF), and the budget office.

Ministry of Plan. The Ministry of Plan (SEP) was established in 1978 as the successor to the National Council of Development and Planning. The SEP is currently organized in nine major units. They are the Office of the Secretary of Plan, the Director General, the Administrative Directorate, and six Technical Divisions. Several units are attached to the SEP: the Statistics and Information Institute, the Institute for the Preservation of the National Heritage, the Food and Nutrition Planning Unit, the National Bureau of Technology, and the Environmental and Erosion Control Council.

The mission of the SEP is to establish COH objectives and priorities for social, economic, and regional development; and to prepare long and short-term national plans to achieve these objectives. To this end, the SEP provides technical assistance in planning, design and evaluation methodologies to other ministries and coordinates the plans prepared by these ministries' programming and evaluation units. The SEP is also responsible for coordinating foreign donor assistance in Haiti, and for

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overseeing GOH development performance.

The unit that this project will work most closely with is the Division of Evaluation and Control (DEC). This unit collaborates with the Budget Office of the Ministry of Finance in targeting financial resources for development. It establishes program and project priorities within the various sectors for entry into the Development Budget. It assures control and carries out evaluation of projects during implementation. DEC prepares estimates and forecasts of program and project expenditures of the Annual Plan and sends a monthly report to Finance on the status of projects. To perform these tasks, DEC has a programming and public investments section, a monitoring section and an evaluation section. These sections prepare studies intended to measure the effectiveness and efficiency of programs and projects and their impact on the socio-economic environment. DEC is the point of budgetary control for all projects in the SEP.

OPRODEX. The GOH has long been interested in promoting techniques by which the Haitian small farmer can increase his exports of foreign-exchange earning commodities. Although there is a wide variety of such commodities in Haiti, ranging from essential oils such as vetiver to coffee and sugar, there has never been an effective organism within the GOH to disseminate the techniques and methods required to expand the national export economy.

It was with this in mind that the GOH created the Office for the Promotion of Exportable Commodities (OPRODEX) in April, 1981. OPRODEX, which replaced the Institut Haïtien de Promotion du Café et des Denrées Exportables (IHPCADE), has as its responsibility the improvement in the internal and external marketing of commodities. For this reason, it is under the tutelle of the Ministry of Commerce rather than that of Agriculture, as was IHPCADE.

OPRODEX is charged with the promotion and control of exportable commodities. This involves, among other things, working with farmers and cooperatives to extend both technical and financial assistance to increase export earnings for a variety of commodities. By far the most important of these commodities, from the point of view of OPRODEX's activities to date, is coffee. However, there are 37 other products which fall into their area of responsibility, such as cocoa and oilseeds, which OPRODEX views as being of minor importance.

OPRODEX is managed by a consultative council, which includes members from the Ministry of Agriculture, the Ministry of Commerce, the Chamber of Commerce, the Ministry of Plan, and representatives of coffee exporters. There are thirteen regional offices throughout the country, each staffed by perhaps ten individuals.

Because of its charter, and more importantly, because of the Ministry under which it falls, OPRODEX has no role in the production of the commodities for which it has responsibility; rather, it restricts its activities to those which affect marketing and export of those commodities, including quality control, identification of export markets, and various kinds of assistance to small and large exporters.

## B. Economic Analysis

Government revenues. Haiti's overall rate of economic growth is severely constrained by the limited ability of the GOH to generate public-sector revenues for needed government services and development projects. GOH current revenues were only 8.1 per cent of GDP in 1981. Taxes on international trade provide the GOH with 43 per cent of its revenues; 36 per cent come from imports, and 6 per cent from the export tax on coffee. Of the remainder, 12 per cent come from internal excise taxes, 18 per cent from personal and corporate income taxes, and 2 per cent from property taxes (see Table V). The growth of tax revenues has been relatively weak, given the preponderance of specific rather than ad valorem taxes on domestically-produced and imported goods. To preserve the buoyancy of the tax system, the authorities have resorted to periodic rate adjustments, the imposition of special duties and surcharges on goods already subject to excises or customs duties, and the extension of taxation on an ad hoc basis to services.

Projected FY 1983 revenues of \$150 million represent only a one per cent increase over estimated actual FY 1982 revenues. The FY 1983 revenue projection provides for a \$18.5 million increase in total revenues resulting from the new 7 per cent sales tax, a tax reform long advocated by the IMF to replace approximately eighty unevenly-applied excise taxes. This revenue increase will be partially offset by the elimination of tax receipts from the Reynolds bauxite mine, which has ceased operations. Coffee exports are projected to make a recovery in FY 1983, with export tax receipts expected to benefit from the reform instituted in FY 1982 of pegging taxes to an international coffee reference price. Income tax collections are projected to increase slightly, following substantial increases in FY 1981 and FY 1982. Overall, the projected FY 1983 fiscal receipts reflect a more rational and realistic budgeting process, incorporating a number of newly-instituted reforms in what can be hoped will be the beginning of a more extensive tax reform program.

Balance of payments problems. The problem of limited GOH tax revenues constraining growth has become especially severe as a result of the current balance of payments crisis and the IMF-mandated austerity program. In the past, Haiti has not usually suffered from large balance of payments problems, principally because the GOH has had a long tradition of conservative fiscal management (i.e., limited debt financing through monetary expansion) and one of the lowest debt burdens of any country in the region. Because of this, the exchange rate of 5 gourdes to the US dollar has been maintained since 1919. However, beginning in 1980 and 1981, Haiti faced a major deterioration of its balance-of-payments situation, when official reserves were reduced by \$11.8 million and \$3.3 million respectively (See Table VI). Official disposable foreign exchange holdings fell to a negligible level during the first quarter of 1981. Acute shortages of foreign exchange continue to hamper economic activity today. US dollars do not circulate as widely as before. A market has developed with a 5 to 10 per cent premium being offered for dollars. Arrears have also accumulated in the public and private banking systems due to the inability of the Central Bank to obtain sufficient foreign exchange.

Table VI: BALANCE OF PAYMENTS, 1978-83  
(US\$ Million)

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Merchandise Trade, FOB	-52.9	-106.4	-89.77	-144.3	-126.7
Exports	154.6	138.6	212.3	153.7	157.7
Imports	-207.5	-245.0	-302.0	-298.0	-293.9
Services (net)	-50.4	-40.1	-50.5	-59.1	-88.1
Transfers (net)	77.9	85.8	71.3	87.4	99.9
<u>Current Account Balance</u>	<u>-25.4</u>	<u>-60.7</u>	<u>-69.8</u>	<u>-116.0</u>	<u>-114.9</u>
Public Sector Capital (net)	42.2	33.1	36.6	42.6	34.4
Private Investment (net)	10.0	12.0	13.0	15.7	13.0
Other	-16.5	29.8	8.4	24.4	56.2
<u>Capital Account Balance 1/</u>	<u>35.7</u>	<u>74.9</u>	<u>58.0</u>	<u>82.7</u>	<u>104.2</u>
Change in Foreign Reserves (increase: - )	-10.3	-14.0	11.8	33.3	10.7

1/ Includes SDR allocations and other unrequited earnings.

Sources: Bank of the Republic of Haiti, and International Monetary Fund,  
and IBRD

A combination of internal and external factors produced this economy-wide crisis. Excellent coffee exports in FY 1980 were followed by a decline that resulted from Hurricane Allen, the normal two-year coffee production cycle, and a weakening in world coffee prices. At the same time, other external factors impacted adversely upon Haiti, including (1) rising world prices for petroleum products and other essential imports, (2) a deepening recession in the industrial countries, and (3) an unprecedented rise in interest rates in the United States.

Compounding the impact of these external shocks, the GOH significantly increased expenditures for extra-budgetary capital projects which were of questionable economic value in 1981. The large budget deficit was in part financed by the Central Bank and this put additional pressure on scarce foreign exchange reserves. The fiscal mismanagement also abrogated the conditions of the existing EFF (Extended Fund Facility) agreement with the IMF and resulted in curtailed access to IMF balance of payments financing.

Several steps were taken during 1981 and 1982 to deal with the scarcity of foreign exchange. In July 1981, the Central Bank instructed the exchange houses to negotiate all foreign transfers with the government owned commercial bank (BNC). And in August, 1981, the Central Bank introduced restrictions on foreign exchange transactions. All foreign exchange derived from exports were required to be surrendered on demand to the Central Bank, which established priorities for the use of the exchange for imports.

In August 1981, the GOH also put forth an economic austerity plan to increase Haiti's ability to finance its own development through increased domestic savings, improved management of public funds, fiscal discipline, and limitations on imports and promotion of exports. These reforms paved the way for an IMF approval of a \$20 million CFF (Compensatory Finance Facility) in December 1981 which was needed to cover for the Hurricane Allen coffee export losses and other requirements. While fiscal targets were exceeded in January and February of 1982, later compliance with IMF fiscal targets led to IMF Board approval of a Standby Agreement in August 1982 for \$38 million. The first disbursement of \$11 million was made in August 1982 and to date the GOH fiscal performance under the Standby Agreement has been very good.

The overall performance of the balance of payments for FY 1982 and FY 1983 suggest that the IMF-mandated austerity program is having its intended effects. Declining imports are largely responsible for an improving trade and current account balances. If the capital account balances continue to improve, the total balance of payments deficits should be significantly reduced. However, the overall deficit could increase if the worldwide recession were to deepen, coffee production or prices were to fall, the GOH's fiscal management were to deteriorate, or donor financing in Haiti were not to expand as projected.

It is still too early to indicate when Haiti will emerge from its current economic crisis. GOH officials are predicting continued improvement in the short-run, with a significant reduction in the premium paid for dollars by midsummer or the end of the Fiscal Year. However, given the depletion of export-grade bauxite reserves and the uncertain prospects

Table VII: Haitian Public Sector Operations

	Fiscal Year Ended September 30					
	1978	1979	1980	1981	Program	
					1982	1983
	(In millions of gourdes)					
General Government Revenues	548.6	570.1	691.1	659.8	725.0	750.0
General Government Current Expenditures	468.6	543.8	838.2	855.2	811.1	780.0
General Government current account surplus or deficit (-)	80.0	26.3	-36.5	-178.4	-95.3	-30.0
Public enterprises current account surplus or deficit (-)	67.1	61.2	61.2	97.2	120.0	130.0
<u>Public sector savings</u>	<u>147.1</u>	<u>87.5</u>	<u>25.6</u>	<u>-81.2</u>	<u>24.2</u>	<u>100.0</u>
Grants-in-aid	136.0	167.5	160.5	170.5	210.0	250.0
<u>Capital expenditure</u>	<u>527.7</u>	<u>485.7</u>	<u>577.5</u>	<u>804.7</u>	<u>654.7</u>	<u>775.0</u>
Treasury Development Expenditures		(58.8)	(265.2)	(377.7)	(148.9)	(120.0)
<u>Overall public sector deficit</u>	<u>-244.6</u>	<u>-230.7</u>	<u>-391.4</u>	<u>-715.4</u>	<u>-420.0</u>	<u>-425.0</u>
Net domestic borrowing	42.8	60.2	213.4	426.2	225.0	150.0
Monetary authorities	(43.9)	(60.2)	(213.4)	(261.4)	(225.0)	(150.0)
Private banks	(-1.1)	(---)	(---)	(-15.2)	(---)	(---)
Net external borrowing	201.8	170.5	178.0	469.2	195.0	275.0
Concessional	(213.5)	(150.6)	(184.3)	(203.1)	(195.0)	(275.0)
Commercial	(-11.7)	( 19.9)	( -6.3)	(266.1)	(---)	(---)

Sources: Ministry of Finance and Economic Affairs; Ministry of Plannings; Bank of the Republic of Haiti; and International Monetary Fund.

for world coffee prices, coupled with the increasing demands for imports and government services, it is reasonable to assume that foreign exchange pressures will be a recurrent problem over the long run for Haiti.

Public Finance. GOH management of fiscal policies have both contributed to and been affected by the balance of payments crisis. The GOH dramatically increased its current expenditures in 1980 (largely for needed salary increases) and budgeted and extra-budgetary capital expenditures in 1981 (see Table VII). The increased expenditures were financed by increased borrowings from the Central Bank. The resultant expansion of the money supply added to the demand for foreign exchange, which was already under pressure as a result of the recession, decreasing coffee exports, etc. The deteriorating balance of payments situation forced the GOH to take steps to control expenditures. The terms of the IMF standby agreement negotiated in early 1982 mandated a program of further fiscal austerity. Total GOH expenditures were reduced from G1.216 million in 1981 to G960 million in 1982 and G900 million in 1983. The general government deficit to be financed by credit from the Central Bank was limited to G225 million in 1982 and G150 million in 1983.

The fiscal austerity program has had a severe impact on the development budget. GOH treasury support for the development budget fell from G377.7 million in 1981 to G148.9 million in 1982 and G120 million in 1983 (see Table VII). The overall development budget was reduced from G804.7 million in 1981 to G654.7 million in 1982 and then increased to G775.0 million in 1983. Accounting for inflation, the overall development budget fell 27 percent in 1982 and then increased only 7 percent in 1983. The overall development budget would be further reduced were it not for the improved performance of GOH tax revenues and public enterprises, and increased foreign assistance in the form of grants-in-aid and concessionary loans. However, it is anticipated that the projections for foreign assistance disbursements may not be realized because of limited GOH counterpart funding.

Project Impact on Government Tax Revenues. Given the fiscal austerity program's negative impact on the development budget, it is especially important at this juncture to enhance the revenue-generating capacity of the GOH. The proposed project is designed to increase revenues of the major GOH tax categories, including customs, income, excise and property taxes. It is estimated that GOH tax revenues will be increased by \$13.6 million by the second year of the project. This represents a 9 per cent increase over projected FY 1983 revenues. This revenue yield estimate is based on the results of the USAID/Haiti-commissioned study by Buck et al. The study developed tax-yield-to-cost ratios for a recommended technical assistance package which is very similar to that planned for the proposed project. Applying these ratios to the proposed project costs (\$730,000 in technical assistance for tax and customs administration improvement) generates an estimated tax and customs yield for year two of \$13.6 million (see Table VIII). While any estimate of revenue increases is speculative, it is very probable that these revenue-impact projections are in fact quite conservative.

Table VIII: Technical Assistance Costs and Yields

<u>Area of TA</u>	<u>Total Cost</u>	<u>Yield to cost ratio</u>	<u>Yield in year two</u>
Customs	480.0	18:1	8,640
Income Tax	178.0	11:1	1,958
Property tax	25.0	7.5:1	180
Excise on Manuf.	34.0	83.3:1	2,832
Excise on AT&G	12.0	1:1	12
Total	730.0	18.7:1	13,622

## V. PROJECT IMPLEMENTATION ARRANGEMENTS

### A. Financial Plan and Budget

The project budget is given in Table VI. LOP funding of the project is \$1,000,000, of which most is dedicated to technical assistance and training. A small amount has been set aside for limited commodity procurement (foreign-exchange costs of classroom equipment for the Customs School).

Because of the nature of the implementation plan, it has not been possible to break down expected expenditures by fiscal year with any degree of certainty. Furthermore, the project will be fully-funded in FY 1982 using the ESF allocation from the Caribbean Basin Initiative, such that future budget allowance requests will not be necessary; a financial plan by fiscal year would thus not aid in programming future obligations.

### B. Implementation Plan

The grant will be obligated by means of a Grant Agreement with the Government of Haiti, signed by the Ministers of Finance and Plan. Each will subsequently designate authorized representatives to approve project activities on behalf of the GOH.

The principal implementation instruments for the project will be the PIO/T and PIO/P. Because of the heavy emphasis this project places on technical assistance and training, individual contracts with implementing organizations will be negotiated by the Mission, particularly in the case of PASA or RSSA agreements. Consultants and training activities and other procurement financed under the Grant will be subject to AID Geographic Code 941 and local nationality and source/origin requirements.

In some instances, the managing ministry will make travel arrangements and provide clerical services and in-country transportation; however, in selected instances the latter costs may be financed by the grant, with prior approval by AID.

### C. Evaluation Plan

Because the life-of-project duration is only two years, a single EOP evaluation is scheduled. It will take place during the last months of the project, and will require about two weeks. The evaluation team will be a joint GOH-AID one. The GOH will call upon the SEP to provide one or more persons from the DEC, trained under this project in monitoring and evaluation, to participate as team members. The Mission will request the services of an appropriate specialist from AID/W. This person could be either a LAC Bureau or ST/MD staff member, or someone made available through one of ST/MD's cooperative agreements. The project has allocated \$7,000 for this evaluation.

TABLE IX

AID and GOH Inputs by Category  
((\$000))

<u>Category</u>	<u>TA</u>	<u>Training</u>	<u>Commodities</u>	<u>Total AID</u>	<u>GOH</u>
Customs	440	32.2	7.7	480	127.4
Tax	110	140.0		250	376.0
SEP	50	150.0		200	65.0
Econ. Studies	28			28	--
Disaster	35			35	5.0
Evaluation	7			7	--
TOTAL	670	332.3	7.7	1,000	573.4

35

FD  
ECON  
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B&F  
GSO  
ICA  
AID  
DAO  
MSG  
CRO  
DO  
CHRON

OFFICIAL FILE  
Annex A  
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REF ID: A66218R4S49  
FM JIESPP  
DE RUEHC #5318 336763P  
ZNR UUUUU ZZK  
P 020521Z DEC 82  
FM SECSTATE WASHDC  
TO AMEMBASSY PORT AU PRINCE PRIORITY PASS  
BT  
UNCLAS STATE 335318

EXC	
GSO	
ISS	
OEA	
OPFD	
RHO	
PVD	
RCS	
RDO	
RF	
CF	

ACTION TAKEN  
Date:  
By:  
Jue: 12/6/91

ADM AID  
E.O. 12356: N/A  
TAGS:  
SUBJECT: DAEC REVIEW OF TECHNICAL SUPPORT PID

REF: (A) PORT AU PRINCE 5971; (B) PORT AU PRINCE 6120

1. DAEC REVIEW OF SUBJECT PID HELD NOVEMBER 19, 1982. APPROVAL IS GRANTED TO PROCEED WITH PP PREPARATION AND PROJECT AUTHORIZATION, TAKING INTO ACCOUNT THE CONCERNS OUTLINED BELOW.

2. PROJECT EVALUATION: DURING INTENSIVE REVIEW, MISSION SHOULD SECURE BASELINE DATA INDICATING CURRENT LEVELS OF

TARIFFS AND OTHER TAXES FOR WHICH ASSISTANCE IS BEING SOUGHT UNDER PROJECT. SUBSEQUENT MEASUREMENT OF GOV REVENUES FROM THESE SOURCES WOULD, THEREFORE, PERMIT ASSESSMENT OF PROJECT'S IMPACT IN THIS AREA. ARRANGEMENTS FOR EVALUATING PROJECT SHOULD BE SET FORTH IN PP.

3. SUPPORTING LAW ENFORCEMENT FORCES: THE PID INDICATES THAT AID ASSISTANCE IS CONTEMPLATED FOR FINANCING GOV ENFORCEMENT OF EXISTING CUSTOMS AND TAX LAWS. SINCE SUCH ASSISTANCE MAY BE IN CONFLICT WITH SECTION 662 OF THE FAA, BUREAU REQUESTS ADDITIONAL INFORMATION, BY CABLE,

DETAILING THE NATURE AND SCOPE OF SUCH ASSISTANCE. ONCE BUREAU OBTAINS THIS INFORMATION, GO/LAC WILL MAKE A DETERMINATION AS TO THE LEGAL APPROPRIATENESS OF PROVIDING SUCH ASSISTANCE. FYI. SECTION 662 PROHIBITS THE USE OF FAA FUNDS TO PROVIDE TRAINING OR ADVICE, OR TO PROVIDE ANY FINANCIAL SUPPORT, FOR POLICE, PRISONS, OR OTHER LAW ENFORCEMENT FORCES FOR ANY FOREIGN GOVERNMENT OR ANY PROGRAM OF INTERNAL INTELLIGENCE OR SURVEILLANCE ON BEHALF OF ANY FOREIGN GOVERNMENT. FM FYI.

4. PP FOCUS: IN DEVELOPING PP, PRIMARY FOCUS SHOULD BE ON DETERMINING NATURE, SCOPE, DURATION AND COST OF TA AND TRAINING REQUIRED TO ADDRESS PRIORITY REQUIREMENTS IN AREAS IDENTIFIED FOR ASSISTANCE UNDER PROJECT. THIS WILL REQUIRE, INTER ALIA, TAKING INTO ACCOUNT ON-GOING AND PLANNED ACTIVITIES OF OTHER DONORS AND COM IN AREAS TO BE ASSISTED.

5. CONGRESSIONAL NOTIFICATION: PLEASE TRANSMIT DRAFT ACTIVITY DATA SHEET FOR INCLUSION IN CONGRESSIONAL NOTIFICATION. NAM

Best Available Document

# TELEGRAM

Annex B *Chron*

INDICATE  
 COLLECT  
 CHARGE TO

	FROM	CLASSIFICATION
	EMBASSY PORT AU PRINCE	UNCLASSIFIED
E.O. <del>12812</del>	N/A	7
TAGS:		
SUBJECT:	ESP Conditions, Uses, and Mechanisms in Haiti.	
ACTION:	SECSTATE WASHDC - <u>PRIORITY</u>	
AID	UNCLASSIFIED PORT-AU-PRINCE <u>3546</u>	
AMB	AIDAC	
DCM		
MOON		
CHRON	Ref: (A) STATE 131472;	
	(B)	
	<p>1. U.S. Mission has carefully reviewed contents of REF A with reference to our preliminary thinking on uses of ESP funding forwarded to AID/W via Ref. B. On the basis of our further analysis of the available data, the stringent timing constraints for authorization and obligation of funds and the advantages/disadvantages of various mechanisms, we propose the following uses, mechanisms, and conditions for programming of the initial \$5 million ESP for Haiti. These proposals are intended to maximize the development impact of ESP provided to Haiti.</p> <p>2. <u>Uses:</u> We propose that the ESP be used for the following three major purposes:</p>	

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	CONTENTS AND CLASSIFICATION APPROVED BY:
<u>W. Stacy Rhodes</u>	<u>6/14/82</u>	<u>255</u>	<u>DTR: Harlan H. Bobgood</u>

- CLEARANCES:
- A. Williams, OPED \_\_\_\_\_
  - D. K. Shannon, COLP \_\_\_\_\_
  - D. Weiss, AME/MOON \_\_\_\_\_

UNCLASSIFIED  
 CLASSIFICATION

OPTIONAL FORM 153  
 (Formerly FS-413)  
 January 1978  
 Dept of State

A. Program Assistance -- \$3 million, including:

- (1) \$2 million for private sector imports of critical equipment, raw materials, and spare parts from the U.S.; and
- (10) \$1 million for public sector development ministry imports from the U.S. of equipment and supplies critical to the support of ongoing development projects, primarily those involving A.I.D. DA financing.

B. Technical Support Project -- \$1 million for a project to provide USAID/II and the OOH with a flexible instrument for responding to urgent private and public sector requirements for feasibility studies, short-term technical consultants, and short-term training.

C. Development Finance Corporation (DFC) -- \$1 million to match Haitian private sector equity capital, three quarters of which has already been collected

Paras 3, 4, and 5 below describe these uses in greater detail.

B. Program Assistance

A. Private Sector Uses

We recognize that the first tranche of ESF for Haiti is being justified to Congress on the basis that it is needed to facilitate the rejuvenation and increased productivity of the private sector, including the creation of jobs to absorb surplus

labor which may otherwise seek work outside of Haiti. Thus, we proposed that program assistance for Haiti's private sector be targeted to those uses which generate employment opportunities and promote improved utilization of installed productive capacity, particularly emphasizing production for export and economically-justified import substitution. Specific allocations by category and value of the \$2 million of ESP resources proposed for this purpose will be developed during the analytical process required to prepare the Program Assistance Approval Document (PAAD).

**B. Public Sector Uses**

The GOH has the following priorities for use of available foreign exchange (fx):

- (i) Public debt service and other international obligations.
- (ii) public purchases of food, PCL, and other humanitarian and productive necessities; and
- (iii) private sector uses.

The impact of the IMF mandated austerity plan will be to effectively limit the uses of GOH fx allocations for priorities (i) and (ii). As noted above, \$2 million of our fx provided through ESP will provide support for priority (iii) the private sector's needs for critical imports from the U.S. However we have also identified some \$3 million of fourth quarter FY 1982 fx requirements of GOH development ministries included in priority

(11), such as the need for imported items from the U.S. in support of on-going A.I.D. project activities (e.g. medicines, spare parts, etc.). Under the IMF austerity plans, these needs are very likely not to be met unless additional external financing is provided through the ESP program. The proposed use of \$1 million of ESP for priority (11) uses will permit the most critical of these procurements to proceed and keep these high priority A.I.D. activities from coming to a standstill. These public sector requirements will be thoroughly analyzed and documented during the PAND preparation process, but are expected to concentrate in the area of spare parts and equipment needed for AID-financed road construction and maintenance projects.

C. We propose to cable a Program Assistance Initial Proposal (PAIP) to AID/.. in late June and begin preparing the PAND (for field authorization) immediately following Washington approval of the PAIP.

#### 4. Technical Support Project

As USAND/H increases its efforts to promote the equitable operation of a free market economy in Haiti, its need for a flexible instrument to provide funding for a wide variety of related support activities is increasing accordingly. Needs are increasingly developing for market studies, feasibility studies, specialized short-term technical training and short-term technical assistance. This project, similar to USAID/Jamaica's Technical

Consultations and Training grant, will respond to private sector generated requirements and the needs of public sector entities whose activities impact most directly on the private sector (e.g. revenue and customs administration in the ICE). A PID for this activity will be sent to AID/W by late July and the FP will be approved in the field.

#### 5. Development Finance Corporation (DFC)

A DFC PID is now being revised here and will be submitted to LAC mid-June. The FP will be prepared in July. The project will respond to a strong commitment by the Haitian Private sector (See PAP 0830 and 2279). We are convinced that the use of \$1.0 million of ESF to match the remarkable commitments undertaken by the Haitian private sector and initiate start-up funding of the DFC is a timely and appropriate use of ESF.

#### 6. Mechanisms

A. The mechanisms to be used for the technical support and DFC activities are project assistance, i.e. through preparation and authorization of FPs.

B. After a detailed analysis of available mechanisms for program assistance, we propose that the program assistance element of the DFC be implemented through a restricted cash transfer to the Central Bank of Haiti. Such a transfer is believed to be much faster disbursement and administratively

cheaper and simpler than a Commodity Import Program, and capable of achieving all the same purposes. Our logic is as follows:

- (i) In recent years Haiti has had a balance of trade with the U.S. which is highly favorable to the latter. Total imports have been near \$300 million per year, for which the U.S. has accounted for more than 50%. A very substantial portion of imports from the U.S. are required and utilized by the most dynamic and productive sectors of the Haitian economy, i.e. transformation industries and construction. Both of these industries generate substantial employment at a relatively low-cost per job, and their continued growth is absolutely critical to Haiti's economic growth and stability in a time of public sector austerity.
- (ii) preliminary, but conservative, estimates of prior years transactions indicate that Haitian private sector imports of items from the U.S. which would be eligible under IMF program assistance can be expected will over ten times the \$2 million amount of the IMF to be allocated for these critical private sector imports.
- (iii) the current vast backlog of private sector demand for financing of imports is estimated (by local bank managers and the Central Bank) at about U.S. \$25 million

At least 50% of the existing, unsatisfied requests are for the U.S. market, and a substantial majority of these requests are for AID-eligible items.

(iv) as noted in para 3.B. (above), in the fourth quarter of FY 1982 Haitian public sector commitments for commodity procurement just in support of P. I. D. funded activities are some three times greater than the amount we propose for that purpose.

(v) Thus the question of "additionality" appears not significantly affected by the mechanism chosen, and would be roughly equivalent whether a CIP or a cash transfer is used. Specifically, given 6 B (i) and (ii) above, additionality would be impossible to assure in the private sector in either case. It may be possible to assure additionality in the public sector (in either case), but only if the GOE budget expenditures are in fact reduced to comply with the IMF austerity targets and the cash transfer (or CIP) is viewed as an additional resource restoring some of the reductions.

(vi) Therefore, we propose that the ERF program assistance be provided through a cash transfer requiring targeted attribution to specified AID-eligible commodities imported from the U.S. Documentation confirming the

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Classification

attributed transactions during the eligibility period of the ERF grant (one year) will be required on a post facto basis, and audited.

- (vii) We recommend against a CIP, which could accomplish the same purposes but would be slower disbursing, generate substantial new bureaucratic paperwork required only by A.I.D., and require administrative personnel not on board at present for effective implementation, i.e. a supply advisor and attendant staff. It could also complicate existing procedures for Haitian importers and Central Bank Staff.
- (viii) We are cognizant of the additional, slight risk entailed in the use of a cash transfer rather than a C.I.P., but under current conditions believe that the additional risk is far outweighed by the advantages of a fast-disbursing, administratively simplified mechanism. Two of the three million dollars transferred can be effectively restricted to utilization to meet the current large backlog of demand for foreign exchange from critical productive enterprises in the private sector, a use with which the COM is in full accord. The one million dollar public sector transfer can also be effectively limited to procurement of a portion of the badly needed development project commodities which the IMF program

has effectively eliminated from the GOH development budget.

**7. Program Assistance Counterpart Generations**

Local Currency (L/C) counterpart generations from the program assistance element of this tranche of ESF directed to private sector needs would be used to support A.I.D. private sector interventions (e.g. DFC), as well as possibly to establish a small trust fund to improve USAID/H's general capacity and financial capability to design and implement development assistance activities.

**8. Conditions**

Given our prior experience with negotiation and implementation of A.I.D. activities with the GOH, we believe it essential that the ESF program assistance be conditioned upon the meeting by the GOH of strict conditions precedent and agreement to certain covenants. There are four basic areas of concern which will be included in the agreement, although specifics remain to be worked out. Illustrative examples include:

A. As a CP, the signature of a standby agreement with the IMF and compliance with the initial performance targets of that agreement.

B. The establishment of a special account for any and all L/C counterpart funds generated from disbursement of the

- ESF. Use of these L/C counterpart generations will be for development related purposes subject to mutual A.I.D./GOM agreement on an activity by activity basis, and may include GOM contributions to a trust fund.
- C. Agreement to specific implementation actions to carry out recommendations now being formulated by the USAID-financed tax and customs policy team working with the ~~Ministry of~~ Finance.
- D. Agreement to specific changes in agricultural and industrial policies which will be designed to reduce or eliminate existing disincentives to production and investment.
9. Mission Director is prepared to discuss the proposals contained in this message during his upcoming consultations in AID/W now scheduled for June. However, the Mission would appreciate receipt of your initial comments on the proposals contained in this message ASAP.

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Project Paper Issues

1. Project strategy. In order to achieve the project purpose, it is proposed to furnish the GOH with technical assistance and training for individuals in a variety of ministries. The goals of the project include, among other things, an increase in GOH revenues for development projects, and an upgrading in planning skills for monitoring and auditing development projects. Will the provision of these services, in and of themselves, be sufficient to achieve the project purpose? Will the project work in the absence of a strong and sustained Government commitment? Does evidence of this commitment exist?
2. Customs and tax improvement. This portion of the project is the largest, and can be expected to have the largest impact on the fiscal health of the GOH. In this regard,
  - (a) Will two years be sufficient to achieve the goals outlined in the paper? Should additional, follow-up technical assistance or training be envisioned?
  - (b) Although the project purports to increase government revenues for the development budget, how can the Mission be sure that these revenues will be applied to development projects designed to increase the incomes of the poor? Should some sort of indication to this effect be sought?
3. Project monitoring. Will twelve months be sufficient to build up the SEP's auditing capability, and to assure its permanence? How will this improved capability fit in with the Mission's JPIP system? With the existing fiche d'identité system in the DEC?
4. Economic studies. Will the \$28 thousand set aside for these studies be sufficient to have the proper type of impact on the GOH's economic performance? Should this portion of the project be increased? Should it be eliminated?
5. Project management. How will the project be managed at the GOH level? Will one ministry serve as the contact point for the whole project? How will the project be managed within the Mission?
6. Ancillary activities. What other activities should the Mission engage in to promote the types of reforms discussed in the paper? What sorts of coordination or complementary activities--with other donors or with the GOH--will be necessary to achieve demonstrable results?

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, DC 20523

Annex D  
LAC/DR-IEE-83-8

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Haiti

Project Title and Number : Technical Support  
521-0167

Funding : \$1,000,000 ESF Grant

Life of Project : FY 1983 - FY 1984

IEE Prepared by : LAC/DR, Barry Burnett

Recommended Threshold Decision : Categorical Exclusion

Bureau Threshold Decision : Concurrence with recommendation

Action : Copy to Harlan Hobgood, Director  
USAID/Haiti

: Copy to LAC/DR, Barry Burnett

: Copy to IEE file

James S. Hester Date 23 November 82

James S. Hester  
Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

I. Examination of Nature, Scope and Magnitude of Environmental Impacts

The project's purpose is to improve the capability of selected public sector entities to design and execute programs and projects conducive to private sector development. In achieving this purpose, the project will finance the provision of technical assistance and training primarily in the priority areas of tax and customs administration; agricultural policy, production and export promotion; administrative reform; and project planning and analysis.

Pursuant to 22 CFR, section 216.2 (c) (2) (xiv), A.I.D. assistance involving studies, projects or programs intended to develop the capability of recipient countries to engage in development planning does not require an Initial Environmental Examination. Moreover, in rendering technical advice or training under the project, environmental soundness will be appropriately incorporated.

II. Recommendation for Environmental Action

Based on the considerations outlined above, the project will foster no foreseeable harmful change in the human or natural environment of Haiti. It is recommended, therefore, that the Chief Environmental Officer for Latin America and the Caribbean approve a categorical exclusion for this project.

Annex E

AND 1020-21117P

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Life of Project  
From FY 82 to FY 85  
Total U.S. Funding 1,000  
Date Prepared \_\_\_\_\_

Project Title & Number Technical Consultants and Training 521-0167

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS															
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <p>Creation of a long-term, sustainable economic development process in Haiti</p>	<p>Measure of Goal Achievement:</p> <p>Increase in <u>per capita</u> income, favorable increases in socio-economic indicators</p>	<p>Impact assesments, socio-economic surveys</p>	<p>Assumptions for achieving goal targets</p> <p>Government applies laws and regulations equitably and fairly</p>															
<p>Project Purpose:</p> <p>To improve the institutional capacity of the GOH public sector to attract and support private sector investment, and design and implement viable development projects.</p>	<p>Conditions that will indicate purpose has been achieved- End of project status:</p> <p>Increase in private sector investment; in investment outside of Port au prince; in % of GOH projects achieving their targets</p>	<p>GOH reports, AID studies, direct observation</p>	<p>Assumptions for achieving purpose</p> <p>Political climate remains stable; donor assistance continues; GOH/Private sector cooperation continues</p>															
<p>Outputs:</p> <p>Improved Customs Administration</p> <p>a) personnel trained</p> <p>b) customs laws</p> <p>Tax Administration</p> <p>c) audit procedures</p> <p>SEP d) MIS system</p>	<p>Magnitude of Outputs:</p> <p>a) number of personnel trained</p> <p>b) customs laws approved and passed</p> <p>c) procedures enforced</p> <p>d) personnel trained, MIS installed</p>	<p>Project reports, direct observation, government documents</p>	<p>Assumptions for achieving outputs</p> <p>Personnel trained apply new skills and remain in current jobs</p>															
<p>Inputs:</p> <p>Aid-furnished TA and training, commodities</p> <p>GOH personnel, facilities and salaries</p>	<p>Implementation Target (Type and Quantity)</p> <table border="1"> <thead> <tr> <th></th> <th>AID</th> <th>GOH</th> </tr> </thead> <tbody> <tr> <td>TA</td> <td>650</td> <td>383</td> </tr> <tr> <td>Training</td> <td>322.3</td> <td>190</td> </tr> <tr> <td>Comm.</td> <td>7.7</td> <td>--</td> </tr> <tr> <td>Eval.</td> <td>20</td> <td>--</td> </tr> </tbody> </table>		AID	GOH	TA	650	383	Training	322.3	190	Comm.	7.7	--	Eval.	20	--	<p>AID documents</p> <p>GOH technical and financial reports</p>	<p>Assumptions for providing inputs</p>
	AID	GOH																
TA	650	383																
Training	322.3	190																
Comm.	7.7	--																
Eval.	20	--																

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 U.S.A.I.D. HAITI



REPUBLIQUE D'HAÏTI

SECRETARERIE D'ETAT DES FINANCES  
 ET DES AFFAIRES ÉCONOMIQUES

No. SEC/AID/344

Port-au-Prince, le 16

SEP 16 1982  
 Annex F  
 SEP 20 1982

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ACTION TAKEN

Date:

By:

M. Harlan H. Hobgood  
 Directeur  
 Agence pour le Développement International  
 Port-au-Prince.

*Rec: 9/20/82*

Monsieur le Directeur,

J'ai l'avantage de me référer à votre lettre du 6 août 1982 en relation avec le "Plan pour l'amélioration de l'administration fiscale en Haïti".

J'apprécie l'intérêt manifeste que l'AID apporte à ce projet et prends plaisir à vous informer que bientôt sera organisée une réunion des donateurs intéressés à notre programme d'amélioration des systèmes d'administration fiscale dans le pays.

J'ai le plaisir de vous réitérer le vif désir du gouvernement de réaliser ce programme. Par ailleurs, je note que vous avez pris contact avec M. Kenneth Stacey, spécialiste anglais en matière douanière disposé à venir en Haïti. J'attends la confirmation de son arrivée à Port-au-Prince.

Je vous renouvelle, Monsieur le Directeur, l'expression de ma considération distinguée.



*[Handwritten signature]*  
 Ing. Franck MERCIERON  
 Secrétaire d'Etat

CERTIFICATION PURSUANT TO SECTION  
611(e) OF THE FOREIGN ASSISTANCE  
ACT OF 1961, AS AMENDED

I, Harlan H. Hobgood, the principal officer of the Agency for International Development in Haiti, having taken into account, among other factors, the maintenance and utilisation of projects in Haiti previously financed or assisted by the United States, do hereby certify that, in my judgement, the Government of Haiti has both the human resources and financial capability to maintain effectively and utilise the grant capital assistance project: Technical Consultants and Training, project number 521-0167.

This judgement is based, among other things, upon the demonstrated commitment of the Ministry of Finance to undertake and enforce its program of fiscal reform, as evidenced by its adherence to stated and publicised economic policy measures; the willingness of the Ministry of Plan to enter into and support a program of project monitoring and auditing, already in place for several years; and the recent appointment of a National Coordinator of Disaster Preparedness.

  
Harlan H. Hobgood  
Mission Director  
USAID/Haiti

DATE: 3/30/83

## 5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

- |  |            |
|--|------------|
| <p>1. <u>FAA Sec. 481.</u> Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?</p> | <p>No.</p> |
| <p>2. <u>FAA Sec. 620(c).</u> If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?</p>   | <p>No.</p> |

3. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? No.
4. FAA Sec. 532(c), 620(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver? No.
5. ISDCA of 1981 Secs. 724, 727 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727 and 730 of the ISDCA of 1981. N/A
6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property? No.

-3-

7. FAA Sec. 620(1). Has the country failed to enter into an agreement with OPIC? No.
8. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters? No.
- (b) If so, has any deduction required by the Fishermen's Protective Act been made? No.
9. FAA Sec. 620(q); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds? No.
10. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual \*Taking into Yes.

-4-

Consideration" memo:  
 "Yes, taken into account  
 by the Administrator at  
 time of approval of  
 Agency OYB." This  
 approval by the  
 Administrator of the  
 Operational Year Budget  
 can be the basis for an  
 affirmative answer during  
 the fiscal year unless  
 significant changes in  
 circumstances occur.)

11. FAA Sec. 620(t). Has the  
 country severed  
 diplomatic relations with  
 the United States? If  
 so, have they been  
 resumed and have new  
 bilateral assistance  
 agreements been  
 negotiated and entered  
 into since such  
 resumption?
12. FAA Sec. 620(u). What is  
 the payment status of the  
 country's U.N.  
 obligations? If the  
 country is in arrears,  
 were such arrearages  
 taken into account by the  
 AID Administrator in  
 determining the current  
 AID Operational Year  
 Budget? (Reference may  
 be made to the Taking  
 into Consideration memo.)
13. FAA Sec. 620A; FY 1982  
 Appropriation Act Sec.  
 520. Has the country  
 aided or abetted, by  
 granting sanctuary from  
 prosecution to, any  
 individual or group which  
 has committed an act of  
 international terrorism?  
 Has the country aided or

No.

Haiti is not in arrears.

No.

-5-

abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?

14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? No.
15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) No.
16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed N/A

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to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

17. ISDCA of 1981 Sec. 721.  
See special requirements for assistance to Haiti.

Special requirements have been met.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

No.

2. Economic Support Fund Country Criteria

No.

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

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b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Govt. of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

N/A

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Govt. of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the Govt. of Chile is not aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

N/A

## 5C(2) PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A. includes criteria applicable to all projects. Part B. applies to projects funded from specific sources only: B.1. applies to all projects funded with Development Assistance Funds, B.2. applies to projects funded with Development Assistance loans, and B.3. applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

GENERAL CRITERIA FOR PROJECT

1. FY 1982 Appropriation Act Sec. 523; FAA Sec. 634A; Sec. 653(b).

(a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project;  
 (b) is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)?

A Congressional Notification was submitted.

Assistance is part of the CBI Supplemental Appropriation and does not fall within the OYB .

2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,00, will there be

N/A.

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- (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? N/A
4. FAA Sec. 611(b); FY 1982 Appropriation Act Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N/A
5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N/A

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|--|--|
| <p>6. <u>FAA Sec. 209.</u> Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs.</p>   | <p>No.</p>   |
| <p>7. <u>FAA Sec. 601(a).</u> Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.</p> | <p>Customs administration component will promote private exports through rationalization of tariff laws and practices; administrative components will upgrade 604 ability to introduce efficient agricultural and industrial technologies.</p> |
| <p>8. <u>FAA Sec. 601(b).</u> Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).</p>  | <p>Technical Assistance services and equipment will be procured from U.S. (000) sources.</p>   |

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9. FAA Sec. 612(b), 636(h);  
FY 1982 Appropriation  
Act Sec. 507. Describe  
steps taken to assure  
that, to the maximum  
extent possible, the  
country is contributing  
local currencies to meet  
the cost of contractual  
and other services, and  
foreign currencies owned  
by the U.S. are utilized  
in lieu of dollars. About 36% of the total project cost:  
will be provided by the GOH.
10. FAA Sec. 612(d). Does  
the U.S. own excess  
foreign currency of the  
country and, if so, what  
arrangements have been  
made for its release? No.
11. FAA Sec. 601(e). Will  
the project utilize  
competitive selection  
procedures for the  
awarding of contracts,  
except where applicable  
procurement rules allow  
otherwise? Yes.
12. FY 1982 Appropriation Act  
Sec. 521. If assistance  
is for the production of  
any commodity for export,  
is the commodity likely  
to be in surplus on world  
markets at the time the  
resulting productive  
capacity becomes  
operative, and is such  
assistance likely to  
cause substantial injury  
to U.S. producers of the  
same, similar or  
competing commodity? N/A.
13. FAA 118(c) and (d).  
Does the project comply  
with the environmental  
procedures set forth in  
AID Regulation 16? Does Yes.

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the project or program take into consideration the problem of the destruction of tropical forests?

14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N/A.

**B. FUNDING CRITERIA FOR PROJECT**

1. Development Assistance Project Criteria
- a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and

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otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries?

c) The Project will assist the GOH in its efforts in decentralization and promotion of rural development.

b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used?

Yes.

c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes

d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

Yes

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e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction, expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory, managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character."

This is not a Capital Assistance Project.

f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage

GOH institutional capabilities will be developed and strengthened to carry out effective development planning execution. This Project will respond to the needs of people from rural areas by increasing the flow of resources to them.

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institutional development;  
and supports civil  
education and training in  
skills required for  
effective participation in  
governmental processes  
essential to self-government

2. Development Assistance Project  
Criteria (Loans Only) N/A.

- a. FAA Sec. 122(b).  
Information and conclusion  
on capacity of the country  
to repay the loan, at a  
reasonable rate of interest
- b. FAA Sec. 620(d). If  
assistance is for any  
productive enterprise which  
will compete with U.S.  
enterprises, is there an  
agreement by the recipient  
country to prevent export  
to the U.S. of more than  
20% of the enterprise's  
annual production during  
the life of the loan?
- c. ISDCA of 1981, Sec. 724  
(c) and (d). If for  
Nicaragua, does the loan  
agreement require that the  
funds be used to the  
maximum extent possible for  
the private sector? Does  
the project provide for  
monitoring under FAA Sec.  
624(g)?

3. Economic Support Fund  
Project Criteria

- a. FAA Sec. 531(a). Will  
this assistance promote  
economic or political
- Yes, through institutional upgrading  
and fiscal rationality.

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stability? To the extent possible, does it reflect the policy directions of FAA Section 102?

- b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities? No.
- c. FAA Sec. 534. Will ESP funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to nonproliferation objectives? No.
- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A

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## 5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes.
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? Yes.
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be N/A

-2-

financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one or these areas? No.
6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates? No.
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Yes.

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Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

8. International Air Transport. Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes.

9. FY 1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Yes.

B. Construction

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services to be used? N/A.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N/A.

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3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)? N/A.

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A.

2. FAA SEC. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.

3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? Yes.

4. Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family N/A

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planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? **Yes.**

c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? **Yes.**

d. FAA Sec. 662. For CIA activities? **Yes.**

e. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? **Yes.**

f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or **Yes.**

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adjusted service  
compensation for military  
personnel?

g. FY 1982 Appropriation  
Act, Sec. 505. To pay  
U.N. assessments,  
arrearages or dues? **Yes.**

h. FY 1982 Appropriation  
Act, Sec. 506. To carry  
out provisions of FAA  
section 209(d) (Transfer  
of FAA funds to  
multilateral  
organizations for  
lending)? **Yes.**

i. FY 1982 Appropriation  
Act, Sec. 510. To  
finance the export of  
nuclear equipment, fuel,  
or technology or to train  
foreign nationals in  
nuclear fields? **Yes.**

j. FY 1982 Appropriation  
Act, Sec. 511. Will  
assistance be provided  
for the purpose of aiding  
the efforts of the  
government of such  
country to repress the  
legitimate rights of the  
population of such  
country contrary to the  
Universal Declaration of  
Human Rights? **Yes.**

k. FY 1982 Appropriation  
Act, Sec. 515. To be  
used for publicity or  
propaganda purposes  
within U.S. not  
authorized by Congress? **Yes.**

DEPARTMENT OF STATE  
**TELEGRAM**

Annex I

JAN 14 1983

11394

AMERICAN EMBASSY, PORT-AU-PRINCE

**UNCLASSIFIED**

Classification

- ACTION
- INFO
- AMB
- DCM
- FOL
- ECON
- COMM
- CONS
- ADM
- PER
- SSF
- CSO
- CA
- AID
- DAO
- USG
- PRO
- DO
- CHRON

JAN 14 11 55 AM '82  
U.S. EMBASSY, PORT-AU-PRINCE

VV ESA3038RA565  
 P RUESPR  
 E RUEHC #1394 0141000  
 NR UUUUU ZCH  
 140638Z JAN 83  
 M SECSTATE WASHDC  
 O RUESPR/AMEMBASSY PORT AU PRINCE PRIORITY 9192  
 NFO RUEHWN/AMEMBASSY BRIDGETOWN PRIORITY 8909  
 T  
 NCLAS STATE 011394

14 JAN 83 14 24z

IDAC BRIDGETOWN FOR RLA

.O. 12356: N/A  
 AGS:  
 SUBJECT: TECHNICAL SUPPORT PROJECT  
 EFS: (A) STATE 335758; (B) PORT AU PRINCE 6639;  
 C) STATE 357892

. GC/LAC HAS REVIEWED TAX AND CUSTOMS COMPONENTS OF PROPOSED TECHNICAL SUPPORT PROJECT. THE ELIMINATION OF FINANCING OF A GOH CORPS OF CUSTOMS GUARDS AND THE DISTINCTION BETWEEN CUSTOMS OFFICIALS AND THE COMMISSAIRE NATIONAL IN HAITI WERE VIEWED FAVORABLY. ALTHOUGH GC/LAC AGREES WITH RLA POSITION THAT SOME OF THE PROPOSED ACTIVITIES MIGHT BE CONSIDERED BORDERLINE IF FAA SECTION 660 WERE TO BE CONSTRUED QUITE BROADLY WE ARE UNABLE TO CONCLUDE THAT SECTION 660 PROSCRIBES THESE ACTIVITIES. CARE SHOULD BE TAKEN, HOWEVER, TO MAINTAIN THE DISTINCTION BETWEEN THE AID-FINANCED ASSISTANCE AND THE LAW ENFORCEMENT ACTIVITIES OF THE COMMISSAIRE NATIONAL. ALSO, GC/LAC SUGGESTS MISSION RECONSIDER WHETHER MINOR USG CONTRIBUTION TO TAXPAYER IDENTIFICATION SYSTEM IS NECESSARY.

. AA/LAC REVIEWED TAX AND CUSTOMS COMPONENTS FROM A POLICY STANDPOINT AND APPROVED THE FINANCING THEREOF. SHULTZ

DATE REC'D		
USAID ROUTER		
OFFICE	ACT	INFO

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## APPENDIX J: Bibliography

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2. Buck, John M. et al., "Plan for the Improvement of Tax Administration in Haiti". Port au Prince, USAID/Haiti, June 1982
3. Stacey, Kenneth, "Requirements for Customs Reforms in Haiti". Port au Prince, USAID/Haiti, November 1982.
4. USAID, "Food and Agriculture Sector Strategy for Haiti: Final Report. February, 1982.
5. USAID, "Country Development Strategy Statement, Fiscal Year 1984", January, 1982