

PD-AAX-425

HAITI
ACTION PLAN FY 1986-87

USAID/HAITI ACTION PLAN
(FY 1986 - FY 1987)

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I. SUMMARY

Haiti is a country in accelerating decline. The dominant features of the Haitian economy today are:

- Declining per capita productivity and income in the agricultural sector which employs 70% of the population. Although stagnant production characterizes the entire sector, the most serious aspect of the deteriorating rural economy is the accelerating destruction of Haiti's natural resource base through erosion. Recent estimates indicate that on sloping farm lands at least 100 tons of top soil per hectare per year are lost to soil erosion. Moreover, sedimentation build-up has already reduced the storage capacity of the country's principal energy source (Peligre Dam) by 25% and, if continued at the current rate, will render the reservoir useless within the next thirty years.

- Rapid growth of Port-au-Prince, due to both natural population growth and in-migration, with attendant high unemployment. Although the urban industrial sector is the most dynamic in the Haitian economy, it cannot currently meet the need for additional jobs. (See Figure 1.)

- Investment in Haiti's human capital, its most abundant resource, is at a very low level and seriously constrains any long-term development strategy. Available technical manpower is entirely inadequate. More importantly for the long-term, however, Haiti's workforce is poorly educated (literacy rate is less than 25%) and has a health status that is among the lowest in the world. (See Figures 2. and 3.)

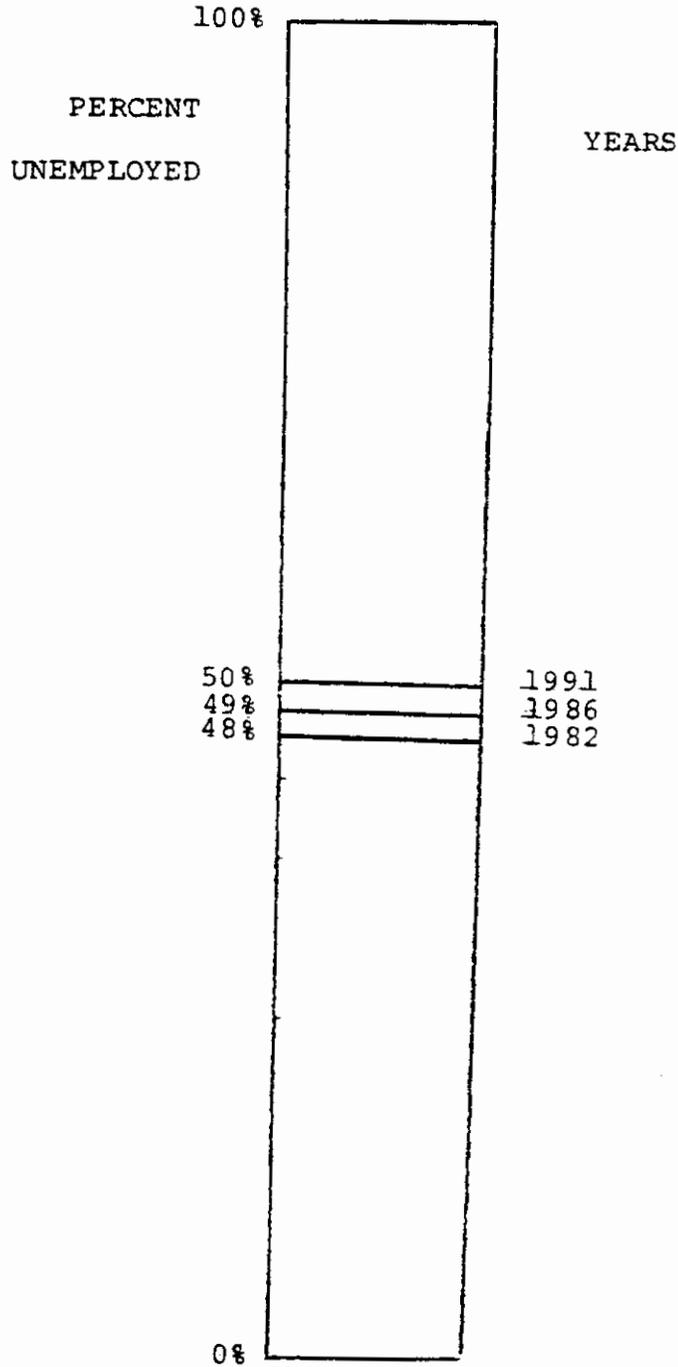
While simultaneously dealing with these deep-seated socio-economic problems, the Government of Haiti is also moving to liberalize the political situation through the establishment of political parties, while taking steps to increase revenues, curtail expenditures and thus move back into compliance with the IMF's shadow program and, eventually, a Stand-by Agreement. It is essential that the foreign donor community support these developments with the resources required to sustain a gradual improvement in the economy and reverse the rapid deterioration of Haiti's human and physical resource base.

The focus of the Mission strategy will be a systematic attack on the basic causes of the economic crisis:

1. natural resource degradation and related decline in agricultural production;
2. inadequate private sector employment opportunities;
3. weak human resource base.

Increased donor coordination and private sector involvement are called for in carrying out the various components of the Mission's strategy.

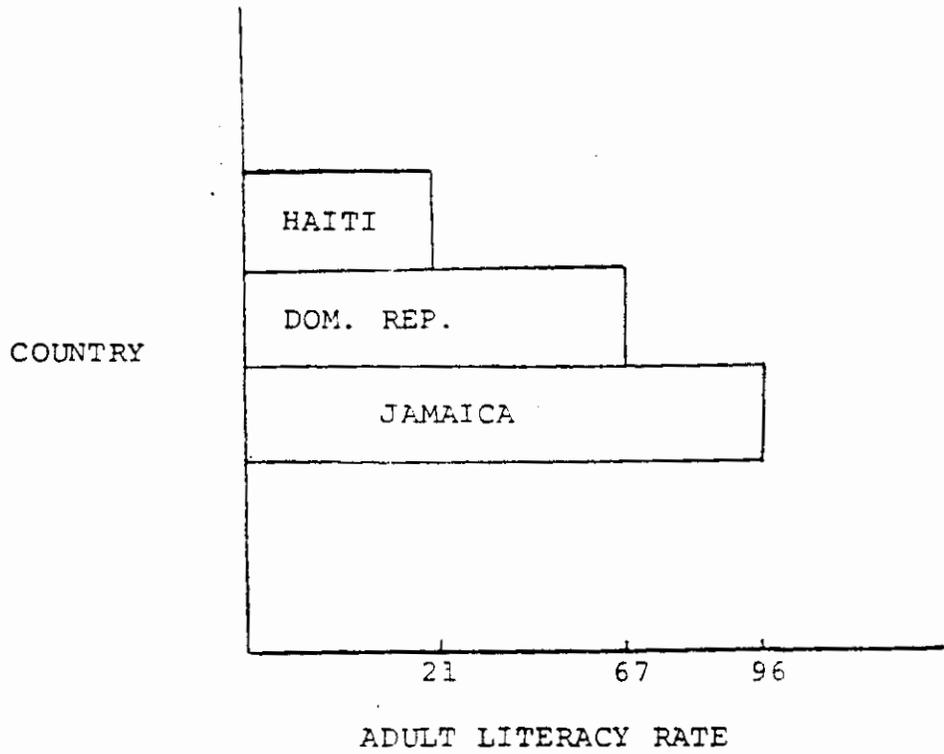
UNEMPLOYMENT-EQUIVALENT* PROJECTIONS FOR THE HAITIAN POPULATION



*Open unemployment plus underemployment, defined as workers earning less than the legal minimum daily wage - currently \$3.00 - in urban areas, and workers working less than full-time in rural areas.

Figure 2

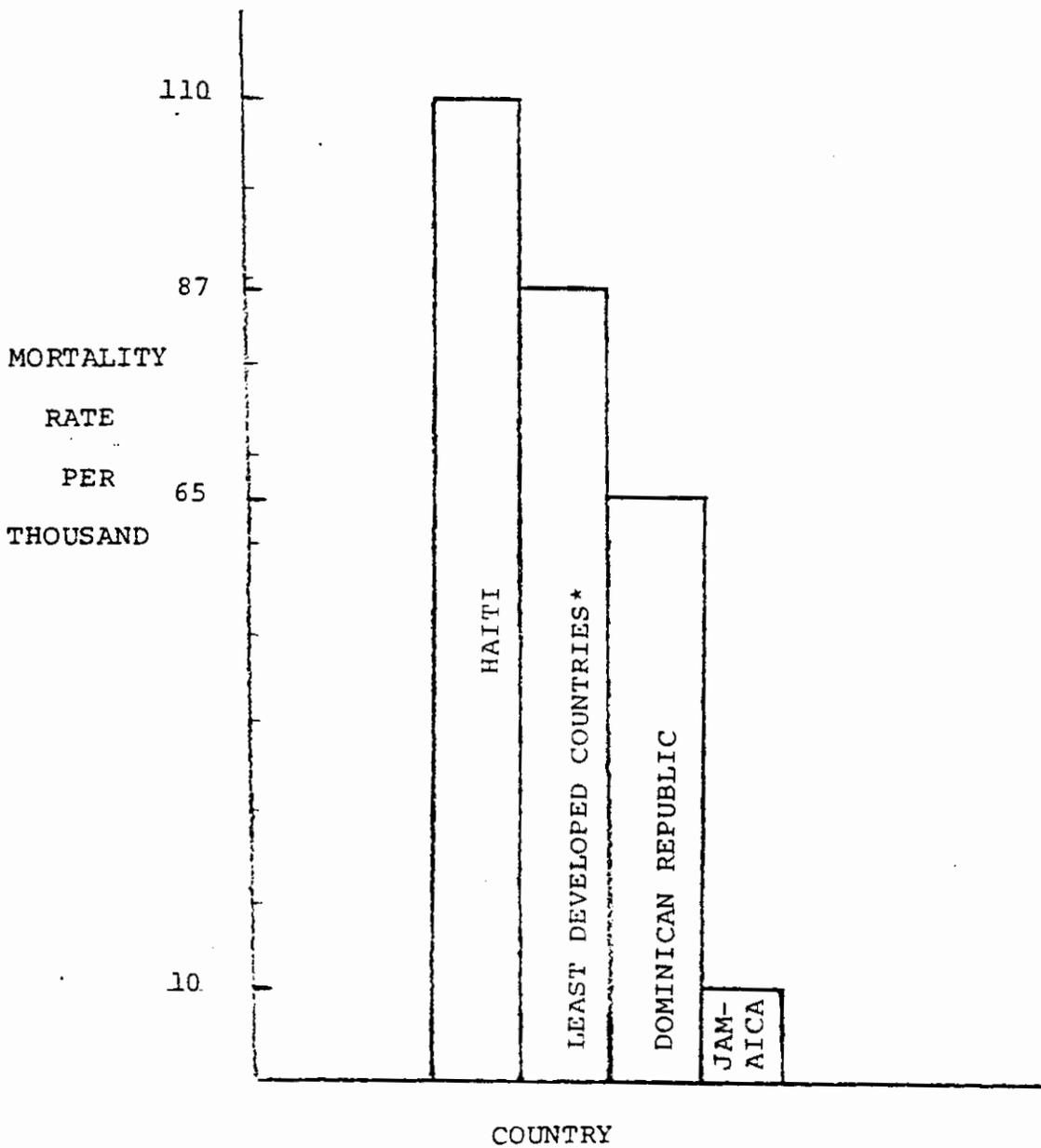
ADULT LITERACY RATE (PERCENT) FOR SELECTED COUNTRIES



Source: AID Congressional Presentation, FY'86, Annex III

Figure 3

INFANT MORTALITY RATE (AGED 0-1), 1982



*Average rate for the 34 countries categorized by the World Bank as being the most economically impoverished. Includes Haiti (as the only Latin American country), Chad, China, India, and other African and Asian countries.

Source: World Bank report, 1984. (USAID/Haiti estimates a higher Infant Mortality Rate for Haiti, i.e., 125/1,000).

A. AGRICULTURE AND CONSERVATION

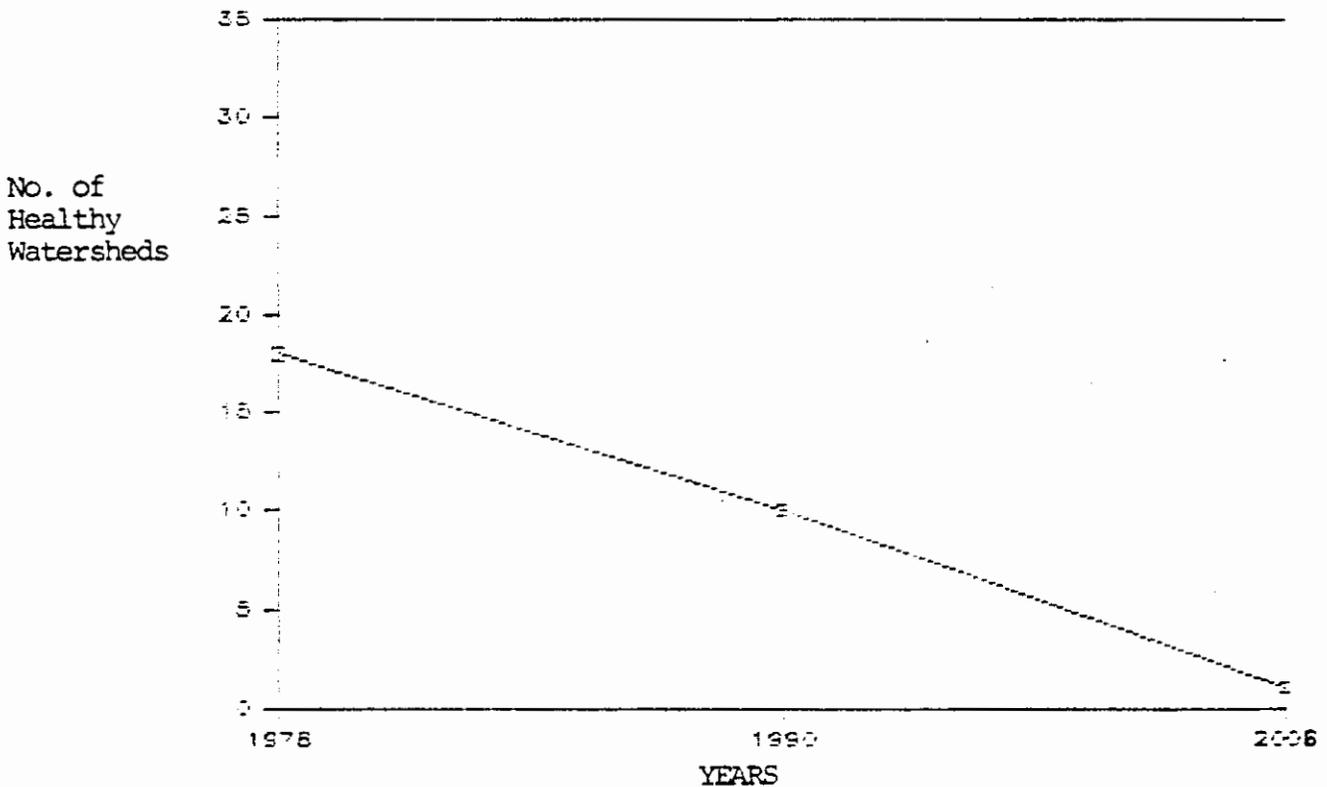
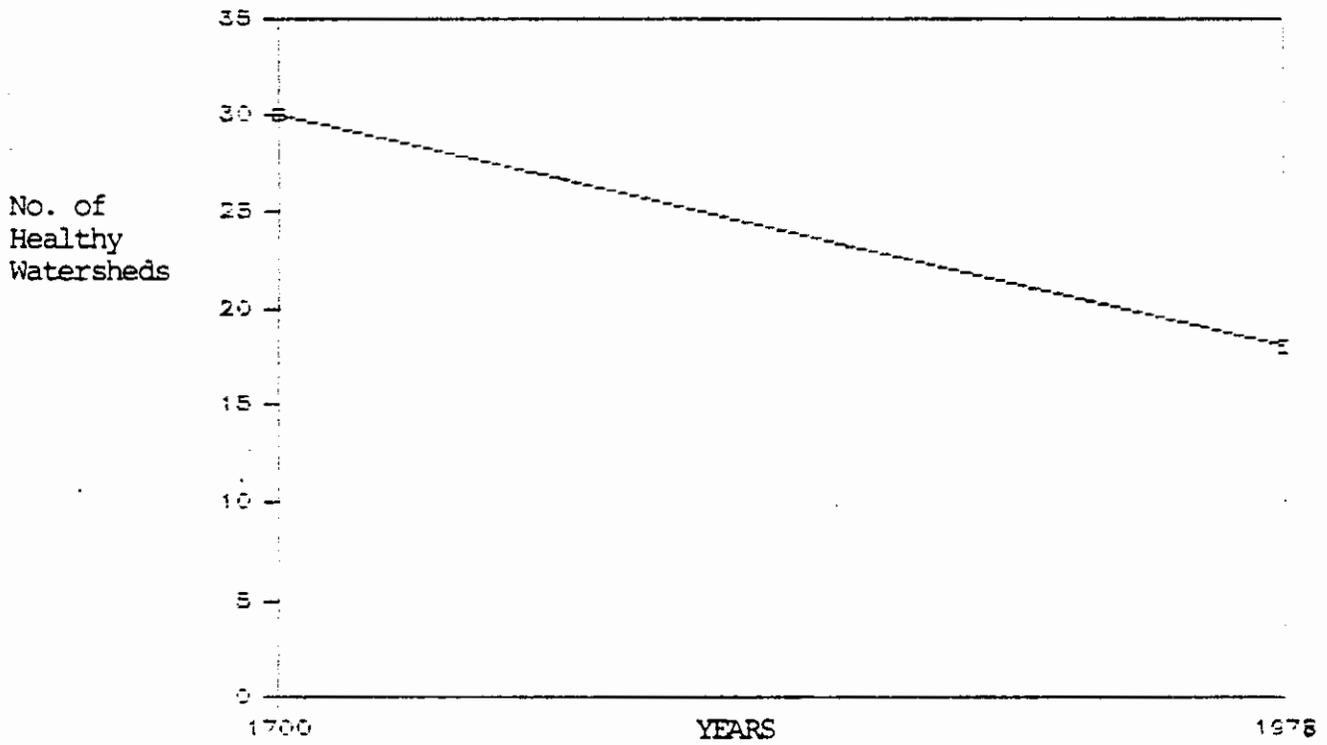
The critical nature of Haiti's fragile lands and increasing resource degradation will require a shift in Mission agricultural priorities to the hillsides. It is clear that there is no solution to Haiti's agricultural production problems which does not start in the hills. Haiti's most productive areas, the large well-watered plains, are held hostage by hillside erosion. Past and future investments in plains irrigation systems, the key to Haiti's agricultural production, depend upon stabilizing the surrounding hills to arrest siltation, prevent flooding, and restore the hills' capacity to retain and store rainwater. Moreover, an adequate scheme to preserve the hillsides squarely addresses the following conditions: hillside farmers will remain on the slopes as long as they can sustain production; most of the country's food crops are grown on small hillside plots; unattended erosion will undermine the viability of all Haitian agriculture, thereby aggravating a serious food gap problem and accelerating migration patterns to urban centers, placing an intolerable strain on basic services and infrastructure, particularly in the Port-au-Prince area. (See Figure 4.)

The Mission strategy will focus primarily on the Les Cayes/Cavaillon area in the Southwest and, secondarily, on selected watersheds in other parts of the country with relatively high production potential (Upper Artibonite, Arcahaie and Trois Rivières in the Northwest). (See Figure 5.) As suitable hillside interventions are developed in the Southwest, this knowledge will be transferred, as appropriate, to these watersheds where community-based organizations will have been formed, primarily with PVO support. In effect, we will be pursuing an intensive strategy in the Southwest and an extensive strategy in the other watershed areas. By the year 2000, the Mission expects that hillside production patterns on some 290,000 hectares will have been changed to effect a significant reduction in soil erosion. Moreover, at least 12,000 hectares of land will be provided with an improved system for water delivery, thereby permitting an expanded production effort on the plains.

Given the magnitude of the problem and A.I.D. funding limitations, our strategy will encourage PVOs, other donors and the Haitian Government to adopt a similar hillside approach with a watershed emphasis and to assure that through our joint efforts the protection and development of these productive agricultural areas is assured. This decision is driven by the technical requirement to deal with environmental and production problems on a watershed basis, since erosion on the hills constrains the investment in the plains, and limits production both on the hillsides and in the plains. The IDB is in the process of adopting this strategy to protect its irrigation and related investments in the Artibonite Valley.

We fully intend to maintain and protect our previous investments in the plains, on a selective basis, especially rehabilitation of irrigation systems and the establishment of water user associations. But in the future some existing programs will be reoriented to deal with the problems of hillside agriculture (e.g., credit, access roads, food for work, agroforestry) and new programs will increasingly be focused on the hills (reforestation, hill cropping systems, and soil conservation measures).

PAST AND PROJECTED ENVIRONMENTAL DETERIORATION OF 30 MAJOR HAITIAN WATERSHEDS



Source: Haiti Country Environmental Profile, USAID/Haiti, 1985.

B. PRIVATE SECTOR DEVELOPMENT AND EMPLOYMENT

The Mission's private sector strategy emphasizes: (a) quick employment potential and (b) an attack on longer-term institutional constraints. The employment strategy necessarily focuses attention first on the expansion of the assembly industry and secondarily on the encouragement of small and medium enterprises with high labor intensivity. The institution building efforts encompass (i) public/private sector policy reform mechanisms, (ii) expansion of credit supply to the business sector, and (iii) provision of key support services to promote and facilitate local and foreign investment, and to provide Haitian entrepreneurs with management training and project preparation services¹. ~~The Mission's objective is to create 50,000 new jobs in the private sector by 1990 and an additional 200,000 by the year 2000. The vast majority of these jobs will provide productive employment for the lowest income groups in Haiti.~~

During the short term, the most important component of the strategy is to create institutional mechanisms to facilitate investment in the export oriented assembly manufacturing sector. A second task is to continue to encourage public/private sector consultation to bring about a significant improvement in the regulatory and policy environment. There has already been success in this direction. Finally, the Mission will consolidate its institution-building efforts by improving the internal efficiencies and strengthening the management capacity of the new institutions. Over the longer term, the expansion of agro-industry, especially in AID's selected watersheds, is clearly a necessary component of the Mission's strategy. For the near term, while continuing to strengthen and expand existing agro-industrial enterprises under a development credit program, we will seek to identify and consummate additional investments in this area using investment brokers, upgrading Haitian promotional capabilities, and undertaking feasibility work.

C. HUMAN RESOURCE DEVELOPMENT

The foundation of a human resources strategy is basic education -- literacy and numeracy and the expansion of the technical manpower base.

Studies have repeatedly demonstrated a strong correlation between basic education and a wide range of development indicators in all sectors. Basic education (especially for women) is the key variable in a family's adoption of both family planning practices and improved health practices. Literacy also contributes to farmer understanding and acceptance of improved farming technologies. Finally, the continuation of the dramatic growth of Haiti's industrial sector will depend on a significant improvement in the basic skills of her population -- starting with literacy and numeracy.

1. The heavy institutional development focus derives, in part, from the fact that Haiti did not benefit from the institution building programs promoted by AID and other donors during the 1960's under the Alliance for Progress.

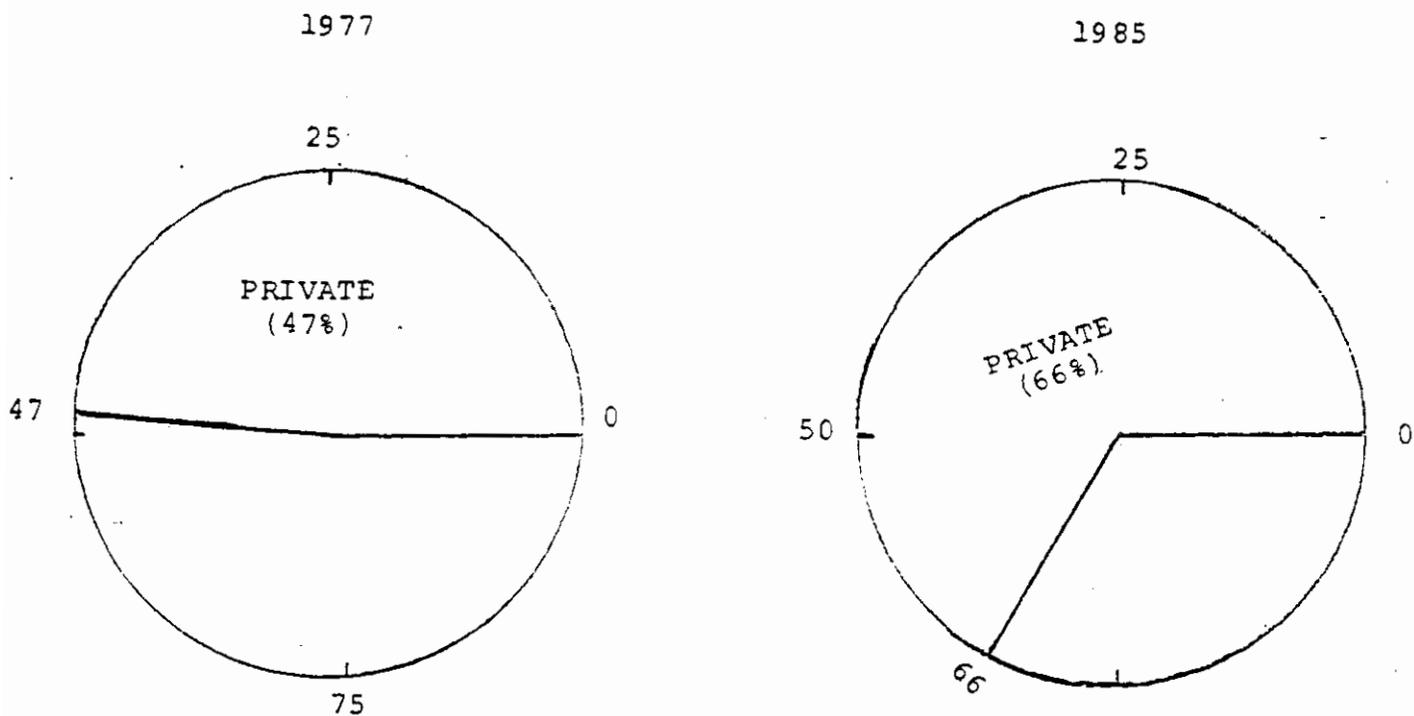
Nearly two thirds of Haiti's primary education is managed by the private sector today, and the proportion is increasing. (See Figure 6.) The importance of the private sector in rural education is overwhelming. AID's strategy will, therefore, concentrate on bringing about improvements in the private school systems that will ensure increased enrollments, higher completion rates, and improved teaching techniques. As a facet of our primary education objectives, the Mission will expand the CINEC early childhood intervention program significantly, given the program's demonstrated impact on school readiness and retention rates. The highest priority in the strategy is to leverage private sector adoption of the new educational reform package adopted by the Government, the keys to which are dramatic changes in teaching methods, a more problem solving pedagogical approach, and the use of Creole language instruction in the early grades. By the year 2000, the Mission's goal, in conjunction with the GOH and other donors, is to achieve 50% literacy and 80% primary school enrollment.

The other component of the Mission's human resource strategy is to complete the establishment of a viable rural primary health care system -- targeted on expanding family planning practices and reducing infant mortality. The Mission's population/health programs will make a significant contribution to improving the country's health status, as measured by the following: (1) contraceptive prevalence rate increased from 6.8% in 1983 to 24% in 1990; (2) infant mortality reduced from 125 per 1000 in 1985 to 90 per 1000 by 1990; and (3) child mortality reduced from 25 per 1000 in 1985 to 15 per 1000 in 1990.

The implementation of the family planning program will be accomplished through its integration into the broader primary health care programs of both the government and the PVOs. In addition there is a clear correlation between the adoption of family planning and a significant reduction of infant mortality -- the priority focus of the Mission primary health care strategy. The Mission program will stress: (a) focusing both public and private primary health care on family planning and key determinants of infant mortality, (b) leveraging a significant shift of Haitian health resources to rural primary health care, (c) mobilizing greater PVO and community activity and effecting better coordination with government activity, and (d) encouraging greater self-financing in health programs.

Figure 6

PERCENTAGE OF PRIMARY SCHOOLS RUN BY PUBLIC AND PRIVATE SECTORS



Source: Education Sector Assessment, USAID/Haiti, 1985

II. SECTORAL STRATEGIES AND FUNDING REQUIREMENTS

A. Agriculture and Conservation

1. The Problem of Hillside Agriculture

The problems of rural Haiti are of staggering proportions. With a rural population considerably greater than the carrying capacity of the ever-shrinking arable land base, Haiti is undergoing an ecological crisis. With a majority of all food crops grown on small and fragmented hillside plots, Haitian small farmers are in the process of destroying the very soil upon which their daily survival is based. As a result, they are able to harvest less each year, and must search ever higher up the hillside to plant annual crops. This phenomenon exposes most of these lands to severe soil erosion, decreasing yields on the hillsides. The soil loss, which has been estimated at 100 - 300 tons per hectare per year, has increased siltation and flooding on the plains thereby limiting irrigation efficiency and threatening the viability of hydro-electric power.

Virtually every watershed is affected with the level of damage increasing annually. Two thirds of Haiti's 30 major watersheds are either partially or totally deforested and prices for the more fertile land in the valleys are estimated to be increasing at 75% per year in comparison to an average annual 15% increase during the 1970's. Sedimentation of Haiti's major hydroelectric facility, the Peligre dam, is increasing so rapidly (9.9×10^3 /year in 1979 versus 3.3×10^3 /year in 1961) that it may be rendered useless by the year 2016. Per capita food production is declining by more than one percent per year. The resulting decreased incomes and exhaustion of the land has caused increased migration to Port-au-Prince and beyond. While the population nationwide is growing at less than 2.0% annually, the population in Port-au-Prince is growing between 5% and 10% annually. But perhaps nothing portrays this crisis situation more dramatically on a daily basis than the desperate plight of the "boat people".

Physical, political, technological, market and institutional conditions compounded by severe population pressure constrain any strategy to address this crisis. Briefly stated, the fundamental reasons for these problems in agriculture are:

- Physical Resources: Eleven percent of the total land area of Haiti consists of good soils where topography is not a constraining factor for irrigation, mechanized agriculture and high yielding crop varieties. Yet 43 percent of the land area is dedicated to food crops. While 80% of the land was once covered by forest, now only 7% is so covered. Rainfall has become more scattered and less predictable and surface water available for irrigation is decreasing. Baseflows, which represent the water available for irrigation when storage is limited, are diminishing significantly due both to the continuous deforestation and loss of water retention capacity in the rivers' upper watershed areas. While ground water is not being utilized extensively, water tables are still going down because of the inability of the watersheds to store water.

- Production Technology: On-farm technology is very primitive, lacking soil conservation practices which provide for crop rotation, tree and vegetative cover to sustain long-term production capacity. Mechanical power is virtually non-existent, and when available, restricted to the plains, animal power is limited, and such aspects as land preparation and crop harvesting are carried out with simple hand tools. As our current agricultural projects demonstrate, productivity could be improved if higher yielding varieties and better crop and soil management practices were employed.

- Relative Prices: The prices of cereal crops relative to crops environmentally better suited to the preservation of Haiti's hillsides have been increasing. Continued taxation of coffee acts as a disincentive to its production, and contributes to the continued production of cereal crops on the hillsides.

- Institutional and Human Resources: Because of the lack of adequate financial and human resources, most public sector institutions are ineffective in carrying out their mandates for the provision of services in the agriculture sector. Short-term formal credit is limited to the Agricultural Credit Bureau (BCA), which is currently reaching only 37,000 farm families (less than 5 percent of the total). Intermediate term credit is non-existent, and thus farmers cannot invest in long-term soil-conserving technology. Research and extension are inadequate in general but in particular have never focused on the problems of hillside farming. Most of all, there has been a lack of political will to assist the small farmer, nor does an organized peasantry exist to articulate their own needs for government services. Recent efforts with small, pre-cooperative groups have shown, however, that peasants are willing to organize and improve their welfare through group cooperation, and that, once so organized, they can demand more government services. Illiteracy levels in rural areas, estimated at 90 percent overall and 95 percent for rural women, limit the effectiveness of technical information.

- Legal and Administrative Barriers: The legislation governing land use in Haiti, although relatively enlightened, has not been enforced. For example, it is illegal to cut a tree in Haiti, yet millions are cut down annually. Land tenure is difficult to determine because of lack of clear titling mechanisms. State lands are cultivated by renters and squatters who lack the incentives to make any land improvements.

2. The Strategy

In recognition of the generally deteriorating state of Haiti's rural sector, the Mission's agriculture and conservation strategy will place the highest priority on those projects which will significantly change the patterns of agricultural production on Haiti's hillsides, thereby improving the resource base as well as expanding employment and income opportunities. In the long run, by implementing this strategy, it is anticipated that agricultural production on the hillsides will become more focused on such crops as coffee, trees (fruit and firewood) and improved pastures for livestock production. Production of annual crops will shift to the coastal plains and total sector

production will increase significantly. A shift to tree crops and soil-retaining perennials will reduce the level of erosion. Annual crops on the hills will be geared to small family gardens, the predominant form of farming on the hillsides. High value crops will be grown on better managed contour canals or intensively managed bench terraces. Overall sector employment and rural incomes will increase as the coastal plains are brought into intensive cultivation. The demand for labor will also expand on the hillsides as a result of soil conservation works, tree crops and livestock production. The strategy, therefore, promotes these changes through a more rational conservation and utilization of Haiti's fragile land resources.

This vision of Haitian agricultural development, however, will take time to realize. The reversal of 180 years of over-exploitation of the hillsides will not be an easy task to accomplish, but the process must begin now if a viable agriculture is to be a part of Haiti's future.

Resolution of Haiti's hillside problem is paramount for the nation's long term survival. While an ideal program for dealing with the hillside problem would involve all threatened watersheds, the investment costs and level of effort required would be too enormous. Using a crude estimate of \$1,000 per hectare for infrastructure costs alone, a program of \$1,500 million would be required. The more realistic approach is to focus activities on the major watersheds that still offer significant production potential and, as technological packages are developed, and tested, expand to the other watersheds. As improved land hillside management has never been a focus of concentrated effort in Haiti, this is a high risk activity and the AID program, because of its previous and present efforts in forestry, animal production, credit, farming systems research, coffee, food crop production and cooperatives, may be the only donor with enough experience to undertake this task. The strategy proposed in this document is to focus our activities first on one watershed area (Les Cayes/Cavaillon), to develop the technological packages and human and organizational arrangements, and then to expand to the three other watershed areas currently lacking external donor support. At the same time, we will be working with the GOH and other donors active in the remaining watersheds (though primarily in the low lands) to encourage their expansion to the hillsides and continuing our support for the development of a network of private (particularly indigenous) organizations undertaking agriculturally related efforts.

a. Major Components of the Proposed Hillside Strategy

The complementary objectives of stabilizing Haiti's hillsides and consequently expanding the food production potential of the plains will be sought through a strategy which emphasizes:

- targeted watersheds;
- improved technology generation and dissemination;
- institutional development; and
- policy dialogue.

The proposed strategy for development constitutes a formal recognition of the ecological crisis that is being experienced on Haiti's hillsides. It admits

to the fact that hillside farmers will remain on the slopes in the long-run, and therefore proper activities which will improve farming techniques for long-term soil conservation and water retention must be developed with this fact in mind. It also underlines the inherent interrelationships that exist between agricultural production on the hillsides and the plains. The benefits of a long-term hillside strategy will accrue directly to the small producers on the hillside and indirectly to agricultural producers on the plains.

(1) Targeted Watersheds -- For the past three years, the Mission has conducted a concentrated effort on studying the potential of the major watersheds throughout the country. By applying evaluation criteria including agricultural and ecological potential, presence of field-based NGOs, and whether other major donors are already focusing their attention there, the following four watershed areas, representing approximately 16 percent of Haiti's total land area, have been identified as having the highest potential for success and the maximum multiplier effect:

- in Southwest Haiti: Les Cayes (including the Les Anglais, Port à Piment, L'Acul, Torbeck, Grande Ravine du Sud, and the Cavaillon River basins: 113,500 hectares);
- the Central Plateau area of the Upper Artibonite Watershed (specifically the Canot and Bouyaha tributaries: 194,700 hectares);
- the Chaîne des Matheux above Arcahaie (29,000 hectares); and
- in the Northwest, Trois Rivières (87,900 hectares).

These four areas include 425,100 hectares of land area of which nearly 70 percent (290,427 ha.) is located on slopes exceeding ten percent.

By the year 2000, the Mission's expectation is that the process of changing the production patterns on these 290,427 hillside hectares will be well established and soil erosion significantly curtailed. Improved water utilization on the plains will also be accomplished by promoting (primarily through the Title III investment program) the rehabilitation of existing irrigation systems, and the formation of water-user groups. The result will be 12,000 hectares of land provided with an improved system for water delivery, thereby permitting an expanded production effort on the plains.

The financial requirements to address the hillside problem even in these four watershed areas alone are still staggering (exceeding 300 million dollars). In the short and intermediate terms, therefore, the Mission's approach will be to focus field demonstration activities in the most promising of the watershed areas, the Les Cayes-Cavaillon system. At the same time, the Mission will encourage the GOH, other donors, and NGOs to optimize their investments (rural roads, etc.) in rural Haiti by concentrating in the other three watersheds, and by increasing their Title II FFW programs in all four watersheds. PVOs will also be encouraged to support FFW projects for the construction and rehabilitation of irrigation systems, soil conservation/water retention structures and tertiary roads. Limited seed capital from the development assistance account will be utilized to attract other resources for the task at hand. Also, by demonstrating early successes (technological and institutional) in the Les Cayes-Cavaillon watersheds, the Mission will

encourage other donor groups to replicate our efforts. The support of these other donors, trying to protect their own irrigation investments in other high-potential watersheds, will also be sought as the Mission pursues the major policy, legal and institutional reforms called for by this strategy. Improvements in these areas will impact on all watersheds.

(2) Development and Dissemination of Improved Technology-

The major changes in production practices envisioned in this strategy will not take place unless new production technologies which simultaneously reduce production costs and improve soil conservation are developed and disseminated. ~~The principal emphasis of the watershed focus will be to generate and promote the adoption of on-farm, agronomic, soil and water conservation practices. Utilizing the methodology of adaptive~~ research/extension, the Mission will support the adoption of such practices as growing permanent crops, using leaf and trash mulches, interplanting food crops with soil-conserving perennials, hillside ditches, contour planting, minimum tillage and, in those areas where it is economically feasible, the construction of bench terraces. The production focus will be on maximizing water retention on the hillside for improved productivity and minimum soil loss. This land use change will require the acquisition of new genetic materials, especially perennial crops, but including cereals, vegetables, and livestock.

These new varieties can most likely be acquired directly through networks with the international agricultural research centers. Field trials testing new and old varieties, their interaction in the farming systems, and the subsequent dissemination of the research results can be handled in a decentralized fashion through field-based PVOs. This adaptive research will seek both greater intensity of land use and more productive labor use. To motivate the initial investment and on-going maintenance required by soil conservation practices, a significant increase in productivity or income and a significant decrease in per unit production costs must be demonstrated.

An additional dimension of the technological part of the strategy, with implications for private sector development as well, involves both research and conservation measures in the energy field. Specifically, we will provide technical assistance to the GOH on the feasibility of exploiting a potentially promising lignite deposit for the production of briquettes as an alternative to charcoal; and on conservation measures which might be employed to reduce energy usage in the industrial sector, two-thirds of which is currently being met by wood-based materials.

(3) Institutional Development -- The proposed strategy emphasizes creation of land use management associations in the selected watersheds, which requires not only an organized peasantry but an efficient delivery system for such critical inputs as credit and technology.

Several local organizational methodologies have been developed specifically for rural Haiti. These rural animation techniques, based on small-group participation and grounded in income-generating activities, are proving effective in organizing peasants around a common goal. Our strategy, then,

will build upon these experiences to support local non-governmental groups who are interested in employing these methodologies with peasants to organize cooperatives, soil conservation associations (with the specific purpose of sustaining the life of the selected watersheds) as well as water-users groups in the plains. As a result of their involvement in these organizations, a new awareness of and interest in fragile lands management will emerge ultimately leading to a more rational and improved utilization of the natural resource base. The emphasis will be on private sector groups in the target watersheds who have already demonstrated a capability for local organizational development.

To improve these hillside farmers' access to credit, the current project with the BCA will be increasingly oriented towards hillside borrowing groups in the target watersheds. In the long term, the Mission will build upon the BCA experience to establish a Cooperative Credit Bank and a Land Improvement Bank. The Coop Bank will provide loans to NGO groups and cooperatives, who, up to now have only had access to lending capital from direct donor grants. It will assure them more permanent access to capital markets to finance expansion. At the same time, it removes the inherent subsidies masked by the cooperatives' current insulation from commercially viable lending rates.

The Land Improvement Bank would provide intermediate term credit which is virtually non-existent in Haiti at this time. While BCA and the Coop Bank would provide for smaller loans to the farmers, this bank would be able to loan more significant amounts to enable the financing of soil conservation investments, tree crops, well irrigation, and animal and equipment purchases. Both of these new credit facilities would be focused initially on the targeted watersheds.

The supply of new and improved genetic material is essential to a dynamic agricultural sector. In the long term, the strategy for establishing an adequate supply of such materials in Haiti will be based on the creation of an endowed national agricultural research foundation. Support for the foundation and execution of its adaptive research activities would come from PVO, donor community, university, and GOH sources.

In the area of extension, the Ministry of Agriculture has faced recurrent cost and incentives difficulties in getting its staff into the field in support of agricultural development efforts. Since many NGOs and cooperatives are already active in rural development and many hire qualified Haitian or expatriate agronomists in support of these efforts, the Mission proposes a new cooperative arrangement between the GOH and NGOs as a solution to this problem.

(4) Policy Dialogue -- The policy requirements of the Mission's targetted watershed hillside strategy will be six:

(a) reduce the coffee tax, thereby changing the relative price ratio of coffee to cereals to favor increased coffee production;

(b) promote the privatization through homesteading of

hillside state lands in the targeted watersheds, save those which are suitable for state-managed forest preserves;

(c) enforce existing renewable natural resources laws, especially those which apply to forest, water and soil resources;

(d) establish a penalty fine on the private owners of hillside land who themselves or whose share cropping tenants are letting it erode;

(e) reform water-users legislation, in order to provide for effective utilization of on-farm irrigation; and

(f) increase public sector investments in Haiti's rural development institutions.

Elimination of the coffee tax is considered an important element in modifying the price relationship between coffee and cereals production on the hillsides. A 25 percent decrease has been negotiated in the Title III program. Continued policy dialogue at the highest levels of the Ministries of Finance and Agriculture will emphasize the negative impact of coffee taxation on production patterns, and recommend its complete elimination. Should the Mission find that the tax reductions are not being passed on to peasants but are, rather, benefitting a few middlemen and exporters, the policy dialogue will then focus on the establishment of a development fund for the introduction of coffee and other perennials on the hillsides with the tax funds collected by the GOH.

Divestiture of state lands both on the hillsides and plains to small farmers will also be put on the policy agenda during negotiation of new programs. ~~Field research has indicated that peasants who farm state lands, either on a contract or squatter arrangement, will not invest in soil conservation practices.~~ As a critical first step, the policy dialogue will stress the importance of ownership for long-term investments in land improvements. In those areas where the Mission will invest significant amounts of its resources, and where it is found that land tenure security is a critical constraint, the need for a cadastre will be examined. In the case of state lands, the Mission will encourage a sale or long-term lease arrangement between the state and the peasant, with the condition that farmers must undertake soil conservation practices. Likewise, a penalty fine for land owners whose hillside land is eroding will be negotiated. In the numerous cases where this land is worked by a share cropping tenant farmer, arrangements will be made for the tenant, who improves said land, to gain title to it out right. All new projects will address the issues of state lands tenancy and land tenure generally as part of the intensive review process.

The effective enforcement of all laws which protect and promote improved land use patterns will also be an integral part of the policy dialogue process. For example, laws which prohibit unauthorized tree cutting, protect watersheds, create national parks and forest reserves will be discussed, in order to remove legal and institutional obstacles to enforcement.

The policy dialogue will also concentrate on reformulating existing water users legislation for improved utilization of irrigation and maintenance of the water system. A condition for Title III disbursements will ensure that a self sustaining water-users association is in place as a parallel action to irrigation system rehabilitation.

Finally, an issue critical to the effective implementation of the overall program in agriculture is the current lack of public sector investment in rural Haiti. The GOH will have to indicate its acceptance that the resolution of Haiti's hillside problems is paramount for the nation's long-term survival, and it will need to reallocate its limited public sector funds towards this priority. A budgetary process that assigns less than 8 percent of overall public financing to a sector upon which over 72 percent of the Haitian people depend for their livelihood cannot remain acceptable to AID or any other donor,

b. Targets and Short-term Indicators of Progress

As indicated above, the long-term objective of the Mission's hillside strategy is to promote significant changes in the production habits of hillside farmers. During the next fifteen years, the focus will be placed on the four targetted watershed areas. With farming systems in 16 percent of Haiti's total land area (425,100 hectares) significantly modified, hillside agriculture can be demonstrated to be both productive and soil conserving. In the near term, the strategy will promote field work in the Les Cayes/Cavaillon watershed, begin the process of technology generation and diffusion for hillside agriculture, conduct analyses for the design and implementation of viable institutional models for credit and technological delivery, and eliminate the critical legal/financial constraints for effective execution of this strategy.

(1) Targetted Watershed Areas:

The high potential, target watershed areas listed above will constitute the focus of two major new projects:

In FY 86: Targetted Watershed Management I in the Les Cayes/Cavaillon area; and

in FY 87: Hillside Farming Outreach to the Trois Rivières, Central Plateau (Upper Artibonite), and Chaîne des Matheux catchment areas (see map in Summary section).

FY 86/87 Progress Indicators

Even before the first of these projects begins, the ground work will be laid by current USAID projects working in the target watershed areas:

- ADS II will have identified and adapted at least 5 sets of cropping complexes, featuring perennial species, that will enable the hillside farmer to both conserve his soil and increase his productivity.

- Agro-forestry Outreach will plant five million more trees in these target areas, inserting each of the recommended species in a more soil conserving fashion into these peasants hillside farming systems.

- BCA will accelerate its credit outreach to steep slopes farmers in these target watersheds, such that by the end of FY 86 20,000 more hillside farming families will have been reached.

At the same time, in FY 87, in the Les Cayes/Cavaillon area of Southwest Haiti, the Targetted Watershed Management I project will:

- nominate and mobilize a lead PVO in each of the targetted catchment areas;
- prepare a watershed management plan for each;
- negotiate a model cost-sharing arrangement between these lead PVOs and the Ministry of Agriculture for technology transfer and the supply of credit;
- begin to identify and animate critical soil conservation and water user associations to undertake and maintain the required land-use infrastructure; and
- designate hillside state lands for homesteading and badly eroding private lands for penalties should co-operation with their catchment area's stabilization plan not be forthcoming.

Meanwhile, still in FY 87, lead PVOs in the watersheds to be targetted by the hillside farming outreach project will be encouraged to launch organizational and rural animation interventions so as to qualify them for participation in that FY 87 project.

By the end of FY 87, in Les Cayes/Cavaillon, Targetted Watershed Management I will begin the process of extending, through the designated soil conservation associations, improved hillside farming practices. By the middle of the next budgetary year such catchment areas covering approximately 3,000 hectares should be well on their way towards stabilization. To the North, on the Trois Rivières, Bouyaba, Canot, and Chaîne des Matheux basins, lead PVOs will be extending, ADS II tested, hillside farming technologies to their participating peasant groups.

(2) Technological Generation and Dissemination

The Mission strongly believes that technical know-how for the environmentally sound management of the hillsides is presently available. In this regard it will, over the short to medium term utilize the experiences of: (1) other countries of similar topography and climate where hillside farming interventions have been successful; (2) the international agricultural research centers in soil conservation and cropping systems for hillsides; and (3) Haiti in those areas where successful approaches to soil conservation and

water management have been developed. Emphasis will be placed on improved management of the hillsides, through the establishment of soil conservation measures in conjunction with permanent tree cropping, pastures and livestock, and in the intermediate run, annual crops.

Pursuant to this strategy, we will reinforce, through the on-going ADS II project, existing linkages, begun under the Integrated Agricultural Development (IAD) Project, between the national, regional, and international agricultural centers and the GOH and PVOs. The immediate pay-offs from pursuing such a strategy can be illustrated by the following examples of IAD's research and extension accomplishments. Working in collaboration with centers such as University of the West Indies, CARDI, IICA, INRA, University of Puerto Rico, CIMMYT, CIAT, ICRISAT, IIATA, CATIE, and national Ministries of Agriculture of the Dominican Republic, Guatemala and Jamaica, superior varieties of Haiti's principal food crops have been selected. In the case of beans we now have material that will out-yield local varieties four-fold, while new corn varieties will outperform the traditional ones by two to three times. Roots and tuber yields can be augmented five to six times whereas yields of rice, pigeon pea and peanuts have increased several fold through the adoption of improved germplasm and production practices.

The Mission's on-going agricultural programs will provide needed information as we amplify our thrust towards hillside agriculture. For example, the Ministry of Agriculture is experimenting with improved soil conservation practices and, under the auspices of the Mission's ADS II project, farming system research is providing useful information on the workings of small farmers in rural Haiti. Improved tree varieties are being made available under the Agroforestry and the Fruit Tree Improvement Projects. In the area of livestock, the Mission Swine project is providing the technological base for an improved swine industry, and under the Winrock Goat Project, technological improvements in types of goats, feeds and hillside pastures will be made available.

FY 86/87 Progress Indicators

- Continue to rehabilitate and construct irrigation systems under the IAD Project to attain the target of 2000 ha. by 12/31/85. Also, continue to disseminate improved seed material of food crops to small farmers reaching a total of 50,000 by 12/31/85. Under the soil conservation component of this project, work will have culminated in the delineation of two national parks for the protection of heavy investments in the plains of two of Haiti's principal watersheds viz, Les Cayes and Cavaillon.
- Continue to distribute seedlings under the Agroforestry Outreach Project and reach the goal of planting 19 million by December 1985. This project will be amended to include more emphasis on soil conservation and the integration, by end of FY 87, of its technological innovations into the new Targetted Watershed Management I Project. At the same time, this project will establish six national fruit tree orchards totalling 100,000 improved fruit tree varieties as a major source of budwood by the end of FY 87.

- Complete the research/dissemination of improved pastures and goat breeds under the Winrock International grant by end of FY 87.
- Complete the distribution of approximately 10,000 pigs to Secondary Multiplication Centers throughout the country by the end FY 86, and extend the project (1) to improve upon the combination of local agricultural by products into an optimal feed mix and (2) to ensure the production and distribution of 400,000 pigs by the end of FY 88.
- Support the establishment of formal institutional links to the International Agricultural Research Centers through ADS II.
- Also under ADS II, by end of FY 87, set up a data collection system for obtaining land-use information based on the land area sample frame now being developed for the National Recurrent Agricultural Statistics component of that project.

(3) Institutional Development

The short-term strategy for institutional development will concentrate on building institutional models which improve the delivery of credit and hillside technological innovations and result in an organized peasantry.

Short-term production credit will be provided under the auspices of the Strengthening Rural Credit Services Project. Even though this project is a national program, the strategy during FY 86-87 will be to:

- assure the financial viability of the Bureau de Crédit Agricole (BCA); and
- prioritize credit activities first to the Les Cayes-Cavaillon area and then to the other target watershed areas indicated above.

Since this on-going project has funds allocated for special studies, the Mission will conduct a demand/supply analysis of rural intermediate term credit as a prelude to a future project designed to address the lack of intermediate term credit.

Group formation activities will be carried out within the context of the soil conservation districts on the hillsides and water users associations on the plains. The lead PVO will be identified and it will act as a conduit for providing the "groupement" with organizational expertise and technical information for improved farming practices. The initial effort during FY 86-87 will be in the Les Cayes-Cavaillon area, although seed grants will be made to lead PVOs in the Trois Rivières and Upper Artibonite (Canot, Bouyaha) watersheds.

FY 86 - FY 87 Progress Indicators

- Assure the financial viability of the BCA by the end of FY 87;

- Provide short term production credit to at least 70,000 farm families with priority given to the 32,000 families in the Les Cayes-Cavaillon areas by the end of FY 87;
- Complete the demand/supply study of intermediate term credit by the end of FY 87.
- Organize at least one soil conservation district and one water-user district in Les Cayes-Cavaillon by end of FY 87 under the umbrella of the Targetted Watershed Management I project;
- Design a PVO support program for hillside activities in the other targeted watersheds by FY 87.

(4) Policy Dialogue

Policy dialogue will be a long-term activity of the Mission, and on certain questions, such as the low proportion and scale of public sector investments directed towards rural development, steady pressure will be applied. However, in the short-term, the Mission is planning to help achieve the following changes:

(a) Reduction of the coffee tax as a mechanism for stimulating long term adjustments to the coffee/cereal crops price relationship. By the end of the Title .III program the Mission will have persuaded the GOH to either totally eliminate this tax or establish a coffee development fund for generating and diffusing improved coffee technology.

(b) By the end of FY 87, establishment of a system for collecting and analyzing information on the extent and causes of erosion on public and common lands on the targeted hillsides. Linked to such an information system would be experimentation with legal mechanisms enabling small farmers to homestead on, and, therefore, improve these public lands.

(c) As this strategy is put into implementation, the Mission will systematically raise the issue of Haiti's lax enforcement of its renewable natural resource laws.

(d) As part of the improved conservation law enforcement procedures, the Government will be asked by the Mission to exact, at least in the target watersheds, an erosion fine on all private land owners who are allowing their soil to wash down onto their neighbors' land below.

(e) Building upon the Title III Agreement, which calls for the legalization of self-taxing water users' associations, the Mission will pressure to have these irrigation associations, using their own water tax revenues, accorded the maximum amount of canal operations and maintenance responsibility.

(f) At the same time, the Mission will utilize Title III, ESF and DA resources to leverage a greater GOH commitment to rural sector investments.

B. Private Sector Development and Employment

1. Problem of Unemployment

Of central concern to USAID's private sector development strategy in Haiti is employment generation through the promotion of industrial and agricultural development. The 1982 estimate of unemployment is 11% on a national basis, with urban-based unemployment estimated at 29%. Moreover, both urban and rural areas have a considerable degree of underemployment. The agricultural sector's unemployment-equivalent rate, which incorporates both open unemployment and underemployment, is estimated at 47% with the urban unemployment equivalent rate estimated at 48%. Furthermore, manpower studies project that employment will increase at a slower rate than the economically active population.

Since Haiti's expected employment generation will not reach a level commensurate with population growth, increased investment in Haiti's industrial and agricultural sectors must be emphasized as a means to generate employment. Thus, the impact of policies and projects which affect local and foreign investment are of primary concern in the Mission's private sector development strategy. While Haiti offers several clear advantages to investment in export-oriented industrial and agricultural activities, progress to date in attracting local and foreign investments has still fallen short of providing the requisite job opportunities to alleviate Haiti's unemployment and, more importantly, underemployment problems.

The fundamental problem that Haiti faces at present is that potential investors perceive high risks in investing in the country. The average investor is unable to predict if new regulations will raise production costs, if abuse and incompetence will cause production and/or shipment delays, or if shifts in internal political winds will make their activities unprofitable. Moreover, potential local partners with adequate technical and managerial training are extremely limited. In such an environment, an investor will necessarily discount the theoretical cost advantages by a risk factor that ultimately suggests that an investment elsewhere may, in real terms, provide a better return.

To achieve the goals of increased investment and consequent employment generation in Haiti, both Haiti's public and private sectors must be committed to collaborating in the design and implementation of mutually agreed upon policies and programs to expand investment in the industrial and agriculture sectors. The Mission's private sector development strategy directly assists in achieving these goals.

2. Private Sector Development Strategy

The Mission's strategy seeks to provide sound foundations for sustained growth in the private sector, which will increase opportunities for gainful employment. Our approach in supporting the development of this sector is to

facilitate investment in the export-oriented assembly manufacturing sector, establishing an integrated institutional framework to promote continued industrial and agro-industrial expansion over the long-term.

Progress under this program can be quantified indirectly through the end of this decade (short-term) and to the year 2000 (long-term) by tracking increases in total jobs. Current statistics estimate that 67% of the economically active population is in agriculture, 24% in services, and 9% in the formal and informal manufacturing sectors. The latter category totals approximately 180,000 workers. Of this total it is estimated that 50,000 jobs are located in the export assembly manufacturing sector where the employment growth rate from 1970 to 1984 averaged approximately 15% per year. Management studies conducted in the United States indicate that the U.S. market will require imports from the work of an additional seven to nine million developing country workers by the year 2000. Through improvements in the investment climate and infrastructure, which will concurrently assist Haiti to take advantage of the benefits offered under the Caribbean Basin Initiative, it is not unreasonable to expect that Haiti could achieve the goal of creating 50,000 new jobs in the export assembly sector by the year 1990 and an additional 200,000 by the year 2000. This growth is significant when viewed in the context of income sharing, since it is estimated that one assembly manufacturing job provides support for five family members. Thus, upwards of 1.25 million Haitians could be sustained as result of an increase of 250,000 jobs in the export assembly. This would represent a 18% share of the estimated total population in the year 2000 as compared to 5% today, and greatly assist Haiti to reduce its dependence on the agriculture sector for employment.

The Mission's private sector division initially identified the industrial export sector as the best short-term approach to addressing the country's employment difficulties, since that sector has shown the most dynamic growth in the economy during the past decade. We will continue our program strategy of policy reform and institution building to promote urban industrial development during the 1990's. The Mission's long-term emphasis on industrialization has developmental implications which go beyond creating jobs and providing income. We believe new and expanding industrial enterprises can affect a wide range of attitudes, skills and habits in a positive way. For example, industrial expansion will promote inventiveness, capital accumulation, education, skills development, backward and forward linkages with new demand implications, and a growing awareness of technology and its developmental implications. However, it would be a mistake to look to employment in urban manufacturing as the only solution to meeting employment needs, though it can make substantial direct and indirect contributions. If resources are put into developing urban manufacturing industries while rural investments remain stagnant, the result will be continued migration to the capital city to compete for a limited labor demand. Thus, the Mission's long-term private sector development strategy foresees the expansion of the institutional framework presently being created to promote and facilitate investments in the export-oriented manufacturing sector, to include programs to encourage private sector investment in rural areas.

New data on employment compiled by the Haitian Ministry of Planning and the ILO reveal that approximately three quarters of Haiti's economically active population live and are employed in rural areas. Agriculture provides nearly two thirds of the employment in Haiti's economy, and accounts for nearly 80% of employment in rural areas, while limited manufacturing employment is located predominantly in the informal sector. Devastatingly, the unemployment-equivalent rate in rural areas is nearly 50%.

These statistics clearly underscore the need for long-term policies and programs to encourage employment generation in rural areas through private sector investments, since it is evident that available government resources to address the problem will remain limited in the future. The Mission plans to utilize the private sector as a long-term vehicle for economic growth, and with the maturing of the intermediate credit, management training and investment promotion, and non-traditional export project portfolios, we will seek to provide additional financial resources to these institutions in the future to expand their services in order to support significant private sector development in rural areas. This combined intervention would be preceded by an assessment of the agri-business and rural small-scale business system in FY 1986 in order to provide the basic institutional support and a unified strategy to maximize employment generation.

3. Means for Reaching Objectives

The means for reaching these employment creation goals will include an emphasis on institution building and policy reform conducive to substantial private sector development. The Mission's strategy supports the establishment of an integrated institutional framework to promote continued private sector expansion, particularly in the export assembly sector. An important element of the strategy is to create viable enterprises and institutions that can operate efficiently without perpetual subsidy, thereby permitting a given level of AID resources to have a greater impact on private sector development.

The Mission's private sector development program is designed to provide critical inputs for local and foreign investors to take advantage of the Caribbean Basin Initiative. The program includes a coordinated strategy with the objectives of institutionalizing intermediate credit facilities and export and investment promotion and developing non-traditional export programs. The CBI offers leverage to encourage the government to take effective action to formulate a national industrial policy and to reduce existing constraints and disincentives to private sector investment. Improving the investment climate is the major policy reform objective of the program, which may well determine if Haiti will succeed within the framework of the CBI, and if employment creation goals will be realized.

USAID is collaborating closely with other donors and the private sector in assessing Haiti's industrial and manufacturing capabilities and manpower requirements. The Interamerican Development Bank supports the government

development bank and industrial park, and both received additional financing in 1984 to expand their operations. Since growth in the assembly industry will require an increase in infrastructural support, IDB and private sector plans are critical to the success of our program. Approximately 3.5 million square feet of export assembly manufacturing space is presently utilized in Haiti, with 700,000 square feet located in the state-owned industrial park and 2.8 million square feet privately owned. An additional 250,000 jobs in the export assembly sector will require an estimated 12.5 million square feet of space over what is now available. Already, the IDB is financing the doubling of the size of the government park over the next two years, and an additional 800,000 square feet of space is scheduled for completion by private investors this year. Thus, total space should increase to 4.0 million square feet by the end of 1986. With the private sector construction initiative already underway and the IDB's support for the government park, it is anticipated that sufficient industrial space will continue to be constructed as required by future demand. As far as power is concerned, the assembly industry fortunately has limited energy requirements as compared to heavier industrial activities, and government plans to increase total energy output should be sufficient to meet future assembly industry demands. Nevertheless, should increased energy supply not meet expectations, these industries can cost-effectively operate with generator power, as is the case now when lack of rainfall sometimes causes power shortages. Also, the government telecommunications network is being expanded to twice its present size, which should keep pace with future industrial demand.

The World Bank's discount financing facility is being utilized by the AID-financed Development Finance Corporation, when necessary, to expand the DFC's lending capabilities and to provide guarantees for high risk projects. The World Bank has also scheduled an industrial sector mission to provide recommendations on improving the efficiency of the sector.

The Haitian Statistical Institute is presently conducting a census of the assembly industries, which will provide a data-base on employment and a means to determine near-term labor demand for these industries. The Ministry of Plan has recently established a committee to draft Haiti's industrial policy for the upcoming Five-Year Development Plan, and the U.N. is providing an advisor to the Secretary of Industry who will assist in developing industrial policy. The results of these projects will increase the resource base necessary to carry out our private sector development strategy.

4. Achievements to Date and Short-Term Strategy

Implementation of the above private sector development strategy has been accomplished to date through the development of three project portfolios: Intermediate Credit Institutions, Export and Investment Promotion, and Non-Traditional Exports. The Mission's FY 86/87 private sector development strategy will continue to emphasize the design and implementation of projects associated with those three core portfolios, especially in terms of addressing the problem of unemployment.

In FY's 86 and 87 we will concentrate on the vital phase of strengthening and consolidating these institutions. Also, critical institution-building necessary for local and foreign investors to take advantage of the Caribbean Basin Initiative in Haiti is scheduled for implementation during this period. The successful implementation of USAID-supported management training and investment promotion projects will provide benchmarks which will gauge if Haiti is meeting long-term employment generation targets. These institutions will test and adopt tracking systems to be used to measure progress against the long-term objectives established below for increased employment in the private sector. Similarly, the non-traditional export projects will generate rural employment through market-oriented agro-industrial and handicraft production.

a. Intermediate Credit Institutions

Since 1979 USAID has supported the Haitian Development Foundation (HDF), a local institution founded and supported by the Haitian business community which provides credit to micro-enterprises. It is estimated that over 1,000 jobs have been created as a result of loans made by the Foundation. In FY 84 AID approved an additional \$2.2 million grant to the HDF to continue and to improve its lending activities. We expect that the HDF will eventually achieve financial self-sufficiency with the assistance of this program. We are collaborating closely with the Interamerican Development Bank and the Canadian International Development Agency to encourage additional financial support from them in FYs 87 and 88.

FY 86/87 Progress Indicators

- Strengthen the HDF's institutional and financial capability as measured by a reduction in the default rate from 30% at the end of FY 86 to 20% by the end of FY 87.
- Approve a total of \$1.5 million in new loans by the end of FY 86 and an additional \$900,000 in new loans by the end of FY 87.
- Create approximately 700 permanent jobs by the end of FY 86 and an additional 450 permanent jobs by the end of FY 87.
- Secure a proposed combined total of \$2.0 million in additional loan funds from the IDB and CIDA by the end of FY 87.

In March, 1983 AID signed a \$5.0 million grant agreement to support the creation of the Development Finance Corporation (DFC) to provide medium and long-term credit for small and medium enterprises. The DFC began operations in November, 1984, with a private equity contribution of \$1.0 million. During its first fiscal year a total loan portfolio of more than \$1.0 million was approved, which will create approximately 450 permanent jobs.

The DFC will continue to expand its operations in FY's 85 and 86 resulting in the establishment of new businesses and the expansion of existing businesses.

AID will actively seek to encourage other investors and donors to expand the DFC's equity and loan capital during FY 87 and 88.

FY 86/87 Progress Indicators

- Consolidate the institution's management and medium-term program strategy as measured by a reduction in operating losses from \$131,000 in FY 84 to \$27,000 in FY 86 and produce a profit of approximately \$75,000 in FY 87.
- Disburse a minimum of \$3.0 million in new loans by the end of FY 86 and an additional \$2.0 million in new loans by the end of FY 87.
- Create approximately 1,500 permanent jobs by the end of FY 86 and an additional 1,000 permanent jobs by the end of FY 87.
- DFC obtains commitments of at least \$4.0 million in new loan funds by the end of FY 87.

AID also provided \$1.0 million in long-term technical assistance and \$750,000 in reimbursable grant funds in FY 84 to assist in establishing the first mortgage lending institution in Haiti, the Haitian Mortgage Bank. AID's assistance will concentrate on a program to finance the construction of low to moderate income housing. The Bank should commence operations in late 1985, and as a result of the new banking law passed in order to create the institution, we are enthusiastic over the possible replication of mortgage banks by investors in provincial cities.

FY 86/87 Progress Indicators

- Staff and commence operations of the bank by November, 1985.
- Attract approximately \$5.2 million in savings by the end of FY 86 and an additional \$2.8 million in savings by the end of FY 87.
- Approve an estimated \$5.0 million in mortgage loans by the end of FY 86 and an additional \$2.6 million in loans by the end of FY 87.
- Create approximately 1,500 jobs in the construction industry by the end of FY 86 and an additional 900 jobs by the end of FY 87.

b. Export and Investment Promotion

The Mission was instrumental in the creation of the Presidential Mixed Commission for Investment Promotion in FY 84. The Commission, established by Presidential Decree in August, 1984, is composed of six GOH Ministers of State, ten prominent members of the private sector, and a permanent secretariat, which is responsible for operations and protocol. This entity is facilitating the policy dialogue between the public and private sectors

necessary for long-term private sector growth. USAID is providing technical assistance services to assist the Commission in examining and addressing policy constraints affecting the business climate.

Through the activities of the Commission a new Haitian investment code was signed into law in January, 1985. The new code represents a significant change and improvement over previous codes. It offers substantial incentives to new export industries and existing domestically-oriented companies to enter into export production. The new code also eliminates barriers to local market entry, despite the presence of existing firms supplying that market, which represents a commitment to a freely competitive market. The code allows exonerated industries to sell their machinery or products on the local market after payment of customs duties. It also simplifies investment procedures, and provides a substantial degree of protection from arbitrary Government decisions that would have a negative impact upon investment.

During FY's 86 and 87 continued improvement in the business climate through policy reform will remain a primary element of our private sector development strategy, and in that regard the Mission will continue to support the activities of the Commission.

FY 86/87 Progress Indicators

- Implement the new customs code in FY 85 and 86.
- Adopt and implement in FY 86 procedures for the clearance of franchised goods through customs.
- Revise the Commercial Code in FY 86, specifically as it defines and regulates various types of corporations and companies.
- Establish a procedure in FY 86 to include the private sector in determining public utility tariffs (telephone, electricity, water).
- Decree an Agricultural Investment Code in FY 87.
- Formulate and adopt a national industrial policy by the end of FY 87.

USAID will assist in the establishment in FY 85 of a Private Enterprise Management and Productivity Center. This project will encourage present industrial entrepreneurs to improve and expand their enterprises, and potential entrepreneurs and managers to enter industrial production activities. It is conservatively estimated that an additional one percent increase in value added of the employment growth rate in the assembly sector will occur as a result of the impact of the Center's activities. This quantifies into approximately 4,000 new jobs over the first four years of the project. The Center will provide the following fee-charged services:

(i) Management training: Industry-responsive and industry supported, its initial programs will focus on financial management, marketing, cost

accounting, production administration, and other skills as they relate to the manufacturing sector in Haiti.

(ii) Technical training: Technical assistance will be provided to assist entrepreneurs and managers with project packaging. Presenting bankable projects to credit institutions is a critical talent required for private sector expansion.

FY 86/87 Progress Indicators

- Staff and commence operations of the Center by November, 1985.
- Provide training services to 230 managers and 100 micro-entrepreneurs by the end of FY 86 and 750 managers and 200 micro-entrepreneurs by the end of FY 87.
- Provide technical assistance in project packaging to an estimated 10 clients during FY 86 and 25 clients during FY 87.
- Establish a system by the end of the CY 85 to accurately track employment generation and increased productivity as a result of better trained managers.

The Presidential Mixed Commission for Investment Promotion was created as a permanent Commission to examine the constraints to business investments, and to recommend policy changes to improve the investment climate. In November, 1984, the Commission requested AID to consider the financing of a mixed public/private sector entity which would institutionalize export and investment promotion activities in support of the Commission's policy objectives. Thus, USAID will support the establishment of an Investment Authority, which would accomplish the objectives of export and investment promotion.

As presently envisioned, the Authority will initially have two operational components:

(i) Business Investment Services: To assist potential investors to meet the regulations and permit requirements under Haitian law.

Problems related to government policies will be brought to the Presidential Commission's secretariat for resolution.

(ii) Analysis/Information/Communication Services: Analyses of company data, trade statistics and future business trends will be undertaken with a view to targeting industries and individual firms to invest in Haiti.

The Authority will pay particular attention to identifying investment opportunities whose assembly processes permit double transformation. This technology transfer will promote the vertical integration of Haiti's manufacturing sector, which will help to assure sustained growth within the

context of the CBI. At this point it is difficult to quantify increased employment that will take place as a result of the establishment of an Investment Authority. However, it is anticipated that FY 86 and 87 analyses will reveal substantial job creation taking place within the framework of a very cost-effective mechanism, since this project will assist business people whether they be large, medium, or small in their ability to provide job opportunities to the least endowed members of the industrial community: workers, unemployed, and underemployed. A professionally directed promotion effort should be the catalyst to reaching the job creation goals mentioned earlier.

FY 86/87 Progress Indicators

- Legal incorporation, staffing, and commencement of operations by February, 1986.
- A tracking system will be in place by July, 1986 to verify new businesses established or expanded and related employment generation.
- Achieve improved press reporting in the U.S. concerning the Haitian investment climate.

c. Non-Traditional Exports

The Mission's private sector development strategy emphasizes market-oriented approaches to development. The non-traditional export project portfolio supports this objective, both to increase opportunities for rural and urban employment as well as to increase foreign exchange resources.

USAID supported the exhibit of Haitian handicrafts at the Atlanta Market Center's 1984 Gift Show. This show indicated that a market exists in the United States for these products, since Haitian producers received upwards of \$100,000 in orders. This success confirmed our assumption that significant employment generation is possible through the promotion of handicraft exports. As a result of this success, the Mission will support the establishment of a Haitian Crafts Export Center in 1985. The project will focus on the design and manufacturing of hand-made products based on rural craft skills. The Center will also be responsible for export market identification and for coordinating linkages among the rural crafts producers, designers, technicians, local manufacturers, and market outlets in Haiti.

FY 86/87 Progress Indicators

- Staff and commence operations of the Center by October, 1985.
- Create at least 400 mostly rural handicraft jobs in FY 86 and 500 jobs in FY 87.
- Assist approximately 25 producers in FY 86 and 50 producers in FY 87 to design and export market handicraft products.

- Generate foreign exchange estimated at \$250,000 during FY 86 and \$750,000 during FY 87.

The Mission seeks to establish profit-making investment models under an Agribusiness Investment Program to commence in 1985, which will assist in the development of this important sub-sector. Our objective in this program, with the assistance of a resident agribusiness investment specialist, will be to broker a limited number of private sector agro-industrial projects in order to provide evidence that successful investments in this risk-oriented sub-sector are possible. These projects will backwardly link the market system with crop production and thus absorb landless and near-landless residents in rural areas who were previously without employment opportunities.

FY 86/87 Progress Indicators

- Provide necessary technical assistance to prepare and broker agribusiness projects by the end of FY 85.
- Finalize at least two joint-venture agribusiness projects during FY 86.
- Create approximately 500 rural jobs by the end of FY 86.
- Formulate long-term strategy to assist in Haitian agribusiness development during FY 87.

The Mission will continue to aggressively interact with the various Private Sector Organizers in order to strengthen their role in private sector development.

FY 86/87 Progress Indicators

- Coordinate CBI actions with local private and public sector representations.
- Recommend training for at least ten local participants.
- Sponsor workshops and seminars concerning U.S. customs regulations and other CBI-related business subjects.

Sound implementation of the Mission's core private sector program in FY 86/87 will provide the institutional mechanisms necessary to measure progress against longer-term objectives. Those objectives include the creation of at least 10,000 private sector jobs per year in the export assembly sector through 1990 and 20,000 per year thereafter through the year 2000.

C. Human Resource Development

1. Education

a. Statement of the Problem of Illiteracy

Educational opportunities for the vast majority of Haitians have always been limited. Current illiteracy levels are appallingly high: nearly 80% on a national level, 90% in rural areas, and 95% for rural females. While there could be a significant reduction of illiteracy if the two planned literacy campaigns of the GOH and the Catholic Church are successful, past experience would suggest that success is not very likely. The long term prospect for raising Haiti's literacy rate is dependent mainly on increasing the percentage of children who enter and complete school.

Severe capacity limitations, inefficiency and poor quality characterize all levels of education, but are particularly acute at the primary level. Presently, less than half of Haitian children 6 to 12 years old are enrolled in school and enrollment rates are increasing very slowly. The system's inefficiency is marked by high dropout and repetition rates, translating into an average 18 student-years to complete primary school in rural areas. As one might expect, fewer than 20% of all students entering primary school actually complete six grades. The poor quality of education results from inadequate learning materials, unqualified teachers and, traditionally, a failure of the Government to commit the necessary resources to correct the situation.

The Private Sector

Unlike most LDCs, the public sector plays a minor and constantly shrinking role in education. Nearly two-thirds of primary education is in private hands. Current trends indicate that this dominance of the private sector in education will continue. Private education in Haiti, however, does not suggest superiority. Quality varies widely, encompassing both the best and the worst in primary education.

The Education Reform

In a departure from past policy, the Government launched a national education reform in 1982 after a three year experimental period. The reform consists of the introduction of a new three cycle (4-3-3) structure for basic education comprising ten years followed by three years of secondary education. The system is designed so that children who complete the first four years will have finished a self-contained educational program which will permit permanent literacy.

The need to improve the physical and mental readiness for school of poor rural children was recognized early in the planning of the reform. As a result, the

Ministry of Education has declared the CINEC* early childhood intervention program to be the official national model to be followed by the donors in their pre-school activities.

Thus far under the reform, only the first cycle of primary education has been implemented. But, even in its early stages, this important initiative is addressing some of the most serious constraints on improving education in Haiti. The quality of education is being improved by a new curriculum designed for the Haitian milieu and new teaching methods to convey it. Under the reform, a new curriculum has been developed for grades 1-4. ~~Creole is the language of instruction with French introduced as a foreign language orally in the first grade and reading and writing in French begun in the third grade.~~ Teachers are being retrained to encourage student participation, questioning and observation, as opposed to the traditional emphasis on rote learning. The reform is designed to produce individuals with greater analytic and problem solving ability.

In non-reform schools, especially in rural areas, children cluster in the first two years, repeat those grades in vain as they try to master enough French to be promoted and, eventually, about 76% drop out before the fourth grade. During the first two grades in reform schools, children are taught in Creole, and move at their own pace in achieving the established objectives. One teacher stays with a cohort for two years. Children are grouped according to ability, and the teacher is to reorganize groups as necessary each trimester.

If implemented nationally and with an increase in enrollments, ~~the reform could have a dramatic impact on the low literacy rate of the Haitian people. But instead, it may well founder because of a lack of support in both the public and, to a greater extent, private sectors.~~ Implementation has been slow and uneven due to vacillating Government support and a general misunderstanding on the part of the public of the pedagogical rationale underlying the new curriculum and teaching methods. The artless presentation of the reform to the Haitian people has permitted public debate to focus on the delicate issue of "Creolization". The language issue is laden with political meaning for all parts of Haitian society. The use of Creole as the first medium of instruction has been greeted with suspicion in a country where upward mobility is dependent on the mastery of French. For the small bilingual minority, "Creolization" threatens to devalue French as the language of power and dominance.

* (Community Integrated Nutrition and Education Centers) is an A.I.D. supported, CARE implemented project.

The ability of the Government to respond to the challenges which threaten the success of the reform is limited. Its share of the primary education subsector diminishes every year as the expansion of the private sector accelerates. Today, private primary schools represent nearly two-thirds of the total system, and according to UNESCO, in 1984, 73 percent of them did not participate in the education reform. If the reform is to succeed, the still reluctant private sector must become an active partner in its application.

Constraints not Addressed by the Reform

Welcome as it is, the reform does not address several major problems facing the education system. It does not affect the high cost of education to parents and does not deal with the poor nutritional level of students. The prospect of improving the quality of education through the curriculum reform and the recently promulgated Teacher Charter* is limited by textbook cost to parents and the ability of the Government to offer only a token pay increase to teachers and virtually no other incentives to join and remain in the profession.

Adding new school places via construction is limited by serious problems, among which recurrent cost is a major factor, and thus, insufficient school places will remain a major constraint in the indefinite future. The growth of ~~the private sector~~, while many times faster than the public sector, is limited by the lack of adequate financing to build new schools or improve existing ones. The result is a slow and inadequate response by the private sector to the high demand for more and better schools, added to the virtual incapacity of the public sector to respond at all.

b. Education Strategy

(1) Conformity with A.I.D. Development Strategy

Illiteracy has been identified as one of the six key development problems to be addressed in A.I.D.'s world-wide development strategy. In the IAC regional strategy statement, literacy is not only viewed as, "a prerequisite to economic growth", but, "its absence results in a workforce insufficiently skilled to ensure employability."

In most LAC countries, the literacy rate has shown a dramatic rise in the last two decades. Haiti is an exception to this trend and is named specifically in the strategy statement as a country where illiteracy is a major constraint to development. Support for primary education is ranked as a first priority. Such support should include "assistance in educational administration, teacher training and material development, as these activities relate to primary education." In the Bureau's review of the Mission's 1986 CDSS update, support was indicated for assistance to the primary education subsector pending the results of the education sector assessment which was then being planned.

* The Teacher Charter, promulgated in the Fall of 1984, establishes salary levels determined by years of service and qualifications.

Regarding primary education, this assessment concluded that resources spent for basic education would have very high monetary rates of return, alleviate poverty, and have extensive linkages with other sectors which would produce benefits with respect to reducing family size, better health and nutrition, creating jobs and improvements in agricultural practices. These outcomes, along with increases that basic education produces in the literacy rate, make this a highly attractive investment for national economic and social development.

(2) Constraints Addressed by Mission Strategy

The Mission is presently designing an education program which will focus on basic education. It addresses the following major constraints:

- high drop-out and repetition rates,
- insufficient and inadequate school facilities,
- undernourished students,
- the lack of learning materials,
- under-trained teachers and managers
- the high cost of education to parents.

While all six constraints will be significantly lessened by A.I.D. intervention, two should be resolved in large part. The lack of learning materials, particularly as it relates to creation and production capacity, should be remedied by A.I.D. support to the private sector in this vital area. Additionally, as a result of our intervention, the private sector should have: (1) provided in-service training to a large share of teachers and administration personnel and (2) more importantly, developed the capacity to provide that training for future groups of teachers and administrators.

The strategy will focus on private schools in rural areas, secondary cities, and marginal urban areas. It will emphasize both the pre-school and primary levels since our prior experience in pre-school programs through an OPG with CARE indicates that pre-school interventions are critical to improving the efficiency of primary education.

(3) Institutional and Management Issues

The promulgation of the reform resolved a major policy issue. The pedagogical and administrative elements of the reform are largely in place through the fourth grade and progress, albeit slow, is being made to extend the reform to other grades. It is now largely a matter of consolidation and extension. The reform curriculum is vastly superior to the assorted curricula used in the traditional schools. A lesser policy issue, on which the success of our strategy is only minimally dependent, relates to the size of the GOH operating budget going to education. At present less than 14% of the GOH operating budget goes to education. The GOH is presently debating a major change in budget allocations which would raise the Education budget's share to 25%, based on annual increases of 1-1/2%. This increase would facilitate the development and expansion of the reform within the public sector.

The far more difficult issue confronting the education sector is the limited ~~success which would the reform has been implemented in its early stages.~~ There have been problems in coordinating all aspects of the reform. The weakest component has been teachers insufficiently retrained to accept and apply the new teaching methods and the uneven delivery of the new curriculum. To a great extent, the World Bank's fourth education project will be devoted to resolving these problems through better organization, evaluation and refinement.

The major problem confronting the reform is the fact that over two-thirds of primary education is carried out in private schools. The Ministry of Education, at present, has no effective means of monitoring, let alone controlling, what goes on in these schools. And as noted above, the national education reform will fail if it is not accepted by the private sector. In order to gain this acceptance, ~~the A.I.D. program will assist the Ministry of Education in extending the reform by offering a package of incentives to private schools in exchange for their application of the reform.~~ It is expected that the major PVOs engaged in pre-school and primary education will be among the most eager and well-organized groups willing to participate in the project. However, the opportunity to participate will be open to all private schools and school systems which serve the A.I.D. target population.

(4) Donor Coordination

The present national literacy rate of approximately 20% and 10% in rural areas, in large part, is the result of a combined public and private primary education system which can accommodate less than half of the school age population. The Mission education policy seeks to change this situation. But, because USAID is a late arrival on the education scene, ~~coordination with the GOH, other donors and the PVOs operating basic education programs is all the more essential and is an integral part of the Mission's strategy.~~

The World Bank and, to a far lesser extent, UNICEF are the two major donors supporting basic education, largely in the public sector. The IDB is negotiating a major public primary school construction project with the GOH. Because of the particularly low enrollment rates in the three Southern departments, the World Bank has targetted the South in its education projects. Mission support to the private sector is designed to complement donor efforts in the public sector. By working with the private sector the strategy will leverage private resources to permit a more rapid expansion of basic education. To complement the focus of the World Bank's investments and to intensify the impact of A.I.D.'s Southern watershed development strategy, the program will concentrate, although not exclusively, on the six Southern watersheds in the Les Cayes region.

There are many PVOs operating in Haiti which are involved in primary education. Some of them operate well-organized private school systems which play an important role in the delivery of private education, especially to rural areas. They all have their own sources of funding which will increase much faster than those from the public sector.

(5) Incentives

In working with the private sector, the A.I.D. program plans to offer a series of incentives which will improve access and educational efficiency. These incentives include:

- start-up costs for a significantly expanded pre-school program (in close collaboration with UNICEF);
- matching funds for school construction and renovation;
- participation in a school feeding program, using Title II resources;
- provision of textbooks and other educational materials
- training in teaching methods and school management;
- a loan/scholarship fund with a preference for girls.

-- Expanded Pre-School Program

The salutary effect of the CINEC pre-school program on school readiness and retention rates is clearly established. The expansion of the CINEC program is part of the effort to improve the efficiency of primary education. Private schools will be offered some of the start-up funding required (largely for construction on a matching basis and other capital inputs, especially food) to establish a CINEC program as an incentive to apply the education reform program at the primary level. In cooperation with the World Bank, the IDB, the MEN, UNICEF, CARE and other PVOs, the project will in the short term increase the impact of the CINEC program by moving from the present 121 centers to several hundred both in the public and private sectors. In the long term, 1,000 pre-school programs will be in operation by the year 2000.

-- Expanded Access Through School Construction and Renovation

The Mission's experience in the SDA program has demonstrated that there are many communities with sufficient interest and resources to construct or renovate schools with some outside funding. The Mission strategy will use a small portion of project resources to stimulate the flow of private sector monies for school construction. In some cases, it is anticipated that A.I.D. funds will be matched on a three or four to one basis. The eligibility for matching funds will rest on agreement to apply the reform.

-- School Feeding

The third incentive is school feeding. ~~USAID feeds over 65% of the children enrolled in primary school through the Title II food program.~~ At the present time, the school feeding program is simply a distribution system with no built-in developmental impact beyond its nutritional effect. A school currently qualifies to receive food if certain physical requirements are fulfilled, e.g.

the availability of a kitchen and a depot to store the food. The Mission is in the process of ~~redefining eligibility requirements to include the requirement that the school apply the education reform.~~ Requiring schools to apply the reform will have an immediate positive impact since the reform limits class size to 50 students. (Non-reform classes often approach 100 students.) On the basis of the positive results of the Mission's study of the effects of school feeding upon nutritional status, an expanded Title II allocation will be necessary to ~~meet the needs of both pre-school and primary schools participating in the reform.~~ The request for additional food is presented in the PL 480 section of the Action Plan.

-- Learning Materials

The presence of adequate amounts of educational materials for students and teachers has been identified for Third World countries as the single most critical variable in determining success in school. The project will make available materials in sufficient number to all schools who participate in the reform program. In most cases, the major share of resources for these materials will come from those who operate the schools or parents, with A.I.D. relegated to a more minor role. In no case will materials be provided without some charge to families.

-- Training

A fourth incentive is the provision of training to teachers and administrators, including school directors and supervisors. The education sector assessment emphasizes the dearth of qualified teachers and personnel trained in administration and supervision in both the public and private sector. The insufficient number of primary school teachers and their low level of qualification limit the effectiveness of all efforts to improve the quality of education. Analysis of teacher qualifications shows that about 27% of the country's teachers can be considered qualified, i.e. graduates of teacher training colleges or the equivalent, including 20% in the private sector and about 40% in the public sector. An additional 19% have completed secondary education-first cycle and could become qualified in equivalency courses. In general, teachers are poorly prepared to teach in rural circumstances where often they must deal with more than one grade per classroom, overage students and infrequent attendance. The project will offer in-service teacher training to those private schools willing to apply the reform.

In the public sector, school supervision has been reorganized recently with World Bank support. In the private sector, there are many opportunities to improve school supervision. Most of the private school systems have supervisors, though their number is small and they are poorly trained. In both the public and private sector, there is a lack of mid-level management, i.e. very few people between teachers and those who are in charge of school systems. Under the fourth World Bank loan, there will be support for such training in the public sector, but there appears to be few opportunities for individuals in the dominant private sector to develop administrative and

management skills, such as school management and bookkeeping. An A.I.D. intervention in supervision and management training will improve the functioning of the private school systems.

-- Loan/Scholarship Fund

The cost of primary education is an enormous burden for many rural families. The World Bank has estimated that Haitian parents are willing to spend up to 11% of family income for the education of one child. Two to four percent would be considered normal in most countries. Mission strategy will experiment with a small loan scholarship fund in which the debt would be forgiven if a child completes the fourth grade. The component will give special preference to females, given the linkages between female education and fertility.

(6) R & D

(a) Radio Instruction

Radio instruction, as an alternative to traditional education, is being applied in several developing countries. The Mission thinks that radio instruction may have significant implications for what can be accomplished in basic education in Haiti. Radio is an extremely low cost means of delivering information to larger numbers of people and could be used to support a wide range of programs, e.g. in-school and out-of-school basic education, in-service teacher training, informational campaigns in education and adult education. There are a number of related technologies involving low cost approaches to education at the primary level. Many of these technologies focus on programmed learning instruction materials that require very little formal teacher training. Some of these technologies have been used for out-of-school students. The possible impact of radio and other techniques is all the more important given the fact that about one-half of the children of primary school age in Haiti are not in school and that a linear extension of the present model to accommodate them will not be affordable in the foreseeable future.

Within the Mission's basic education program, a small R&D element will be undertaken to explore the use of radio for two purposes: (1) offering an alternative to the traditional approach to schooling and (2) to train teachers, supervisors and school directors. Depending on the success of this component, radio education could become a more central element in our basic education strategy.

(b) Skills Training

The major focus of the Mission's education program is directed to expanding and improving basic education at the primary level. But, the surfeit of illiterate and under-employed adults also hinders the development process. It means a low quality labor force. While a source of inexpensive labor may attract certain types of industry, it limits the possibility of a more

dynamic, expansive urban industrial sector, especially one which could go beyond a transitory light assembly sector. Illiteracy limits the ability to absorb training and consequently, the understanding, acceptance and application of new skills.

The education sector assessment found GOH efforts to promote vocational education and non-formal training to be ineffective, largely because they were unrelated to market regulated demand. At the same time, the assessment identified a number of successful skill-training programs already being supported by numerous PVOs. Mission strategy is to build upon, enhance and expand existing efforts and thereby extend the private sector's capacity to engage in technical training which results in jobs and income-producing skills.

The type of skills training to be supported will depend in part, on the demand generated by A.I.D. and other donor activity, as well as GOH policy, particularly in rural development and private sector industrial development. It is anticipated that there will be a future demand for skills relating to agro-forestry, irrigation, extension services, electronics and mechanics.

(7) FY 86-87 Program Indicators

- Agreement of at least four major private school systems to participate in the reform program. (This will not preclude participation of small systems or even single schools) (FY 86).
- Core materials for pre-school programs available for printing and distribution (FY 86).
- In cooperation with World Bank, IDB, UNICEF, MEN, CARE, other donors and private school systems, 300 quality pre-school programs affecting 75,000 children in operation (FY 87).
- 100,000 primary school children in private schools benefiting from the reform as a result of A.I.D. supported incentive system (FY 87).
- 25,000 new primary school places created through school construction matching funds (FY 87).
- Drop out rate in participating schools reduced by 20% (FY 87).
- School eligibility requirements for participation in school feeding programs completed and accepted by PVOs (FY 86).
- 175,000 children receiving food through Title II in association with other educational benefits (FY 87).
- 400 private school directors received management/administration training (FY 87).
- 25 school inspectors received training (FY 87).

- 2,000 rural pre-primary and primary teachers received in-service training (FY 87).
- Loan/scholarship eligibility criteria developed (FY 86).
- Loan/scholarships made available to 20,000 female primary students (FY 87).
- 5,000 primary school students receiving the bulk of their education through radio (FY 87).
- 300 teachers, school directors and supervisors trained with use of radio (FY 87).
- Estimates of priority needs for skills training in both urban and rural areas (FY 86).
- Advisory Board for Skills Training Institution formed (FY 86).
- Skills training program offered on fee for service basis to 300 people (FY 87).

(8) Long-Term Objectives

Mission long-term strategy is consonant with LAC strategy, the first objective of which is "the assurance of a critical mass of literates." This is defined by the Mission as approaching a level where at least 50% of the adult population is literate and where primary enrollment approaches at least 80%. Attainment of the objective of 50% adult literacy by the year 2000 would require a 150% national increase, and a five-fold increase in rural areas. Raising the primary enrollment rate to 80% will require nearly a doubling of current enrollment rates and implies a marked decrease in the number of student-years (18) now required to produce a primary student graduate.

The lack of baseline data on employment and earnings by occupation, industry, education and training means that reliable estimates of the economic and social impact of skills training programs cannot be made. We do know, however, that just under half of the working age population is either unemployed or underemployed and that Haiti has the lowest per capita income in the region. Since various studies have consistently demonstrated a positive correlation between literacy levels and development indicators (e.g., employment and per capita income), it is reasonable to assume that a 30% rise in the national literacy rate would have a significant affect on the ability of the population to acquire income generating skills, to understand and accept new techniques affecting agricultural and industrial productivity, and that this would be reflected in higher incomes for the affected groups. Successful monitoring of the degree to which this objective is achieved will depend on the collection of base-line data at the beginning of project implementation as well as continuous impact evaluation.

2. Population

a. Population Growth as a Development Problem

Haiti, a small country with limited natural resources and arable land, is among the most densely populated countries in the world. Haiti's population will double in 40 years at current growth rates and the current ratio of population to cultivable land already seriously exceeds its carrying capacity. This population pressure has created increasing deforestation, erosion and soil depletion further reducing the productive potential for food and export crops. The environmental damage created by the current population is a critical problem and has created the potential for severe ecological breakdown throughout Haiti before the end of the century. In addition, population growth exacerbates unemployment and underemployment and seriously undermines efforts by government and private groups to improve the lives of the poor majority through economic and social development activities.

Until 1982, temporary and permanent migration to neighboring countries, including the US and Canada as well as around the Caribbean, served as a safety valve in offering some hope of a better life to those few who were fortunate enough to succeed outside of Haiti. During 1971-1982 an average of 5 of every 1000 Haitians emigrated each year. This emigration has now been sharply curtailed and is likely to remain so. Population growth could actually increase if the death rate drops faster than the birth rate. This could occur, for example, if Haiti's very high infant mortality rate were lowered through improved primary health care and there were no increase in family planning use.

~~The Haitian people appear potentially receptive to family planning (FP). Surveys indicate that over 43% of women in union want no more children, and it may be assumed that others want no more children at a given time. While officially a Catholic country, there appears to be little opposition to family planning by the Church and little societal pressure for large families. Recent FP service leaders have demonstrated a clear unmet demand by both men and women for voluntary sterilization. However, family planning has been losing ground in recent years and a lower proportion of women are protected by some form of contraception than in previous years.~~

The GOH has provided mixed signals regarding the necessity for family planning. Most recently, for the 1984 Mexico Conference, the GOH provided a strong international statement describing the urgent need in Haiti for an aggressive population policy aimed at reducing population growth to 1.2% and the birth rate from 36 per 1000 to 20 per 1000 by the year 2000. However, the statement was only publicized abroad and the government has been reluctant to commit itself either to a public population policy which would articulate the real extent of the problem and or to marshal the resources necessary to implement a de facto policy. Population growth per se is a complex problem and the tendency is to address more tangible life threatening problems.

Despite lip service to a priority for FP and nominal agreement to paper targets, the GOH has given low de facto priority to family planning. In 1974, the Ministry of Public Health and Population created the Division of Family Health (DHF) to coordinate all donor assistance in maternal and child health (MCH) and family planning primarily as a means of improving health status. However, it has not provided active and sustained advocacy of FP, especially from the top, and has been relatively ineffective in providing Haitians with appropriate access to family planning or even other critical primary health care services. Resources have been diverted to other activities and over-burdened medical staffs have not treated clients well. The DHFN (successor to DHF) has a comprehensive global plan to provide FP/MCH services through health facilities, communities and other sectoral service networks including the Ministries of Social Affairs, Education, Agriculture, and the Armed Forces but due to the lack of commitment, weak planning and poor execution, the actual responses of the Government have been limited.

b. Population Goals

The Haitian Government ~~has set as a goal reducing the population growth rate to 1.2% by the year 2000 which means reducing the crude birth rate one point per year (from 36 per 1,000 in 1985 to 20 per 1,000 in 2000). To accomplish this goal, in addition to improving the socioeconomic factors that contribute to high fertility, contraceptive prevalence would have to increase from the current level of less than 10% to 45% or from less than 70,000 women protected from pregnancy in 1984 to 485,000 women by the year 2000.~~

The AID strategy is to assist the Government to meet this goal. As an intermediate target we would like to achieve a contraceptive prevalence rate equivalent to 15% of the women in union or 130,000 women by FY 1986 and 24% by FY 1990. Furthermore, during the period 1980-1984, over 9,000 people have chosen voluntary sterilization (VS) as their FP method and, during 1985 more than 4,000 VS procedures are anticipated. For FYs 86 and 87, 5,000 VS procedures are anticipated annually and by 1990 the annual number is expected to be 8,000.

The strategy has three essential elements:

- 1) Improving access to and acceptance of family planning services.
- 2) Strengthening the government's commitment to solving population problems.
- 3) Implementing socioeconomic activities which decrease fertility rates.

c. Constraints to Family Planning Service Delivery

Beginning in 1974 the Division of Family Health and Nutrition (DHFN) within the Ministry of Public Health and Population (MSPP) was given responsibility for coordinating and implementing the family planning program. DHFN was responsible for the following services to an increasing number of health facilities throughout Haiti:

- Establish standards of care and monitor the quality of services provided;
- Provide technical assistance and train personnel;
- Provide contraceptive supplies to assure an uninterrupted flow to the field;
- Conduct a national information and education program for the public;
- Undertake special program initiatives such as commercial retail sales.

In a mid-1982 ministerial change, the MSPP launched a rapid reorganization and integration of the central ministry and a decentralization of program responsibility to the four health regions which broke the traditional lines of communication and authority between the DHFN and the cooperating health facilities. Thus, since 1982, despite the increased level of resources that have been provided to the DHFN for family planning services, little progress has been made on improving the contraceptive use rate. In 1983 the program reached a low point with the percentage of women using family planning declining to pre-1980 levels.

The MSPP is aware of the problem. In April 1984, the Director General, in addressing the 16th annual meeting of regional and district health directors on the current status of the MSPP program, stated:

"With regard to family planning, for example, five to six years ago the percentage of women utilizing a contraceptive method was increasing from one year to the other. Unfortunately, however, the rate of utilization which was 13% drastically declined to 8% in 1983. Of the 793 mothers interviewed during a survey done in 36 villages in the district of Cayes, only 11 utilized a modern method of contraception. Nevertheless, a recent experiment done in Miragoane, with the help of SNEM's voluntary health workers, indicated that each of them could recruit up to 20 women at risk. So we could say that with the 7000 voluntary health workers covering the country, we could easily recruit 70,000 new users if each health worker recruited only 10 women.

It is interesting to note that most of the surveys undertaken in the country have indicated that 90% of the Haitian women know about contraceptive methods and that 50% of them would be ready to utilize them if they were made available.

- 1) Arrangements must be made shortly to deliver to all levels of GOH Regions and Districts a large stock of contraceptives in order to assure their availability in sufficient quantity to everyone.
- 2) All health offices must have some specific objectives for planning. Those objectives must be constantly monitored at all levels by the person responsible.
- 3) Coordination shall be sought with all sectors in order to assure distribution of contraceptives to the fullest extent."

As the Director General's statement indicates, the MSPP has recognized the basic problems that plague the family planning program and his recommendations for improving the FP program are consistent with our strategy. The question is why these recommendations have not been implemented effectively.

The MSPP on March 14-16, 1985 hosted a two-day retreat to reexamine the program, identify and clarify constraints and outline strategies and plans for improving family planning performance. The retreat was a serious first attempt to come to grips with the program constraints which have impeded implementation of this priority program. An immediate program for accelerating the F.P. effort was outlined by each regional director. More importantly a national family planning coordinating committee involving the private sector as well as the MSPP was established to spearhead a revitalized program.

The Mission strategy is designed to address the five categories of constraints which impede the program:

(1) Problems in Management of Family Planning Program

--Integration of the DHFN into the MSPP and the ensuing decentralization of the Ministry has broken the patterns of supervision and thus the DHFN is not able to assure that services are being provided in MSPP facilities or that the quality of services or standards of care are maintained.

--As the number of clinics providing services increased, the DHFN has not yet developed modern management systems capable of supporting this larger network of institutions.

--Contraceptive supply distribution had been a significant problem. While distribution from the national level to the regions has been resolved, the regional offices are not consistently distributing contraceptives to the district facilities and community health workers due largely to transport and management problems.

--The national family planning information and education (I&E) campaign has been stymied by the reorganization of the MSPP. The MSPP placed the responsibility for I&E in the new Health Education and Training office (DESE) but then took a year to set up that office, which is still not output oriented.

--Though some operational research has been conducted on alternative service delivery methods, there has been insufficient research on attitudes of men and women toward contraceptive devices, causes of drop outs, desire for natural family planning, program constraints and I and E messages. The primary reason for this is lack of qualified staff in the DHFN and priority given to non-research and non-FP activities by the section that is responsible for research and evaluation.

--Program monitoring and periodic evaluation are severely limited by a complicated data collection system which has too many forms and is time

consuming to complete. Thus, many facilities fail to report or do not report on a timely basis. Furthermore, the data that is collected does not permit adequate analysis of continuation rates, characteristics of acceptors or duplicate counts which are essential for program evaluation purposes. Finally, there is no administrative verification of data.

--Although there have been several operational research projects which have identified ways of increasing access to services, these techniques have not been integrated on a national scale into the ongoing program.

(2) Availability of Contraceptives

While the technological packages available to users (i.e., the range of methods) is limited, the greater problem is the public's misinformation about these methods particularly in terms of their efficacy, possible side effects and proper use. Information and education activities have not effectively countered the problems of misinformation and inadequate understanding of the available methods.

(3) Lack of Community Based Services

The DHFN approach to family planning has been both clinic and community based. However, the clinic program has received priority in terms of resources and technical support to the detriment of the community program.

--Geographic coverage is limited through a clinic based program. Women frequently have to take too much time or spend too much money to get to the clinic, particularly when that clinic may or may not have or offer supplies on that day.

--Though there are networks already in place in the rural areas for expanding community approaches, they have not been adequately tapped. For example, there are 550 agents de santé and over 7,000 trained midwives who could be providing services. However, they have frequently not been permitted to do so by the regional offices, despite encouragement by the central office. The major limitation comes from the inability of regional and district offices to supply these field agents with contraceptives and supervise them on a regular basis.

--The MSPP is now recommending training 7,000 SNEM volunteer collaborators to distribute both family planning and oral rehydration salts. This will further extend the community based approach and, though there are many questions related to training and supply distribution, it is probably one of the faster ways to expand coverage.

(4) Lack of Sufficient Training for Health Professionals

Training at all levels has been inadequate, but skills training in contraceptive technology has been particularly weak in recent years. In addition, those trained may not continue to use their skills in this program.

--Some 31 physicians have been trained by the Johns Hopkins Program in International Education in Gynecology and Obstetrics (JHPIEGO) in female sterilization techniques but only 18 are actually performing sterilizations on a regular basis.

--Planning discussions have been underway with JHPIEGO for over a year to initiate formal in-country training in reproductive health and fertility management. If voluntary sterilization is to be available in all 69 health centers with beds, a training program for at least 140 doctors and nurses will be required over the next two years in voluntary sterilization techniques.

--The Medical School training of physicians only briefly addresses family planning methods and interns have little opportunity to learn and practice skills in IUD insertion or male and female sterilization techniques because of other service demands in their Obstetric/Gynecology rotations.

--Nursing and auxiliary training curriculums have recently been modified to include family planning, but ensuring adequate practical field training for skills development has been difficult to achieve. Specialized short technical training in contraceptive methods, counselling and organization of FP services has been lacking.

--Over 20 MSPP nurses were trained in the U.S. in the 1970's in family planning clinic management and IUD insertion but today only 5 are currently using their training in the regions or districts.

(5) Services Need to be Extended

--Only 118 of the 200 public health facilities currently offer family planning services and only 60 of the nearly 200 private facilities.

--Distribution of supplies has been concentrated in health facilities and needs to be extended either through a commercial retail sales program or through community pharmacies, e.g., AGAPCO.

--Efforts to extend services through the National Office for Literacy and Community Action (ONAC) programs, cooperatives, women's clubs and domestic science programs in rural areas have not been systematically pursued.

d. Summary of FP Service Strategy

Our strategy outlined below responds to the constraints and needs discussed at the March 1985 retreat, sponsored by the MSPP, and outlined above.

The strategy for improving access to and acceptance of family planning services has seven basic components:

- 1) An assessment and realignment of the roles of DHFN, DESE and Regional MSPP offices in supporting the delivery of family planning services so as to

this process, the current family planning project will be revised, the PACD extended and the necessary activities, conditions and funding negotiated.

- 2) Development and phased implementation of community-based family planning service programs on a regional and district basis. Assistance for this effort will be spelled out in the proposed amendment to the Family Planning Outreach project.
- 3) Expansion of FP services in the private sector network. With the cooperation of the MSPP, we plan to design a new project that will more systematically support services in private sector facilities and programs. A new project, Private Family Planning Resource Center, would be developed in FY 86, although we plan to initiate prototype PVO family planning activities under the Child Survival program in FY 85.
- 4) Improvement in the availability of voluntary sterilization services through both public and private facilities. Support for this expanded effort is within the current Family Planning Outreach project.
- 5) Additional operational research on family planning acceptance and use, program constraints, information and education messages is required. This component will be included in our extension of the current project.
- 6) Strengthening the Government's commitment to solving population problems is a top Mission priority. Both DA and Title III resources in the health/population area will be used to secure a stronger commitment to this critical problem.
- 7) Greater efforts will be made to support our population objectives using outreach mechanisms and networks established under other projects in the Mission's portfolio.

- The first step is to identify and correct the current administrative constraints:

- The most critical services that need to be provided by directorates and the MSPP offices (DHFN, DESE and regional offices) must be clearly delineated so that personnel and other resources can be assigned to these tasks on a priority basis.
- Personnel assigned to family planning tasks at the DHFN and DESE need to be identified and their roles more clearly defined so that work plans can be developed against which to evaluate performance and enhance collaboration. The MSPP agreed to this step at the recent retreat.
- The problems resulting from decentralization, particularly the problems of insufficient supervision and lack of motivation at the regional and district level, need to be resolved. The supervision question can be dealt with by the reassignment of personnel and the realignment of responsibilities in the DHFN and in the regional and district offices. At the recent retreat the regional directors agreed to place a higher priority on family planning program supervision by defining activities and developing specific targets. Both the DHFN and the DESE will look for ways to improve supervision. The lack of motivation needs to be dealt with by establishing specific performance targets at the regional level and a set of incentives for good performance.

- The next step is for the MSPP and USAID to develop an implementation plan that would include specific activities and dates for completion. It was agreed at the recent retreat to form a national committee for family planning, including private sector representatives as well as MSPP Divisions, to design specific activities to address constraints and extend family planning services systematically so that progress can be monitored and problems resolved on a timely basis.

- Once we have the work plan, we will need to revise the current project, extend the PACD and increase the funding to support the revised effort. At a minimum, the revisions need to include technical assistance: to the DHFN for management, particularly in data collection and logistic support; assistance to the DESE for improving the national information and education program and for preparing training curriculum; and to the regions and districts in logistic system management and technical and program management training.

(2) Strengthening Implementation of Community-based Family Planning Services

- Jointly with the MSPP we need to identify ways of expanding service delivery through the public sector that are the most cost effective and deliver the services as close to the user as possible. This would entail:

- Reviewing the current efforts for providing services through community health agents, midwives, SNEM volunteer collaborators, and other community service networks (cooperatives, community councils, churches, etc.).
 - Reviewing the current supply distribution system and expanding the network to include, in addition to field agents, the AGAPCO pharmacy network. The potential for a commercial retail sales program also needs to be reassessed.
 - Determining the training, logistic and supervision needs for extending these services.
 - Revising current policies or administrative practices that impede the effectiveness of these field agents and of contraceptive distribution through community pharmacies.
 - Designating personnel responsible for monitoring these programs to assure that the support services, supply distribution and supervision needed are in fact being provided by the regional and district offices.
 - Establishing service delivery norms for geographic areas.
- Implementation of this community based approach will require a revision to the current FP outreach project, including performance indicators, an extension of the PACD and an increase in LOP funding.

(3) Increased Participation of Private Sector
Facilities and Programs

Again, in cooperation with the MSPP, we need to evaluate the current coverage being provided through private facilities and programs and develop a program for expanding that coverage by both improving the current activities and increasing the number of facilities that participate. To accomplish this part of the strategy we need to:

- Identify the support, training, commodities, and information and education materials needed to increase the number of private sector facilities that provide family planning services and/or to improve the services currently being provided through these facilities.
- Create jointly with the MSPP and key representatives of private sector health facilities a privately operated resource center to provide technical assistance, assure supply distribution, and develop a training and education program which could be used by private facilities.
- Define carefully the role of the MSPP in assuring that quality of care standards are maintained in private facilities and that a reliable supply of contraceptives can be provided on a consistent basis.

- These elements will permit us to design a new project responding specifically to private sector needs, although some pilot efforts will be funded through the Mobilizing Mothers for Child Survival (MMCS) grant and the ongoing project which would enable us to study the potential for creating a national family planning resource center. By using the MMCS grant we will also speed up implementation of the effort as that grant is available to us in FY 85. The proposed grant includes \$250,000 to be used by PVO health facilities to increase family planning coverage.

(4) Expand the Availability of Voluntary Sterilization Services

Recent small scale efforts have demonstrated an increasing demand for voluntary sterilization (VS) services for both men and women. Twenty-two hospital centers now provide VS and additional fixed and mobile centers will need to be designated and equipped and their staff trained.

The steps required to do this include:

- Review current problems impeding VS services in existing facilities and develop specific remedial actions to resolve them.
- Review planned renovations and identify additional requirements to ensure that all health centers with beds are equipped for VS procedures.
- Engage an engineer or architect to prepare cost estimates and specifications for required renovations.
- Ascertain the status of JHPIEGO plans to assist the DHFN develop an in-country reproductive health and sterilization training center and determine whether additional resources will be required to initiate training for the projected number of doctors and nurses requiring training.
- Develop supervision plans in each region to ensure that quality care is being provided.
- Identify alternative sites (dispensaries and non-bedded health centers) where mobile VS services are in demand and create at least one mobile team per region initially with expansion to 1 per district by 1990.
- Develop specifications and estimate annual requirements so that equipment and supplies can be ordered.
- The DHFN should designate a physician and a management assistant to coordinate the national level support and monitor program progress.

Experience to date indicates that good services generate their own new clientele; however expanded VS services will also require improved client counselling and method information. The DESE has indicated that it will be preparing educational materials for staff and clients over the next year.

(5) Additional Research on Family Planning and Fertility

In order to continue to improve the services delivered and increase acceptance by the population, additional operational research is needed on such topics as user and non-user characteristics, and reasons for continuing and discontinuing use as well as on program constraints and outreach approaches. Though these efforts need to be jointly planned with the MSPP, implementation of operational research activities of the family planning program should involve private and academic researchers as well as the MSPP.

- The first step is to identify, with the MSPP and private health providers who deliver family planning services, those areas for which additional research is needed.

- The second step is to design a program of operational research, including technical assistance support, to organize and supervise research activities funded either by subgrants within the current project or from other funding sources. Training and workshops in research techniques and management as well as technical assistance are needed to improve the capabilities of Haitian professionals to conduct operational research which will contribute to the implementation of a more effective FP program.

(6) Strengthening the Government's Commitment to Solving Population Problems.

The Haitian Government has several times noted the negative impact which continued population growth has on its social and economic development activities, but most recently in President Duvalier's statement for the 1984 Mexico conference on Population. Nonetheless, this awareness has not resulted in either a national population policy nor the supporting analyses which might lead to such a policy. Over the past few years USAID has concentrated its assistance on family planning services and the UN Fund for Population Activities has attempted to generate support for a population policy through demographic analyses. These efforts have not yet adequately increased public and private awareness of the very serious environmental and unemployment problems associated with continued population growth. The expanded family planning services, described above, to be implemented by the MSPP and PVO health institutions, are important but an even stronger government commitment is needed if the lowered crude birth rate of 20 is to be achieved by the year 2000.

Our strategy for strengthening government commitment is the following:

- Publicize social research and environmental studies which promote increased understanding of the determinants of fertility and consequences of population pressure in urban and rural Haiti.

- Increase knowledge and understanding of the dimensions of the impact of population growth on the environment and development factors (education, employment, health, infrastructure development, balance of trade, food

requirements, etc.) through training workshops and seminars for regional and national leaders in government and the private sector.

- Encourage the creation of a national dialogue or forum for discussing population growth and environmental issues and options as they relate to national development goals.

To implement this strategy USAID will undertake the following:

- Review with concerned government and private groups what is known and written about population and development interactions and develop a research agenda to clarify key factors influencing population growth.

- Implement research studies identified using qualified Haitian researchers and development specialists.

- Support the development of population information presentations modeled on the AID supported "Resources for the Awareness of Population in Development" (RAPID) or the "Program 1990" projections which can be used to sensitize and inform leaders of the population growth dimension to development.

- Encourage the private family planning association, PROFAMIL, to assume responsibility for leadership education on population and development issues as well as for family planning program support.

- Support a national conference on Population by early FY 1987 to publicize the research studies and focus national attention on the population issue.

- Encourage the formation of a national committee and local committees on Population and Family Planning under the auspices of the MSPP and the Ministry of Plan's regional planning councils.

- Encourage the GOH to create a national population committee (CONAPO) to develop a national population policy to facilitate Haitian management of population growth in the context of its development plans and to develop multi-sectoral strategies for achieving the goals set for the year 2000. Such strategies should include annual targets commensurate with year 2000 objectives.

(7) Implementing Socio-Economic Activities Which Decrease Fertility Rates.

Since improvements in socio-economic conditions have long been associated with lower fertility, successful implementation of our Mission development program should have a positive impact on lowering fertility. Our strategy in this area will identify, highlight and implement those activities outside of the health sector which have the greatest potential for reducing fertility. These fall into three general categories: 1) those increasing family income; 2) those increasing educational levels, especially for women; and, 3) those which can serve to support population and family planning information programs and services. As a first step we have reviewed our current and planned portfolio to determine those projects which fall into the categories above:

3. Health

a. Problems to be addressed

The reported levels of illness and premature death and other health status indicators rank Haiti among the least developed countries of the world. Nearly half of all morbidity and mortality is concentrated in infants and children under five who constitute 15% of the population. The broad extent of illness and premature death has a complex negative impact on the social and economic development of Haiti and on the quality of life of the vast majority of Haitians who live in poverty in both urban and rural areas.

The underlying constraint to improved health status is the deteriorated resource-base, both human and physical, which makes it impossible for most Haitians to achieve adequate family income and food resources. A further constraint is the inefficiency of health organizations, and the Ministry of Public Health and Population (MSPP) in particular, in targetting available resources in the most cost-effective manner.

The major underlying causes of illness are poor health seeking behavior (due to illiteracy and traditional social traditions and taboos); lack of access to potable water; inadequate access to preventive and treatment facilities; a crowded and increasingly polluted environment; poor diet; and, ideal climatic conditions for the spread of infection and communicable diseases. Illiteracy, poor understanding of disease causality, inadequate personal and public hygiene and extensive availability of less effective traditional medicine contribute to weak demand for modern cost-effective preventive services. Treatment rather than prevention is the primary orientation of most health care providers. Patient education and counselling as well as preventive health education are weak and underdeveloped.

Since 1982, the MSPP has pursued a "new orientation" aimed at effectively enlarging public access to and utilization of preventive and basic curative services. This "new orientation", developed jointly with the donors, focuses on priority health problems such as diarrhea and malaria; the decentralization and regionalization of service delivery; improved management at central and regional/district levels; and, increased community and private voluntary organization (PVO) collaboration. While the MSPP has endorsed a focused primary health care strategy, as with most institutional development strategies, the actual reorientation of its programs and resources is progressing slowly. However, the accelerated extension of the oral rehydration therapy (ORT) program since 1983 has demonstrated that selective primary health care programs can be implemented.

In terms of physical facilities, over the past several years construction by AID and other donors, PVOs and communities themselves, has helped to create a national network of 400 hospitals, health centers and dispensaries capable of supporting community-based primary health care services. Nearly half of all health facilities are now supported and managed by community groups and PVOs. While certain of these facilities must be modernized and re-equipped, the basic service facilities are now in place.

The various donor groups have made significant contributions to both facilities and health service development. However, the recurrent cost implications to the Haitian Government of new facilities and services have not received adequate attention. Consequently, until recently, neither the Haitian Government nor many of the donors had seriously considered the need to develop cost-effectiveness criteria or self-financing mechanisms to sustain service delivery. Our strategy is to discourage other donors from further construction which would increase recurrent health costs for maintenance of physical facilities.

The MSPP receives only 10% of the GOH functional budget. Health activities are grossly underfunded relative to need. Of all the resources utilized by the MSPP, almost half are provided by donors; more than 30 percent of the operating cost expenditures of the MSPP are currently directly supported by USAID DA or Title I assistance. Nearly 87% of the Ministry's functional budget is used to pay the salaries of its 8,100 employees. Given the Government's current intention to comply with IMF budget limitations, no substantial increase in GOH resources for the MSPP can be anticipated. Thus, improvements in the health status of the Haitian population will have to be sought from more effective use of available domestic and external resources and development of self-financing mechanisms. Of primary importance is the resolution of financial management problems in the MSPP which reflect inadequate skills and supervision at all levels of the Ministry to plan, implement and evaluate primary health care programs.

b. Goals & Objectives

The long-term objective of AID's assistance in the Health sector is to make Haiti self-sufficient in providing broad access to cost-effective preventive and curative health services directed at the primary causes of mortality and morbidity. Our short-term objectives are 1) to assist both public and private health institutions to implement basic health services which will improve health and reduce infant and child mortality, and 2) to reduce MSPP dependence on foreign donor assistance.

The Mission's strategy builds upon the latest appropriate technology for cost-effectively improving health status and has evolved from the experience and progress made in our current program. In 1986/87 we will focus the program on cost-effective preventive services and more efficient service delivery methodologies.

Concentrating on the primary causes of morbidity and mortality we will seek to achieve the following improvements in Haitian health status over the next 5 years:

<u>Health Indicator</u>	<u>Current 1985</u>	<u>USAID Target 1990</u>	<u>GOH Planned 2000</u>
Infant Mortality Rate	125	90	50
Child Mortality Rate	25	15	0
Crude Death Rate	16	12	8
Crude Birth Rate	36	30	20

Perhaps the most important single intervention which will improve child health status in Haiti is improving access to voluntary family planning services at the community level through temporary and permanent methods of contraception. (Our planned assistance in family planning is discussed in the population component of our strategy.)

In our planned health program, we will assist the MSPP to target its efforts on six key interventions which can significantly affect infant and child health:

- 1) Immunization of children under 24 months against diphtheria, pertussis, tetanus, measles, polio and BCG vaccination (to prevent TB).
- 2) Improved diarrhea management including use of oral rehydration salts, earlier treatment and continued feeding.
- 3) Immunization of all women against tetanus.
- 4) Control and treatment of malaria at the community level.
- 5) Promotion of breast-feeding.
- 6) Nutrition surveillance and mother's education in appropriate weaning and infant feeding techniques.

Though it is difficult to attribute improvements in health status to specific programs, two examples of the results that we have seen already and their implications if done on a national scale follow.

In Cité Simone, a major urban slum area, the infant mortality rate (IMR) was reduced from over 200 to 90 over a six-year period, primarily as a result of the following interventions: vaccination of pregnant women for tetanus, immunization of infants (DPT, polio, BCG, measles), breastfeeding and treatment of diarrhea and dehydration. Though the population at risk was only 4000 infants, applying the same techniques should allow us to obtain at least a 25% reduction in the IMR nationwide by 1990.

As a result of the oral rehydration therapy (ORT) campaign that has been operating for the last 18 months, available data indicates that those mothers who have utilized oral rehydration salts (ORS) have experienced 50% fewer infant deaths due to dehydration. Again, if through our assistance program we were able to ensure that mothers of 70% of children less than 1 year were to use ORS effectively, we would be able to reduce the IMR nationwide by roughly 20% since nearly 60% of all infant deaths currently result from dehydration.

c. Mission Strategy

The strategy has four elements which will enable us to increase the availability of these essential primary health care services on a continuing

basis and thereby improve the health status of the population, particularly infants and children:

- 1) Improving public sector management of resources.
- 2) Improving technological packages for delivery of primary health care services.
- 3) Developing and strengthening self-financing mechanisms for meeting recurrent cost requirements.
- 4) Improving private sector support for primary health care.

The elements of the strategy are complementary and either address a critical impediment to health service delivery or will facilitate our assisting Haiti to become self-sufficient in providing health services directed at the primary causes of mortality and morbidity.

The description of each strategy element includes planned benchmark project activities as well as policy constraints to be resolved in our dialogue with the Government and areas where increased donor coordination would contribute to achieving intermediate and long-term health objectives.

1) Improving public sector management of resources

Despite a policy supporting the extension of primary health care services in rural areas, allocation of public sector resources are heavily skewed to curative services in urban hospitals. Our long-term institutional objective is to develop and strengthen systems which will ensure that public sector human and fiscal resources are allocated and utilized so as to maximize impact on the primary causes of mortality and morbidity in Haiti. As a first step, over the next two years, we will concentrate our institutional efforts on 1) developing and strengthening decentralized systems in the regions and districts for effectively managing the available resources, 2) initiating procedures for reallocating the necessary Haitian resources to support recurrent primary health care service costs and 3) focusing our project resources on creating and supporting regional and district program management skills; i.e., in planning, monitoring/supervision and evaluation. Decentralized program management will encompass the four health regions and fifteen district health offices, their staff and the systems and techniques necessary to plan, supervise and evaluate primary health care activities.

a) General health service management

(1) Constraints

Three key constraints to decentralization have been identified: a) funds and supplies are not getting to the regions and districts in a timely fashion; b) program management skills in the regions and districts are weak; and, c) management and service information needed for planning and decision making is not flowing between the center and the health facilities.

(2) Actions Required

- Under the Rural Health Delivery System (RHDS) project during FY 86 we will:
 - design and test decentralized financial management systems in order to speed the flow of funds from the Ministry to the regions and districts;
 - train district and regional accounting staff in financial management aimed at ensuring that project and Ministry funds are used for intended purposes;
 - assist district and regional directors in preparing annual plans and budgets and monitoring programs;
 - enhance program monitoring, including the introduction of a simplified PHC services report form geared to the existing micro-computer capacity to provide timely reports on activities.
 - ensure that adequate professional and technical staff are available for PHC activities throughout the system by using computerized lists to reallocate personnel.

- To deal with supply problems, we plan to expand the AGAPCO institutional pharmacy network to include the provision of medical and laboratory supplies to all health facilities at reasonable prices.

- Beginning in FY 87, the new Targeted Community Health Outreach (TACHO) project will provide continuity to programs initiated under the RHDS project by :
 - continuing to strengthen the management information system, particularly the collection of health service statistics and the control and management of resources at the regional levels;
 - supporting TA and in-service training for peripheral staff;
 - promoting operational research to improve management effectiveness.

- Discussions with the MSPP will focus on ensuring support for the decentralization process including delegation of responsibilities and resources to the regions and holding the regions accountable for using the resources for agreed upon activities. As health service development also requires that health manpower be available in the facilities of the districts and not the capital, the development of a health manpower policy consistent with available financial resources and peripheral staffing requirements will also be part of our ongoing dialogue.

- Our ongoing dialogue with donors indicates complete donor support for decentralization and improved peripheral program management. However, we will

attempt to ensure better coordination among donors so that our individual efforts in training, facilities improvement and program monitoring are complementary.

b) Malaria program management

(1) Constraints

As pointed out in the recent evaluation, underfinancing of SNEM is a basic constraint. Other constraints include a) poor planning and management of available resources, b) inadequate reporting on control measures and their impact, and c) inadequate understanding of the most cost-effective mix of interventions to prevent malaria epidemics.

(2) Actions Required

- Under the Management of Malaria project, based on the September 1984 evaluation recommendations, project implementation will concentrate on an administrative reorganization of the National Service for Endemic Diseases (SNEM) and a redesign of malaria control strategies to maximize impact on malaria prevalence with the available resources. Specifically we will support:

- decentralization of responsibility to the zones and districts for improved planning and implementation of malaria control activities;
- reorganization of 22 SNEM sector offices into 15 districts to reduce administrative costs and focus technical staff skills on the malaria problem areas of the districts;
- training of zone and district staff in financial management, budget preparation and activity monitoring;
- in FY 86 we will support improved monitoring of malaria prevalence by assisting SNEM to design a malaria surveillance system based on sentinel posts and regular collection of case data from health facilities;
- in FY 86 and FY 87 we will support CDC operational research in epidemiology and entomology to improve SNEM's understanding of malaria transmission and control.

- We will negotiate with the GOH to increase their financial responsibility for the continuing costs of malaria control activities.

- In FY 86 based on these negotiations we will amend the current Management of Malaria project in order to assist SNEM to test its new systems and evaluate them in terms of their impact on the malaria problem in the districts. By the end of 1987 SNEM, AID and PAHO will be able to determine whether malaria can be gradually reduced with the available resources and what combinations of resources are most effective in controlling malaria.

- In our discussions with the Health Ministry and SNEM we will emphasize the importance of a) effective delegation of program responsibilities and resources to the SNEM districts and b) timely monitoring and implementation by the districts of planned anti-malaria activities.

- In our dialogue with the Government of Japan which has provided insecticide to SNEM, we will continue to seek a multi-year GOJ commitment to provide both technical and inkind support to SNEM so that more effective planning for long range activities can be achieved. In our discussions with the GOJ and PAHO (which provides training and technical assistance), we will seek to ensure closer coordination and complementarity between our assistance efforts.

2) Improving technological packages for delivery of primary health care services

Experience in Haiti has shown that clinic-based service programs do not reach the target population, but that properly organized health service outreach can effectively deliver services to defined rural populations. Furthermore, selective primary health care services focused on children and their mothers can significantly reduce mortality and morbidity, and phased implementation of highest priority interventions simplifies local program management and support requirements. By 1995, our goal is to have in place and functioning, tested cost-effective systems for delivering primary health services for eighty percent of the population. By focusing on four PHC interventions (family planning, use of ORT, immunizations and malaria control), our 1987 target is to have cost-effective technical packages of community-based services and support which effectively reach 50 percent of the child population and which can be extended to the rest of the population as resources permit.

a) Improving the technical skills of PHC providers

(1) Constraints

The key constraints to delivery of community-based PHC services are: ineffective supervision, weak technical skills of health personnel, and inadequate understanding of the most cost-effective means of providing health services in communities.

(2) Actions Required

- To improve PHC program supervision, in FY 86 the MSPP with RHDS project support will introduce its new supervisor's manual, develop specific PHC targets and carefully monitor use of a revised activity reporting format. Thus, for the priority PHC programs: family planning, ORS, immunizations and presumptive malaria treatment, specific service targets will be established and monitored beginning in FY 1986.

- To orient and support the six Peace Corps Volunteers who will assist in supervising the immunization cold chain the RHDS project will provide support for transport and materials and PCV training with their Haitian counterparts.

- To develop and reinforce technical skills of health staff, the RHDS project will continue to support in-service technical training seminars in the regions and districts which focus on technical skills and service management.

- In addition, during FY 1985, service norms and PHC tasks will be reviewed and modified as necessary so that in FY 86 and FY 87 appropriate information and education materials and communication strategies can be developed. The TACHO project will focus on facilitating improved planning and implementation of these targeted PHC activities beginning in FY 87.

b) Develop community service methodologies.

(1) Constraints

The primary constraint to more effective use of community-based programs is that there is not yet a consensus on which approaches are more cost-effective in actually delivering the different PHC services, i.e. in obtaining high levels of participation by community mothers and children.

(2) Actions Required

Examining alternatives for reaching communities with priority PHC services will be actively investigated:

- Over the next several months, USAID will collaborate with the Ministry in undertaking a comprehensive evaluation of the various community outreach approaches and their cost-effectiveness in achieving priority PHC targets. The results of this evaluation will help shape the design of community interventions which will be part of the new TACHO project. The planned evaluation and other mini studies culminating in FY 86 will also examine the problem of supporting and supervising community-based activities.

- The RHDS project will also support testing various health education messages for parents on child health protection.

- In 1987 the TACHO project will provide focus and resources for resolving key problems involving health worker/community interaction which impede delivery of PHC services in rural areas.

- In our discussions with the MSPP, and pursuant to the 1986 evaluation, we will seek stronger support for the use of village health workers (VHWs), particularly in family planning, but also in distribution of oral rehydration salts (ORS), implementation of community child nutrition surveillance, immunization, and PHC follow-up activities.

- In our discussions with PVO and international donors, we will emphasize the importance of focusing our efforts on key community-based PHC interventions which will have a significant impact on infant and child health status.

3) Developing and strengthening self-financing mechanisms for meeting recurrent cost requirements.

Haitian health facilities, particularly those organized by the MSPP, are chronically short of operating funds for expendable supplies, local supervision and maintenance of the physical facilities. GOH resources are not likely to expand adequately to meet this need.

While some token fees are levied by health facilities, these fees have not been systematically applied nor have receipts necessarily been used to support priority PHC services. At the same time, the rural Haitian family is currently spending \$8-10 per person annually to obtain improved health but very little of these funds are being drawn into MSPP managed facilities. The potential is great; if only one third of private expenditures could be channeled into helping to pay for modern public health care, an additional \$16.5 million (equal to 95 percent of the current MSPP functional budget) could be available to help finance health service costs at the local level.

A visit to almost any MSPP health facility 3 years ago would have shown a lack of basic drugs, medical and laboratory supplies, and simple equipment. The National Agency for Supply of Community Pharmacies (AGAPCO), created and supported through the RHDS project, is beginning to fill this gap. During its first year a typical rural health center with an AGAPCO community pharmacy increased patient visits by 23 percent and obtained profits from drug sales equivalent to \$3,000; half was used for facility maintenance and medical supplies and half was retained for future needs at the facility. Thus, the potential revenue from drug sales is considerable. The revenue potential for dispensaries from drug sales profits is smaller since more limited services are offered, yet for hospitals considerably greater. By FY 1987 institutional pharmacies in 200 MSPP facilities should be generating an average of \$3,000 in profits per institution annually.

During FY 86, AGAPCO, which began with basic generic drugs and has now expanded its formulary to include hospital drugs and contraceptives, will stock and distribute laboratory supplies, X-ray film, and expendable medical supplies (gauze, bandages, surgical supplies etc.). Technical assistance under the RHDS project will assist in developing and expanding AGAPCO services.

Our objective is the financial self-reliance of MSPP service institutions through effective generation and utilization of local revenues to assure the functional operation of health services with particular emphasis on PHC services. By FY 1987 our targets are: 1) that systems for increased user fees and/or community support payments have been developed and are being used in all public facilities, 2) that a budgeting and fiscal management package has been designed and is being tested in at least 25 public facilities, 3) that the GOH has modified its policies to permit decentralized fiscal management of all locally generated receipts and 4) that public hospitals, health centers and dispensaries are generating at least \$400,000 each year from profits on sales of drugs and supplies for the functional operation of these facilities. By 1995 our objective is that at least 45 percent of the operational costs, including salaries, of expanded local health services, accessible to the target populations, will be met through locally generated revenues.

a) Constraints

The primary constraints are: 1) systems for recovering operating costs of services at the facility level through local revenues have not yet been designed and tested, 2) weak planning and fiscal management skills in the facilities, 3) inadequate understanding of health service demand and public willingness to pay, and 4) GOH regulations which inhibit revenue generation.

b) Actions Required

- An operational research study to be completed over the next year will examine alternative payment schemes for rewarding performance through direct user fees, assessments paid by the community, or fee sharing paid by health facilities receiving referrals in addition to direct budgetary support.

- Since increased use of community volunteers should help reduce the recurrent cost burden for health services, in FYs 86 and 87 we will be examining non-monetary mechanisms for sustaining volunteer participation in PHC program activities.

- During FY 1987 we will also explore in selected communities various prepaid (or health maintenance organization type) arrangements for comprehensive preventive and limited treatment services.

- In FY 1987 the proposed TACHO project will support development of financial management and budgeting models to assist health facilities to more effectively utilize the funds being generated and thus improve the quality and quantity of services.

- During FY 86 AID will support additional studies on appropriate fees for the various services offered and to understand better those services for which the public is willing to pay.

- The current GOH policy that receipts generated by government institutions must be paid to the Treasury legally inhibits revenue generation at local health facilities. We will work with the GOH to ensure that fees and monies generated by health facilities are retained for their operating costs. We will also seek policy clarification to allow flexible payment procedures based on performance for health workers, particularly health agents or community health workers for whom service related fees, community provided allowances, or profits from drug sales may generate sufficient income.

- In our discussions with donor agencies we will seek agreement to provide drug and medical supply donations through AGAPCO rather than directly to health institutions so that a self-sustaining system of supply is developed. PAHO assistance in assuring AGAPCO drug quality will be a continuing contribution. UNICEF support for AGAPCO is already important but will be strengthened through better coordination.

4) Strengthening private support for PHC activities

Our primary aim in promoting more effective public-private collaboration in the health sector is to more effectively utilize the available public and PVO resources to focus on priority PHC programs. Collaboration is intended to 1) eliminate redundancy, 2) stimulate complementarity between public and private programs and 3) encourage creativity and innovation in resolving the key problems impeding delivery of health services.

Nearly 200 health facilities in Haiti (49 percent of all facilities) are managed and supported by indigenous or foreign private voluntary organizations or church groups. The MSPP has developed an explicit policy encouraging PVO's to collaborate with the MSPP in implementing national health programs. The MSPP asks that PVO institutions follow MSPP service norms and procedures, provide regular reports on activities and permit supervision by MSPP staff. For this collaboration, a PVO health institution may receive medical/nursing staff, equipment, access to AGAPCO's basic drugs, vaccines, contraceptives and vaccination cards reporting forms, weight charts, etc. USAID has supported and encouraged this collaboration. Under NGO Support I and II we have provided two grants totalling \$756,000 to the Association of Private Health Institutions (AOPS) to assist 37 of their member organizations to implement population-based primary health care services for 500,000 people in rural areas.

Since 1982 collaborative relationships between PVO health institutions and the health regions and districts have improved dramatically and yet more could be done to coordinate and effectively use these PVO resources to implement priority PHC services. Less than one third of PVO health institutions provide FP services and only half regularly provide other PHC services such as vaccinations, child growth surveillance and prenatal care. In addition, the MSPP still maintains many underutilized facilities very near an active PVO facility.

Both our long and short-term goals are to nurture the almost uniquely Haitian relationship between public and private sector health institutions so that by FY 1987: 1) redundant and underutilized public facilities are closed, 2) seventy-five percent of PVO health facilities are actively implementing community-based primary health care services and 3) PVO health facilities jointly plan and negotiate with the local MSPP districts for support levels consistent with their PHC service goals and activities. By 1995 our targets are that 1) all PVO health institutions are providing PHC services to surrounding populations, 2) all PVO health institutions have established a local revenue generation base of 50% of operating costs which gives them greater financial stability against the uncertainties of foreign donations.

a) Constraints

Many PVO health facilities have been reluctant to participate in primary health care activities due to 1) their curative and welfare orientation, 2) their desire for independence from Government regulation and interference, 3) their inadequate understanding of the relative impact and importance of PHC services on the groups they wish to serve.

b) Actions Required

- With \$3.0 million of FY 1985 Child Survival funds, we will be implementing in FY 86 and FY 87 an expanded service project to assist PVO institutions to ~~extend PHC services for an additional 500,000 people in rural areas and to target resources more intensively on mothers at risk of a subsequent infant death.~~

- These Child Survival grant funds will also be used to strengthen private sector public health training in Cité Simone and assist the development of a Child Health Institute for coordinating private operational research on child survival activities.

- Our core support to AOPS will enable them to engage 2 field coordinators to work with PVO health groups, hold technical seminars, distribute a newsletter and work with members to improve technical implementation of PHC activities.

- Because most PVO health institutions are very dependent on their foreign benefactors whose funding priorities may shift, during FY 86 and FY 87 we will be encouraging these institutions to become financially more self-reliant, primarily through fees and drug sales. During FY 1986 we will encourage PVOs to buy generic drugs and medical supplies from AGAPCO and thereby economize the use of their local resources; we will also assist AGAPCO in strengthening and extending its orientation and services to PVO groups.

- In our discussions with the Government, we will seek to encourage innovation in service delivery by both PVOs and MSPP and to identify areas for greater collaboration. By the end of FY 1987, as a result of experimenting with several different PVO/MSPP collaborative models, we believe such collaboration can be strengthened to ensure a more rational allocation and utilization of the available health sector resources.

D. Funding Requirements

1. Summary Program Funding Table

PROJECT TITLE	L / G	PROJECT NUMBER	FY INL OBL	FY FNL OBL	TOTAL PROJECT AUTH	TOTAL PROJECT COST PLANNED	ESTIMATED OBLIGATIONS FY 85	PROPOSED OBLIGATIONS FY 86	PROPOSED OBLIGATIONS FY 87
* AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION									
PROGRAM DEVELOPMENT AND SUPPORT	6	521-0000	73	C	---	---	250	250	250
INTEGRATED AGRICULTURAL DEVELOPMENT	6	521-0078	76	85	9,290	9,290	1,075	---	---
INTEGRATED AGRICULTURAL DEVELOPMENT	L	521-0078	76	76	2,800	2,800	---	---	---
AGRICULTURAL DEVELOPMENT SUPPORT II	6	521-0092	78	88	3,808	5,808	862	1,346	1,000
STRENGTHENING RURAL CREDIT SERVICES	6	521-0121	81	87	4,600	6,600	1,000	800	815
AGROFORESTRY OUTREACH	6	521-0122	81	90	11,500	21,500	3,000	2,633	3,000
SECONDARY ROADS DEVELOPMENT	6	521-0149	83	88	12,500	12,500	2,400	---	2,000
COMMUNITY WATER SYSTEMS DEVELOPMENT	6	521-0155	84	87	6,000	6,000	1,289	2,000	2,093
LOCAL RESOURCE DEVELOPMENT	6	521-0156	85	85	---	1,000	1,000	---	---
INTERIM SWINE REPOPULATION	6	521-0170	83	88	3,803	6,000	603	1,197	1,000
HILLSIDE FARMING OUTREACH	6	521-0187	87	96	---	30,000	---	---	2,000
TARGETED WATERSHED MANAGEMENT I	6	521-0191	86	95	---	35,000	---	3,000	4,000
STRENGTHENING COFFEE COOPERATIVES II	6	521-0193	85	89	---	1,000	500	500	---
AGRIBUSINESS AND RURAL ENT. EXPANSION	6	521-0195	87	90	---	3,000	---	---	1,000
TOTAL FOR ACCOUNT					54,301	140,498	11,979	11,726	17,158
* POPULATION PLANNING									
PROGRAM DEVELOPMENT AND SUPPORT	6	521-0000	73	C	---	---	140	40	40
FAMILY PLANNING OUTREACH	6	521-0124	81	88	9,615	15,615	2,864	2,098	2,000
PRIVATE FAM. PLANNING RESOURCE CENTER	6	521-0189	86	87	---	2,000	---	1,000	1,000
TOTAL FOR ACCOUNT					9,615	17,615	3,004	3,138	3,040
* HEALTH									
PROGRAM DEVELOPMENT AND SUPPORT	6	521-0000	73	C	---	---	50	50	50
RURAL HEALTH DELIVERY SYSTEM	6	521-0091	79	86	17,500	20,000	2,541	1,250	---
MANAGEMENT OF MALARIA	6	521-0143	82	88	8,000	11,500	1,890	2,000	2,000
URBAN HEALTH & COMMUNITY DEVT. II	6	521-0159	84	87	2,100	2,100	689	700	142
TARGETED COMMUNITY HEALTH OUTREACH	6	521-0172	87	92	---	13,000	---	---	2,000
TOTAL FOR ACCOUNT					27,600	46,600	5,170	4,000	4,192
* CHILD SURVIVAL FUND									
MOBILIZING MOTHERS FOR CHILD SURVIVAL	6	521-0194	85	85	---	3,000	3,000	---	---
TOTAL FOR ACCOUNT					0	3,000	3,000	0	0
* EDUCATION AND HUMAN RESOURCES									
PROGRAM DEVELOPMENT AND SUPPORT	6	521-0000	73	C	---	---	165	150	150
CINEC (COMM. INT. NUT./ED. CENTERS)	6	521-0138	82	85	---	---	385	---	---
MANAGEMENT AND PRODUCTIVITY CENTER	6	521-0183	85	88	---	2,300	450	1,000	650
INCENTIVES TO IMPROVE BASIC EDUCATION	6	521-0190	86	90	---	15,000	---	2,000	3,000
TOTAL FOR ACCOUNT					0	17,300	1,000	3,150	3,600
* SELECTED DEVELOPMENT ACTIVITIES									
PROGRAM DEVELOPMENT AND SUPPORT	6	521-0000	73	C	---	---	337	300	300
SPECIAL DEVELOPMENT ACTIVITIES	6	521-0062	68	C	---	---	200	200	300
CRAFTS EXPORT CENTER	6	521-0179	85	86	---	1,000	200	800	---
INVESTMENT AND EXPORT PROMOTION	6	521-0186	85	89	---	4,000	750	1,000	900
TOTAL FOR ACCOUNT					0	5,000	1,487	2,300	1,500
* ECONOMIC SUPPORT FUNDS									
HAITIAN MORTGAGE BANK	6	521-0163	84	86	1,750	1,750	600	650	---
TECHNICAL CONSULTANTS AND TRAINING	6	521-0167	83	85	1,000	3,100	1,000	1,100	---
NGO SUPPORT III	6	521-0182	85	85	---	3,400	3,400	---	---
CASH TRANSFER	6	521-0185	86	87	---	20,000	---	10,000	10,000
TOTAL FOR ACCOUNT					2,750	28,250	5,000	11,750	10,000
TOTAL FOR DA/ESF					94,266	258,263	30,640	36,064	39,690
TITLE I/III	6/L				---	---	15,000	18,000	21,000
TITLE II	6				---	---	7,595	7,692	8,651
GRAND TOTAL							53,235	61,756	69,341

2. Funding Resource Rationale

a. Development Assistance

As in previous years approximately 50% of total DA resources will be devoted to the Agriculture, Rural Development and Nutrition sector in FYs 1986 and 1987. In this sector, \$11,726,000 in FY 1986 and \$17,158,000 in FY 1987 are requested to support several on-going programs and to undertake three large new initiatives, all supportive of A.I.D.'s strategy of transforming existing patterns of land use and agriculture production in targeted hillside areas in order to reverse the current trend of environmental degradation in Haiti. Incremental funding will be required in FYs 1986 and/or 1987 for Agricultural Development Support II (521-0092), an amended Strengthening Rural Credit Services project (521-0121), an amended Agroforestry Outreach project (521-0122), Secondary Roads Development (521-0149), Community Water Systems Development (521-0155), an amended Interim Swine Repopulation activity (521-0170) and Strengthening Coffee Cooperatives II (521-0193), scheduled to come on stream in FY 1985.

The proposed FY 1986, Targeted Watershed Management I (521-0191) and FY 1987, Hillside Farming Outreach (521-0187) projects will both place primary emphasis on transforming the environmentally deleterious annual crop production and animal raising practices currently employed by hillside peasants into sustainable-yield, soil-conserving farming systems, based on perennial crops, including pasture and agroforestry. In FY 1987, a new Agribusiness and Rural Enterprise Expansion project (521-0195) will be initiated to promote agro-industrial expansion into targeted rural areas.

The remaining DA funds are roughly equally divided among the Mission's other sectors: Health and Population, Education and Human Resources and Selected Development Activities. Virtually all of the on-going and new activities within these sectors will focus on attacking the other critical developmental constraints identified within our strategy, i.e., illness, overpopulation, illiteracy and unemployment.

Approximately \$7,100,000 in FY 86 and \$7,200,000 in FY 1987 are requested to support on-going projects and initiate two new activities in FY 1986, in the health and population areas. Final design of the new Targeted Community Health Outreach project (521-0172) will be completed in FY 86 to build on the accomplishments of the RHDS project to address continuing constraints to service delivery, particularly at the regional and district levels. In the Population Sector, a new Private Family Planning Resource Center project (521-0189) will be initiated to establish a resource center to support and coordinate private sector family planning activities. To the extent possible and appropriate, efforts will be made to focus the above activities in the hillside areas targeted for intensive agriculture support.

One new initiative, Incentives to Improve Basic Education (521-0190) will require funding in the amounts of \$2,000,000 in FY 1986 and \$3,000,000 in FY 1987, to expand and improve basic education at the primary level as well as to

promote mid and low level technical training through the private sector. The interventions developed in this sector will also be targeted to hillside peasant groups where possible.

Lastly, approximately \$2,300,000 in FY 1986 and \$1,500,000 in FY 1987 will be requested for on-going projects in the Selected Development Activities sector, primarily for purposes of private enterprise development.

In summary, the DA sector funding levels requested in FY 1986 and 1987 are generally proportionate to those requested in previous years, with the slight exception of ARDN and EHR. Relatively substantial increases will be required in the ARDN sector (from \$11,979,000 in FY 1985 to 17,158,000 in FY 1987) to make fully operational the comprehensive hillside effort the Mission will begin to institute this FY. The EHR level has increased due to a recent Mission education assessment and determination that special initiatives are required in this sector to combat illiteracy, which is a constraint inhibiting attainment of other sectoral objectives. Funding levels in the other sectors remain roughly the same.

b. Economic Support Fund

(1) Program Assistance

Foreign exchange shortages will be one of the more severe constraints to growth in the near future. Full implementation of the ongoing program of fiscal stabilization and an improved investment climate are critical to Haiti gaining the maximum benefit from the CBI. Private investment in export oriented industries is constrained by uncertainties over the cost and availability of foreign exchange and an investment climate overly burdened by inefficient and uncertain regulations and management of customs and taxes.

The GOH has not been able to comply with the IMF Stand-by Agreement since April 1984 nor the new IMF "shadow program". A major constraint to obtaining compliance without continued adverse impact on the Government's development budget is the low level of GOH revenues and the inefficient use of funds, especially by parastatals.

The proposed Cash Transfer of U.S. \$10 million in both FY 1986 and FY 1987 would provide needed foreign exchange to the GOH for balance of payments support, local currency for development activities determined by USAID to be consistent with the Mission's development strategy, and leverage for needed policy reforms. The policy reform program would be supportive of the GOH's attempt to comply with the fiscal austerity program and to improve the private sector investment climate. ~~Conditionality would be imposed on GOH reforms to improve customs and tax administration, control of parastatals, increase the availability of counterpart for development projects, increase the effectiveness of the Presidential Mixed Committee for Investment Promotion, and full implementation of the new Investment Code.~~ For additional rationale and detail concerning the proposed program assistance, see Annex B and Section III. B. of this Action Plan.

(2) Continuing Projects

Although the Mission seeks to fully obligate the required LOP funding for ESF projects in the initial year of obligation, the following represent exceptions to this preferred obligation mode:

(a) Haitian Mortgage Bank (0163): This \$1.750 million project was initiated late in FY 1984 with a \$0.5 million ESF obligation since the bulk of our 5.0 million FY 1984 ESF apportionment (i.e., \$4.5 million) had already been obligated for priority private sector activities under the Non-Governmental Support (NGO) II program. Additional incremental obligations of \$0.6 million and \$0.650 are scheduled for FY 1985 and FY 1986, respectively.

(b) Technical Consultants and Training (0167): While the original project was fully funded in FY 1983, an amendment of \$2.1 million is proposed for obligation in two tranches for FY 1985 and FY 1986 to avoid further postponement of several activities presently scheduled for obligation this FY under NGO Support III.

c. PL 480 Title II

During FY 86 and FY 87, USAID and the four PVO Title II cooperating sponsors, CARE, Catholic Relief Services (CRS), Church World Service (CWS) and the Adventist Development and Relief Agency (ADRA), will be collaborating to integrate the Title II program more closely into the Mission's development strategy. This will help meet the overall Title II program goal of maximizing its development impact. Title II resources will be employed to meet the goals and objectives of the Mission strategy of arresting natural resource degradation and developing Haiti's human resource and productive base.

In the agriculture and conservation sector, Food for Work (FFW) projects will be organized in the targeted watersheds to improve hillside farming techniques for long-term soil conservation and water retention and improve irrigation systems in the plains. The purpose of these FFW projects will be to construct soil conservation structures such as bench terraces, rehabilitate existing irrigation systems, construct new ones and build tertiary rural roads. These FFW projects will be implemented in coordination with the projects described in the Agriculture and Conservation component of the strategy. FFW will be used to build but not to maintain structures to avoid long-term dependence on food aid. All maintenance will be carried out by soil conservation and water user associations, as described in the Agriculture and Conservation component.

Title II school and pre-school feeding programs will constitute the major incentive offered to private primary schools to adopt the GOH educational reform program as described in the Education component of the strategy. In the course of FY 86, the PVOs will re-certify all private schools for participation in the School Feeding program, with adoption of the education reform as one of the requirements. Apart from private schools, the PVOs will continue to provide school feeding programs to public schools as a means of

attracting students to school and improving attendance, nutritional status and academic performance.

All four PVO Maternal-Child Health (MCH) programs will be integrated into the USAID strategy in the following areas: 1) improving the delivery of community-based primary health care (PHC) services for maximum impact on infant and child mortality; 2) promoting more effective public-private collaboration; and 3) increasing private sector participation in family planning (FP) programs.

In the first area, the USAID strategy will be to work with the PVOs in: 1) expanding and improving their community level MCH services in conjunction with the RHDS and other projects described in the Health strategy; 2) focussing their community health programs more sharply on key PHO interventions, such as family planning, oral rehydration therapy, immunization and presumptive malaria treatment; and 3) involving communities in the definition and resolution of community nutrition and health problems.

To promote more effective PVO-GOH collaboration, USAID will strongly urge the PVOs to participate fully in future GOH-USAID-PVO-other donor dialogues concerning nutrition, MCH and/or other health programs. USAID will also encourage each PVO to use AGAPCO drugs and supplies, report regularly to the MSPP and develop comparable performance measures in conjunction with the MSPP and other (non-Title II program) PVOs.

To more closely align the PVOs with our USAID strategy for improving and increasing private sector participation in FP activities, USAID will encourage them: 1) to place increased emphasis on FP in their mother, family and community health education programs; and 2) to increase their FP coverage in their MCH centers.

PVO FY 86 and FY 87-89 Operational Plans will be reviewed closely by USAID to ensure progress indicators appropriately reflect the strategy concerns outlined herein.

The PL 480 Title II program in FY 86 will be at the levels set forth in the Congressional Presentation:

FY 86: Beneficiaries/Program Value (Commodity Cost in \$000)

	<u>TOTAL</u>							
MCH	38,000/	571.4	36,000/	647.4	15,000/246.4	21,000/	331.9	110,000/1,797.1
Pre-School Feed.	9,000/	71.5	-		1,000/	16.5	-	10,000/ 88.0
School Feeding	227,000/2,371.6		100,000/	815.1	65,000/505.4	52,000/	598.7	444,000/4,290.8
Food for Work	37,000/	727.2	9,000/	192.3	8,000/157.0	12,000/	301.7	66,000/1,378.2
Other Child								
Feeding	<u>5,000/</u>	<u>110.9</u>	<u>-</u>		<u>-</u>	<u>1,500/</u>	<u>26.6</u>	<u>6,500/ 137.5</u>
TOTAL	316,000/3,852.6		145,000/1,654.8		89,000/925.3	86,500/1,258.9		636,500/7,691.6

At present, we expect the number of beneficiaries to increase by approximately 12% by FY 87. It will depend on the rate at which the various components of our strategy are implemented and on the final plans made by the PVOs and USAID in the present Title II program planning process. Assuming the same commodity mix, rations and commodity prices:

FY 87: Beneficiaries/Program Value (Commodity Cost in \$000)

	<u>TOTAL</u>								
MCH	38,000/	571.4	40,000/	719.3	15,000/	246.4	29,000/	458.2	122,000/1,995.3
Pre-School Feed.	16,000/	127.0	2,000/	15.9	2,000/	33.0	2,000/	15.9	22,000/ 191.8
School Feeding	249,000/2,601.5		110,000/	896.6	72,000/	559.3	58,000/	667.9	489,000/4,725.3
Food for Work	42,000/	825.5	10,000/	213.7	9,000/	176.6	15,000/	377.0	76,000/1,592.8
Other Child									
Feeding	<u>5,000/</u>	<u>110.9</u>	<u>-</u>		<u>-</u>		<u>2,000/</u>	<u>34.4</u>	<u>7,000/ 145.3</u>
TOTAL	350,000/4,236.3		162,000/1,845.5		98,000/1,015.3	106,000/1,553.4		716,000/8,650.5	

d. PL 480 Title III

Over the past two-years, the Mission and the GOH have jointly developed a three-year Title III program promoting policy and institutional changes in three sectors: agriculture, health and population, and public works/transportation. These changes will be supported by projects funded from Title III counterpart generations. The program's emphasis is on reversal of the stagnation in the agricultural sector, and will institute policy reforms and projects designed to promote soil conservation and production systems appropriate to the rational development and long-term viability of selected watersheds, increase rural incomes, lower the nutritional deficit of the poor, improve health status in the rural areas, expand the rural road network, and improve the delivery of services to rural communities. The Title III supports the efforts funded under the DA account and thus is as an integral and essential component in the Mission's development strategy for Haiti.

The following pages (1) summarize the policy reforms and related benchmarks negotiated with the GOH, and (2) list the projects and funding levels currently scheduled for support under the program over the next two years.

We anticipate receiving approval during the month of April 1985 to negotiate with the GOH a \$15 million per year three year Title III program to begin importation during FY 85 and begin drawing down on counterpart funds in FY 86. A \$15 million importation program should result in \$17 million in gourdes deposited to the counterpart fund. Thus the budget level for FY 86 is \$17 million. We are also planning to request an increase in the Title III level during FY 86 and FY 87 should GOH performance meet program requirements. The increase would be for \$3 million in imports in FY 86 and \$6 million in FY 87 (total imports for FY 86 would be \$18 million and for FY 87 \$21 million). Those importation increases should result in the availability of \$20 million in FY 87 and \$24 million in FY 88 in the counterpart fund. Though we do not have official approval for the increased level we are using that level as the planning level for FY 87. It should be noted that this is a preliminary budget as it must be approved by the GOH before it can be finalized. The projections we are using have been reviewed during the Project Paper stage of the Title III program but as our Title III approval has been delayed, we can not finalize the budget.

SUMMARY OF POLICY REFORM BENCHMARKS

FY 1988

FY 1987

FY 1986

1. - Coffee tax reduced 25%.
 - Study of impact of coffee tax reduction initiated.
 - Study Continues
 - Study completed and recommendations made on additional coffee tax reductions.
2. - Wheat flour price reduced \$0.93 per 100 lbs.
 - Study of economic impacts of flour price reduction initiated.
 - Study Continues
 - Study completed and recommendations made for flour pricing.
3. - Study initiated on grain import licensing procedures and bulk handling facilities.
 - Study continues
 - Study completed and policy recommendations made.
4. - Benefit/cost analyses of management alternatives for GOH in agricultural processing industries initiated.
 - Analyses completed and policy recommendations made.
5. - Decentralize authority and budgetary control of Ministry of Agriculture.
 - Loan capital of BCA increased \$1.5 million.
 - BCA's central office expenses begin to be reduced.
6. - Loan capital of BCA increased \$1.5 million.
 - Loan capital of BCA increased \$1.5 million.
 - BCA's central office expenses reduced to 10% of total operating expenses.
7. - Legislation to enable water user associations to generate and retain user fees prepared.
 - Legislation passed
 - Water user organizations assisted to operate under legislation.

FY 1986

FY 1987

FY 1988

8. - Increase diesel fuel taxes to 54 cents/gallon by start of Title III.
9. - Increase urban private vehicle registration taxes by start of Title III.
10. - Revise procedures for petroleum import taxes.
11. - Road Maintenance budget fully funded by GOH Operating Budget.
- Procedures for road investment studies to include scheduling to road maintenance program and recurrent cost implications established.
12. - Increased reliance on labor intensive methods for road construction.
- Increased reliance on labor intensive methods for road construction.
- Annual health resource allocation plan developed.
13. - Allocation of DSPP funds to regional, district and commune facilities increased.
- Annual health resource allocation plan implemented.
- Allocation of DSPP funds to regional, district and commune facilities increased.
14. - Administrative procedures for DSPP decentralization completed.
- Increased reliance on labor intensive methods for road construction.
- Annual health resource allocation plan implemented.
- Allocation of DSPP funds to regional, district and commune facilities increased.

PROPOSED COUNTERPART FUNDING UNDER TITLE III*

(\$ millions)

	<u>FY 86</u>	<u>FY 87</u>
<u>AGRICULTURE</u>		
0092 ADS II	0.50	0.50
0121 Strengthening Rural Credit Services	1.50	1.50
0170 Interim Swine Repopulation	0.25	0.50
0193 Strengthening Coffee Cooperatives II	0.50	0.50
0187 Hillside Farming Outreach	0	1.00
0191 Targeted Watershed Management I	1.75	1.75
Agricultural Studies	<u>0.15</u>	<u>0.25</u>
SUB TOTAL-AGRICULTURE	<u>4.65</u>	<u>6.00</u>
 <u>HEALTH/POPULATION</u>		
0091 Rural Health Delivery System	2.00	-
0172 Targeted Community Health Outreach	-	1.70
0143 Management of Malaria	1.10	1.00
0124 Family Planning Outreach	.60	.60
0155 Community Water Systems	<u>.15</u>	<u>.15</u>
SUB TOTAL-HEALTH/POPULATION	<u>3.85</u>	<u>3.45</u>
 <u>TRANSPORT</u>		
0149 Secondary Roads Development	<u>3.40</u>	<u>3.40</u>
 <u>TITLE III MANAGEMENT</u>		
	<u>0.40</u>	<u>0.40</u>
 <u>Unprogrammed Title III funds</u>		
Available for other Agriculture, Health, and Transport Projects*	<u>4.70</u>	<u>6.75</u>
GRAND TOTAL	<u>17.00</u>	<u>20.00</u>

* As local commodities' sales prices are greater than costs, counterpart funds generated exceed FOB/FAS prices. Thus a \$15 million sales agreement generates \$17 million in counterpart funds and a \$18 million sales agreement generates \$20 million in counterpart funds.

III. IMPLEMENTATION PLAN

A. Narrative

1. New Project Priorities

The Mission's Action Plan and related project proposals have sought to focus AID's limited resources on the most critical development problems constraining Haiti's socio-economic progress. Each of the proposed projects, therefore, is designed to contribute significantly to one or more of the identified problem areas. However, in conformity with Bureau guidance, the new projects are prioritized below by fiscal year.

(a) FY 1986

- (1) Targeted Watershed Management I
- (2) Incentives to Improve Basic Education
- (3) ESF Cash Transfer
- (4) Private Family Planning Resource Center

(b) FY 1987

- (1) Hillside Farming Outreach
- (2) Targeted Community Health Outreach
- (3) ESF Cash Transfer
- (4) Agribusiness and Rural Enterprise Expansion.

2. Analysis of Overall Program Pipeline

The overall pipeline status of the USAID/Haiti program portfolio is reasonably good. As of December 31, 1984, out of a cumulative obligation level of 124,245,000, only \$5,847,000 remained unearmarked and \$26,803,000 (pipeline) unexpended, resulting in a liquidation rate of 78%. Moreover, an analysis of obligation, expenditure and pipeline levels over the past several years indicates significant progress made in reducing pipeline levels and increasing overall liquidation rates:

(\$000)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u> <u>(12/84)</u>
Obligation	42,131	50,759	59,805	67,123	78,332	104,949	124,216	124,245
Expenditure	18,842	27,084	36,362	49,197	65,456	80,718	91,864	97,442
Pipeline	23,289	23,675	23,443	17,926	12,876	24,231	32,352	26,803
Liquidation Rate (Expend./Oblig.)	45%	53%	61%	73%	84%	77%	74%	78%
Pipeline/Oblig.	55%	47%	39%	27%	16%	23%	26%	22%

Recent efforts by our Controller's Office to upgrade and computerize project financial reporting will enable the Mission to identify disbursement difficulties with greater precision and timeliness.

A brief analysis of projects with large (over \$1.0 million) pipelines follows:

1. Secondary Roads Development (0149): Start-up delays occasioned by GOH's inability to meet CPS, including required counterpart funding. These difficulties have been overcome; moreover three additional road building brigades will be established over the next four months, bringing brigade strength to seven, the level envisioned in the PP. Increased road building activities plus heavy equipment and hand tool procurement will virtually eliminate the pipeline by the end of FY 86. No obligations are contemplated for FY 1986.

2. Non-Governmental Organizational Support II (0181): As of 12/31/84, \$4,018,000 of \$4,500,000 remained undisbursed. However, since all of the ESF project activities funded under this program were obligated in the third and fourth quarters of FY 1984, due largely to delays in receiving the apportionment, such a pipeline is not unreasonable. Given our experience with NGO I, which was obligated a year earlier and has disbursed 86% of total obligations, we do not envision a prolonged pipeline problem for NGO II.

3. Development Finance Corporation (0154); Delays associated with the establishment of this credit institution have been overcome, with loan approvals presently close to 60% of the \$4.0 million capital fund established under the \$5.0 million grant project. While some lag will continue between loan approvals and actual drawdowns, Mission projections indicate that the balance of capital fund will be committed within the next year, and disbursements related thereto effected by the end of FY 86. Most of the TA and training will have also been disbursed by that time as well.

4. Rural Health Delivery System (0091): Although this project had a \$3.7 million pipeline as of 12/31/84, given the project's obligations to date (\$16.209 million) and the fact that all but \$107,000 have been earmarked, Mission concludes that the project does not have a serious pipeline problem.

5. Interim Swine Repopulation (0170): Start-up delays related largely to securing a formal declaration that Haiti was free of African Swine Fever, have been overcome and the project is currently operating smoothly. The Mission expects that the 12/31/84 pipeline of \$2.251 million will register at \$500,000 by 9/31/85.

6. Agricultural Development Support II (0092): This project, dating from 1978, did not commence in earnest until January 1984, following its revision in August 1983. Three quarters of the \$1,072,000 pipeline results from a fully-funded, as yet only minimally accrued, four year technical assistance contract with the University of Arkansas. Only \$39,000 of this amount remains unearmarked.

3. Documentation/Authorization Schedule

<u>PROJECT TITLE</u>	<u>PROJECT NUMBER</u>	<u>INITIAL OBLIG.</u>	<u>PID SUBMITTED</u>	<u>PP SUBMITTED</u>	<u>AUTHORIZED</u>
<u>AGRICULTURE, RURAL DEVELOPMENT & NUTRITION</u>					
Hillside Farming Outreach	521-0187	87	Oct 86	Apr 86	Jun 87
Targeted Watershed Management I	521-0191	86	Oct 85	Apr 86	Jun 86
Agribusiness & Rural Enterprise Expansion	521-0195	87	Sep 86	Feb 87	Mar 87
<u>POPULATION PLANNING</u>					
Private Family Planning Resource Center	521-0189	86	Nov 85	Apr 86	May 86
<u>HEALTH</u>					
Targeted Community Health Outreach	521-0172	87	Apr 86	Nov 86	Jan 87
<u>EDUCATION AND HUMAN RESOURCES</u>					
Incentives to Improve Basic Education	521-0190	86	Jun 85	Dec 85	Feb 85
<u>ECONOMIC SUPPORT FUND</u>					
Cash Transfer	521-0185	86	--	Nov 85	Jan 86
Cash Transfer	521-0185	87	--	Nov 86	Jan 87

B. New Project Summaries

PROJECT NUMBER : 521-0191
PROJECT TITLE : Targeted Watershed Management I
PROJECT FUNDING : FY 86 \$ 3,000,000
FY 87 \$ 4,000,000
LOP (FY 86 - FY 95) \$35,000,000
APPROPRIATION ACCOUNT : ARDN

PROJECT PURPOSE

To transform existing patterns of land use and agricultural production on the hillsides of five adjacent, high-potential catchment basins in three distinct watersheds in the southwest portion of Haiti's southern peninsula, in order to reverse the current trend of environmental degradation and to prevent the potential irreparable loss of their productive capacity.

PROJECT RATIONALE

There is little hope for Haiti's entire rural sector unless the fundamental problem of hillside erosion is dealt with systematically and effectively. This formidable task must be engaged immediately and concertedly so that, over the next 10 years, significant progress will have been made, and successful, replicable solutions to the problem have been demonstrated. At present, not only are the hillsides themselves -- on which well over half of the rural population ekes out a meager existence -- becoming exponentially less productive, but the essential waterflow into plains irrigation systems is increasingly intermittent, erratic and violent. It is certain that these potentially highly productive irrigation systems will soon be rendered useless through downstream effects such as seasonal water insufficiency, flooding and siltation, unless the hillsides of their catchment basins are permanently stabilized. At the same time, it is virtually impossible to remove entire farming populations from these fragile hillside lands. Therefore, the only even remotely feasible solution is to transform the environmentally deleterious annual-crop production patterns currently employed by hillside peasants into sustainable-yield, soil-conserving farming systems, based on perennial crops, including pasture and agroforestry. Such a comprehensive program objective is unprecedented in Haiti and its pursuit will be demanding, yet the design and implementation of just such a project is imperative at this juncture, in order to demonstrate that the critical soil and water resources of this country can, in fact, be protected, and that peasant-managed agriculture and husbandry can be pursued rationally on Haiti's hillsides.

The four basic constraints to the adoption of environmentally sound hillside farming systems by peasant farmers are:

1. Tenure Patterns: A significant percentage of hillside land in most watersheds is not owned outright by those who work it, and peasants therefore have little incentive for making long-term investments in its conservation or productivity. State and absentee-owned lands are

virtually "mined" by poor leaseholders and sharecroppers with no permanent stake in the resource base, because they are under intense pressure simply to survive from one cropping season to the next.

2. Poverty and Undercapitalization: Even on privately held, owner-operated lands, most hillside farmers are just too poor to forgo even a portion of their annual-crop production and income in order to put soil conservation structures in place and to begin to establish perennial, multi-year-cycle cropping patterns. Even were the appropriate technologies already known to peasants themselves, the required inputs, including tools and intermediate-term investment capital, are not readily available.
3. Technology: Indeed, the very technologies necessary for stabilizing these hillsides and changing over to new farming systems are decidedly not known to these farmers, nor to the development agents most commonly found working with them. Moreover, appropriate technical solutions will vary widely from one micro-ecology to the next, based on variations in soil type, degree of current degradation, altitude, slope, rainfall, etc.
4. Local Organization: Finally, neighboring farmers are not organized to cooperate for their mutual benefit in any economic undertaking, such as stabilizing a shared hillside. Neither is the collective motivation nor the ability to leverage and manage public resources that follows upon such group organization currently found among most peasants.

All four of these constraints will be addressed directly by this project, in an intensive effort to turn the tide of environmental degradation in the targetted watersheds.

PROJECT DESCRIPTION

The geographical focus of project activity will be the five major, adjacent catchment basins originating on the southern flank of Pic Macaya National Park, above Les Cayes, in southwest Haiti. These are, from west to east:

- Les Anglais
- Port-à-Piment
- l'Acul
- Grand Ravine du Sud, and
- Cavaillon

Together, these basins comprise 133,000 ha. in total area, including close to 75,000 ha. on hillsides of over a 10 degree slope, and 28,000 ha. of lands classified as having excellent agricultural potential -- of which 16,000 ha. are irrigable bottomlands. There are approximately 300,000 rural inhabitants in these watersheds, of whom over 70% are dependent upon the hillsides for their survival.

The Les Anglais and Port-à-Piment catchment basins, in the Tiburon/Port-Salut watershed, have received little infrastructural investment to date, but include 540 ha. of land currently under traditional irrigation, and have benefitted from the economic and cooperative development efforts of the Oblate Fathers over the past 20 years. At present, an association of cooperatives, UNICORS, is the single most important local institution in the area, counting over 10,000 coop members in its ranks.

The l'Acul catchment basin, in the Les Cayes watershed, serves the western portion of the Cayes Plain proper, and has had a major irrigation rehabilitation program under AID's Integrated Agricultural Development project (IADP), which has brought over 1,000 ha. under modern, gravity-fed irrigation, and has effected some soil conservation work in the lower reaches of the catchment basin.

The Grande Ravine du Sud, also in the Les Cayes watershed, has been the site of a recent \$3 million German PVO (MISEREOR) investment in irrigation, which has been locally implemented and organized through DCCH-Laborde, a Catholic development center of long standing in the area.

Finally, the Cavaillon watershed is the site of an important hydroelectric facility at Saut-Mathurine, supplying electric power to the city of Les Cayes. This watershed is served by the third major non-governmental organization (NGO) in the proposed project zone, the World Concern's Integrated Rural Development (IRD) outreach organization, which has extensive ties to the local population.

Moreover, AID's IADP and Establishment of National Parks projects have recently collaborated with the Ministry of Agriculture's Direction of Natural Resources to effectively interdict all lumbering, grazing and agricultural activities in the uppermost reaches of all of these catchment basins, on Pic Macaya (5,400 ha.) and at Saut-Mathurine (1,500 ha.) Future plans include the establishment of "buffer zones" of strictly controlled agriculture and managed forests around these key areas, encompassing an estimated additional 15,000 ha.

Capitalizing on current momentum in this region, and on expanded AID/MARNDR/NGO presence, the proposed project will directly engage the critical problem of devising, introducing and maintaining sound soil-conserving agricultural systems on cultivable land between the vulnerable plains and the protected highest reaches of the watersheds.

Specifically, the project will have three major components:

1. Watershed technical information service, program development and management planning for rational land use in the targetted area.
2. Local, peasant-level organizational development and institution strengthening for the creation of hillside conservation units and water-users associations throughout the targetted watersheds.
3. Technology transfer, soil conservation, and farming system

establishment for the implementation of improved hillside production on selected "demonstration sites" in each of the five catchment basins.

The first component will address the information constraint by: (i) conducting a complete inventory of the biophysical and chemical characteristics of the soils and determining current land-use patterns; (ii) establishing a land capability classification; and (iii) based on these technical data, proposing specific soil conservation and production systems for each targetted hillside.

The second component will address the Local Organizational constraint by organizing and mobilizing peasant participation -- first in small voluntary associations, and then in larger hillside units, soil conservation districts and water-users associations. This component will also partially address the Undercapitalization and Technology constraints by: (i) creating local organizations capable of administering and absorbing substantial credit inputs and subsidies; and, (ii) utilizing effectively the technical field services to be provided through component No. 3 described below.

Finally, component No. 3 will address the Undercapitalization and Technology constraints directly, by actually implementing, in collaboration with organized peasant farmers, the proposed technological transformations necessary for the establishment of sustainable production systems on the targetted hillsides. Technology acquisition, generation and transfer will be based on (i) successful experiences in soil protection in Haiti and other countries with comparable socioeconomic and ecosystems; (ii) potentially high-yielding germplasm identified under IADP; (iii) economically and environmentally sound farming systems identified under the Agricultural Development Support II project; and, (iv) fuelwood and fruit-tree production and distribution models developed under the Agroforestry Outreach and other forestry projects.

TARGET GROUP

The primary beneficiaries of this project will be the 55,000 farm families (275,000 inhabitants) who will participate in project implementation. Indirect beneficiaries will include other Haitian hillside farmers who will benefit from the successful efforts.

FINANCIAL PLAN

Technical Assistance		\$ 8,000,000
Commodities		9,500,000
Participant Training		1,500,000
Long-term (U.S.)	500,000	
Short-term (U.S.)	200,000	
Short-term (local)	800,000	
Research/Extension		4,000,000
Land Development Fund		<u>\$12,000,000</u>
TOTAL		\$35,000,000

PROJECT NUMBER : 521-0187
PROJECT TITLE : Hillside Farming Outreach
PROJECT FUNDING : FY 86 -0-
FY 87 2,000,000
LOP (FY 87 - FY 96) 30,000,000
APPROPRIATION ACCOUNT : ARDN

PROJECT PURPOSE

To change the production patterns of hillside farmers through the mobilization of Private Voluntary Organizations (PVOs) in target watersheds to organize farmers for the implementation of soil-conserving, income-generating hillside farming technologies.

PROJECT RATIONALE

The critical area of concern in contemporary Haitian agriculture is its rapidly degenerating and environmentally degrading hillside farming systems. These systems are not simply low in productive potential and declining rapidly, but are fundamentally inappropriate under prevailing natural, demographic and socio-economic conditions. If there is to be a viable future for the Haitian rural sector generally, present hillside farming practices must be altered.

While this Mission will be undertaking a ten-year intensive effort, with ministerial participation, focused in a single geographical area (Targetted Watershed Management I/521-0191), the human and financial resources of both AID and the GOH are limited in comparison to the magnitude of this nation-wide problem. Moreover, expected technical advances coming out of this more intensive effort will require an established and well-financed network through which to be disseminated and put to use elsewhere in Haiti. Therefore, the parallel ten-year project being proposed here will offer more extensive coverage, through a system of grants-in-aid to PVOs -- primarily in those watersheds that USAID has identified for priority attention.

This project will ensure that local PVOs will be supported to (i) organize hillside farmers' groups; and (ii) provide them with extension outreach services and the necessary resources for implanting soil-conserving, income-generating farming systems technologies. By the time USAID is in a financial position to target these other watersheds more carefully and intensively, each of them will have the strong local organizational base and the private sector technical and implementation capacity that are deemed prerequisites for long-term sustained success.

PROJECT DESCRIPTION

The project proposed here will focus on those watersheds outside the southwest region that have long since been identified for USAID attention, by the GOH and several studies, based on their potential and the absence of another major donor working in them.

In the Northwest:

- Trois Rivières (87,900 ha.).

In the Upper Artibonite (Central Plateau):

- The Canot (113,500 ha.), and
- Bouyaha (81,200 ha.) tributaries of the Guayamouc;

And in the West, lying to the southwest of the Chaine des Matheux:

- Thomazeau,
- Bethel (6,000 ha.)
- Torcelle (8,000 ha.)
- Courjolle (8,000 ha.)
- Matheux (7,000 ha.), and
- Montrouis (11,000 ha.)

PVOs working in these priority watersheds will be encouraged to animate, organize, and mobilize farmers for hillside agriculture improvements. The project will organize and fund local, PVO-managed efforts in watersheds from among this list, according to the organizational and technical absorptive capacity within each.

Using the model (as well as much of the technology and PVO networks) of the highly successful Agro-Forestry Outreach project (521-0121), USAID will fund one or more coordinating PVOs to:

- (i) evaluate applicants and make subgrants to local PVO's capable of doing the required work in the priority watersheds and, in exceptional cases, other pilot areas with a high potential for success and demonstration value;
- (ii) maintain a central hillside farming/soil conservation resource center (or several such regional centers), which will offer technical site analysis services, make recommendations, and serve as a clearinghouse for technical information for participating sub-grantees; and,
- (iii) provide these subgrantees with a full-range of field services and on-site, on-going technical assistance in the implementation of local hillside/sub-watershed improvement initiatives.

Through the Targetted Watershed Management I project (521-0191), this project will have access to a technological information base linked to the Ministry of Agriculture, U.S. Agricultural Universities, and the International Centers. Meanwhile, USAID's Agricultural Development Support II (521-0092), a farming systems research and national statistics project, will be testing much of this technology (annuals, perennials, and land-use infrastructure) under hillside, small-farmer conditions.

TARGET GROUP

The target watersheds listed above hold over 300,000 people, 70 percent of whom live off of hillside farms. This project should increase the long-term productivity of their land.

FINANCIAL PLAN

Technical Assistance	\$ 7,000,000
Commodities	10,000,000
Participant Training (Local)	1,000,000
Research/Extension	2,000,000
Land Development Fund	<u>10,000,000</u>
TOTAL	\$30,000,000

PROJECT NUMBER : 521-0190

PROJECT TITLE : Incentives to Improve Basic
Education

PROJECT FUNDING : FY 86 \$ 2,000,000
: FY 87 \$ 3,000,000
: LOP (FY 86 - FY 91) \$15,000,000

APPROPRIATION ACCOUNT : E&HR

PROJECT PURPOSE

The project will expand and improve the efficiency of basic education in rural and marginal urban areas. It is consistent with both LAC regional strategy which calls for support to primary education for those countries experiencing high rates of illiteracy and Mission strategy to focus on education constraints at the pre-school and primary levels as a means of developing Haiti's abundant human resources.

PROJECT RATIONALE

Educational opportunities for the vast majority of Haitians have always been limited. Current illiteracy levels are apallingly high: nearly 80% on a national level, 90% in rural areas, and 95% for rural females. Severe capacity limitations, inefficiency and poor quality characterize all levels of education, but are particularly acute at the primary level. Presently, less than half of Haitian children 6 to 12 years old are enrolled in school and enrollment rates are increasing very slowly. The system's inefficiency is marked by high dropout and repetition rates, translating into an average 18 student-years to complete primary school in rural areas. As one might expect, fewer than 20% of all students entering primary school actually complete six grades.

The poor quality of education results from inadequate learning materials, unqualified teachers and, traditionally, a failure of the Government to commit the necessary resources to correct the situation.

In a departure from past policy, the Government launched a national education reform in 1982 after a three year experimental period. New curricula and teaching methods have been designed to both improve the quality of education and keep children in school longer. The promulgation of the reform resolved a major policy issue. The pedagogical elements of the reform are largely in place through the fourth grade and progress, albeit slow, is being made to extend the reform to other grades.

The need to improve the physical and mental readiness for school of poor rural children was recognized early in the planning of the reform. It has been shown that 85% of the children participating in the A.I.D.-supported Community Integrated Nutrition and Education Centers (CINEC) pre-school and early

childhood intervention program have finished the fourth grade as opposed to a completion rate under 30% for non-CINEC children. As a result, the Ministry of Education has officially established the CINEC program as the model to be followed for all pre-school activities.

The ability of the Government to implement the education reform is limited and heavily dependent on what happens in the private sector, where the bulk of services are offered. The public primary education subsector diminishes every year as the expansion of the private sector accelerates. Today, private primary schools represent nearly two-thirds of the total system, and according to UNESCO, in 1984, 73 per cent of them did not participate in the education reform. If the reform is to succeed, the still reluctant private sector must become an active partner in its application. The private sector's reluctance to adopt the reform is based on the poor way in which the reform has been explained to the Haitian public and misunderstanding of the role of the Creole language in the reform.

PROJECT DESCRIPTION

The project will assist the Ministry of Education in extending the reform to the private sector by offering a package of incentives to private schools in exchange for their application of the reform. It will address the following major constraints:

- high drop-out and repetition rates,
- insufficient and inadequate school facilities,
- undernourished students,
- the lack of learning materials,
- under-trained teachers and managers,
- the high cost of education to parents.

The incentives to be provided by the project which address these constraints include:

- start-up costs to be developed for a significantly expanded pre-school program (in close collaboration with UNICEF);
- matching funds for pre and primary school construction and renovations;
- participation in a school feeding program, using Title II resources;
- provision of textbooks and other educational materials;
- training in teaching methods and school management;
- a loan/scholarship fund, with preference for girls.

It is expected that the major PVOs engaged in pre-school and primary education will be among the most eager and well-organized groups willing to participate in the project, although the opportunity to participate will be open to all private schools and school systems which serve the A.I.D.'s target population.

To complement the large World Bank investment in public education in the three Southern departments and to intensify the impact of AID's Southern watershed development strategy, the program will concentrate, although not exclusively, in six Southern watersheds in the Les Cayes region.

TARGET GROUPS

Pre-primary and primary school students in rural and marginal areas are the principal beneficiaries. Additionally, individuals and groups who wish to establish primary schools, owners of existing schools, parents and teachers will be secondary beneficiaries. At least 175,000 students will benefit directly from the project.

FINANCIAL PLAN

Participant Training:	10 MA degrees (240 pm) ST Training 130 pm	\$ 500,000 500,000
School Construction: ^{1/}	(200,000 new places 50,000 renovated places 25,000 pre-school new places)	4,500,000
Technical Assistance:	300 pm (ST & LT)	3,500,000
Education Materials:		1,500,000
In-Country Training:	(5,000 teachers, administrators)	500,000
Equipment:	(School furnishings, vehicles, radio equipment)	2,000,000
Scholarship fund:	(40,000 students for four years/some loans)	2,000,000
		<hr/>
TOTAL		\$15,000,000

^{1/} Co-financed with private organizations through matching grants.

PROJECT NUMBER : 521-0172
PROJECT TITLE : Targeted Community Health Outreach
PROJECT FUNDING : FY 86
: FY 87 \$ 2,000,000
: LOP (FY 87-FY 92) \$13,000,000
APPROPRIATION ACCOUNT : Health

PROJECT PURPOSE

To increase access of rural Haitians to cost-effective primary health care services directed at the primary causes of mortality and morbidity by:

- a) strengthening the capacity of public and private sector health institutions to plan, implement and evaluate services;
- b) increasing the financial self-sufficiency of health care institutions;
- c) reallocating public and private resources to address more efficiently the major health care problems.

This project will extend and improve delivery of cost-effective health care services and is especially targeted at ensuring the availability of Oral Rehydration Therapy (ORT) and immunization services which will significantly impact on infant and child mortality. The basic project strategy is to encourage more effective mobilization of existing health sector resources for priority programs. The strategy elements include reallocation of GOH resources, better utilization of PVO health resources, increased use of self-financing schemes, use of cost-effective health technologies and improved service organization, management and support. The Health Ministry has adopted a Health-for-All strategy fully consistent with World Health Organization and A.I.D. health policies. This project will assist the Government to implement this policy over the 5-year LOP.

PROJECT RATIONALE

The two most pressing problems which impede primary health care service delivery to the rural population are inadequate public resources for financing the recurring costs of health services and inefficient allocation and utilization of these resources for priority programs. As a consequence, health coverage is still very low compared to need, and infant and child mortality rates are among the highest in the world.

PROJECT DESCRIPTION

To address these problems this project will consolidate and strengthen several initiatives begun under the Rural Health Delivery Systems Project (521-0091) and will incorporate several complementary new elements:

1. An exploration of health cost recovery through fees-for-services and drug sales, as well as testing the feasibility of prepaid or per capita schemes, expanded community financial participation and creation of private services in public hospitals.
2. Consolidation of decentralized program budgeting, combined with improved financial management at the health facility as well as district and regional levels.
3. An enhanced health management information system to include epidemiological data and performance in delivering priority services.
4. Expanded health education and in-country training programs for administrative as well as technical staff.
5. Operational research activities with the objective of increasing the cost-effectiveness of services and exploring factors affecting demand for and utilization of services. This research will also conform with the Agency's policy for research in the areas of tropical diseases.
6. Oral Rehydration Therapy (ORT) and immunization of children will be strengthened under this project.

TARGET GROUP

This project is targeted on primary health care services for the majority of the 4,000,000 rural residents of Haiti. The primary target group is the 640,000 rural children under 5 years of age who will directly benefit from the child survival technologies to be made available to them in their communities.

FINANCIAL PLAN

Technical Assistance	\$ 3,500,000
Renovations	1,000,000
Commodities	1,500,000
Vehicles/Parts	2,000,000
Training	2,000,000
Local Costs	2,500,000
Studies/Evaluations	<u>500,000</u>
TOTAL	\$13,000,000

PROJECT NUMBER : 521-0185
PROJECT TITLE : ESF Cash Transfer
PROJECT FUNDING : FY 1986 \$10,000,000
: FY 1987 \$10,000,000
: LOP \$20,000,000
APPROPRIATION ACCOUNT : ESF

PROJECT PURPOSE

The purposes of this proposed project are to provide immediate balance of payments support to Haiti, to assure the availability of urgently needed foreign exchange to the private sector in Haiti, to ensure a satisfactory rate of implementation of high priority development projects, and to provide a vehicle for policy dialogue in support of policy reforms for stabilization and private sector investment in the export oriented industrial sector. In addition, the project will support AID's and the CBI's private sector objectives.

PROJECT RATIONALE

Foreign exchange shortages will be one of the most severe constraints to Haiti's growth in the near future. Slow economic growth with little prospect for improving real per capita incomes should be anticipated unless the GOH can regain control of its public finances and thus re-establish balance of payments equilibrium. Full implementation of the ongoing program of fiscal stabilization and an improved investment climate are critical to Haiti obtaining the maximum benefits from CBI trade concessions.

Private investment in Haiti's foreign exchange earning export industrial sector is constrained by uncertainties over the cost and availability of foreign exchange and an investment climate overly burdened by inefficient, uncertain, and costly governmental regulations and practices, especially in the areas of customs and tax administration.

As a result of balance of payments deficits since FY 1980, Haiti has lost over \$100 million in net international reserves. Balance of payments surpluses over a period of several years will be required to rebuild reserves to a safe level.

The GOH austerity program, supported by IMF Stand-by Programs since 1982, has made progress in reducing the balance of payments deficits. Unfortunately, the GOH has not been able to comply with the IMF Stand-by since April 1984 nor the new IMF "shadow program". A major constraint to obtaining compliance without continued adverse impact on the Government's development budget is the low level of treasury revenues and the sub-optimal use of revenues. The investment in and financial control of parastatals has been especially troublesome.

The Mission has the need for a vehicle to address policy concerns related to stabilization and private sector development. An ESF Cash Transfer, conditioned upon satisfactory GOH performance, would provide the needed leverage for policy dialogue and reform, along with increased availabilities of foreign exchange for private sector expansion. In addition, the local currency generated by the Cash Transfer would meet the needs for counterpart, funding for NGO projects, and support of USAID operating expenses to offset reduced OE Funds.

PROJECT DESCRIPTION

The proposed project would provide for a Cash Transfer of U.S. \$10 million in both FY 1986 and FY 1987 to the GOH. The grant funds would be deposited in a U.S. correspondent bank for the GOH in two tranches each year. The GOH would transfer local currency in the equivalent (at the highest legal rate) of the U.S. Dollar tranche into a special USAID account at the "Banque Nationale de Crédit" (BNC). The local currency in the special account would support development activities determined by USAID to be consistent with the Mission's development strategy, including budgetary support for GOH development projects, other donor projects, private sector and NGO activities, and a trust fund for USAID operating expenses.

The proposed FY 1986-1987 policy reform program, which would be more fully developed during the preparation of the PAAD, would focus on two related areas, aggregate demand management and investment climate improvement. Improved management of monetary and fiscal policies, including limits on Government spending, public sector deficit, BNC credit to the private sector, and net domestic assets of the monetary authorities are essential for stabilization. The ESF program would facilitate Mission policy dialogue with the GOH in support of the IMF's lead in this area. Given the limited size of the ESF Program, conditionality would be imposed only on closely related areas which would facilitate compliance with IMF macro targets. The following proposed policy reforms to increase Treasury revenues and improve the effectiveness of Government expenditures would be negotiated as conditions for disbursements of the Cash Transfer.

- Improved Customs and Tax Administration. The GOH will agree to continue to cooperate with the technical assistance provided by USAID and other donors to implement needed reforms. In particular, the GOH would agree to fully implement the recent revisions to the Customs Code, including passage of necessary supplementary legislation on temporary customs entry of imports destined for re-export; improve the control of franchised goods through full implementation of the new Investment Code and specification of the related Custom's authority and responsibilities; develop and implement a plan to expand the revenue-base by reducing the abuse of tax exonerations; establish a national taxpayer identity numbering system for individuals and businesses; significantly increase property tax rates and collections; and develop a tax appeals court independent from the Bureau of Contributions.

- Control of Parastatals. The GOH will agree to make no new parastatal acquisitions, review its position and actively pursue divestiture in parastatals which could be privatized, and commit itself to annual audits of all parastatals.
- Maximize Availability of Counterpart. The GOH will agree to a plan to increase the impact of GOH resources committed to the development budget by increasing the share of GOH resources used for donor supported projects by reducing support for projects not receiving donor support.
- Improved Utilization of Public Funds. The GOH will agree to create an autonomous auditing authority capable of monitoring public expenditures.

To improve the private sector investment climate, especially in the foreign exchange earning export sector, the following policy reforms will be negotiated and be used for conditionality.

- Presidential Mixed Committee for Investment Promotion. The GOH will agree to use the Committee more frequently, consulting on all economic policies affecting the private investment environment. In this regard, the Presidential Mixed Committee and the GOH will develop a timetable and priority list to address all items on the Committee's original agenda.
- Investment Code. The GOH will agree to fully implement the new Investment Code, including the legislated responsibilities of the Consultative Commission and the Appeals Commission.

TARGET GROUP

Beneficiaries will include the urban and rural poor who are assisted by the development program and all businesses and their employees that are involved in exports or imports.

FINANCIAL PLAN

	<u>FY 1986</u>	<u>FY 1987</u>
NGO Activities	\$ 4,000,000	\$ 4,000,000
GOH-Donor Projects	5,000,000	5,000,000
USAID Operating Expenses	<u>1,000,000</u>	<u>1,000,000</u>
TOTALS	\$10,000,000	\$10,000,000

PROJECT NUMBER : 521-0189

PROJECT TITLE : Private Family Planning Resource Center

PROJECT FUNDING : FY 86 \$1,000,000
: FY 87 \$1,000,000
: LOP (FY 86 - FY 89) \$2,000,000

APPROPRIATION ACCOUNT : POP

PROJECT PURPOSE

To create a resource center to encourage, support and coordinate private sector family planning activities through the Haitian Family Planning Association (PROFAMIL). The project conforms with A.I.D. and Mission policies and strategies for a) increasing access to family planning services, and b) utilizing and strengthening private sector family planning activities.

PROJECT RATIONALE

Since 1974, private support for family planning has been overshadowed by government programs and activities and, for the most part, private sector initiatives have not been encouraged by the GOH. While public radio information programs have stressed the need for family planning, they have generally failed to indicate "where" services might be available "and what" interested persons might do to support the national family planning program. Because Haitian population growth rates are modest compared with many Latin American and African countries, the public has failed to comprehend that Haiti is already densely populated relative to its natural resources and that while a population doubling is inevitable, the key question is how these people will be accommodated when the current population is already exceedingly poor, undernourished, ill, uneducated, unemployed and without basic social services.

The development of a private resource center around which private family planning efforts could be mobilized and coordinated has not evolved in Haiti as it has in most countries. Only in 1984 were serious efforts made, and informally encouraged by the Government, to establish a private family planning association (PROFAMIL) in Haiti. This new association, which represents a broad cross-section of Haitian leaders, has indicated both a willingness and an interest in stimulating and coordinating private efforts to increase family planning use and acceptance. A.I.D.'s proposed new project will be a timely complement to the official government program in family planning which has not effectively involved the private sector in supporting its programs. Indeed, only 30 percent of PVO health institutions out of nearly 200 are currently providing family planning services and private sector leaders and health service providers are not systematically included in Government sponsored workshops and training seminars on family planning or population.

PROJECT DESCRIPTION

The proposed project will support the development of a private family planning resource center which will:

- a) Coordinate private family planning information, service and operational research efforts.
- b) Provide support through subgrants to private groups to implement family planning programs.
- c) Promote awareness of the impact of population growth on the environment and socio-economic indicators, e.g. primary education, housing, employment, and per capita income.
- d) Serve as a reference facility on population/family planning matters accessible to the public, including students and researchers.

By working through PROFAMIL and with selected private and PVO agencies and organizations, the project will increase the access and the quality of family planning information and services available. To promote awareness of the population and development interaction, the project will support the design and testing of population education materials as well as their use in leadership training seminars and workshops. These leadership training activities are designed to complement and support a stronger government effort in family planning. A program of subgrants is proposed to assist private institutions develop their service capacity to meet planned family planning service targets. The proposed project also includes core funding for PROFAMIL which will equip and staff the resource center.

The family planning resources center will support and coordinate operational research designed to identify innovative, cost-effective means of delivering family planning services. It is anticipated that private sector sub-grantees will collaborate with AID/W central contractors such as Family Health International in field trials of new methods such as "norplants".

TARGET GROUP

This project will directly reach some 400 private and community organizations who provide a range of community development, nutrition and health services to 1,500,000 people in rural Haiti. It is estimated that family planning services will be regularly provided to 60,000 contracepting couples by the end of project and 200 PVOs will be indirectly supporting family planning activities.

FINANCIAL PLAN

Core Support to PROFAMIL	\$ 300,000
Operational Research	300,000
Educational Materials	50,000
Leadership Seminars	150,000
Technical Assistance	400,000
FP Subgrants	800,000
TOTAL	<u>\$2,000,000</u>

PROJECT NUMBER : 521-0195

PROJECT TITLE : Agribusiness and Rural Enterprise Expansion

PROJECT FUNDING : FY 86 -0-
: FY 87 \$1,000,000
: LOP (FY 87 - FY 90) \$3,000,000

APPROPRIATION ACCOUNT : SDA — ARON

PROJECT PURPOSE

The purpose of this project is to increase employment in the rural areas of Haiti through stimulating private sector investments in agribusiness and rural enterprise projects.

PROJECT RATIONALE

The Mission's private sector development strategy initially identified the industrial export sector as the best short-term approach to addressing the country's employment difficulties, since that sector has shown the most dynamic growth in the economy during the past decade. However, it would be a mistake to look to employment in urban manufacturing as the only solution to meeting employment needs, though it can make substantial direct and indirect contributions. If resources are put into developing urban manufacturing industries while rural investments remain stagnant, the result will be continued migration to the capital city to compete for limited labor opportunities. Thus, a key activity in the Mission's private sector development strategy over the medium term is the promotion of investments in agribusiness as a vehicle for stimulating productive jobs in rural areas. To accomplish this, the Mission is supporting the efforts of the President's Mixed Commission to formulate and promulgate a national agricultural investment code. This code, due to appear in FY 1986, will address the key policy constraints to private-sector agricultural production and exports.

Over the short term (FYs 1985 and 1986), efforts will be concentrated on brokering a limited number of agro-industrial projects in order to provide evidence that successful investments in this risk-oriented subsector are possible. These projects will be designed to help absorb the landless and near-landless inhabitants of rural areas, who were previously without employment.

The Mission will undertake an agribusiness and rural enterprise sub-sector assessment in FY 1986 designed to achieve an overview of the sub-sector, its structure, general technology level, and to identify the main constraints to its expansion. The assessment will also examine the employment potential of

the sub-sector. Within this framework, the proposed project will address identified constraints to promoting labor-intensive agribusiness and rural enterprise projects.

PROJECT DESCRIPTION

The Mission is presently implementing an institution building strategy to provide a sound foundation for sustained growth in the private sector, which will significantly increase opportunities for employment. This institutional framework includes intermediate credit institutions, export promotion projects, and a management training center to initially promote and facilitate investments in the export manufacturing sector. The proposed project will consist of the long-term technical assistance and training necessary to expand the capacities of these already existing private sector institutions in order to provide the outreach mechanisms required for enhancing agribusiness and rural enterprise development. The Mission recognizes that a vital requirement of the project will be to successfully coordinate the activities of several institutions to focus on a joint project directed towards rural development. However, we feel that these institutions will already be substantially integrated in executing their existing operations, and that a collaborative project can be designed.

While the efforts of the Presidential Mixed Commission will focus on policy constraints, it is anticipated that this project will consider several types of complementary technical interventions, including:

- (1) Training and Advisory Services - These will include basic assistance in the fields of agribusiness and transformation enterprises aimed at enabling the agribusiness manager to improve operations, output and profitability. Such training could be provided through the Management and Productivity Center (MPC).
- (2) Research Services - Technical research on production processes will be undertaken on an ongoing basis. This research capacity could be established within the MPC or the Investment Authority of the Mixed Commission.
- (3) Credit - Credit requirements that cannot be met from existing sources will be considered. However, the Mission does not intend to establish another financial institution, but rather provide additional credit to an existing institution (e.g., the Development Finance Corporation or the Haitian Development Foundation) should credit be required.
- (4) Marketing - Assistance will aim at matching production and markets, providing outlets for agricultural goods and improving marketing infrastructure. The brokering services currently being undertaken by the Mission will be continued, although likely within the structure of an institution, such as the Investment Authority.

TARGET GROUP

The project will be designed to maximize its impact on employment creation. Beneficiaries are expected to be the rural poor, who will benefit from increases in direct and indirect employment opportunities.

FINANCIAL PLAN

Training	\$1,000,000
Technical Assistance	<u>2,000,000</u>
TOTAL	\$3,000,000

C. Evaluation Plan

1. Narrative

USAID/Haiti has designed a strategy for addressing several of the most pressing development problems in Haiti, i.e., natural resource/environmental degradation, unemployment, illiteracy, illness and overpopulation. These problems are to be addressed in the context of a three pronged developmental effort in the areas of agricultural and conservation, private sector development and human resources development.

The basic objectives to be pursued within the above sectors are as follows:

- (a) to reduce and ultimately reverse the process of deforestation and soil erosion which have lead to the country's decline in agriculture production by undertaking a major and comprehensive hillside effort in selected watershed areas, to shift marginal lands to tree crops, accelerate reforestation and establish viable extension, credit and soil conservation practices in these areas;
- (b) to provide sound foundations for sustained growth in the private sector which will increase opportunities for gainful employment, by facilitating investment in the export-oriented assembly manufacturing sector, while concurrently promoting the development of capital markets and other support institutions for continued business and industrial expansion;
- (c) to strengthen the human resources of Haiti by increasing basic reform and vocational education/training opportunities available to Haitians, primarily through PWOs;
- (d) to improve the basic health and nutritional status of the rural and urban population, especially children; and
- (e) to reduce population growth and untenable increases in human pressure on scarce land and natural resources.

The Mission's FY 1986-87 evaluation strategy will place emphasis on the assessment of progress in achievement of the above broader strategy objectives, in addition to addressing individual project implementation issues and concerns. Particular attention will be paid to assessing progress in meeting the "four pillar" concerns as they relate to achievement of the above strategy objectives.

Agriculture and Conservation

In this sector AID will focus its activities on the major watersheds which have significant irrigation investments and high production potential. Since curbing erosion on the hillsides surrounding these watersheds is critical to realizing the production potential of the irrigated plains, our strategy will be to increasingly focus A.I.D. resources on the hillsides. Mission project

interventions in this sector will stress: the conducting of comprehensive surveys (to determine micro-climates, cropping patterns, etc.), development of extension and credit packages for these areas, GOH divestiture of state lands to small farmers, organization of farmers on the hillsides, significant investments in soil conservation, greater GOH enforcement of existing laws related to land conservation, reform of agricultural price structures and acquisition of new genetic materials.

Three activities which fall into this sector, Agroforestry Outreach, Interim Swine Repopulation and Goat Improvement, have been scheduled for evaluation in FY 1986. During these evaluations, emphasis will be placed on determining the extent to which these interventions have resulted in the development of viable agricultural/conservation practices with application to the Mission's hillside strategy. Particular attention will be paid to the results of the Agroforestry Outreach project in this regard, with an eye towards assessing other donor/GOH support of the activity as well. The three activities will also be examined in terms of PVO/GOH collaboration and the potential for strengthening GOH extension, monitoring and management capabilities in this manner.

In FY 87, the Strengthening of Rural Credit Services and Local Resource Development projects have been scheduled for assessment. The former will be looked at primarily in terms of institutional viability, but also in terms of its success in developing an effective credit services outreach capability, particularly one that impacts on the farmers in the major watersheds targeted for A.I.D. assistance.

Private Sector Development and Employment

The program strategy in this area seeks to establish conditions conducive to investment and related employment generation, emphasizing closer GOH/private sector dialogue on policies and procedures bearing on private enterprise, the development of capital markets and the promotion of exports, both traditional and non-traditional.

In FY 1986 a final evaluation of the Development Finance Corporation project will be conducted to, inter alia, determine progress made with regard to the objectives cited above, particularly capital market formation, export promotion and job creation. In FY 1987 four related projects, Haitian Development Foundation (HDF), Crafts Export Promotion, Management and Productivity Center and Haitian Mortgage Bank (BCI) are scheduled for evaluation. The evaluations for HDF and BCI will focus on ascertaining institutional development, job creation contributions to capital market formation, and the feasibility of expanding operations to other urban areas outside of the capital. The latter concern relates to the Mission's long term strategy of extending private sector support institutions to other urban centers. The Crafts Export Promotion evaluation will closely examine the financial performance of the Crafts Export Center as well as its impact on exports and employment. The Management and Productivity Center will be reviewed to assess effective demand for the training services offered as well as the impact of such training on the participating enterprises.

Human Resource Development

Mission strategy in this sector encompasses basic education, pre-school education and the provision of technical skills. It also involves establishment of a viable rural primary health care system targeted on a significant expansion of family planning services and a reduction in infant and child mortality and morbidity. Mission efforts in these areas will stress leveraging private sector adoption and institutionalization of the new educational reform package adopted by the GOH, leveraging a significant shift of Haitian health resources to rural primary health care, mobilizing greater PVO and community health and education activity and effecting better coordination with government activity and encouraging greater self-financing in health and education programs.

In FY 1986, the Urban Health/Community Development II, Family Planning Outreach, Rural Health Delivery System and Community Health Outreach II projects are to be evaluated, and emphasis will be placed on measuring the progress made in all of the above health related areas. Two education projects, Incentives to Improve Primary Education and Employment Skills Training Center, are scheduled for evaluation in FY 1987. The Primary Education project will constitute the Mission's principal thrust in the education field and will be reviewed for progress made in adopting the GOH's reform program, upgrading teachers and school facilities, and improving student performance. The Employment Skills Training project evaluation will seek to ascertain the institutional viability and degree to which marketable skills are being transferred by this entity.

TABLE 2. - LIST OF PLANNED EVALUATIONS, FY 1986, 1987

Country Office : USAID/Haiti

PROJECT LIST (PROJECT NO./TITLE)	LAST EVAL. COMPLETED (MO./YR.)	FY 1986		FY 1987		REASONS/ISSUES	FUNDING SOURCE	(\$000)	USAID PERSON DAYS	COLLATERAL ASSISTANCE
		START (QTR)	TO (QTR)	START (QTR)	TO (QTR)					
Community Water System Development (0169/8)	None	1	2			PACD: 2/28/85 Post project evaluation will primarily assess whether there remains in place a functioning capacity to properly utilize and maintain the water systems established under the project. Efforts will also be made to assess the social, economic and environmental impacts on the communities involved.	Mission	-0-	5	Internal Evaluation
Urban Health/Community Development II (0159)	None	1	2			PACD: 4/30/89 Mid-project evaluation to determine whether Cité Simone is making adequate progress in extending health and vocational services, and developing self-financing mechanisms.	Project	20	30	None
Rural Health Delivery System (0091)	3/83	2	3			PACD: 12/31/85 (1 year extension in process) End-of-project evaluation to examine the appropriateness of the decentralized approach to providing health services to the rural masses, paying particular attention to the regional and local structures and mechanisms established for that purpose.	Project	50	30	S&T assistance in identifying and contracting qualified candidates in health management (20 person days).
Family Planning Outreach (0124)	10/83	2	3			PACD: 9/30/86 Evaluation to assess project achievements and make recommendations for the direction of future population/family planning efforts in Haiti.	Project	30	20	IQC assistance
Development Finance Corporation (0154)	5/85	3	4			PACD: 5/31/87 End-of-project evaluation to assess the viability of this development banking institution and the impact of the project on the small/medium business sector in Haiti - particularly in terms of employment generation.	Project	10	10	None

LIST OF PLANNED EVALUATIONS, FY 1986, 1987

Country Office : USAID/Haiti

PROJECT LIST (PROJECT NO./TITLE)	LAST EVAL. COMPLETED (MO./YR.)	FY 1986		FY 1987		REASONS/ISSUES	FUNDING SOURCE	(\$000)	USAID PERSON DAYS	COLLATERAL ASSISTANCE
		START (QTR)	TO (QTR)	START (QTR)	TO (QTR)					
Community Health Outreach AOPS II (0181/3)	None	3	4			<p>PACD: 9/30/86 End-of-project evaluation to determine whether this health coverage model is effectively reaching the target population and how the model can be adapted to underserved areas.</p>	Project	20	7	AID/W TDY 15 person days
Technical Consultants & Training/Finance Component (0167)	None	3	4			<p>PACD: 12/31/85 Mid-term evaluation to determine appropriateness of technical assistance rendered thus far, and its impact on GOH internal procedures and institutional efficiency.</p>	Project	5	10	None
HAVA (0181/5)	None	3	4			<p>PACD: 8/30/86 End-of-project evaluation to assess extent to which HAVA has been able to improve, expand and institutionalize itself in support of its PWO membership in Haiti.</p>	Project	5	7	S&T assistance for the services of an expert in Management, with broad experience with PWOs.
Community Water System Development (0155)	None	4	4			<p>PACD: 6/30/86 Interim evaluation to determine whether project is progressing according to plan or whether adjustments are required.</p>	Project	20	15	S&T assistance in identifying qualified candidates.
Interim Swine Repopulation (0170)	None	4	4			<p>PACD: 3/31/86 Evaluation to assess the extent to which the project has been able to successfully produce and distribute improved swine breeding stock to Haitian farmers on a sustainable basis. Efforts will also be made to assess the social and economic impact the project has had on the farmers.</p>	Project	9	22	None

LIST OF PLANNED EVALUATIONS, FY 1986, 1987

USAID Office : USAID/Haiti

PROJECT LIST (PROJECT NO./TITLE)	LAST EVAL. COMPLETED (NO./YR.)	FY 1986		FY 1987		REASONS/ISSUES	FUNDING SOURCE	(\$000)	USAID PERSON DAYS	COLLATERAL ASSISTANCE
		START (QTR)	TO (QTR)	START (QTR)	TO (QTR)					
Income Generation for Rural Women (CHREPROF) (0181/1)	None	4	4			<p>PMCD: 4/30/86 End-of-project evaluation to assess the institutional viability and capabilities of CHREPROF for rendering basic education, social and economic services to low-income Haitian women.</p>	Project	3	5	AID/W assistance in the identification and contracting of suitable candidate in the fields of Community Development and Financial Analysis
Agroforestry Outreach (0122)	11/83	4		1		<p>PMCD: 12/31/86 Evaluation to assess the socio-economic variables of forestation in Haiti particularly with regard to reversing environmental degradation of Haiti's hillsides.</p>	Project	30	14	S&T/FSP assistance: 90 person/days
Goat Improvement (0181/2)	None	4		1		<p>PMCD: 5/31/87 End-of-project evaluation to assess the socio-economic impact of this activity on the target population, i.e., increased availability of milk and meat, increased incomes, upgraded production management skills, etc.</p>	Project	20	10	S&T assistance in the identification of qualified expert in animal husbandry (15 persons/days).
Haitian Development Foundation (0181/6)	None			1	2	<p>PMCD: 12/31/86 End-of-project evaluation to assess the institutional viability of the HMF and the economic impact of the activity on the micro business sector in Haiti - particularly in terms of employment generation.</p>	Project	10	10	None
Crafts Export Promotion Center (0179)	New Proj.			1	2	<p>PMCD: 1989 Mid-term evaluation to focus on the adequacy of the marketing and quality control mechanisms established.</p>	Project	10	10	None

LIST OF PLANNED EVALUATIONS, FY 1986, 1987

Country Office : USAID/Haiti

PROJECT LIST (PROJECT NO./TITLE)	LAST EVAL. COMPLETED (MO./YR.)	FY 1986		FY 1987		REASONS/ISSUES	FUNDING SOURCE	(\$000)	USAID PERSON DAYS	COLLATERAL ASSISTANCE
		START (QTR)	TO (QTR)	START (QTR)	TO (QTR)					
Management Productivity Center (0183)	New Proj.			2	3	PACD: 1988 Mid-term evaluation to assess progress toward achievement of project objectives.	Project	15	7	S&T assistance in ident- ification of qualified expert in Business Management (10 persons/ days).
Technical Consultants & Training/Planning Component (0167)	None			2	3	PACD: 12/31/85 Mid-term assessment to determine appropri- ateness of technical assistance rendered thus far, focusing on the procedures and mechanisms put in place to support Ministry of Planning's project development, programming, evaluation and monitoring functions.	Project	5	5	S&T 10 person/days
Haitian Mortgage Bank (0163)	None			2	3	PACD: 9/30/89 Mid-term evaluation to assess the progress of the new institution in providing low- income housing to its target group.	Project	10	10	None
Secondary Roads Development (0149)	None			3	4	PACD: 3/31/87 End-of-project evaluation to measure the social, economic and, to extent possible, environmental impact of sec- ondary roads constructed on the communities affected; and, assess the extent to which the labor-intensive, road brigade approach to road maintenance is a viable, sustain- able means of expanding rural employment.	Project	4	10	S&T assistance in ident- ifying and contracting qualified candidates in Agricultural Economics and Sociology (20 person/ days).
Incentives to Improve Prim- ary Education (0190)	New Proj.			3	4	PACD: 1991 Interim evaluation to examine the non- governmental structures, processes and procedures developed to support this primary education effort.	Project	10	10	S&T assistance in contracting qualified candidates in the fields of Education Management and Administration

LIST OF PLANNED EVALUATIONS, FY 1986, 1987

Country Office : USAID/Haiti

PROJECT LIST (PROJECT NO./TITLE)	LAST EVAL. COMPLETED (MO./YR.)	FY 1986		FY 1987		REASONS/ISSUES	FUNDING SOURCE	US AID PERSON DAYS	COLLATERAL ASSISTANCE
		START AID/W (QTR)	TO AID/W (QTR)	START AID/W (QTR)	TO AID/W (QTR)				
Employment Skills Training Center (0182)	New Proj.			3	4	<p>PAOD: 1988 Mid-term evaluation to assess whether the RIC is making adequate progress toward establishing a viable organizational structure and developing proper instructional methods, to carry out an effective, sustainable rural-oriented vocational training program in Haiti.</p>	Project	10	S&T assistance in contracting qualified personnel in the fields of professional training and Curriculum Development
Management of Malaria (0143)	10/84			4	4	<p>PAOD: 3/31/87 End-of-project evaluation to assess the impact of the project on the incidence of malaria in Haiti. Also to examine the potential role of Community Volunteers in continuing various activities.</p>	Project	35	S&T assistance in contracting qualified expert in health statistics.
Local Resource Development (0156)	New Proj.			4	1/88	<p>PAOD: 1989 Mid-term evaluation to assess progress toward achievement of project objectives.</p>	Project	5	None
Strengthening Rural Credit Services (0121)	9/84			4	1/88	<p>PAOD: 9/30/87 End-of-project evaluation to assess the financial viability of the credit institution established and the impact it has had on the rural farmer, particularly in terms of employment generation.</p>	Project	20	AID/W to provide TDY team to be composed of 3 persons: financial, economic and social analysts, to assist in the evaluation.

D. Mission's Application of the Gray Amendment Provisions

1. Under the Gray Amendment mandate, not less than 10% of DA funding is to be made available to (i) economically and socially disadvantaged enterprises (8a firms), (ii) historically black colleges and universities (HBCUS), and (iii) minority PVOs. The following procedures will be instituted by USAID/Haiti in compliance with this mandate:

a. The Mission is setting in place a Gray Amendment Checklist Monitoring System which will require Mission review and consideration of minority contracting opportunities at all stages of project development and implementation, i.e., from pre-design through evaluation.

b. The system will insure that Mission personnel with design and implementation responsibility of new and on-going projects review, identify and monitor minority contracting opportunities.

c. The Checklist system will work as follows:

(i) At each stage of a project's development and implementation, the responsible officer will be required to fill out a checklist form which will insure that the possibility of utilizing a minority organization has been systematically considered.

(ii) As an example, at the pre-design stage a form will be completed indicating that the three types of minority firms (8a, HBCUs and PVOs) have been considered for any assessments, feasibility studies, or other studies which may be required at this stage. The potential organizations which have been reviewed will be listed, as well as the organizations directly contacted as a result of the reviews.

(iii) The same processes will be carried out at the PID, PP and project implementation stages as well, i.e., for the procurement of goods and services, including technical assistance; training; commodities; architectural, engineering, construction and management services; and evaluation.

(iv) Preparation and maintenance of the checklist will be the responsibility of project design and project management officers, as appropriate. Distribution of forms, coordination and overall monitoring of the process will be the responsibility of the DRE office. At all stages, the checklist forms are to be prepared in coordination with the Contracts Officer, who will review them and provide guidance and information with regard to proper contracting procedure.

(v) At each stage, as the forms are completed, pertinent information will be cabled or otherwise communicated to the Gray Amendment IAC/Liaison personnel for their review, information guidance and concurrence.

E. Mission Management

USAID/HAITI

1. STAFFING REQUIREMENTS FYs 1986-87

<u>OFFICE</u>	<u>POSITION TITLE</u>	<u>CLASSIFICATION</u>
<u>DIRECTOR</u>	Mission Director	USDH
	Deputy Director	USDH
	Secretary	USRH
	Secretary	FSN
<u>EXECUTIVE</u>	Executive Officer	USDH
	Chief, Personnel Section	FSN
	Personnel Clerk	FSN
	Chief, Property & Supply	FSN
	Chief, Procurement Section	FSN
	Port Monitor	FSN
	Customs Clerk	FSN
	Chauffeur	FSN
	Chauffeur	FSN
	Procurement Clerk	FSN
<u>REGIONAL CONTRACTING</u>		
	Regional Contracts Officer	USDH
<u>CONTROLLER</u>		
	Controller	USDH
	Acct. Financial Analyst	USDH
	Budget/Acct. Officer	USDH
	Chief Accountant	FSN
	Acct. Technician	FSN
	Acct. Technician	FSN
	Supervisor, Voucher Examiner	FSN
	Voucher Examiner	FSN
	Voucher Examiner	FSN
	Cashier	FSN
	Financial Analyst	FSN
<u>ECONOMIC ANALYSIS</u>		
	Program Economist	USDH
<u>DEVELOPMENT RESOURCES AND EVALUATION</u>		
	Project Development Officer	USDH
	Dep. Program Officer	USDH
	Asst. Project Development Officer	USDH
	Asst. Project Development Officer	USDH
	Program Specialist	FSN
	Program Specialist	FSN
	Training Officer	FSN
	Translator	FSN
	Secretary/Wang Coordinator	FSN
	Program Assistant	FSN
	Secretary	FSN

HEALTH AND POPULATION

Health Development Officer	USDH
Population Officer	USDH
Public Health Advisor	USDH
Program Assistant	FSN
Health IDI	IDI

ENGINEERING

Engineer	USDH
General Engineer Advisor	USDH
General Engineer Advisor	USDH
Engineer	FSN
Engineer	FSN
Engineer	FSN
Program Assistant	FSN
Secretary	FSN

PRIVATE VOLUNTARY DEVELOPMENT

General Development Officer	USDH
Project Manager	USDH
Assistant FFP Officer	USRH
Project Manager	FSN
Title I Coordinator	FSN
Secretary	FSN

PRIVATE ENTERPRISE DEVELOPMENT

Trade Development Officer	USDH
Assistant Trade Development Officer	USDH
Secretary	FSN

AGRICULTURAL AND RURAL
DEVELOPMENT

Agric. Development Officer	USDH
Rural Development Officer	USDH
Project Manager	USDH
Asst. Agriculture Devel. Officer	USDH
Senior Agric. Advisor	FSN
Administrative Assistant	FSN

TOTALS:

USDH	: 26
USRH	: 2
FSN	: 37
IDI	: 1

2. US AND FOREIGN NATIONAL PSC REQUIREMENTS FY 86 - 87

	<u>Classification</u>	<u>Funding</u>	<u>FY</u>
<u>Executive Office:</u>			
<u>Position Title/Duties</u>			
1. Management Specialist (Assists EXO and Dirs. Office in area of general office management)	US	OE	86-87
2. Secretary	US	OE	86-87
<u>Office of Economic Analysis:</u>			
<u>Position Title/Duties</u>			
1. Economist (Duties include: conduct econ. surveys, analyses, studies; assist in project design and evaluation)	FN	OE	86-87
<u>Office of Health and Population:</u>			
<u>Position Title/Duties</u>			
1. Health Coordinator (Project design, management and evaluation)	US	Program	86-87
2. Health Specialist (Project design, management and evaluation)	FN	OE	86-87
<u>Office of Voluntary Development:</u>			
<u>Position Title/Duties</u>			
1. Education Officer (Project design, management and evaluation)	US	Program	86-87
2. PL 480 Food Inspector (Monitors Title II food distributions to schools, clinics, FFW activities etc.)	US/FN	Program	86-87
3. Disaster Coordinator (Assists GOH and Regional Missions in establishment/support of disaster programs)	US	Regional/Program	86-87

	<u>Classification</u>	<u>Funding</u>	<u>FY</u>
4. Education Specialist (Project design, management and evaluation)	FN	OE	86-87

Office of Private Enterprise Development:

<u>Position Title/Duties</u>			
1. Project Coordinator (Project design, management and evaluation)	US	Program	86-87
2. Project Coordinator (Project design, management and evaluation)	US	Program	86-87

Office of Agriculture and Rural Development:

<u>Position Title/Duties</u>			
1. Agricultural Program Dev. Specialist (Project design, management and evaluation)	FN	OE	86-87
2. Cooperative Coordinator (Project design, management and evaluation)	US	Program	86-87
3. Environmental Coordinator (Project development, management and evaluation; provides Regional Assistance)	US	Regional	86-87
4. Local Organizational Devel. Specialist (Project/program design, management evaluation)	US	Program	86-87
5. Agroforestry Project Coordinator (Project design, management and evaluation)	US	Program	86-87
6. Senior Forestry Advisor (Project design, management and evaluation)	US	Program	86-87

TABLE VIII - FY 1986

ORGANIZATION USAID/HAITI

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,103.6	--	2,103.6	XXXXX
U.S. CITIZENS BASIC PAY	U101	110	1,362.3	--	1,362.3	28.0
PT/TEMP U.S. BASIC PAY	U102	112	59.7	--	59.7	1.9
DIFFERENTIAL PAY	U103	116	181.2	--	181.2	XXXXX
OTHER AID/W FUNDED O.C. 11	U104	119	26.0	--	26.0	XXXXX
OTHER MISSION FUNDED O.C. 11	U105	119	-	--	-	XXXXX
EDUCATION ALLOWANCES	U106	126	122.3	--	122.3	21.0
RETIREMENT - U.S.	U107	120	124.5	--	124.5	XXXXX
LIVING ALLOWANCES	U108	128	-	--	-	XXXXX
OTHER AID/W FUNDED O.C. 12	U109	129	42.0	--	42.0	XXXXX
OTHER MISSION FUNDED O.C. 12	U110	129	30.1	--	30.1	XXXXX
POST ASSIGNMENT - TRAVEL	U111	212	3.6	--	3.6	3.0
POST ASSIGNMENT - FREIGHT	U112	22	36.2	--	36.2	3.0
HOME LEAVE - TRAVEL	U113	212	24.5	--	24.5	22.0
HOME LEAVE - FREIGHT	U114	22	15.1	--	15.1	22.0
EDUCATION TRAVEL	U115	215	3.0	--	3.0	4.0
R AND R TRAVEL	U116	215	23.1	--	23.1	14.0
ALL OTHER CODE 215 TRAVEL	U117	215	50.0	--	50.0	32.0
<u>FOREIGN NATIONAL DE</u>	U200		744.0	--	744.0	XXXXX
BASIC PAY	U201	114	631.1	--	631.1	38.7
OVERTIME, HOLIDAY PAY	U202	115	7.0	--	7.0	.3
ALL OTHER CODE 11 - FN	U203	119	52.6	--	52.6	XXXXX
ALL OTHER CODE 12 - FN	U204	129	45.3	--	45.3	XXXXX
BENEFITS FORMER FN PERS.	U205	13	8.0	--	8.0	XXXXX
<u>CONTRACT PERSONNEL</u>	U300		844.0	--	844.0	XXXXX
PASA TECHNICIANS	U301	258	-	--	-	-
U.S. PSC - SALARY/BENEFITS	U302	113	48.0	--	48.0	2.0
ALL OTHER U.S. PSC COSTS	U303	255	-	--	-	XXXXX
F.N. PSC - SALARY/BENEFITS	U304	113	96.0	--	96.0	4.0
ALL OTHER F.N. PSC COSTS	U305	255	-	--	-	XXXXX
MANPOWER CONTRACTS	U306	259	700.0	--	700.0	115.0
JCC COSTS PAID BY AID/W	U307	113	-	--	-	-
<u>HOUSING</u>	U400		532.9	--	532.9	XXXXX
RENT	U401	235	340.5	--	340.5	27.0
UTILITIES	U402	235	73.4	--	73.4	XXXXX
RENOVATION AND MAINT.	U403	259	18.0	--	18.0	XXXXX
QUARTERS ALLOWANCE	U404	127	13.0	--	13.0	-
PURCHASES RES. FURN/EQUIP.	U405	311	51.5	--	51.5	XXXXX
TRANS./FREIGHT - CODE 311	U406	22	10.3	--	10.3	XXXXX
SECURITY GUARD SERVICES	U407	254	20.2	--	20.2	XXXXX
OFFICIAL RESIDENCE ALLOW.	U408	254	3.0	--	3.0	XXXXX
REPRESENTATION ALLOWANCE	U409	252	3.0	--	3.0	XXXXX

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TABLE VIII - FY 1986

ORGANIZATION USAID/HAITI

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		1,021.8	--	1,021.8	XXXXX
RENT	U501	234	42.1	--	42.1	XXXXX
UTILITIES	U502	234	144.0	--	144.0	XXXXX
BUILDING MAINT./RENOV.	U503	259	35.0	--	35.0	XXXXX
OFFICE FURN./EQUIP.	U504	310	56.9	--	56.9	XXXXX
VEHICLES	U505	312	55.2	--	55.2	XXXXX
OTHER EQUIPMENT	U506	319	49.0	--	49.0	XXXXX
TRANSPORTATION/FREIGHT	U507	22	13.6	--	13.6	XXXXX
FURNITURE/EQUIP./VEHICLE REPAIR/MAINT.	U508	259	32.0	--	32.0	XXXXX
COMMUNICATIONS	U509	230	69.0	--	69.0	XXXXX
SECURITY GUARD SERVICES	U510	254	-	--	-	XXXXX
PRINTING	U511	24	63.0	--	63.0	XXXXX
RIG/II OPERATIONAL TRAVEL	U512	210	-	--	-	-
SITE VISITS-MISSION PERS.	U513	210	30.0	--	30.0	200.0
SITE VISITS-AID/W PERS.	U514	210	15.0	--	15.0	8.0
INFORMATION MEETINGS	U515	210	2.0	--	2.0	2.0
TRAINING ATTENDANCE	U516	210	25.0	--	25.0	25.0
CONFERENCE ATTENDANCE	U517	210	15.5	--	15.5	15.0
OTHER OPERATIONAL TRAVEL	U518	210	-	--	-	-
SUPPLIES AND MATERIALS	U519	26	219.5	--	219.5	XXXXX
FAAS	U520	257	100.0	--	100.0	XXXXX
CONSULTING SVCS - CONT	U521	259	-	--	-	XXXXX
MGT./PROF. SVCS. - CONT	U522	259	-	--	-	XXXXX
SPEC. STUDIES/ANALYSES CONT.	U523	259	-	--	-	XXXXX
ALL OTHER CODE 25	U524	259	55.0	--	55.0	XXXXX
TOTAL O.E. BUDGET			5,246.3	--	5,246.3	XXXXX
RECONCILIATION			1,895.7	--	1,895.7	XXXXX
OPERATING ALLOWANCE REQUEST			3,350.6	--	3,350.6	XXXXX
636C REQUIREMENTS	U600		100.0	--	100.0	XXXXX
TOTAL ALLOWANCE REQUIREMENTS	U000		3,450.6	--	3,450.6	XXXXX
OTHER INFORMATION:						
Dollar requirement for local currency costs					2,438.0	
Exchange rate used (as of 2/28/85)					@ 5.000 - \$1	
Estimated Wage Increases - FY 1985 to FY 1986					10%	
Estimated Price Increases - FY 1985 to FY 1986					10%	

TABLE VIII - FY 1987

ORGANIZATION USAID/HAITI

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>U.S. DIRECT HIRE</u>	U100		2,265.3	--	2,265.3	xxxx
U.S. CITIZENS BASIC PAY	U101	110	1,434.1	--	1,434.1	28.0
PT/TEMP U.S. BASIC PAY	U102	112	60.3	--	60.3	1.9
DIFFERENTIAL PAY	U103	116	198.2	--	198.2	xxxx
OTHER AID/W FUNDED O.C. 11	U104	119	28.4	--	28.4	xxxx
OTHER MISSION FUNDED O.C. 11	U105	119	-	--	-	xxxx
EDUCATION ALLOWANCES	U106	126	107.6	--	107.6	21.0
RETIREMENT - U.S.	U107	120	130.7	--	130.7	xxxx
LIVING ALLOWANCES	U108	128	-	--	-	xxxx
OTHER AID/W FUNDED O.C. 12	U109	129	42.0	--	42.0	xxxx
OTHER MISSION FUNDED O.C. 12	U110	129	26.0	--	26.0	xxxx
POST ASSIGNMENT - TRAVEL	U111	212	21.7	--	21.7	14.0
POST ASSIGNMENT - FREIGHT	U112	22	98.0	--	98.0	14.0
HOME LEAVE - TRAVEL	U113	212	20.0	--	20.0	18.0
HOME LEAVE - FREIGHT	U114	22	12.4	--	12.4	18.0
EDUCATION TRAVEL	U115	215	3.5	--	3.5	4.0
R AND R TRAVEL	U116	215	22.4	--	22.4	12.0
ALL OTHER CODE 215 TRAVEL	U117	215	60.0	--	60.0	38.0
<u>FOREIGN NATIONAL DH</u>	U200		864.2	--	864.2	xxxx
BASIC PAY	U201	114	732.6	--	732.6	38.7
OVERTIME, HOLIDAY PAY	U202	115	8.6	--	8.6	.3
ALL OTHER CODE 11 - FN	U203	119	61.0	--	61.0	xxxx
ALL OTHER CODE 12 - FN	U204	129	52.2	--	52.2	xxxx
BENEFITS FORMER FN PERS.	U205	13	9.8	--	9.8	xxxx
<u>CONTRACT PERSONNEL</u>	U300		912.0	--	912.0	xxxx
PASA TECHNICIANS	U301	258	-	--	-	-
U.S. PSC - SALARY/BENEFITS	U302	113	50.0	--	50.0	2.0
ALL OTHER U.S. PSC COSTS	U303	255	-	--	-	xxxx
F.N. PSC - SALARY/BENEFITS	U304	113	104.0	--	104.0	4.0
ALL OTHER F.N. PSC COSTS	U305	255	-	--	-	xxxx
MANPOWER CONTRACTS	U306	259	758.0	--	758.0	115.0
JCC COSTS PAID BY AID/W	U307	113	-	--	-	-
<u>HOUSING</u>	U400		566.9	--	566.9	xxxx
RENT	U401	235	357.6	--	357.6	27.0
UTILITIES	U402	235	80.5	--	80.5	xxxx
RENOVATION AND MAINT.	U403	259	21.0	--	21.0	xxxx
QUARTERS ALLOWANCE	U404	127	14.0	--	14.0	1.0
PURCHASES RES. FURN/EQUIP.	U405	311	54.7	--	54.7	xxxx
TRANS./FREIGHT - CODE 311	U406	22	10.9	--	10.9	xxxx
SECURITY GUARD SERVICES	U407	254	22.2	--	22.2	xxxx
OFFICIAL RESIDENCE ALLOW.	U408	254	3.0	--	3.0	xxxx
REPRESENTATION ALLOWANCE	U409	252	3.0	--	3.0	xxxx

TABLE VIII - FY 1987

ORGANIZATION USAID/HAITI

<u>EXPENSE CATEGORY</u>	<u>FUNCTION CODE</u>	<u>OBJECT CLASS</u>	<u>DOLLAR FUNDED</u>	<u>TRUST FUNDED</u>	<u>TOTAL BUDGET</u>	<u>UNITS</u>
<u>OFFICE OPERATIONS</u>	U500		<u>1,018.9</u>	<u>--</u>	<u>1,018.9</u>	<u>XXXXX</u>
RENT	U501	234	<u>16.0</u>	<u>--</u>	<u>16.0</u>	<u>XXXXX</u>
UTILITIES	U502	234	<u>150.0</u>	<u>--</u>	<u>150.0</u>	<u>XXXXX</u>
BUILDING MAINT./RENOV.	U503	259	<u>40.0</u>	<u>--</u>	<u>40.0</u>	<u>XXXXX</u>
OFFICE FURN./EQUIP.	U504	310	<u>24.6</u>	<u>--</u>	<u>24.6</u>	<u>XXXXX</u>
VEHICLES	U505	312	<u>60.0</u>	<u>--</u>	<u>60.0</u>	<u>XXXXX</u>
OTHER EQUIPMENT	U506	319	<u>30.3</u>	<u>--</u>	<u>30.3</u>	<u>XXXXX</u>
TRANSPORTATION/FREIGHT	U507	22	<u>14.9</u>	<u>--</u>	<u>14.9</u>	<u>XXXXX</u>
FURNITURE/EQUIP./VEHICLE REPAIR/MAINT.	U508	259	<u>35.0</u>	<u>--</u>	<u>35.0</u>	<u>XXXXX</u>
COMMUNICATIONS	U509	230	<u>79.4</u>	<u>--</u>	<u>79.4</u>	<u>XXXXX</u>
SECURITY GUARD SERVICES	U510	254	<u>-</u>	<u>--</u>	<u>-</u>	<u>XXXXX</u>
PRINTING	U511	24	<u>75.0</u>	<u>--</u>	<u>75.0</u>	<u>XXXXX</u>
RIG/II OPERATIONAL TRAVEL	U512	210	<u>-</u>	<u>--</u>	<u>-</u>	<u>-</u>
SITE VISITS-MISSION PERS.	U513	210	<u>34.5</u>	<u>--</u>	<u>34.5</u>	<u>210.0</u>
SITE VISITS-AID/W PERS.	U514	210	<u>16.8</u>	<u>--</u>	<u>16.8</u>	<u>10.0</u>
INFORMATION MEETINGS	U515	210	<u>2.5</u>	<u>--</u>	<u>2.5</u>	<u>2.0</u>
TRAINING ATTENDANCE	U516	210	<u>18.0</u>	<u>--</u>	<u>18.0</u>	<u>16.0</u>
CONFERENCE ATTENDANCE	U517	210	<u>12.5</u>	<u>--</u>	<u>12.5</u>	<u>14.0</u>
OTHER OPERATIONAL TRAVEL	U518	210	<u>-</u>	<u>--</u>	<u>-</u>	<u>-</u>
SUPPLIES AND MATERIALS	U519	26	<u>243.6</u>	<u>--</u>	<u>243.6</u>	<u>XXXXX</u>
FAAS	U520	257	<u>110.0</u>	<u>--</u>	<u>110.0</u>	<u>XXXXX</u>
CONSULTING SVCS - CONT	U521	259	<u>-</u>	<u>--</u>	<u>-</u>	<u>XXXXX</u>
MGT./PROF. SVCS. - CONT	U522	259	<u>-</u>	<u>--</u>	<u>-</u>	<u>XXXXX</u>
SPEC. STUDIES/ANALYSES CONT.	U523	259	<u>-</u>	<u>--</u>	<u>-</u>	<u>XXXXX</u>
ALL OTHER CODE 25	U524	259	<u>55.8</u>	<u>--</u>	<u>55.8</u>	<u>XXXXX</u>
TOTAL O.E. BUDGET			<u>5,627.3</u>	<u>--</u>	<u>5,627.3</u>	<u>XXXXX</u>
RECONCILIATION			<u>2,003.7</u>	<u>--</u>	<u>2,003.7</u>	<u>XXXXX</u>
OPERATING ALLOWANCE REQUEST			<u>3,623.6</u>	<u>--</u>	<u>6,623.6</u>	<u>XXXXX</u>
636C REQUIREMENTS	U600		<u>-</u>	<u>--</u>	<u>-</u>	<u>XXXXX</u>
TOTAL ALLOWANCE REQUIREMENTS	U000		<u>3,623.6</u>	<u>--</u>	<u>6,623.6</u>	<u>XXXXX</u>

OTHER INFORMATION:

Dollar requirement for local currency costs
Exchange rate used (as of 02/28/85)

2,717.7
\$5.000 = \$1

Estimated Wage Increases - FY 1986 to FY 1987
Estimated Price Increases - FY 1986 to FY 1987

12%
12%

USAID/HAITI

ACTION PLAN

FUNCTION CODE U302 - U.S. PSC - SALARY/BENEFITS

The following information relates to both FY1986 and FY1987:

<u>DESCRIPTION</u>	<u>UNITS</u>
Management Specialist (In the Executive Office - assists in general office administrative and staff development)	1
Secretary (In the Executive Office - general secretarial duties)	<u>1</u>
Total	<u>2</u>

USAID/HAITI

ACTION PLAN

FUNCTION CODE U304 - F.N. PSC - SALARY/BENEFITS

The following information relates to both FY1986 and FY1987:

<u>DESCRIPTION</u>	<u>UNITS</u>
Economist (In the Office of Economic Analysis - conduct general economic surveys, analyses, and studies; assist in project design and evaluation)	1
Health Specialist (In the Office of Health and Population - perform the full range of general project officer activities including design, implementation and evaluation)	1
Rural Development Specialist (In the Office of Agricultural and Rural Development - perform the full range of general project officer activities including design, implementation and evaluation)	1
Education Specialist (In the Office of Private Voluntary Development, Food for Peace and Human Resources - perform the full range of general project officer activities including design, implementation and evaluation)	<u>1</u>
TOTAL	<u><u>4</u></u>

USAID/HAITI

ACTION PLAN

FUNCTION CODE U306 - MANPOWER CONTRACTS

The following information relates to both FY1986 and FY1987:

One contract to provide the following services:

<u>DESCRIPTION</u>	<u>UNITS</u>	<u>TOTAL</u>
<u>Contract Administration</u>		
Manager	1	
Secretary	1	
Payroll Clerk	1	
Computer Operator	<u>1</u>	
Total		4
<u>Supply Management</u>		
Supply Clerks	<u>3</u>	3
<u>Communications & Records</u>		
Mail Clerks	<u>4</u>	4
<u>Motor Pool Operations</u>		
Dispatcher	1	
Drivers	15	
Mechanics	<u>4</u>	
Total		20
<u>Building Maintenance & Operations</u>		
Electricians	2	
Plumber	1	
Carpenters	2	
Laborers	7	
Janitors	<u>9</u>	
Total		21
<u>Security</u>		
Guards	<u>28</u>	28
<u>Office Operations</u>		
Administrative Assistants	3	
Secretary/Typists	12	
Customs Clerk	1	
Librarian	1	
Receptionist	1	
Telephone Operator	<u>1</u>	
Total		<u>19</u>
Grand Total		<u>99</u>

NOTE: The majority of employees work more than 2080 hours, therefore, the number of person years equates to 115 person years.

FY 1986 PROCUREMENT PLAN FC 405

I. REPLACEMENT REQUIREMENTS

QTY	ITEM	UNIT COST	EXTENDED COST	PKG/SHP	TOTAL
10 EA	BEDFRAME, SINGLE	30	300.00	60.00	360.00
5 EA	BEDFRAME, QUEEN	50	250.00	50.00	300.00
10 EA	BEDSPRING, SINGLE	70	700.00	140.00	840.00
5 EA	BEDSPRING, QUEEN	112	560.00	112.00	672.00
15 EA	BOOKCASE	119	1,785.00	357.00	2,142.00
5 EA	BUFFET	275	1,375.00	275.00	1,650.00
40 EA	CHAIR, OCCASIONAL	114	4,560.00	912.00	5,472.00
5 EA	CHAIR, DESK	50	250.00	50.00	300.00
50 EA	CHAIR, DINNING	60	3,000.00	600.00	3,600.00
20 EA	CHAIR, PORCH	125	2,500.00	500.00	3,000.00
10 EA	CHEST OF DRAWERS	180	1,800.00	360.00	2,160.00
5 EA	DESK, HOUSEHOLD	148	740.00	148.00	888.00
5 EA	FOOTSTOOL, OTTOMAN	55	275.00	55.00	330.00
10 EA	HEADBOARD, SINGLE	77	770.00	150.00	920.00
5 EA	HEADBOARD, QUEEN	84	420.00	84.00	504.00
5 EA	HUTCH	125	625.00	125.00	750.00
5 EA	LAMP, FLOOR	75	375.00	75.00	450.00
50 EA	LAMP, TABLE	45	2,250.00	450.00	2,700.00
10 EA	MATRESS, SINGLE	75	750.00	150.00	900.00
5 EA	MATRESS, QUEEN	100	500.00	100.00	600.00
10 EA	SOFA	285	2,850.00	570.00	3,420.00
5 EA	STOOL, DRESSING	42	210.00	42.00	252.00
5 EA	TABLE, COFFE	95	475.00	95.00	570.00
5 EA	TABLE, DINNING	205	1,025.00	205.00	1,230.00
10 EA	TABLE, DRESSING	285	2,850.00	570.00	3,420.00
40 EA	TABLE, END, CORNER, NIGHT	85	3,400.00	680.00	4,080.00
5 EA	TABLE, PORCH	90	450.00	90.00	540.00
5 EA	UMBRELLA, PATIO	70	350.00	50.00	400.00
7 EA	DRYER, CLOTHES	230	1,610.00	322.00	1,932.00
7 EA	FREEZER	450	3,150.00	630.00	3,780.00
7 EA	REFRIGERATOR	690	4,830.00	966.00	5,796.00
7 EA	RANGE, GAS	505	3,535.00	707.00	4,242.00
7 EA	WASHING MACHINE	430	3,010.00	602.00	3,612.00
A.	EXTENDED COSTS		<u>48,830.00</u>		
B.	EST PKG/SHP			<u>10,282.00</u>	
C.	CIF PORT AU PRINCE				<u>59,212.00</u>

II. NEW PROPERTY REQUIREMENTS

----NONE REQUIRED

III. TOTAL 405 REQUIREMENTS THIS FY

59,212.00

FY 1986 PROCUREMENT PLAN FC 504

I. REPLACEMENT PROPERTY REQUIREMENT:

QTY	ITEM	UNIT COST	EXTENDED COST	TKG/SHP	TOTAL
10	EA BOOKCASE, WOOD	130	1,300.000	235.00	1,535.00
10	EA CABINET, FILING, 4 DRW	270	2,700.00	540.00	3,240.00
2	EA CABINET, STORAGE, METAL	261	522.00	78.00	600.00
15	EA CALCULATOR, ELECTRONIC	155	2,325.00	200.00	2,525.00
4	EA CHAIR, SECY	210	840.00	168.00	1,764.00
3	EA CHAIR, SWTIVAL, W/ARM	289	2,232.00	462.00	2,774.00
15	EA TYPEWRITER ELECTRIC	911	13,665.00	500.00	8,699.00
A.	EXTENDED COST		<u>24,756.00</u>		
B.	EST. PKG/SHP			<u>2,551.29</u>	
C.	CIF PORT AU PRINCE				<u>27,307.29</u>

II. NEW PROPERTY REQUIREMENTS

1	EA COMPUTER V528	30,000	30,000.00	300.00	30,300.00
1	EA COMPUTER ACCS	2,100	2,100.00	100.00	2,200.00
A.	EXTENDED COST		<u>32,100.00</u>		
B.	EST. PKG/SHP			<u>400.00</u>	
C.	CIF PORT AU PRINCE				<u>32,500.00</u>

III. TOTAL 504 REQUIREMENT THIS FY 59,807.29

FY 1986 PROCUREMENT PLAN FC 505

I. REPLACEMENT PROPERTY REQUIREMENT

<u>QTY</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXTENDED COST</u>	<u>PKG/SHP</u>	<u>TOTAL</u>
2	EA 4-DR MODEL US CHEVROLET, CARVALL	20,000	40,000.00	3,200.00	43,200.00
1.	EA 2-DR MODEL US CHEVROLET, PICKUP	15,200	15,200.00	1,600.00	16,800.00
A.	EXTENDED COST		<u>55,200.00</u>		
B.	EXT. PKG/SHP			<u>4,800.00</u>	
C.	CIF PORT AU PRINCE				<u>60,000.00</u>

II. NEW PROPERTY REQUIREMENTS

-----NONE REQUIRED

III. TOTAL 505 REQUIREMENTS THIS FY 60,000.00

FY 1986 PROCUREMENT PLAN FC 506

I. REPLACEMENT PROPERTY REQUIREMENTS

QTY	ITEM	UNIT COST	EXTENDED COST	PKG/SHP	TOTAL
31	EA AIR CONDITIONER, WINDOW	675	20,925.00	4,050.00	25,975.00
1	EA DRILL, ELECTRIC, HAND	120	120.00	12.00	132.00
15	EA FAN, AIR, PORTABLE	65	975.00	195.00	1,170.00
1	EA GENERATOR, 6KW	3,000	3,000.00	300.00	3,300.00
1	EA SANDER, ELECTRIC	200	200.00	40.00	240.00
1	EA SAW, WOOD, PORTABLE	120	120.00	24.00	144.00
1	EA TOOL, KIT, MECHANIC	500	500.00	100.00	600.00
1	EA WATER PUMP	350	350.00	70.00	420.00
10	EA FAN, CEILING	120	1,200.00	240.00	1,440.00
1	EA DOUBLE THROW SWITCH	600	600.00	120.00	720.00
3	EA TRANSCEIVER, HAND HELD	1,900	5,700.00	60.00	5,760.00
1	EA MACHINE, STENCIL CUTTER	1,800	1,800.00	100.00	1,900.00
1	EA INSECT FOGGING	1,000	1,000.00	150.00	1,150.00
A.	EXTENDED COST		<u>36,490.00</u>		
B.	EST. PKG/SHP			<u>5,461.00</u>	
C.	CIF PORT AU PRINCE				<u>41,951.00</u>

II. NEW PROPERTY REQUIREMENTS

5	EA FAN, CEILING	120	600.00	120.00	720.00
5	EA LADDER	45	225.00	45.00	270.00
9	EA TRANSCEIVER, MOBILE	1,300	11,700.00	200.00	11,900.00
A.	EXTENDED COST		<u>12,525.00</u>		
B.	EST. PKG/SHP			<u>365.00</u>	
C.	CIF PORT AU PRINCE				<u>12,890.00</u>

III. TOTAL 506 REQUIREMENTS THIS FY

54,841.00

FY 1987 PROCUREMENT PLAN FC 405

I. REPLACEMENT REQUIREMENTS

<u>QTY</u>	<u>ITEM</u>	<u>UNIT COST</u>	<u>EXTENDED COST</u>	<u>PKG/SHP</u>	<u>TOTAL</u>
20	EA BEDFRAME, SINGLE	30	600.00	120.00	720.00
5	EA BEDFRAME, QUEEN	50	250.00	50.00	300.00
20	EA BEDSPRING, SINGLE	70	1,400.00	280.00	1,680.00
5	EA BEDSPRING, QUEEN	112	560.00	112.00	672.00
15	EA BOOKCASE	119	1,785.00	357.00	2,142.00
5	EA HUFFET	275	1,375.00	275.00	1,650.00
25	EA CHAIR, OCCASIONAL	114	2,850.00	575.00	3,425.00
5	EA CHAIR, DESK	50	250.00	50.00	300.00
50	EA CHAIR, DINNING	60	3,000.00	600.00	3,600.00
20	EA CHAIR, PORCH	125	2,500.00	500.00	3,000.00
15	EA CHEST OF DRAWERS	180	2,700.00	540.00	3,240.00
5	EA DESK, HOUSEHOLD	148	740.00	148.00	888.00
5	EA FOOTSTOOL, OTTOMAN	55	275.00	55.00	330.00
20	EA HEADBOARD, SINGLE	77	1,540.00	308.00	1,848.00
5	EA HEADBOARD, QUEEN	84	420.00	84.00	504.00
5	EA HUTCH	125	625.00	125.00	750.00
10	EA LAMP, FLOOR	75	750.00	125.00	900.00
50	EA LAMP, TABLE	45	2,250.00	450.00	2,700.00
20	EA MATTRESS, SINGLE	75	1,500.00	300.00	1,800.00
5	EA MATTRESS, QUEEN	100	500.00	100.00	600.00
10	EA SOFA	285	2,850.00	570.00	3,420.00
5	EA STOOL, DRESSING	42	210.00	42.00	252.00
5	EA TABLE, COFFEE	95	475.00	95.00	570.00
5	EA TABLE, DINNING	205	1,025.00	205.00	1,230.00
10	EA TABLE, DRESSING	285	2,850.00	570.00	3,420.00
40	EA TABLE, END, CORNER, NIGHT	85	3,400.00	680.00	4,080.00
5	EA TABLE, PORCH	90	450.00	90.00	540.00
5	EA UMBRELLA, PATIO	70	350.00	50.00	400.00
10	EA MIRROR	50	500.00	100.00	600.00
7	EA DRYER, CLOTHES	230	1,610.00	322.00	1,932.00
7	EA FREEZER	450	3,150.00	630.00	3,780.00
7	EA REFRIGERATOR	690	4,830.00	966.00	5,796.00
7	EA RANGE, GAS	505	3,535.00	707.00	4,242.00
7	EA WASHING MACHINE	430	3,010.00	602.00	3,612.00
A. EXTENDED COSTS			<u>54,710.00</u>		
B. EST PKG/SHP				<u>10,892.00</u>	
C. CIF PORT AU PRINCE					<u>65,602.00</u>

II. NEW PROPERTY REQUIREMENTS

—NONE REQUIRED

III. TOTAL 405 REQUIREMENTS THIS FY

65,602.00

FY 1987 PROCUREMENT PLAN FC 504

I. REPLACEMENT PROPERTY REQUIREMENTS

QTY	ITEM	UNIT COST	EXTENDED COST	PKG/SHP	TOTAL
10 EA	BOOKCASE, METAL	118	1,176.00	235.00	1,411.00
10 EA	CABINET, FILLING, METAL	270	2,700.00	540.00	3,240.00
2 EA	CABINET, STORAGE, METAL	261	522.00	140.00	662.00
10 EA	CALCULATOR, ELECTRONIC	155	1,550.00	150.00	1,700.00
6 EA	CHAIR, SECTY	210	1,260.00	270.00	1,530.00
10 EA	CHAIR, STRAIGHTBACK	75	750.00	150.00	900.00
7 EA	CHAIR, SWIVAL W/ARMS	289	2,023.00	400.00	2,423.00
2 EA	DISPENSER, WATER COOLER	203	406.00	80.00	486.00
6 EA	LAMP, DESK	50	300.00	30.00	330.00
1 EA	PROJECTOR, MOVIE 16MM	960	960.00	80.00	1,040.00
1 EA	PROJECTOR, OVERHEAD	700	700.00	50.00	750.00
1 EA	RECORDER, TAPE CASSETTE	340	340.00	68.00	408.00
4 EA	STAND, OFFICE MACHINE	203	812.00	162.00	974.00
2 EA	TABLE, CONFERENCE	180	360.00	50.00	410.00
9 EA	TYPEWRITER, ELECTIRC	911	8,199.00	500.00	8,699.00
5 EA	ALARM SYSTEM	360	1,800.00	100.00	1,900.00
1 EA	CLOCK, DATE/STAMP	360	360.00	150.00	510.00
1 EA	PROJECTOR, SLIDE	360	360.00	30.00	390.00

A.	EXTENDED COST	<u>24,578.00</u>	
B.	EST PKG/SHP		<u>3,185.00</u>
C.	CIF PORT AU PRINCE		<u>27,763.00</u>

II. NEW PROPERTY REQUIREMENTS

--- NONE REQUIRED

III.	<u>TOTAL 504 REQUIREMENTS THIS FY</u>		<u>27,763.00</u>
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FY 1987 PROCUREMENT PLAN FC 505

I. REPLACEMENT PROPERTY REQUIREMENTS

QTY	ITEM	UNIT COST	EXTENDED COST	PKG/SHP	TOTAL
1.	EA TRUCK, WATER. MODEL US CHEVROLET	36,000	36,000.00	2,600.00	38,800.00
2.	EA 4-DR MODEL US CHEVROLET, BLAZER	12,000	24,000.00	2,800.00	26,800.00
A.	EXTENDED COST		<u>60,000.00</u>		
B.	EST PKG/SHP			<u>5,600.00</u>	
C.	CIF PORT AU PRINCE				<u>65,600.00</u>

II. NEW PROPERTY REQUIREMENTS

—NONE REQUIRED

III. TOTAL 505 REQUIREMENTS THIS FY 65,600.00

FY 1987 PROCUREMENT PLAN FC 506

I. REPLACEMENT PROPERTY REQUIREMENTS

QTY	ITEM	UNIT COST	EXTENDED COST	PKG/SHP	TOTAL
30 EA	AIR CONDITIONER, WINDOW UNIT	675	20,250.00	4,050.00	24,300.00
1 EA	CHARGER, BATTERY	300	300.00	50.00	350.00
1 EA	CLEANER, SPARK PLUG	150	150.00	50.00	200.00
1 EA	DRILL, ELECTRIC, HAND	120	120.00	25.00	145.00
15 EA	FAN, AIR, PORTABLE	65	975.00	195.00	1,170.00
1 EA	HOIST, CHAIN, MANUAL	150	150.00	30.00	180.00
6 EA	LADDER	45	270.00	55.00	325.00
1 EA	MOWER, LAWN, MANUAL	130	130.00	30.00	160.00
1 EA	TRUCK, FORKLIFT	7,200	7,200.00	1,400.00	8,600.00
1 EA	SCREEN, PROJECTOR	200	200.00	50.00	250.00

A. EXTENDED COST

29,745.00

B. EST PKG/SHP

5,935.00

C. CIF PORT AU PRINCE

35,680.00

II. NEW PROPERTY REQUIREMENTS

5 EA	FAN, CEILING	120	600.00	120.00	720.00
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A. EXTENDED COST

600.00

B. EST PKG/SHP

120.00

C. CIF PORT AU PRINCE

720.00

III. TOTAL 506 REQUIREMENTS THIS FY.

36,400.00

IV. ANNEXES

A. Analytical Background Papers for Key Development Problems

ANNEX A.1

Page 1 of 8

NATURAL RESOURCE DEGRADATION/HUNGER

1. Introduction and Overview

Haiti's difficulties and their solution are as varied as the microclimates of its numerous agro-ecological zones, their fragile soils, their economic conditions and their histories. With a rural population that is several fold greater than the carrying capacity of the ever shrinking arable land, most of Haiti's 800,000 peasant farm families eke out a survival at the expense and detriment to the very plot of land to which they owe their survival.

Plagued by a high illiteracy rate (77%), low longevity (54 years), a large proportion of undernourished (60% of population under 18 years old) youths, and a hilly to mountainous to precipitous physiography, Haiti is experiencing unparalleled rates of degradation of its fragile natural resource base.

An agricultural nation which prospered at one time and which until relatively recently boasted large exports of lumber, sugar, spices, cotton, coffee, cocoa and essential oils, Haiti is now a net importer of cereals including wheat and corn and vegetable oils. Because of a widening gap between domestic food production and consumption levels, prices of staples have increased significantly in the recent past. As a result, over the short term the hillside farmer derives greater benefits from production of annual soil disturbing food crops such as corn, sorghum, cassava, grain legumes, etc, than he would obtain from permanent tree crops such as coffee, cocoa, citrus and other fruit trees. However, this shift in land use pattern is rapidly resulting in the deterioration and in certain cases the demise of entire watersheds, lowering of agricultural productivity, large rural-urban migration and its accompanying maladies of overcrowding, poor sanitation, increased infant and child mortality rates, high urban unemployment and lowering of the quality of life of virtually the entire population.

In the recent years, these problems have been dramatized by the Haitian boat people and their desire to flee from a country where its natural resource base cannot continue to provide for basic human needs. In this paper, the nature, extent and causes of these problems are discussed as a prelude to the development of a Mission program strategy for addressing Haiti's food reliance and fragile lands problems.

2. The Conditions

a. The Problem

(1) Fragile Lands

Soil erosion, increased sedimentation, flooding, damage to field infrastructure and crops, loss in hydro-electric capacity, decreased agricultural productivity, falling incomes, increased rural to urban migration, and general deterioration of the socio-economic welfare of the rural poor are all manifestations of Haiti's fragile lands problem. For example, much of the land base is not favorable to sustained agricultural activity. According to the USDA land use capability system, about 70 percent of the land is classified as steep, mountainous terrain suited only for forest. Deforestation and continuous land clearing, however, by peasants have resulted in only 6.7 percent of the land area being left in forest. A recently completed Mission sponsored Environmental Assessment projected that by the year 2008, only 204 square kilometers of land area (the Forêts des Pins) will remain under forest cover in Haiti. Adding to the problem of deforestation is the fact that the majority of the soils are thin (86 percent of the total) and only 14 percent are classified as having good deep soils. Although no reliable soil loss data are available, it is estimated that on sloping farm lands 100 to 300 tons of top soil per hectare per year are lost to soil erosion. In other words over a 10-15 year period the richest 15cm soil layer is washed away, soil water holding capacity is markedly decreased and the frequency of pseudo-droughts increases. The implications of these phenomena are many, but in the case of the Pic Macaya/Acul watersheds, accelerated erosion rates are causing permanent damage to the watersheds through loss of water retention capacity and therefore less irrigation in the plains, increased salinity and general loss of plant and animal habitat. To cite another example, the Peligre dam has suffered a loss of its water storage capacity by 25 percent during the last 25 years. Annual rates of sedimentation are estimated at 12 million cubic meters which if continued unabated will render the reservoir useless by the year 2016. Hydro-electric experts conclude that under present watershed management conditions, the construction of a new reservoir could not be justified, neither would dredging prove cost effective.

Haiti's water resources are also limited. Although it has many rivers, the majority have little or no water during the dry months. Since surface water availability is limited and water storage facilities are few, all water for irrigation must be provided by direct diversion of streams or by tapping of ground water at springs. Ground water is limited in the highlands and abundant in the coastal plains, but expensive to tap because of the high cost of energy. Assuming improved watershed management, irrigation in the plains has good potential. Approximately 180,000 hectares are suitable for irrigation nationwide. Yet, only 75,000 hectares are now under any kind of water control, and about 35,000 hectares efficiently irrigated. The irrigation network is old. Much of it is in disrepair, especially since the

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devastating hurricanes of the '60s. Needless to say, water intakes and canals are silted up because of the severe upstream erosion. Local organizations for effective water usage are either non-existent or lack the necessary resources to maintain the systems.

(2) Expanding Food Gap

An equally important problem is Haiti's inability to produce or become self-reliant in food. Largely because of the fragile lands problem described above, agricultural production is not keeping up with increased population pressures. All estimates of staple food produced in Haiti indicate that cereal production has stagnated for the past seven years. The export figures tell a similar story. In volume terms, coffee exports have declined, and other main exports from the agricultural sector have stagnated (cocoa, essential oils) or vanished from the export list (sugar).

While limited amounts of imports fill some of the growing gap between consumption and domestic production, much of the gap remains unfilled and persists in the form of malnutrition and, in isolated cases, starvation. When comparing actual consumption levels to minimum requirements, it is clear that the average Haitian is consuming neither sufficient calories nor sufficient protein. The daily caloric and animal protein deficits have been estimated at 20.8 percent and 32.4 percent respectively.

Both acute and chronic undernutrition are widely prevalent. A 1978 national nutrition survey found that 30% of the children under five years of age were suffering from chronic undernutrition, while six percent were suffering from acute undernutrition. Two more recent nutrition surveys suggest that malnutrition in both rural areas and in Port-au-Prince may be increasing. A 1981 reassessment of the nutritional status of children in the Southwest (using the same sample as the 1978 survey) indicates a significant increase in acute undernutrition together with sustained levels of chronic undernutrition. A 1980 survey of one of the poorest areas of Port-au-Prince, Cité Simone, showed both acute and chronic malnutrition at levels significantly higher than the survey of 1978.

All survey data suggest wide imbalances in the composition of diets. Root crops, tubers, plantain, bananas and sugar make up much of the caloric intake, while foods of higher nutritional value are under-utilized. Thus, consumption of roots, tubers and plantains is three times greater than the prevailing dietary recommendations, while nutritionally high-valued foods (cereals, beans, seeds, and vegetables) contribute to a disproportionately low share of caloric intake. According to the Ministry of Plan in Diagnostic de la Situation Alimentaire et Nutritionnelle de la Population Haitienne (1980), cereals constituted some 22% of the total Haitian diet, of which imported wheat was some 32% or about 6.7% of total diet.

b. Causes (Constraints)

There are many factors which explain the above described condition. The development of the sector and consequently the socio-economic welfare of the

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Haitian peasants depend upon a host of economic, technological, institutional and structural factors which affect the ability of the sector to generate, adopt and sustain improved inputs, thus expanding production and better manage a limited land resource base.

(1) Relative Price Constraint

As documented in the Title III program proposal, the primary economic constraint to eliminating the food gap and improving the management of Haiti's fragile land base is the prices of cereal crops relative to the prices of the export crops which are environmentally better suited for mountainous areas. Coffee is the principal export crop for Haitian farmers. For some years, available data suggest that coffee prices have been losing economic attraction compared to food prices. Prices of the locally produced staples have risen considerably more rapidly than the price of coffee or the government-controlled price of flour made from imported wheat.

Population growth estimated at 1.7 percent per annum has expanded aggregate demand for food and thus its price. Changes in population densities which have increased in urban areas have also influenced the fivefold price increase in corn, and sorghum, and the three hundred percent increase in rice during the time period 1970/83.

Several GOH policies have accentuated the decline of coffee returns relative to those of food staples. Taxing policy and restrictions on the issuance of import licenses are among the most significant. For example, the effective tax rate in the early '50s averaged 20 percent but rose to over 47 percent in the '60s. Although the rate has declined since then, the effective rate was still over one third of potential producer income for the period 1980/83. Additionally, the prices of food grains have been supported at levels well above import parities, mainly by a restrictive policy on imports. Assuming bulk prices for imports, domestic prices have averaged some 120 percent higher than border prices.

High cereal prices and low coffee prices have serious implications for Haiti's fragile lands and food gap problems. Higher prices for cereals restricts the consumption of food for the poor and exacerbates the problem of nutritional deficiencies. On the other hand, the higher return achieved on the production of food staples has resulted in land use patterns which are environmentally dangerous for Haiti's fragile land areas. Corn, sorghum, and other food crops are being grown on steep hillsides without the proper use of soil conservation techniques and the encouragement of erosion-accelerating cereals production on mountain slopes creates severe problems for irrigation systems due to siltation at major water control points.

(2) Institutional Constraints

The inefficiencies of the sector to meet its food and environmental problems are also attributed to the institutions which serve agriculture. The generation of technology through a research network is nonexistent and in recent years limited to the efforts conducted under the USAID sponsored Integrated Agriculture Development Project. The public and private sector

extension efforts are poorly equipped and constantly plagued by lack of financial resources to disseminate technology. In general, the extension agent is poorly trained and the lack of a professional development program results in a service which is inadequate and does not meet the needs of the sector, thus leaving the Haitian peasant to continue to cultivate his land in the same way as his ancestors did centuries ago.

(3) Technological Constraints

The most important technological constraint is the sparsity of new technology presently available to Haitian peasants. A number of major areas of technical problems can be pinpointed. First, low yielding varieties persist throughout the country. Crop varieties planted today were introduced in colonial times. Over the past two decades, improved varieties of sugar cane, cotton, rice and corn have been introduced with only limited impact. Yet, recent work under the auspices of the Mission's Integrated Agricultural Development Project and ADS II has demonstrated that yields could be considerably increased if higher yielding varieties and improved crop and soil management practices were employed.

On-farm crop management is poor, weed control is inadequate and poor land preparation and uneven quality control are common. Modern inputs such as fertilizers, herbicides, pesticides, etc., are not utilized and land clearing is often accomplished by hand without the use of animal or mechanical power. Finally, a fundamental restriction is the size of the farm unit. The average size for over 90 percent of the farms is .96 of a hectare and multiple holdings are common. The average number of plots held by each farmer is 1.68 and each plot is less than 0.60 hectares. The Haitian peasant has little or no chance to obtain credit, and suffers from inadequate access to irrigation water, technical assistance and product markets.

(4) Socio-political Constraints

(a) Land Tenure

There are several interconnected historical factors that have constrained the rational organization of the agricultural sector. With the isolation from the world economy that was imposed on Haiti after their successful revolution (1792-1804), the new regime could not rely on a secure commercial sector for financial and political support. Rather, this support had to be obtained through land grants to political and military supporters. As a result, land was divided up and partitioned by and for interest groups that had little direct interest in its productivity.

In very few cases could any one land owner command sufficient capital to reconsolidate holdings to the extent that any economies of productive scale could be achieved. The mobilization of such capital would have required the sort of stable international trade relationships that, throughout the nineteenth century, the rest of the world seemed determined to deny Haiti. Thus, much desirable agricultural land fell into the hands of town based families with little social or economic inducement to working it themselves.

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Today one still finds at least 1/3 of Haiti's prime valley bottom land in low value sugar cane simply because that is the simplest crop for an absentee owner to supervise.

Over the past 180 years land has been divided to the point where the heirs have been reduced to becoming peasants themselves in order to survive. But such interest in seeking a livelihood from farming only was forced upon them when the size of their landholding was too small to live off, in an absentee fashion. Thus, it was a lack of land and capital that stimulated a farming vocation rather than the reverse.

Meanwhile, the farming peasants of the nineteenth century never received land grants in the first place. Instead they attempted to make good usufruct claims on the more marginal hillside land. Their numbers have increased dramatically as well, such that those same hillsides are having to feed many more people. Thus, compounding the price constraints on perennial export crop production, that favor the production of annual food crops on these hillsides, is the fact that these peasants no longer have sufficient land to grow anything else. To make matters worse, there is also a category of hillside land that the state never released its claims on and it too is being farmed as intensively, if not more so, as peasant owned hillside land. As it is not privately owned, much less attention is given to preserving its productive potential. Too many watershed catchment areas have eroding state lands that, after every heavy rain, wash topsoil onto the private held hillside land lower down the slope, frustrating any attempt of the individual farmer to preserve his own topsoil.

To summarize, then, we have a food production emphasis to hillside land that should be the focus of an environmental protection strategy, and a cash crop focus (sugar cane) to bottom land that should be able to support intensified food production. This irrationality stems in part from the way in which land has been distributed and inherited over the last 180 years of Haitian history.

(b) Rural Social Organization

Outside of the religious domain, there have been very few participatory institutions available to the Haitian peasant. Most of his extra-familial ties have been vertical links to a local priest, land owner, money lender, coffee speculateur, militia commandant, or magistrate. Occasionally such a link was sanctified by a godparent tie, but for the most part the client peasant had few claims on his patron. Horizontal ties with other peasants have been characterized by distrust, competition and jealousy. Haitian peasants have simply not had sufficient time or space in which to develop any wider ranging ties of trust, based either on common residence or descent. Without any such firm horizontal networks, these peasants have not developed any of their own organizations dedicated to serving their particular interests. Their survival has been too closely linked to their feudal tie to a local patron. Invariably, however, such a patron has structurally different economic interests from those of the peasant tied to him.

This organizational alienation of the Haitian peasantry has had the paradoxical advantage that once local co-operative relationships are developed there are few pre-existing clan-like ties to disrupt the economic objectives of such co-operation. Precisely because there is such a lack of any general purpose co-operation among the Haitian peasantry, it is that much easier, under certain circumstances, to focus co-operative development on a discrete economic development agenda (e.g. irrigation, coffee marketing, bookkeeping, seedling nurseries etc.).

In spite of what has proved to be Haiti's distinct advantage in this respect, such co-operative development has rarely been encouraged by either local leaders or the State. Where the State has recently organized local leaders into community action councils, the outcome has been only to consolidate rural support for the State not to encourage rural citizens to make any demands on it.

Where co-operative behavior has taken root, one can usually find foreign influences at work. What is encouraging is that, in some cases, long after that foreign presence has gone, the nascent co-operative institution continues to grow in capacity and size.

Unfortunately, these instances are too few and far between and too rarely are they linked to a viable economic program. Nevertheless, in the case of certain peasant run irrigation perimeters, coffee co-operatives, and smaller economic groupements, substantial progress has been made. With so few participatory institutions at the level of the peasant producer, it is very difficult to reach him with new technology, and it is very difficult for him to reach us with any indications as to what are the most serious technological and organizational constraints he faces.

(c) Legal:

The legislation governing land use in Haiti is relatively enlightened, perhaps because there has been little expectation that it would be enforced. It certainly has not been. More important than changing any laws, would be the development of an institutional set of checks and balances for enforcing them. For example, it is against the law to cut down a tree in Haiti, yet over 20 million trees are being cut down every year. Agricultural inputs (fertilizer, pesticide etc.) are supposed to come into Haiti duty free. But most of the time customs holds them until a 10% duty is paid. This duty is then passed back to the consumer, the farmer, who, as a result, tends to use less of these inputs. Yet in rare cases where there is a regressive law it is enforced too often.

The constraints described above have important implications for the design of the USAID/Haiti Mission strategy for addressing Haiti's fragile lands and food reliance problems. They indicate that the scope of the strategy must be broad enough to include elements of economic leverage to influence the price relationships of agricultural commodities; changes in specific policies which adversely affect the allocation of resources within the sector and among

sectors; institutional development and strengthening of both public and private sector groups in order to improve their efficiency in the provision and demand for rural services; generating and disseminating technology for agricultural development; and, risk reduction through the expanded investments in soil conservation and irrigation facilities, and other infrastructure development. The strategy must be capable of conserving and promoting better utilization of Haiti's fragile land base, but at the same time it should enhance productivity, expand employment opportunities and export earnings, and finally, eliminate the food gap in Haiti.

UNEMPLOYMENT1. Introduction

Of central concern to USAID's development policy is employment generation in Haiti's rural and urban sectors through the promotion of agricultural and industrial development. However, expansion within the employment sector remains constrained, and Haiti's overall ability to create jobs for urban and rural residents therefore depends on strengthening Haiti's employment generation capacity through a variety of intervention strategies. This section will identify the characteristics of Haiti's employment sector, describe constraints to the expansion of that sector, and make recommendations as to areas to be addressed to effectively promote employment generation.

2. Employment(1):

New data on employment available through the provisional results of the 1982 census of Haiti and a manpower study carried out by the Haitian Ministry of Planning and the ILO reveal that approximately three quarters of Haiti's economically active population (ages 10 years and over) live and are employed in rural areas. Of the remainder, 30% is concentrated in Haiti's provincial towns and 70% in the Port-au-Prince metropolitan area. The total labor force participation rate is almost 60%.

Agriculture provides about two thirds of the employment in Haiti's economy and accounts for nearly 80% of employment in rural areas (see Table 1). Employment in urban areas represents 17% of total employment. Total manufacturing employment appears equally divided between urban and rural areas but differs considerably in character. Manufacturing employment in rural areas is predominantly in the informal sector and consists of artisanal and craft work.

An urban sector survey conducted by the World Bank in 1979 emphasized the importance of the informal sector in urban areas. The bulk of the urban labor force is employed in the informal sector and some 60% of the gainfully employed in Port-au-Prince belong to it (2). The proportion is even higher in Haiti's regional towns.

3. Unemployment:

Open unemployment rates for Haiti's population 10 years and over are shown in Table 2. The 1982 estimate of unemployment is 10.6% on a national basis. Open unemployment rates tend to be lower in agriculture (5.1%) compared to the urban-based sectors of the economy (29.3%).

(1) Conceptual difficulties and an almost universal lack of reliable and comprehensive statistics inhibit a precise analysis of employment problems in Haiti.

(2) Haiti Urban Sector Survey Report No. 2152-A, World Bank Washington, April 1979, Page 30-31.

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4. Underemployment:

Any analysis of employment in Haiti must consider underemployment. Both urban and rural areas have a considerable degree of underemployment which is one of Haiti's most serious problems.

In rural areas work duration is the criterion most commonly used to define underemployment. In the agricultural sector, the production of three underemployed persons is equivalent to the production of one person employed on a full time basis. Following this definition, underemployment has been calculated in rural areas by sampling the hours actually worked (3). The agricultural sector's unemployment-equivalent rate, which incorporates both open unemployment and underemployment, is estimated to be 47.8%.

In urban areas the criteria used to define underemployment is different. The minimum wage of \$48.00 per month is used as a reference (4). Individuals earning less than this amount are considered underemployed. Underemployment in urban areas has been calculated by comparing a sample of actual incomes with the legal minimum wage. The urban unemployment-equivalent rate is estimated to be 48.25%. On the basis of this data, the aggregate national unemployment rate rises from an "open" unemployment rate of 10.6% to an unemployment-equivalent rate of 48%, the latter not differing appreciably across urban and rural areas (5).

5. The Evolution of Employment and Underemployment

The manpower study carried out by the Ministry of Planning and the ILO made several projections on employment and unemployment for the period 1982-1991. The results of these projections have been summarized and are presented in Table 3. Projections for the same period and by region are summarized in Table 4.

This study projects that employment will increase at a slower rate than the economically active population. This is reflected by the increasing open unemployment rate which rises from 10.6% in 1982 to 12.03% in 1986 to 14.24% in 1991. Unemployment-equivalent rates which take underemployment into account will also rise from 47.9% in 1982 to 50.3% in 1991. These projections assume a 2% rate of increase in urban employment (identical to that of the last decade in which the assembly sector played an important role).

(3) *Emploi-chomage, Diagnostic et Répartition de la Politique Nationale d'Emplois*, Secrétariat d'Etat au Plan, République d'Haiti, Janv. 83, page 59.

(4) Minimum wage in 1981, year of survey.

(5) *Emploi-chomage*, op. cit., page 61.

6. Haiti's Investment Climate and Constraints to Employment Generation:

Since Haiti's expected employment generation will not reach a level commensurate with population growth, investment in Haiti's agricultural and industrial sectors should be increasingly emphasized as a means to generate employment. This being the case, the impact of policies which affect local and foreign investment should be of primary concern in any development strategy. Among the factors found to affect investments are business regulations and taxation; rural and industrial infrastructure; labor markets; industrial location; interest and foreign exchange rates; promotional efforts; technological choice and other government policies which inhibit expansion in production.

In the past decade, the industrial export sector has been identified as the leading edge of Haiti's economy and the best near-term approach to the country's fiscal, foreign exchange, and employment difficulties. Haiti offers several clear advantages to investment in export oriented agricultural and industrial activities. They include (a) proximity to U.S. and European suppliers and markets; (b) a labor force with a strong work ethic; (c) low wage rates; and (d) tax incentives that permit franchised import/export and temporary exoneration from internal taxes and duties.

Factors such as these make production costs in Haiti attractively low. For the potential investor these conditions should provide higher rates of return than is possible elsewhere in the manufacture of a number of industrial and agricultural products. However, while encouraging, progress to date in attracting local and foreign investments has fallen short of that necessary to alleviate Haiti's unemployment and under-employment problems.

Despite growth in the assembly sector during the 1970's and early 1980's; various indicators suggest that investment is not expanding at the rate initially projected. There is also evidence of a decline in the Haitian market share of 806/807 tariff industries when compared to other competing countries (Brazil, Philippines, Malaysia, Singapore, and Thailand) which possess dynamic promotional efforts and more stable business environments. This limited expansion in investment, both indigenous and foreign, and the severe lack of employment opportunities in both the agricultural and industrial sectors is linked primarily with constraints in the Haiti's investment policy environment.

The fundamental problem that Haiti faces at present is that potential investors perceive high risks in investing in the country. The average investor is unable to predict whether laws will be respected, whether new regulations will raise production costs, whether abuse and incompetence will cause production and/or shipment delays, whether local partners are technically qualified, or whether shifts in internal political winds will make their activities unprofitable. Investors perceive that there are serious risks in doing business in the country, and that the costs of production in terms of both financial costs and uncertainty may offset the wage and location advantages upon which industrial development has thus far been based. In such

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an environment, an investor will necessarily discount the theoretical cost advantages by a risk factor that ultimately suggests that an investment elsewhere may, in practical terms, provide a better return.

Lack of GOH and private sector initiatives in stream-lining business operations have constrained the improved utilization of labor and other resources. A recent review of Haiti's agricultural and industrial investment promotion efforts reveals that such efforts have been inadequate, ad hoc, and uncoordinated in both the public and private sectors. The investment environment is also characterized by a lack of coherence and continuity in investment promotion policy and programs which has resulted in missed opportunities. This becomes even more crucial when viewed in terms of the opportunities offered by the recent CBI legislation and the resurgence of the U.S. economy. Finally, the lack of sensitivity and responsiveness on the part of the GOH to the needs of industry with regard to infrastructural support, availability of pertinent business and investment information, prompt and reliable administrative responses in procedural matters has also affected investor motivation.

At best, to the extent that local and foreign investors engage in business, they focus primarily on activities that offer the highest rates of return on capital, such as pure contracting, which limits their financial exposure only to inventory and thus reduces risk. While some local and foreign investors will expand their exposure to include moveable machinery and foreign technician overhead costs, they still focus on recuperating their investment within 36 months or less so that, if necessary, they can cease operations without financial loss. Only a relatively small proportion of investors will choose to make long-term commitments where their capital is exposed for five years or longer. As Haiti is not perceived as either stable enough or predictable enough for such commitment, employment generation potential is substantially diminished.

While Haiti appears to offer a number of attractions for starting and expanding businesses, investors encounter a number of difficulties in initiating and managing industrial activities. On the one hand Haiti welcomes investment; on the other it presents serious problems which constrain the potential investor. These constraints represent a primary obstacle to further growth. If Haiti is to capitalize on its comparative advantage with respect to other countries, it must begin to undertake serious actions that serve to enhance investor confidence.

7. Recommended Approach and Conclusions:

Any approach to an industrial and agricultural investment policy and strategy oriented toward the alleviation of Haiti's employment generation constraints must be on the one hand, comprehensive, and on the other hand, coordinated. That is, it must address the broad issues relevant to industrial and agricultural activities while at the same time integrating and making the most efficient use of both private and public sector resources.

If increased investment in Haiti is to be achieved then both Haiti's public and private sectors must be committed to collaborating in the design and implementation of mutually agreed upon policies and programs which support this objective. Commitment on the part of the GOH requires a will to implement reforms, remove obstacles to reform, and to provide incentives and administrative support to the business community. Commitment on the part of the private sector requires a high level of professionalism, sensitivity to the needs of all interested parties, and an openness to differing opinions and objectives in order to facilitate participation and support from a broad spectrum of the private sector.

More specifically, initiation in reforms by the GOH and support from the private sector would be required in the following areas: The GOH must obtain better information and improve the quality of its information gathering for economic analysis and forecasting, as well as providing reliable basic data for assessing industrial investment potential. It must deliver and develop traditional infrastructure services rather than those which focus only on direct investment in productive activities. Specifically, those infrastructure support services related to ports, transportation, public utilities, and special facilities such as factory sites and free zones. The GOH must further review and bring about reforms in regulations and administrative procedures which affect investments. These would include reforms in customs, tax policies and incentives, permits, and other economic policies and incentives which affect the disequilibrium in Haiti's balance of payments (e.g. compliance with the IMF austerity program). Finally, the public and private sectors must commit themselves to developing mechanisms or forums which would facilitate resolutions to the issues outlined above. These objectives could be achieved through the active promotion and creation by government decree of a mixed entity responsible for industrial support services and active investment promotion efforts. The Mission is presently working closely with public and private sector representatives to establish such a permanent operational entity.

Table 1
Haiti: Distribution of Employment by Sector and Location
(In thousands of persons)

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
<u>Total Employment</u>	309	1,560	1,869
Agriculture, hunting, and fishing	20	1,203	1,223
Mining	5	14	19
Manufacturing	61	60	121
Utilities	2	--	2
Construction	11	11	22
Commerce, restaurants, and hotels	77	209	286
Banks and insurance	4	--	4
Services (including government)	92	33	4
Others	28	23	51

Source: 1982 Census Estimate.

Table 2
Open Unemployment Rates of the Economically Active Population
10 Years and Over, 1982
(emloyment data in thousands)

	<u>1982</u>			
	<u>National</u>	<u>Urban</u>	<u>P-au-P (1)</u>	<u>Rural</u>
Economically Active Population	2,557.8	581.7	346.7	1,976.1
Employed	2,287	411.3	216.3	1,875.7
Unemployed	270.8	170.4	130.4	100.4
Unemployment rates:	10.6	29.3	37.6	5.1

Source: Secrétairerie d'Etat au Plan/Organisation Internationale du Travail, juin 1983.

(1) Metropolitan area

Table 3
Unemployment/Employment Rates
Evolution 1986-1991 (thousands)

	<u>1982</u>	<u>1986</u>	<u>1991</u>
Economically Active Population	2,557.8	2,722.6	2,913.0
Employment	2,287.8	2,395.0	2,497.4
Open Unemployment	10.6%	12.03%	14.24%
Unemployment-equivalent	47.9%	49.1%	50.3%

Sources: OEA calculations from "Emploi-chômage . . .," op, cit. pages 3, 65, 67.

Table 4
Unemployment-Equivalent Rates
By Region: 1986-1991

	<u>1982</u>	<u>1986</u>	<u>1991</u>
I. <u>Urban Areas</u>			
Total	48.3	53%	58%
P-au-P	51.5	52%	56.5%
Other Cities	43.4	54%	60%
II. <u>Rural Areas</u>	47.8	47.7%	47.3%

Sources: OEA Calculations from "Emploi-chômage," op. cit. pages 3, 65, 67.

ILLITERACY

1. Nature of the Problem

Haiti's only abundant resource is its people. Tragically, there has never been sufficient investment in this one resource which has the potential for altering the country's destiny. Access to a basic education represents an investment in human capital. The right to a minimal level of universal, free primary education is recognized in all contemporary societies, including Haiti. The best measure of success in providing education is the literacy rate.

To better understand the status of education in Haiti, the Mission conducted a comprehensive education sector assessment in October-December 1984. The rate of literacy as well as other measures of the existing education system, are alarming. The country has a national illiteracy rate between 75 and 80%. But these figures include the Port-au-Prince area where most literate people are concentrated. One can estimate conservatively that rural Haiti is less than 10% literate and that the female rural population is well under 5% literate. Perhaps even more telling is that there has been no significant progress in lowering these rates in the past 30 years, in fact, the illiteracy rate is growing.

Given this bleak reading of the quality of primary educational services available to the Haitian people, it is not surprising that there are major problems at the secondary and university levels as well. As the social demand for education has increased, the quality of education has declined over the years. In 1984, of the nearly 9,000 students who took the first part of the Baccalaureat (secondary education) examination, only about one-third passed. At the university level, high dropout rates, the low academic qualification of professors, as well as poor library and laboratory facilities available raise serious doubts about the quality of higher education.

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These findings have serious implications for Haiti's development. It has been extensively documented by the World Bank and others that the level of literacy (especially female literacy) relates consistently and positively to nearly all other indicators of development, e.g. per capita income, maternal and child health, the acceptance of family planning, energy consumption, and employment. From a development point of view, investment in education is best viewed as a means of improving many sectors simultaneously, rather than assisting a single unitary sector. Because of the comprehensive interactions with development objectives in all sectors, investments in Haitian education will have invaluable spillover benefits.

The weak education system has serious consequences for Haitian development. It means a low quality labor force. While a source of inexpensive labor may attract certain types of industry, it limits the possibility of a more dynamic, expansive urban industrial sector. There is a shortage of managerial/technical personnel at all levels of the society. Sustained economic growth will require the development of a trained managerial and technical labor force. In addition, formal training transmits to the labor force those essential attitudes and habits, and self-discipline required for long term growth and development. As an indication of the potential economic contribution of education in Haiti, worldwide comparative studies reported by the World Bank have demonstrated that a 20% improvement in literacy will increase the annual rate of growth for a nation's gross domestic product by approximately 0.5%. Using the expected GDP growth rate in Haiti of 3%, a 20% increase in literacy would result in a 17% increase in the growth rate.

The illiteracy rate is a partial explanation of both the poor health and nutritional status and the high birthrate of the Haitian people. Changes in behavior related to health, hygiene, family planning, and nutrition can be accelerated rapidly and sustained only with the proper educational instruction and support. The education of mothers has significant effects on the health of children and other family members. Studies have shown, for example, that each extra year of schooling for mothers reduces the death of infants and children by nine per 1,000. Educating mothers to prepare food to obtain the maximum nutritional benefit from limited supplies would be particularly effective in Haiti, where malnutrition is a serious problem. Education of mothers is also correlated with improved family planning practices, the number of children in the family that attend school, the length of time they remain in school, and their willingness to invest in education. The World Fertility Study has established that Haitian mothers under the age of 17 who have completed 6 years of primary education have 50% fewer children than those mothers who have not.

Basic education's relationship to agricultural practices is also strong. Rural people who have had at least four years of primary school are more amenable to agricultural changes and innovations. Where complementary agricultural inputs are available, according to worldwide studies, four years of basic education will increase farm productivity by about 13%. The farming practices of the typical Haitian peasant do not include plowing, terracing, irrigation, fertilizers, or pesticides. Many techniques of appropriate agricultural technology can be presented to the small farmers in Haiti, but their understanding, acceptance, and application will depend upon a basic level of education and receptivity to attitude change. Investment in education is even more important for full benefits to be derived from more complex improvements in agriculture, such as those associated with cooperatives and credit plans.

Changes in social and political awareness comprise a significant long-term effect of education. Without an educated population, Haiti will not be prepared to develop and support a political and social structure that is responsive to its own needs. Such an outcome requires an educated and politically aware population and a cadre of highly skilled managers throughout government. This will require a long-term effort to improve education at all levels, from primary education through university level education, and including training in vocational, technical, and managerial skills.

2. Causes

Two kinds of causes will be discussed below. There is the proximal cause which is the lack of political commitment. Then, there are a series of factors which cause the existing education system not to function well.

The basic cause of underinvestment in education is the lack of political will. When compared to other developing countries, Haiti ranks low in educational investment. In literacy, Haiti ranks 110th in the world and 109th in adjusted school enrollment ratios. Within its own national budget for FY 85, education receives a scant 13.7 percent.

At the primary level, the system is plagued by low enrollments, low efficiency and low quality. These problems are particularly acute in rural areas where less than half the children go to school. The low enrollment rates are caused primarily by the high cost of education to parents and the lack of sufficient school places. Low efficiency has multiple causes with undernourishment being a major determinant. The AID Education Sector Assessment found that the educational system is so inefficient that it takes 18 student-years to produce a six years primary school graduate in rural areas.

The poor quality of education results in part from the lack of learning materials and unqualified teachers. The insufficient number of primary school teachers and their low level of qualification limit the effectiveness of all efforts to improve the quality of education. Analysis of teacher qualifications shows that about 27% of the country's teachers can be considered qualified, i.e. graduates of teacher training colleges or the equivalent, including 20% in the private sector and about 40% in the public sector. An additional 19% have completed the first cycle of secondary education and could become qualified in equivalency courses. All other teachers need more extensive in-service training. In general, teachers are poorly prepared to teach in rural circumstances where often they must deal with more than one grade per classroom, overage students and infrequent attendance.

Data on the dropout rate are equally alarming. Although 48% of the eligible rural children attend the first year of primary school, by the second year, 18 percent are present, and by the fourth year 8.5 percent. Only about 3 percent of the rural students who begin school will complete the primary cycle. Since at least 4 years of schooling is necessary to produce a literate child, the low levels of attendance and the high dropout rate ensure a perpetuation of illiteracy at the current level.

The low level of educational development has been blamed by some on the complex relationship between French and Creole. But, it has been pointed out that this assumption conveniently divorces educational underdevelopment from the economic, political and social inequities which feed it. Compared to other countries where more than one language is involved, there is not a complex linguistic problem in Haiti. Creole is the exclusive means of communication for close to 90 per cent of the population who cannot communicate in French. The population is totally monolingual with a small bilingual minority which has successfully managed to maintain the linguistic differentiation on which their elite status depends.

French has always been the official national language. Changes in the most recent constitution (1983), declared both French and Creole to be "national languages", but French is the official language of administration, law and education. As Haitian society is today, mastery of at least some French is the only channel of upward social mobility. Unless the formal functions of government shift to Creole, literacy in Creole is of limited value to rural people when important legal documents such as land deeds are written in French and where Creole literature is scarce. Creole literacy should be viewed as a transitional skill to facilitate the "passage" to French.

In a departure from past policy, the Government launched a national education reform in 1982 after a three year experimental period. Among other important changes, Creole is to be allowed as the medium of instruction in the early years of primary school. Creole is to be the transitional classroom language while oral proficiency in French is acquired in order to lay the basis for the establishment of French as the language of instruction by the fifth grade. A by-product of this approach is the acquisition of literacy in Creole by those children who are forced to drop out before literacy in French is achieved.

Implementation of the reform has been slow and difficult in the face of opposition from all levels of society and vacillating government policy. The reform is now at a crossroads. Because of the government's ever diminishing share of primary and secondary educations, the reform will succeed only if it is extended to the still resistant private sector.

In the meantime, the threat of a successful education reform to an entrenched elite lessens because of internal inefficiencies within the educational system and the low probability that public education's share of the national budget will increase sufficiently for the implementation of what amounts to a massive national program of teaching French as a foreign language. Until the Government can guarantee at least four years of primary education to a significant number of Haitian children, in practice, the language of instruction is a moot question. The majority of children in the reform and non-reform schools will drop out for the same old reasons before achieving literacy in either Creole or French.

Furthermore, the reform does not address some of the major causes of a weak educational system indicated by the low literacy rate. It does not address the high cost of education to the parents. The creation of new student places is limited by serious problems among which recurrent cost is the major factor. The reform does not deal with the nutritional level of students. The quality of education is directly addressed by the ambitious curriculum reform and proposed Teacher Charter. But the prospect of improving the quality of education is limited by textbook cost to parents and the ability of the Government to offer only token pay increases to teachers and virtually no other incentives to join and remain in the profession.

Even for that small portion of children who manage to complete four years of primary school, the level of academic achievement, except in a few "model" schools, will be compromised by a brake on the progress of the reform which has emerged only recently. The passage to French has proven to be much more difficult to execute than anticipated by the performance of the experimental classes. In practice, the reform children are not likely to have achieved any

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lasting degree of literacy in French at the end of four years. In part this is due to the chronic shortage of qualified teachers. The pedagogical soundness of the reform philosophy and curriculum is of little use in the hands of unqualified teachers.

The ability of the government to address these problems is limited. In fact, it is now the private sector which is growing several times faster than the public sector. In the indefinite future, it will be left to the private sector to satisfy the bulk of the growing social demand for basic education.

The expansion of the private sector has accelerated. Its share of basic education has gone from 47% in 1977 to 62% in 1983. Private schools are dominant in nearly all the departments and are concentrated in the rural areas. Most of the schools provide a marginal education. In most rural areas, school buildings are dilapidated and need structural improvement. Classrooms are overcrowded, with 95 students in a class not uncommon. The lack of chairs, desks, blackboards and books further exacerbates the problem. Although the Ministry of Education has the legal responsibility to oversee the operation of private schools and ensure that national standards are maintained, in practice, the private sector operates without supervision. The growth of the private sector, while many times faster than the public sector, is constrained by the unavailability of adequate financing to build new schools or improve existing ones. The result is a slow and inadequate response by the private sector to the high demand for more and better schools added to the virtual incapacity of the public sector to respond at all.

3. Extent of the Problem

The projected demand for school places over the next five years is an influx of 743,000 new enrollments in the first grade of primary school, 128,000 new enrollments in the first year of secondary education, and 3,000 new enrollments in the first year of higher education. This growth rate has long ago outstripped the Haitian government's ability to respond as shown by current low enrollments and the increasingly dominant role of the private sector in both primary and secondary education.

Given this state of education and the literacy rate which reflects it, it is not surprising that Haiti faces a number of inter-related challenges to development. There is increasing population pressure on scarce and deteriorating land resources. Malnutrition and endemic disease debilitate a large proportion of the population. The per capita income was \$320 in 1983, low even among the poorest developing countries. Population density is 650 per square kilometer of arable land, population growth rate is 1.75% per annum with an average family size of 5.5 while only 5% of all

women used contraception in 1978. The infant mortality rate is about 125 deaths per 1,000 births, 73% of infants suffer from malnutrition, and 25% of women, mostly in urban areas, do not breastfeed. The percentage of children under six suffering from malnutrition ranges from 25-50%, 27% of all children have second or third degree malnutrition, and pre-school children are sick 50% of the time. The leading causes of death among children are malnutrition and diarrheal diseases, followed by immunizable diseases, malaria, tuberculosis, and bronchial pneumonia. Only 10% of the population has access to safe drinking water, and latrines are available to only 20% of urban and 10% of rural residents. The 1982 census found unemployment to be 10%, but after including the underemployment-equivalent, it was 47.9% and projected to be 50.3% in 1991. Hillside land loses an average of 100 tons of topsoil each year, and agricultural production is stagnant in absolute terms and declining 1% per year relative to the population.

While an illiteracy rate of the magnitude of Haiti does not solely cause the pervasive state of underdevelopment chronicled above, world-wide evidence strongly suggests that any amelioration of the situation will be related to a diminution of Haiti's high level of illiteracy.

4. Implications of Not Attending to the Problem

Not addressing the problem of educational failure in Haiti will help ensure that Haiti remains the least developed country in the Americas and among the poorest of the poor in global terms. Given the rapidly deteriorating environmental/agricultural situation, what little hope there is to reverse this trend as well as of improving health and unemployment, will be critically affected by what happens in education. Significant and enduring change in Haiti will depend in large part on the level of investment in the education of the Haitian people. Such an investment is necessary to underpin all others, whether they be in family planning, in technologies to ensure better crops, in sustaining a fragile environment or in expanding the industrial base. Without this investment, Haiti will continue to be unable to feed itself and to be handicapped by a malnourished, ignorant population whose "comparative advantage" in the labor market rests on its size and level of desperation.

OVERPOPULATION1. Introduction and Overview

Haiti's population has grown from 3.1 million in 1950 when the first census was conducted to 5.1 million in 1982, the date of the most recent census. Adjusting for an underenumeration estimated at 10% and a growth rate estimated at 1.75%, Haiti will have a population of 6 million by 1986.

The size and growth rate of the population impacts on every economic development activity in Haiti affecting not only the current allocation of resources but with consequences for longer range development as well:

- With only 9,000 sq Kms of arable land (out of 27,000sq. kms total land surface) Haiti is one of the most densely populated countries in the world, averaging 222 people per square kilometer, but 650 people per square kilometer of cultivated land. (Only Java and the Nile Delta surpass Haiti in population to cultivated land ratios.) Seventy percent of the population earn their living from agriculture. However, population pressure on the land has resulted in severe environmental degradation which is one of the primary causes of declining per capita agricultural productivity. Furthermore, unless more land is made available or the productive capacity of the land is stabilized or improved, the decline in agricultural production will continue.

- Current growth in the non-agricultural sector can partially compensate for the decline in per capita food production by supporting food imports. However, even growth in this sector is unable to absorb the excess rural labor as underemployment and unemployment estimated at 50% of the workforce are already pervasive in both rural and urban areas. Each fully employed urban worker supports an average of 5 persons--three children and two adult relatives--in addition to himself or, as is frequently the case in the assembly industries, herself. The employment situation will only get worse during the next five to ten years since these new entrants into the labor force have already been born and neither the agricultural, industrial or services sectors are growing rapidly enough to absorb them. As long as population growth continues at 1.75% per year, 80,000 new jobs are needed each year just to maintain current levels of employment and underemployment.

- Partially as a consequence of declining agricultural productivity and income and the resulting search for both rural and urban employment Haitian society is extremely mobile. Emigration and rural to urban migration have helped reduce rural intercensal population growth rates. However, as emigration to neighboring countries

decreases, migrants are increasingly concentrated in the Port-au-Prince area where most new jobs are being created. Not only does this migration tend to break down traditional cultural and kinship ties, but Port-au-Prince must strain already inadequate resources to provide housing, employment and social services to a population growing at the rate of nearly 6% per year.

- With 40% of the population under 15 years of age and 50 percent of the labor force unemployed or underemployed, the burden on the producers and workers and on the society to protect and support these non-productive people is enormous. On the micro level, families become poorer as more children increase household expenditures for food, schooling, clothing and health care. On the macro level, the current numbers of children place pressure on the already limited provision of education and health care services. For instance, in education, just to maintain the current level of enrollments, 45% of primary school aged children actually in school, classroom space for 7700 additional children is needed over the next 5 years. Under these conditions, a qualitative improvement in primary education requires either an enormous increase in education expenditures, or a decrease in the number of children to be educated.

- Current population growth are a composite of high completed fertility, high mortality and significant emigration. Planned reductions in mortality and emigration will increase the growth rate unless fertility also declines significantly.

- The fertility rate in Haiti (number of live births per woman) is slightly higher than 5 with the urban rate between 3.2 and 4.0 and the rural rate between 5.1 and 6.1. High fertility and inadequate child spacing are directly linked to high maternal mortality, high infant mortality, low birth weights, and malnutrition. Furthermore, the poorer the family the greater the effect of high fertility on increasing that poverty. Priority for food and other basic needs is given to the income earning members of the household often at the expense of investments in children, such as primary schooling.

- Haitian emigration to other Caribbean countries and to the United States has been a major factor in relieving population growth pressure. Estimates indicate that the emigration rate decreased the population growth rate by 0.3% - 0.5% each year from 1961-1982. However, Haitian emigration rates have been altered significantly due to restrictions imposed by the neighboring Caribbean countries and by the United States, the primary receiving country. Not only does the decline in emigration contribute further to the increase in absolute size of the population, but since the emigrants tend to be working aged men who will form families in Haiti, this group can contribute to significant increases in the birth rate.

Any strategy for reducing population growth must be cognizant of the interrelationships between women's education, employment (income), mortality, personal values, family planning use and the

synergistic effects of improvements in socio economic status on population growth. Furthermore, unless there is firm government commitment to clarify and resolve the population problem neither direct nor indirect strategies and interventions will be very successful.

2. Current Efforts In Family Planning Service Delivery:

a) Potential for Acceptance of Contraceptives:

Data from the 1977 World Fertility Survey (WFS) for Haiti show that 18.9% of women aged 15-49 and in union were using some form of contraception, though only 5.4% of women were using modern or "efficient" methods; and the rest were using "traditional" methods such as rhythm, withdrawal, douche or abstinence. In addition, 49% of those women who had 2-3 living children and 73% of those with 4-5 living children wanted no more children. The 1983 Contraceptive Prevalence Survey (CPS) also found that 44% of respondents wanted no more children. Trial programs in Miragoane (rural) and Cite Simone (urban) have been successful in increasing the number of women at risk who adopt family planning. Miragoane was able to increase acceptance from 7% to 34% of women at risk in approximately 9 months in a population of 50,000 and Cité Simone from 10% to 24% over a 12-month period in a population of 100,000. These trial programs suggest that there is a significant unmet demand for modern family planning services.

b) Actual contraceptive use:

The preliminary findings of the 1983 CPS indicate a lower proportion of women protected by some form of contraception in 1983 than in 1977, six years earlier (6.8% vs 14.4%). The exact values may be debatable due to methodological and definitional differences but the downturn is unmistakable. Service statistics from the DHFN show a similar decline in the proportion of women contracepting from 11 percent during 1982 to seven percent of women in 1983. Statistics for the first six months of FY 84 do not show substantial improvement over 1983.

c) The Family Planning Program:

Apart from occasional services delivered by voluntary agencies and church groups, organized maternal and child health care services were lacking in Haiti until the late sixties. The Division of Family Health (DHFN) was created by the Ministry of Health and Population in 1974 to coordinate the delivery maternal and child health services including family planning. In the mid to late seventies, the DHFN supported family planning services delivery in the public hospitals and health centers in Port-au-Prince and the major urban centers. Today, the DHFN offers MCH/FP services in 178 hospitals, health centers, and dispensaries of which 60 are PVO institutions. In addition, the DHFN has expanded its program to cover family planning in 40 armed forces dispensaries and 400 community councils.

d) Donor Assistance

In the early years, the UN Fund for Population Activities (UNFPA) provided the primary support to the DHFN. In addition, over the years many AID centrally funded grantees and contractors have provided significant but modest support to the program, including Columbia University Development Associates, Johns Hopkins Program in International Education in Gynecology and Obstetrics (JHPIEGO), Association for Voluntary Sterilization (AVS), BATTELLE, Westinghouse Health Systems, and Family Health International among others.

AID began providing a modest amount of population assistance to the DHFN in 1975. Since then, AID funding for maternal and child health and family planning activities has increased steadily and in 1982 we approved a five-year (FY82-86) \$9.6 million Family Planning Outreach Project. This project was to be a major step toward improving access to family planning services by providing training and commodities for expanded promotional and information and education activities, and by building up alternative service delivery techniques (commercial and community-based) in response to the limitations of clinic distribution based programs.

Most recently, UNFPA, UNESCO and UNICEF have collaborated in a 2-year project to develop a teacher training module and textbook on population education to be used in primary schools. The UNFPA has also provided substantial support to the Haitian Institute of Statistics (IHSI) for a Demographic Analysis Unit (DAU). The long-range objective of assistance to the DAU was to assist the Government of Haiti formulate an appropriate population policy consistent with national resources and Haitian social and economic development goals. UN assistance to IHSI assisted them in implementing demographic studies, the 1977 Fertility study, the 1982 Census and preparation of a draft population policy.

e) Private Sector Efforts in Family Planning

Since its creation the DHFN has gradually increased its collaboration with private health institutions to provide maternal and child health (MCH) and family planning services, and in 1984 some sixty (or 30 percent) private facilities were offering family planning services as well as MCH services. However, reporting by PVO institutions is frequently uneven and incomplete and Catholic facilities are unwilling to provide modern contraceptives.

Nevertheless, many private medical practitioners and PVO institutions, particularly in Port-au-Prince, are providing family planning services along with other nutrition or health services but not reporting them. We estimate that up until 1984 such unreported services were equivalent to an additional 10,000 couples practicing FP. Included in this estimate are contraceptive pill sales made through some 250 commercial pharmacies of which 140 are in the metropolitan Port-au-Prince area.

In mid 1983 under NGO I USAID provided support through the Association for Private Health Institutions (AOPS) to assist 15 rural PVO health institutions develop a population based community health program to provide family planning as well as other primary health services. (For the one third of these institutions which are Catholic, other delivery systems for providing contraceptives and voluntary sterilization are being developed.) For those AOPS institutions providing modern FP services, average contraceptive prevalence increased from less than 3 percent to more than eight percent after 9 months of service. However in one area, Pignon, a dynamic medical director was able to increase contraceptive prevalence to nearly 30 percent.

f) Natural Family Planning

Natural family planning (NFP) has considerable theoretical appeal to an illiterate population unsure of modern drugs and strange devices, but this approach to child spacing has not been well understood nor promoted. Action Familiale d'Haiti (AFH), established in 1978 as a non-profit, non denominational organization, has with its limited resources attempted to promote fertility control through natural methods in rural communities. The DHFN has provided modest support to AFH (\$35,000/per year) to assist them in instructing couples in natural methods. Catholic health facilities have been reluctant to work with AFH and to move their NFP counselling out of their clinics and into the communities. Because the various NFP proponents cannot seem to agree or work together for NFP as a concept and method, it has been difficult to envisage an expanded NFP program which would assist all groups in promoting the method.

g) Voluntary Sterilization

One bright side in the program has been the steady although slow progression of the voluntary sterilization (VS) program since 1976. In 1984 twenty-two facilities performed 3168 procedures (including 310 vasectomies) as compared with 2502 procedures in 1983, a twenty-six percent increase as compared to the 22 percent increase from 1982 to 1983. During 1983 and 1984 two new service modalities have emerged to complement fixed VS clinics which can be established in all hospitals and health centers with beds. These are a) the camp approach to reach areas which have no operating room or beds (appropriate for vasectomy) facility and b) a mobile medical team approach to provide regular but intermittent services in health facilities without beds. Both approaches show promise but need to be planned and organized so that human resources and equipment are optimally utilized. Demand for VS is high even for vasectomy which has not yet been promoted. Bottlenecks in supplies and poorly motivated medical and nursing personnel have impeded provision of this vital service.

3. Socio Economic Determinants of Fertility

a) Mortality: According to the theory of demographic transition, declines in fertility follow declines in mortality. Thus, it is commonly

accepted that until child survival rates in Haiti improve, fertility will not decline significantly. Current mortality is still extremely high with an infant mortality rate of 125 and a child mortality rate of 36. More than a third of Haiti's older mothers have experienced at least one infant death in their reproductive lives. While mortality has declined over the past forty years (due to antibiotics, eradication of small pox and yellow fever and reductions in malaria, as well as to improved roads, nutritional supplements and increases in rural education), it is still distressingly high as one out of eight infants born die before age one.

b) Breastfeeding: Because lactation prolongs anemorrhea, breastfeeding is perhaps the most effective mechanism for fertility control, particularly for a population which is not using other forms of contraception. Traditionally the breastfeeding period in Haiti was quite long -- often 18 months. However, the length of time children are breastfed as well as the number of children breastfed appear to be declining. Younger women are more prone to stop breastfeewding early and this trend is particularly striking in Port-au-Prince partially because more women are employed away from home. Supplemental bottle feeding reduces the contraceptive effect of breastfeeding. Bottle feeding is practiced by 60% of rural mothers and is "ubiquitous" in Port-au-Prince. If there is, in fact, a trend toward shorter breastfeeding periods and bottle supplementation among Haitian women, one of the most effective mechanisms of fertility control in non-contracepting populations will be lost and fertility can be expected to rise as will infant mortality rates.

c) Infant Mortality: High fertility appears to be both a cause and an effect of infant mortality. As a causal factor, improperly spaced children strain a mother's physical capacity increasing the risk of poor nutrition and susceptibility to disease by the infant. In economic terms, an extra child will increase the direct pressure on family resources as well as limit the mother's ability to earn an income. As a contributing factor, when an infant dies, there is increased risk of a replacement pregnancy too soon and the risk of a subsequent infant death increases. Furthermore, according to the "Child Survival Hypothesis", where infant mortality rates are high parents have "insurance births" expecting that, as in the case of Haiti, one out of six children will die before adulthood. The risk of an infant death is significantly higher (as much as 60%) for mothers under twenty or over 35 years of age or who have had 4 prior live births or have delivered in the year. If these "at risk" mothers who constitute approximately 20 percent of all mothers could be reached and convinced to use family planning, infant mortality and fertility could be directly reduced at the same time. Although the relationship between infant mortality and fertility is complex and difficult to measure, in a study of 50 countries an uninterrupted decline in infant mortality was found to precede a decline in fertility. Because fertility and infant mortality are so interdependent, those measures which reduce mortality -- health, education, and family planning -- also contribute to reductions in fertility.

d) Income Levels: There is an inverse relationship between income and fertility. Almost without exception, those countries with higher per capita incomes, and those populations within higher income brackets in poorer countries, have lower fertility rates. Increased family income

also reduces the relative cost of obtaining family planning services. In addition, higher incomes are associated with improved health, education, personal awareness, etc., all of which also tend to reduce fertility. Indirectly, income appears to have a "substitution" effect which reduces the demand for children as they become more costly relative to other goods. However, if a woman's income is low, the opportunity cost of her bearing and raising children is slight, especially if the child-mother income differential is not great and the loss can be made up by the child at a relatively early age. The substitution effect also operates through the rising cost of children particularly in urban areas, as the appeal and availability of alternative uses of family resources encourages parents to increase the "quality" of a few children (through better nutrition, health care, education) as opposed to increasing the quantity of "low quality" children.

e) Income Distribution: Equitable income distribution is also associated with lower fertility. Fertility has declined more rapidly in countries where income distribution has become more equal, such as Costa Rica, Taiwan, and Sri Lanka, than where it has not, such as India, Brazil, and Puerto Rico. As families in the lower half of the income scale receive a larger share of total income, fertility declines; and marginal decreases in fertility for given increases in income are greater at lower income levels.

The JHPIEGO training program in Reproductive Health has trained 31 physicians outside of Haiti, but only 18 perform VS procedures regularly. JHPIEGO began discussions aimed at developing an in-country training program for doctors, nurses and anesthesia technicians in VS and reproductive health management over two years ago but they have not yet resulted in concrete plans for this vital training.

f) Rural/Urban Differences: Patterns of family planning use are markedly different ranging from 0 use in some areas to 30 percent in others. However, the most marked general difference in contraceptive prevalence is found by comparing rural and urban Haiti. In the 1983 CPS 13.5% of women in Port-au-Prince reported using some method as compared with 10.3% in other towns and only 4.4 percent in rural areas. While this difference reflects urban influences and values and the concentration of wealthier, more educated persons in the towns, it also reflects the clinical orientation of the program and the lack of access in rural areas since the major public medical facilities are located in the capital and major towns. Where family planning services have been made easily available in rural areas through either government or PWO sponsored services, acceptance and prevalence rates have increased dramatically in eighteen months or less.

g) Education: In Haiti educational levels have been inversely associated with fertility so that as education increases fertility declines. This was quite striking in the 1983 CPS data which indicated that only 3.3 percent of women with no education were currently using a family planning method as compared with 7 percent of women with primary schooling and 26 percent of women with at least some secondary

education. The correlation of women's education and fertility declines is largely explained by three elements: 1) women with more education are better able to absorb and utilize new information such as family planning and ideas, 2) tend to be of higher economic and social class and 3) tend to concentrate in urban areas where access to information and services is greater. Investments in formal and non-formal education for girls and women would seem key elements of a population policy aimed reducing fertility to more appropriately align population growth with national resources and goals.

h) Other Social Factors and Values

Religion and traditional values and attitudes can also affect fertility and use of family planning. However, in Haiti religion does not seem to have a significant impact on either completed family size or use of family planning as determined by either the 1978 Haitian Fertility Survey or the 1983 CPS. The general instability of marital unions tends to decrease exposure to pregnancy and thus fertility. Although women in instable unions have wanted a child by a current partner to more securely bind their relationship, traditional paternal support for such children is decreasing as family structure weakens and men must migrate to find jobs. Little is known of male concerns as they affect family planning but it is clear information programs and service strategies have been directed at women rather than couples or men. There is some evidence in the high condom usage and the growing popularity of vasectomy that men will support family planning if appropriate information and services can be made available. It, thus, appears that there are not significant social or cultural impediments to use of family planning to achieve smaller families consistent with family resources and goals.

ILLNESS1. Nature of the Problem

Of the 216,000 children who will be born in Haiti this year, 27,000 (12.5%) will die before they attain their first birthday and among children one to five another 18,120 will die this year. These deaths will account for almost half of all deaths in Haiti.

By any of the standard health status indicators used to categorize and compare countries (infant mortality (IMR), child mortality (CM), crude mortality (CMR) and life expectancy at birth), Haiti ranks among the least healthy populations in the Western Hemisphere and the world. (See Table 1.) In lesser developed countries such as Haiti, characterized by moderate to high crude birth rates and 40 percent or more of the population aged less than 15, infant and child mortality rates are proxy indicators (along with per capita income) for standard of living and level of social and economic development. However, health status is not an independent variable but rather reflects the combined effects of other factors such as per capita food availability, income distribution, access to potable water, electricity and waste disposal facilities in addition to the availability of preventive and curative health services. Poor health status in Haiti also reflects the health attitudes and practices or health seeking behaviors of a largely illiterate and disenfranchised peasantry whose productive capacity is rapidly diminishing and an environment where the ecology and climate favor the growth and transmission of a wide variety of tropical, viral, parasitic, bacterial and vector-borne diseases.

The key illnesses or health problems affecting infants and young children are:

Preventable and/or immunizable diseases including measles, polio, diphtheria, TB meningitis, pertussis, tetanus and malaria.

Malnutrition due to multiple infections, poor infant feeding and weaning practices, inadequate food intake.

Prematurity and low birth weight as a consequence of maternal infections, prenatal undernutrition, age and parity of mother, and birth interval.

Gastro-intestinal infections and consequent dehydration resulting from poor hygiene, food and water contamination and inadequate, untimely treatment.

Respiratory and ear, nose and (ENT) throat infections including common colds, viruses and pneumonias.

The occurrence of any one of these health problems frequently contributes to secondary illnesses, serious declines in health status and, far too often, in death.

Although data on immunizable disease prevalence (diphtheria, pertussis, tetanus, polio, measles and tuberculosis) among children is not available, vaccination coverage is extremely low at less than 15% among children under 24 months of age except for tuberculosis (BCG) vaccination which is nearly 50%. While neo-natal tetanus is greatly reduced due to both immunization and training of birth attendants, there is reason to suspect that it may still be the cause of as much as 10-15 percent of infant mortality in some isolated areas.

In global terms it is estimated that about 30% or over 210,000 Haitian children under five suffer from moderate to severe malnutrition. Anemia, avitaminosis and nutritional edema (swelling) are frequently associated nutritional problems although wide-spread distribution of Vitamin A capsules has reduced blindness among children due to lack of vitamin A. Malnutrition is attributed to both poor infant and child feeding practices and lack of family food resources appropriate for infants and small children. Nutritional supplementation has had an uncertain impact on the prevalence of malnutrition although at a medical program in one of the capital's slum areas (Cité Simone) which combines education with food supplementation, reduced serious malnutrition to 3 percent of the children as compared with national prevalence rates of 5-6 percent.

An analysis of the available data from the Cité Simone slum suggests that premature infants and those with low birth weight, who represent about 15% of all live births, are particularly susceptible to subsequent infection and ultimately malnutrition. Deaths among this group account for 60 percent of all infant mortality. (Some 80 percent of mothers of low birth weight infants are less than 20 or more than 35 years of age, have had at least four prior live births, have had a birth in the last two years or had a health contraindication to the current pregnancy.) Deaths and illness among children 1-5 are also significantly more common among surviving low birth weight infants.

It is estimated that there are 1.8 million diarrhea episodes annually among children less than 5, or more than 2.5 episodes per child. Infants who are breastfed exclusively for at least three months suffer half as many diarrhea episodes as infants who receive supplementary bottle feeding. Diarrhea prevalence which also accompanies other childhood health problems such as malaria, measles, malnutrition, chicken pox, polio, teething etc, is highest among children aged six to 24 months. It is estimated that diarrhea and dehydration are directly and indirectly related to as much as 60% of infant mortality and thirty to fifty percent of child mortality.

Respiratory infections include the common cold, and viruses as well as pneumonias. While for colds and viruses there is no effective treatment, pneumonia and ear infections require medical treatment and usually antibiotics. There are no reliable statistics on the prevalence of these infections among infants and children.

Illness among adults as well as children can include an even larger number of health problems ranging from infections and contagious diseases to metabolic and degenerative diseases. In 1979/80 the Albert Schweitzer Hospital reported that malnutrition, diarrhea, pneumonias and tuberculosis accounted for 68 percent of deaths at all ages. This same data base revealed that among adults tuberculosis was the predominant disease killer followed by typhoid, cancer, cirrhosis, cardio vascular accidents, heart failure, post-partum illness, malaria and meningitis.

In addition, other illnesses with infrequent mortality include: vector borne diseases (anthrax, dengue and filariasis), degenerative diseases (hypertension, diabetes, heart disease), sexually transmitted disease (gonorrhea, syphilis and other uro-vaginal infections), parasites (roundworms, tapeworms, amoebas, shigella, etc.), infections (septicemia) and accidents (fractures/burns) etc. Although these many different types of illness afflict both young and old and particularly the rural poor, except for tuberculosis and malaria which can be prevented and the childhood diseases discussed above, these do not constitute major threats to the public's health.

The importance of illness due to Falciparum malaria is not obvious in the reported 50-60,000 annual cases, however, there appears to be significant under reporting. Recent epidemiological studies in northern Haiti suggest that only 25% of the population experiencing fever is in regular contact with the surveillance and treatment network (either SNEM community volunteer collaborators or health facilities) which provide the prevalence statistics. Thus, there may be up to 200,000 cases of malaria annually or a prevalence rate of nearly 4% in rural Haiti. Falciparum malaria is more severe among children less than 15 years old who experience approximately half of all malaria episodes. Malaria in young children is frequently not diagnosed as these children are not brought for treatment and may have vomiting and fever which confuse diagnosis. As an example, in Port-au-Prince where malaria transmission is low, ten percent of the children 6-24 months old being treated for diarrheal dehydration actually had malaria as well as diarrhea. It is estimated that adults having malaria lose an average of 10 work days for each malaria episode. If there are 100,000 malaria cases among rural adults (half the number of cases), some 1 million workdays would be lost annually to malaria. Malaria rates increase seasonally following peak rainfall periods which are also top periods of rural agricultural planting. Thus the effects on agricultural activity and productivity due to malaria may be more significant than we recognize. Recuperation from malaria, as with all infections, requires additional food intake during the recovery period. Thus malaria (and all illness) places an additional burden on family food requirements which are already inadequate.

Tuberculosis is the major cause of mortality in adults. Estimates of prevalence range from 2-3 percent. Tuberculosis (TB) can be prevented in part by BCG vaccination of children. TB treatment requires faithful adherence to the prescribed drug treatment regimen for one full year for both adults and

children thus making TB control complicated and expensive, as it involves intensive and frequent patient monitoring as well as X-ray and laboratory facilities. TB programs also require a level of health infrastructure and health service management which have not been available in Haiti. Over the past few years the major emphasis of TB control activities has thus been on vaccinating young children with BCG.

The health status, particularly of children, would also improve if socio-economic conditions in Haiti were to improve significantly over the next few years. However, despite a wide range of governmental and non-governmental development activities, the demographic pressure on national resources and services suggests that the necessary improvement in social and economic conditions, and thus in family income among the rural majority, will not be achieved in the next 5-7 years.

2. Causes and Constraints

The basic causes of ill health fall into three categories: environmental, cultural/traditional, and institutional. By climate and geography Haiti offers ideal conditions for the spread of a variety of tropical and sub-tropical diseases such as malaria, filariasis and dengue fever, which can increase to epidemic proportions following rainfall. The variety of micro climates and mountainous terrain increases the difficulty of disease surveillance, prevention and/or treatment. The increasing relative density of rural populations and the migration to urban areas in search of markets or employment facilitates the spread of diseases throughout Haiti. Less than 5 percent of rural areas, where 75 percent of the population live, have access to potable drinking water, and less than 10% of the rural population have excreta or solid waste disposal facilities. Although streams and rivers have become polluted they serve as primary sources for drinking, bathing and/or household needs for over 80 percent of the rural population. The degradation of the hillsides and poor agricultural practices have reduced the capacity of the land to produce either basic food staples or cash crops. Thus the rural environment is increasingly hostile and non-productive for the peasant farm family. These problems and proposed solutions are described in some detail in the Title III program paper.

The health seeking behavior of rural Haitians provides some cultural related health treatment problems as well. Illness among young children is frequently thought to be supernaturally caused and herbal doctors and voodoo priests are frequently consulted to deal with such problems. In areas with no convenient access to pharmacies or modern health facilities such behavior is predominant. It often results in delays in seeking treatment for children with diarrhea, increases the severity of the problem and complicates the treatment.

Illiteracy among adults also complicates efforts to inform and educate parents on how to improve the chances for a child's survival. Social class differences between educated health providers and illiterate parents also

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contribute to poor communication and inadequate understanding of preventive measures such as vaccinations, family planning, weaning methods, hygiene etc. Another effect of this communication gap is the frequent abandonment of drug therapies before cures have been obtained; this is a particular problem in TB treatment as patients feel better long before the disease is clinically controlled.

Institutional constraints to improved health can be largely measured in terms of public and PVO resources and their allocation. As is true in most countries, health services in Haiti are underfunded. Public expenditures on all health services is approximately \$6 per capita. PVO health expenditures are also approximately \$6 per capita. Table 2 provides an estimate of expenditures for health in Haiti in 1983. For the Ministry of Public Health and Population (MSPP), donor resources are particularly important in operating and supporting rural health services, particularly the resources generated by PL 480 Title I. In fact, AID grant resources and Title I make up about 30 percent of all resources available to the MSPP. Haitian PVO health facilities are also extremely dependent on their international benefactors and to a lesser extent on the staff, vaccines and supplies they receive from the MSPP.

The available health services are inefficient in significantly impacting on infant and child mortality. The service statistics also show that service delivery is uneven in terms of vaccination, prenatal care, family planning services, etc. in public, and even many PVO facilities. The MSPP has allowed itself to become too dependent on USAID resources. Of the FY 85 functional budget allocation to the MSPP of Gdes 86. million (\$17.2 million) almost 90% is needed for the salaries of its over 8,000 employees, who are, nevertheless, not adequately paid. Removing many MSPP staff who are not in the rural facilities where they are needed is politically very difficult but is one element of the planned Title III health sector program. Ensuring that the available resources, which are necessary for supervision, training and distribution of supplies and equipment, are actually available when needed in the 15 districts and four regions requires the development of financial management skills to complement planning skills. While the MSPP is leading other Haitian ministries in decentralization of planning and financial management, this has been a long process which has moved at a snail's pace until recently. Nevertheless, regional and district offices are now staffed and functioning which provides the basis for supporting selective PHC activities in rural Haiti.

TABLE 1Health Status Indicators for Haiti and Selected Other Countries, 1980

	<u>Haiti</u>	<u>Less Developed Countries</u>	<u>Dominican Republic</u>	<u>Jamaica</u>	<u>Bolivia</u>	<u>U.S.</u>
Per Cap Income	270	728	1,160	1,040	570	11,360
IMR	125	94	68	16	131	13
Life Exp.	53	57	61	71	50	74
Child Mortality	25	12	6	(.)	25	1
Crude Birth rate	36	31	36	29	43	16
Crude Death rate	16	12	9	6	16	9
Rate of Natural Increase	2.0	1.9	2.7	2.3	2.7	0.7

Sources: Haitian Data: Haitian Institute of Statistics;
Other Country Data: from World Bank report

TABLE 2

Estimated Health Care Expenditures, 1983

<u>Source</u>	<u>Total</u>	<u>Per Capita</u>	<u>%</u>
Out of Pocket Personal Expenditures (includes modern, traditional and Vodou treatments, drugs and transportation to/from service site)	\$ 51.4 million	\$ 9.60	44
PVO Health Organizations (includes staff, operating costs, drugs and supplies)	31.6 million	5.80	27
Health Ministry, (includes donor contributions)	<u>33.6 million</u>	<u>6.20</u>	<u>29</u>
TOTAL	\$ 116.6 million	\$ 21.80	100

Balance of Payments Analyses for Program Assistance

1. Balance of Payments Problem

Foreign exchange shortages will be one of the most severe constraints to Haiti's growth in the near future. Slow economic growth (2-3 percent per year) with little prospect for improving real per capita incomes should be anticipated unless the GOH can regain control of its public finances and thus re-establish balance of payments equilibrium. Haiti has seldom experienced balance of payments problems in the past principally because the GOH has had a long tradition of conservative fiscal and monetary management (i.e., limited deficit financing through monetary expansion) and one of the lowest debt burdens of any country in the region (Debt-service ratio for 1984 was 11 percent). However, in 1980 and 1981, Haiti experienced a major deterioration of its balance of payments situation, with foreign exchange reserves falling by \$12.2 million in 1980 and \$34.1 million in 1981 (table 1). As the financial imbalance became more acute, a parallel market for foreign exchange emerged with the Gourde selling at discounts of 10 to 15 percent. These developments contributed to a loss of confidence on the part of the private sector and precipitated a flight of short term capital, contributing to a further loss of scarce international reserves. Increased reliance on Central Bank credit to finance excessive government deficits in 1980 and 1981, together with a recession-induced weakening of export earnings in 1981, were the basic causal forces of the crisis.

In 1982, the GOH adopted a stabilization program which was supported by a SDR 34.5 million IMF Stand-by Arrangement extending from July 1982 through September 1983. The austerity program focused on increasing fiscal revenues, cutting expenditures, and limiting credit expansion. Even though the austerity program successfully reduced the balance of payments deficit, a U.S. \$7.4-million deficit remained in 1984.

The progress with reducing the balance of payments deficit encouraged the IMF and the GOH to negotiate a new SDR 60 million Stand-by Arrangement for FY 1984 1985. The IMF Board approved the Stand-by in November 1983. The program was designed to re-establish a satisfactory international reserve position and to consolidate the strengthening of public finances, and thus establish the basis for sustained growth. Unfortunately, the GOH has not been in a position to make drawings under the IMF Stand-by Arrangement since April 1984 nor comply with a new IMF shadow program. This has, to date, produced only a minor impact on the parallel market rate for dollars, which is currently between 6-10 percent. However, the free market exchange rate could be expected to increasingly reflect the disequilibrium in the economy. Without a renewed Stand-by, a FY 1986 balance of payments deficit of \$4 million has been projected by the U.S. Mission.

Table 1
BALANCE OF PAYMENTS, FY 1980-1985
 (US \$ Million)

Fiscal Years	1980	1981	1982	1983	1984	Proj.* 1985
Merchandise Trade, FOB	-57.9	-157.8	-74.6	-86.7	-71.3	-67.3
Exports	226.2	166.8	203.9	212.8	249.2	278.8
Imports	284.1	324.6	278.5	299.5	320.5	346.1
Services (net)	-87.6	-81.7	-93.3	-107.5	-118.0	-119.4
Transfers (net)	85.4	130.9	118.9	111.8	123.2	133.2
Current Account Balance	<u>-60.1</u>	<u>-108.7</u>	<u>-49.0</u>	<u>-82.4</u>	<u>-66.1</u>	<u>-53.6</u>
Public Sector Capital (net)	65.2	102.0	30.3	75.9	51.6	52.9
Private Capital (net)	-21.5	-48.3	8.7	-5.5	7.2	-3.0
Other	6.8	1.7	-	-	-	-
Overall Balance (deficit -)	<u>-9.6</u>	<u>-53.3</u>	<u>-9.9</u>	<u>-12.0</u>	<u>-7.4</u>	<u>-3.7</u>
Change in net international reserves (decrease -)	-12.2	-34.1	-17.6	-29.8	-21.8	-3.7

Source: International Monetary Fund and Bank of the Republic of Haiti.

* Mission Projection.

The projected FY 1985 balance of payments deficit understates the external imbalance for Haiti. As a result of balance of payments deficits since FY 1980, Haiti will have lost over \$119 million in net international reserves by the end of FY 1985. Balance of payments surpluses over a period of several years will be required if Haiti is to rebuild its reserves to a level that would provide sufficient cushion to cope with balance of payments fluctuations. Currently with gross official reserves equal to only 3.7 weeks of imports, Haiti clearly does not pass the acid test of having resolved its balance of payments problem by having reserves for three months of import coverage.

The need for balance of payments financing becomes even greater if the IMF "shadow program" targeted increase of \$14 million in net foreign exchange reserves in FY 1985 is added to the overall balance of payments deficit of nearly \$4 million in determining the balance of payments gap. In addition, the \$5 million ESF budgeted for FY 1985 is understood to be included in the balance of payments estimate of public transfers. Allowing for both of these factors, the FY 1985 balance of payments gap is estimated to be nearly \$23 million. The need for ESF balance of payments financing will probably not diminish in FY 1986 and FY 1987.

2. Public Finance

GOH fiscal policies have both contributed to and have been affected by the balance of payments problems. The GOH significantly increased its expenditures in 1980, largely for needed salary increases, and in 1981, for budgeted and extra-budgetary capital expenditures (see table 2). The increased expenditures were largely financed by credit from the Central Bank, which enlarged the demand for foreign exchange. The deteriorating balance of payments situation forced the GOH to take steps to control expenditures. The terms of the IMF Stand-by Agreement mandated a program of further fiscal austerity for 1982 and 1983. Total GOH Treasury expenditures were reduced from \$236.5 million in 1981 to \$188.7 million in 1982 and \$198.6 million in 1983.

To increase GOH revenues, a number of reforms were adopted, including: (1) a new income tax law designed to improve the equity and elasticity of the system; (2) a reference price system for valuation of coffee exports; (3) a new diesel fuel tax; (4) increased import duties on luxury items, alcoholic beverages and cars; and (5) a value added tax of 7 percent to replace a multitude of excise taxes. These changes increased GOH Treasury revenues from \$132 million in 1981 to \$149.9 million in 1982 and \$169.3 million in 1983, a two-year increase of 28%. As a result, the public sector deficit financed by non-concessionary means was reduced from 6.7 percent of GDP in 1981 to 2.4 percent in 1982 and 1.8 percent in 1983.

Under the terms of the FY84-85 IMF Stand-by Agreement, improvement in the government's public finances was to be achieved through implementation of a number of fiscal reforms, including the introduction of a comprehensive taxpayer identification system to facilitate cross-checking among the new sales tax records, custom returns, and income tax returns; the strengthening of tax assessment procedures; the simplification of appeal procedures in tax delinquency cases; and the reformulation of the accounting and expenditure control procedures. These reforms and the economy's recovery were expected to generate over a 12 percent increase in Treasury revenues in 1984. Unfortunately, the actual increase in Treasury revenues was limited to around eight percent. This weak revenue performance coupled with the large unplanned expenditures by the public sector that resulted in part from the civil disturbances last May produced public sector deficits in excess of the IMF Stand-by Agreement during the third and fourth quarters of FY 1984. In an attempt to increase revenues and regain an IMF Agreement, the GOH recently increased taxes on diesel, gasoline, auto registrations, cigarettes, alcoholic beverages, and soft drinks. In addition, the value added tax was increased from seven to ten percent. With these tax increases and controls on spending, the Government is attempting to have both a balanced budget in FY 1985 and a new IMF Stand-by Agreement. The first objective will require a large (18 percent) increase in revenues. The second objective calls for firmer control of expenditures and credit expansion than has been demonstrated over the past eight months. The GOH is currently attempting to comply with a "shadow program" whereby the IMF monitors on a monthly basis GOH performance in five main areas. Treasury revenues and expenditures, public sector deficit, credit by the National Credit Bank, and net domestic assets of the Central Bank. However, GOH performance under the IMF "shadow program" has been unsatisfactory. Current estimates of performance through January indicate that only in the areas of treasury expenditures and revenues had the targets been achieved. The GOH had increased the public sector deficit (includes parastatals) by \$3 million instead of reducing it by \$4 million as targeted. In addition, BNC credit to the private sector had increased over six percent above the program's ceiling.

Finally, in the area of net domestic assets of the monetary authorities, the January ceiling had been exceeded by over six percent. It is significant to note that credit and net domestic asset ceilings have not been met in any month of the new fiscal year, which commenced in October. Non-compliance with the "shadow program" to date brings into doubt whether a renewed IMF Stand-by Agreement can be achieved in FY 1985. It also raises the possibility of increased pressure on the Gourde and the emergence of a renewed balance of payments crisis.

Table 2
PUBLIC SECTOR OPERATIONS (U.S. \$ MILLION)

Fiscal Years	1980	1981	1982	1983	1984
1. Treasury Expenditures (a+b)	180.3	236.5	188.7	198.6	229.1
a). Capital	33.0	73.0	34.7	23.0	36.5
b) Current	147.3	163.5	154.0	175.6	192.6
2. Treasury Revenue	138.2	132.0	149.9	169.3	183.0
3. Current Account Surplus or Deficit (-) (1.b-2)	-9.1	-31.5	-4.1	-6.3	-9.6
4. Public Enterprises Current Account Surplus or Deficit (-)	12.4	19.4	14.1	22.9	30.6
5. Public Sector Savings (4-3)	3.4	-12.1	10.0	16.6	21.0
6. Non Consolidated Public Sector	-3.8	1.5	-4.0	-8.3	-5.1
7. Net Domestic Borrowing	42.6	49.3	48.2	19.4	42.6
8. Net Foreign Commercial Borrowing	3.4	50.4	-7.9	11.4	-10.3
9. Net Foreign Concessional Borrowing	31.7	43.4	39.1	65.2	60.0
10. Foreign Aid Grants	38.4	47.3	57.0	56.1	62.0
11. Public Sector Capital Expenditures (5+6+7+8+9+10)	115.7	179.8	142.4	160.4	170.2

Source: IMF and GOH.

3. Development Budget Impacts

The fiscal austerity program has had a severe impact on the development budget. GOH Treasury support for the development budget (capital expenditures) fell from \$73 million in 1981 to \$34.2 million in 1982 and \$23 million in 1983, for a two-year reduction of 68 percent (table 2). Only \$36.5 million was disbursed for 1984. The overall capital development budget (including foreign assistance financing) was reduced from \$179.7 million in 1981 to \$142.5 million in 1982. The increased capital spending in 1983 and 1984 provided for little real increase in overall development activity after adjusting for inflation. The overall development budget would have been further reduced were it not for the improved performance of GOH tax and public enterprise revenues and increased foreign assistance in the form of grants-in-aid and concessionary loans.

Projections for 1985 and 1986 provide for very limited increases in overall public capital expenditures. After adjusting for the probable rate of inflation, little real increase is anticipated. Even with increased Treasury revenues and limited current expenditures growth, the anticipated increase of public sector savings is largely offset by the decreased levels of borrowing from the Central Bank and abroad. As a result, total GOH resources for development will probably not be able to increase much in 1985 and 1986. Likewise, the expected donor commitments for foreign concessionary loans and grants provide for almost no increase in resources for development. This is in part the result of the limited capability of the GOH to generate counterpart revenues for donor financed development projects.

4. Policy Needs

Slow economic growth with little prospect for increasing per capita incomes should be expected in the near future unless the GOH can regain control of public finances and thus re-establish balance of payments equilibrium. The GOH's balanced budget for 1985 should be strictly adhered to and domestic credit expansions curtailed. Compliance with the IMF "shadow program" should be rapidly re-established so that a renewed Stand-by Agreement providing for needed drawings could be negotiated. Other balance of payments support in the form of increased Title I/III and an ESF Cash Transfer would both provide needed foreign exchange, counterpart funding for development projects, and leverage for needed policy reforms.

A major constraint to obtaining both compliance with an effective fiscal austerity program and an expanding development program is the low level of Treasury revenues (10.1 percent of GDP in 1984) and the sub-optimal utilization of revenues. To expand Treasury revenues, the GOH should vigorously continue to pursue reforms in customs and tax administration, expanding the base to which import duties and tax rates apply, and reforming and increasing property taxes. To increase the efficiency of GOH expenditures,

there is a need for administrative reforms, especially in the area of the control of parastatals. Published annual audits of all parastatals would considerably enhance the GOH's ability to control the parastatals. Increased proportions of the GOH development budget should be made available as counterpart for donor supported development projects by ending the unnecessary GOH involvement in directly productive enterprises and non-donor funded development activities. The GOH should attempt to maximize the impact of its limited budget by using its resources for projects which the private sector cannot finance, are essential for development, and will be supported by donors. The donors should seek to limit the effective counterpart requirements of the GOH, using co-financing where feasible. There is also a need for an investment strategy which will minimize the build-up of recurrent cost obligations and which will concurrently increase revenues coming from users of public facilities.

Finally, it is essential for increasing exports and the rate of growth of the economy that the public sector work to be supportive of the private sector. The GOH needs to continue to expand the dialogue started with the Presidential Mixed Commission for Investment Promotion and to rapidly and effectively implement the new Investment and Customs Codes. The GOH needs to reduce risks facing potential investors by ensuring that administrative and legal procedures are fairly, equitable, and efficiently applied. Haiti's growth potential largely depends upon internal and external perceptions of the legal and political environment. Only if human, civil, and private property rights are consistently respected and protected by the Government will private investors and donors perceive an improved investment climate conducive to more rapid growth and development.

ADDRESSING THE FOUR PILLARS

1. Policy Dialogue

Preliminary negotiations for the new Title III program as well as other negotiations have already established a GOH/AID consensus for many of the necessary policy reforms to accomplish this program. The most significant of these include:

- Agriculture:

- The GOH must provide a greater share of public resources to effectively address the fragile lands problem, including the decentralization of Ministry of Agriculture authority and budgetary control to regional and district offices. DA, Title III and PL 480 (Food-for-Work) resources will help secure this policy objective.
- The government has already agreed to lower the tax on coffee and imported wheat flour, thereby improving somewhat the relative price relationships favoring the production of soil retaining crops (vs. annual crops) on the fragile hillsides. Title III resources (and possibly ESF resources as well) will continue to be leveraged to promote price and tax policies which promote the production of an agricultural product mix compatible with the country's natural resource base.
- The GOH will adopt legislation and otherwise promote the formation of water users associations capable of collecting and retaining usage fees for maintaining irrigation systems. Title III proceeds will support attainment of this objective.
- To curb indiscriminate cutting and other ecologically damaging exploitation practices on state lands, the Mission's policy dialogue will seek agreement to the divestiture of state lands (not dedicated to forest reserves) to small holders, either through sale or long-term lease, and encourage more rational exploitation of these lands.

- Employment: The government has increasingly demonstrated its willingness to work with the private sector to bring about policy and regulatory reform conducive to increased private investment and attendant employment. ESF and DA resources will be employed to leverage further progress in this area, including tighter control and/or divestiture of parastatals, implementation of the new customs and investment codes and improving the effectiveness of the Presidential Mixed Commission for Investment Promotion.

- Education: The government has taken the lead in the educational reform which promises to bring about significant increases in

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educational efficiency and effectiveness in Haiti. DA and Title II (School Feeding) resources will provide a set of incentives to encourage private school systems to adopt the reform.

- Population: While official government policy supports the provision of family planning services through both public and private channels, fertility control has not been accorded high priority in relation to other public health programs. The Mission will utilize both DA and Title III resources in the health/population area to secure a stronger commitment to this critical problem.
- Health: A commitment by the GOH to administrative decentralization in support of a significant redirection of health care resources to a primary health care model emphasizing volunteer paraprofessionals, community organizations, and PVOs. Both Title III and DA resources will be used to assure the effective implementation of this policy commitment.

2. Private Sector

The Mission's strategy seeks to establish sound policy and institutional foundations for continued growth and attendant creation of employment opportunities in the private sector. A.I.D.'s accomplishments in this area have been impressive: two credit institutions have been established and another revitalized in recent years for the provision of needed credit to small and medium enterprises as well as mortgage loans. In the process of developing these credit institutions, A.I.D. has played a catalytic role in spurring various business groups and factions to draw together in an unprecedented spirit of cooperation and unity, while at the same time forging closer ties with the government sector. Building on this cooperative spirit, and encouraged by the export opportunities offered by the CBI, the Presidential Mixed Commission for Investment Promotion was established in 1984. With A.I.D. technical assistance, this joint public/private sector entity has already established an improved investment code and continues to dialogue on policy and procedural reforms conducive to investment and export.

A.I.D.'s near-term strategy seeks to consolidate these gains through the provision of capital and technical resources to the credit institutions, and the establishment of a highly professional entity to assist the Mixed Commission in carrying out its mandate by providing a range of research, promotional and other investment services to stimulate both local and foreign investment in Haiti. Additionally, A.I.D. will support the establishment of a high calibre training facility to upgrade the skills of managers, supervisors and micro-entrepreneurs. Two other private sector interventions over the next year will promote non-traditional exports by (1) establishing a Haitian Crafts Export Center and (2) identifying and brokering agro-industrial projects, both offering significant opportunities for generating productive jobs.

The scope of private sector involvement in the Mission's program encompasses both the private sector program described above as well as increasingly significant efforts to carry out our development program through

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the numerous private and voluntary agencies in Haiti. In FY 1985, of the total U.S. assistance provided to Haiti, approximately 50% will be committed to non-governmental organizations. Over the planning period in question, every sector targeted for A.I.D. assistance involves a substantial and critical role for such organizations. Central to the Mission's agricultural sector strategy is the involvement of "lead PVOs" in the organizational and extension work associated with protecting the hillsides in targeted watersheds. The linchpin in the Mission's health and population strategy is the increased use of PVOs, community organizations and volunteers as service delivery agents, with the Health Ministry providing technical, commodity and other support services from regional and district health centers. Finally, the Mission thrust into the basic education field will be entirely through the private education system, which provides the major share of primary education in Haiti.

3. Technology Transfer

The transfer of appropriate technology is a major consideration in all of the Mission's intervention efforts, taking into account the reality of the Haitian situation, particularly a poverty stricken, largely illiterate and risk adverse rural peasantry, weak to non-existent governmental infrastructure and the serious deterioration of the country's land resources. The following narrative illustrates the nature and scope of technology transfer requirements within the major sectors of the Mission program.

a. Agricultural Development

On-farm technology is very primitive, lacking soil conservation practices, crop rotation, and tree and vegetable cover to sustain production capacity. Mechanical power is virtually non-existent and restricted to the plains, animal power is limited, and such aspects as land preparation and crop harvest are carried out with simple hand tools. Recent work has demonstrated that yields could be improved if higher yielding varieties and improved crop and soil management practices were employed.

Because of Haiti's predominantly mountainous terrain and related deforestation and soil erosion problems, the Mission strategy is placing primary emphasis on the introduction of soil conserving production practices on the hillsides. Several of our on-going agricultural projects are already addressing this concern: through our Agroforestry Outreach project sound environmental management techniques and systems, including tree-crop mixes and agropasture systems, are being developed and evaluated to more effectively assure sustained availability of food and fuelwood for family use and sale.

In two other on-going projects, Integrated Agricultural Development and Agriculture Support II, the major focus is on developing appropriate farming systems and improved crop varieties. In these, considerable effort is directed toward identifying the socio-economic constraints to production and developing appropriate technologies to alleviate those constraints. Adoption of new technologies will be promoted through the on-going Strengthening of Rural Credit Services project.

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In 1986 the above interventions will be consolidated and intensified into a new Targeted Watershed Management effort, which will stabilize several high potential watersheds in the Les Cayes area. In 1987, a Hillside Farming Outreach project will extend lessons learned from this first effort to four other salvable, high potential watershed areas (see Map in Summary section). Carefully developed extension and credit packages will be transmitted to the hillside populations of these watershed areas, with special emphasis being placed on the use of rural peasant organizations for the effective transfer of these new technologies. Simultaneously, efforts to expand and institutionalize the linkages between research and the extension systems will continue. In this regard PVOs will be encouraged to increase the hiring of Haitian agronomes and place them in the hillside areas. This collaborative arrangement will greatly expand the outreach capacity of the GOH.

b. Private Enterprise Development

The most rapidly growing sector of the Haitian economy is the industrial sector and, over the long-term, we can expect a continuing shift of population into Port-au-Prince. Of central concern to USAID's private sector development strategy in Haiti is employment generation through the promotion of industrial and agricultural development.

One of the major constraints linked to the development of this sector is the absence of management skills necessary for a significant expansion of manufacturing capacity. At present, on-going and planned project technology transfers are designed to enable entrepreneurs at all levels to improve and expand their operations through management and technical training, particularly in the areas of financial management, marketing, cost accounting, production administration, and other skills related to manufacturing. Additionally, the Mission recognizes that over the longer term a poorly educated workforce lacking basic literacy and numeracy will jeopardize the continued development of this sector. Thus, a long-term industrial strategy requires making a commitment now to improving basic education in Haiti, in order to develop a manpower base adequate to the needs of a modernizing society, i.e., one that is capable of learning and adopting the skills and innovations necessary for sustained progress and development. Finally, technology must be transferred enabling the Haitian manufacturing base to become more vertically integrated, a prerequisite for Haiti to take full advantage of the CBI benefits. This higher level of industrial integration will be an objective of the Mission's investment promotion interventions.

c. Education

Haiti's literacy rate is among the lowest in the world. As such, significant constraints are placed on the effective mobilization of the country's most abundant resource human capital - particularly in the areas of health and family planning and private and agriculture sector development.

Both private and public school systems in Haiti are characterized by highly inefficient and ineffective instructional systems.

A.I.D.'s strategy here will encourage the adoption of the Government's new educational reform package, which stresses initial instruction in Creole and changes in the curriculum and teaching methods emphasizing interaction and problem solving.

Projects now being designed within this sector will place major emphasis on the effective transfer of new teaching methods and instructional materials to the appropriate personnel within the educational system. Special efforts will also be made to introduce new radio technologies and skills training techniques as a means of enhancing educational development in Haiti.

d. Health and Population

Technology transfer and research are also essential elements of the Mission's health and population program. The selected use of highly skilled and experienced technicians has facilitated the introduction and use of appropriate technology in health, population and nutrition. The examples are too numerous to detail, but some examples follow:

- USAID and the GOH are collaborating with UNICEF in carrying out a national diarrhea control program based on subsidized commercial distribution of ORS (Oral Rehydration Salts). The Ministry of Health has indicated that control of diarrheal diseases, largely through provision of ORS, is ranked first among seven top priorities in the public health area.

- The Mission has supported CDC collaboration with the Haitian malaria control agency in order to develop operational research skills to monitor the continuing effectiveness of anti-malarial drugs and residual insecticides in the program. The present malaria control strategy, based on carefully targeted and controlled spraying using a new organophosphate, is the culmination of years of adaptive research and responds to World Health Organization, GOH and AID program strategies to control malaria within available resources and environmentally safe standards.

- Over the past year, based on the work of several USAID technical advisers, the Ministry of Health and Population has begun to appreciate the utility of operational research and mini-survey techniques. Results from such surveys are being used to improve and redesign primary health care and family planning service strategies. Rapid availability of health management data utilizing a mini-computer under the Rural Health Delivery System project has increased Ministry awareness of data uses in management, supervision and evaluation. For the first time, Health officials can examine the distribution of medical and paramedical staff against norms and program requirements.

- Efforts underway to introduce appropriate voluntary sterilization (VS) technology are continuing to produce acceptable gains. This involves expanding the availability of mini-lap procedures, encouraging the use of local anesthesia, and regular feedback of comparative results to VS administrators. Other appropriate technologies slated for trial in the national program include copper-coated IUDs and a progestin only pill to enhance the mix and balance of available contraceptives. Additional efforts are needed, and planned, in the area of vasectomy capacity and promotion.

4. Institutional Development

The major constraints to the success of the Mission strategy are by and large institutional ones. Sector by sector, key services fail to reach the intended clientele, and implementation of important regulatory policies throughout the economy is erratic. A cornerstone of the Mission's strategy is therefore to strengthen the appropriate institutions working in each sector to improve the socio-economic conditions of the poor.

The overall institutional strategy of the Mission is to encourage a more collaborative relationship in all areas between the private sector (including businesses, private and voluntary organizations, cooperatives, and community groups) and the government. The private organizations can significantly enhance the impact of key services, such as family planning, health, agricultural extension, education. This strategy recognizes the current limitations of the Haitian public sector and the remarkable ability of the private sector to penetrate the countryside and improve the economic and social conditions there. It places the focus of the institutional development strategy at the local or field level, rather than the national level.

Although we and other donors have used private organizations in the past to implement development programs, often with remarkable success, many areas of a developing country's economy cannot rely solely on such groups over the long run. In three sectors in particular--agriculture, public health and education--weak national institutions will continue to constrain Haitian development and Mission programs. In each of these sectors, the problem lies in the inability of the respective ministries to provide effective technical support to the local organizations. In addition, agriculture has the special problem of developing a viable adaptive research system, an activity that cannot be left to the private sector to support. In the short term, donor projects can compensate for these weaknesses, but an effort must be made to find long-term institutional solutions.

The Mission's institutional development strategy, therefore, will focus upon both governmental and non-governmental institutions.

a. Government Institutions

Agriculture. The Ministry of Agriculture in Haiti has traditionally been a weak institution, whose most effective role in the development of the agriculture sector (at least in the short to medium term) can be seen as a coordinator of rural-based development projects, carried out for the most part by non-governmental organizations. Although many AID-funded projects provide assistance directly to the Ministry of Agriculture, the principal focus of the Mission's agricultural strategy is to promote an effective means of collaboration between GOH and non-governmental organizations.

The principal public-sector institutions currently benefitting from AID assistance in the agriculture sector include the Bureau de Cr dit

Agricole (BCA), a rural credit agency; the Faculty of Agronomy and Veterinary Medicine (FAMV); and the Extension, Livestock and Natural Resource offices of the Ministry of Agriculture. The Mission will continue to work with these Ministry offices over the coming five years, and to strengthen their collaboration with rurally-based private and voluntary organizations. (Policy dialogue and program leverage also will be applied to encourage the public sector to decentralize its functions and promote grass-roots local organizational development. Questions of legal, administrative and financial reforms will be discussed and analyzed and recommended programs implemented.)

The proposed strategy places emphasis on the creation of effective farm units in selected watersheds. This will require not only an organized peasantry but also an efficient delivery system for such critical services as credit and technology. Working through the Ministry, the Mission will strengthen the research and extension network which also includes private sector groups and linkages to the international research centers.

In the delivery of credit, the current Mission program will be focused on selected watershed areas, particularly in the Les Cayes-Cavaillon area. With respect to extension, the Mission will promote a new cooperative arrangement between the Government and the PVOs to overcome the constraints of recurrent cost and incentives difficulties faced by the government.

Private Sector Development. The major institutional innovation in the private sector to date has been the creation of the Presidential Mixed Commission for Investment Promotion in FY 1984. During Fiscal Years 1986 and 1987, the Mission will continue to support the activities of the Commission and will assist with GOH institutional reforms in the customs and revenue areas, aimed at improving the business and investment climate.

Population. The constraints in the Population sector are for the most part institutional ones, and the Mission's strategy is therefore geared to strengthening the ability of the relevant institutions to carry out their mandates. The principal public-sector population office, the Division of Family Hygiene and Nutrition (DHFN), has been hampered in its activities by its being integrated into the Ministry of Health; the supervisory patterns within the Ministry have broken down, to the extent that the DHFN is not able to assure that services are being provided in MSPP facilities nor that the quality of services and standards of care are maintained. Further, although the DHFN operates both a clinic-based and a community-based program, the emphasis to date has been on the clinic-based aspect of the program, to the detriment of the community-based approach. The Mission is therefore promoting the institutional innovation of using health volunteers to deliver family planning information and materials.

Public Health. The Mission strategy in the Health sector involves improving public sector management of resources, strengthening collaboration between the public and private sectors, strengthening the planning and implementation skills of health professionals in the public and private sectors, and identifying and implementing effective primary health care interventions in order to increase the availability of these services.

The Health Ministry has embarked on a policy of decentralized regional and district management of priority public health services. Four regions and fifteen district health offices have been created and staffed to plan and guide technical implementation of these public health programs. This decentralization requires a reallocation of MSPP human and financial resources from the capital to the rural areas, a redefinition of staff roles and functions and a shift in program planning and management responsibilities toward the regions and districts.

b. Private Institutions

Agriculture. In the field of non-governmental organizations, the Mission has had an outstanding record of identifying and supporting effective rural-based PVO and community groups. Examples of on-going PVO-based institutional development projects include the SHEEPA Fruit tree project, the Agroforestry Outreach project, the Interim Swine Repopulation project, and the Strengthening Coffee Cooperatives project.

Over the next two years, emphasis will be placed upon cooperative formation and assistance, rural user associations, rural animation as a technique for group formation for income and environmental purposes, and general local organizational development. Priority will be given to water user associations, soil conservation organizations, coffee and cacao cooperatives, fruit and vegetable grower associations, and livestock groups which concentrate their activities on swine, poultry, rabbits, and goats. Other local organizations will also be supported as long as elements of income production and organizational enhancement are present.

In the long term the Mission will encourage the establishment of a cooperative credit bank to supply capital to cooperatives and other farmer organizations which heretofore have been the recipients of direct AID financing (in the form of revolving funds). This will have two advantages: first, it will encourage movement to commercially viable lending rates; second, it will provide access to credit markets to finance expansion.

Private Enterprise Development. The Mission's strategy is heavily focused on institutional development within this sector. We are supporting the activities of three private sector intermediate credit institutions in order to encourage capital market formation that has heretofore been absent in the sector. The Haitian Development Foundation provides credit to micro-entrepreneurs, the Development Finance Corporation provides credit for the expansion and establishment of small and medium industrial enterprises, and the Haitian Mortgage Bank, soon to be established, will provide long-term housing construction loans for the first time in Haiti.

A.I.D. is also supporting the establishment of two private sector support institutions, which will assist significantly in industrial and agro-industrial expansion. The Management and Productivity Center will offer business skills training to managers, supervisors, and micro-entrepreneurs, and the Investment Authority will carry out investment and export promotion activities.

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A major feature of these institutional development efforts is the Mission's success in mobilizing private sector matching funding to enhance the speed with which they can come independent self-sustaining institutions.

Education. The major institutional problem confronting the educational reform is the fact that over two-thirds of primary education is carried out in private schools. The national educational reform will fail if it is not accepted by the private sector. In order to gain this acceptance, the A.I.D. program will assist the Ministry of Education in extending the reform by offering a package of incentives to private schools in exchange for their application of the reform. It is expected that the major PVOs engaged in pre-school and primary education will be among the most eager and well-organized groups willing to participate in the project. However, the opportunity to participate will be open to all private schools and school systems which serve the A.I.D. target population.

Population. The Mission intends to identify the support, training, commodities and information and educational materials needed to increase the number of private sector facilities that provide family planning services or to improve the services currently being provided through these facilities. A resource center to provide technical assistance, assure supply distribution, and develop a training and education program to be used by private facilities will be jointly designed with the MSPP and key representatives of private sector health facilities. This program will require a new project, although some pilot efforts can be funded through the Mobilizing Mothers for Child Survival (MMCS) grant or the on-going family planning project.

In order to expand voluntary sterilization services to meet the demand in rural areas, additional fixed and mobile centers are envisioned.

Health. Nearly 200 health facilities in Haiti or about half of all facilities, are managed and supported by indigenous or foreign private voluntary organizations or church groups. The MSPP, realizing several years ago that these PVO health facilities could provide an important complement to its health service capacity, has developed an explicit policy encouraging PVOs to collaborate with the MSPP in implementing national health programs. Examples of current coordination and collaboration include: a PVO's assuming responsibility for the operation of an MSPP facility; a PVO's providing financial and technical support to a district or facility; and consolidation of an MSPP facility and a PVO facility into a single mixed-service activity.

A.I.D. supports and encourages this collaboration. The Mission has provided two grants totalling \$756,000 to the Association of Private Health Institutions (AOPS) to assist 37 of their member organizations to implement population-based primary health care services for 500,000 people in rural areas. A.I.D. has served as a stimulus to help the PVO reorient its passive treatment activities toward primary health care in the communities. We will implement an expanded program in FY 1986 and 1987 to develop institutions to extend health services to an additional 500,000 people in rural areas.