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RESULTS REVIEW

AND

RESOURCE REQUEST

1996-1998

USAID/HAITI

MARCH 1996

Director, U.S. Agency for International Development

March 18, 1996

Dear Brian and Mark,

This R4 reflects not only the numerous significant achievements of this Administration and the Government of Haiti (GOH) over the past year, but also the problems and challenges that lie ahead. Even though we are very much in the early stages of establishing a substantive dialogue with President Préval's Government, one thing seems clear: we must maintain political focus and sustain our concentration on the key issues lest the achievements realized to date suffer and we see a return to a Haitian government that is little or no better than its predecessors.

The past year has been a pivotal one for Haiti and our program. Through support of the electoral process, a national, political dialogue was established. As a result of an enormous international effort, with significant military support, no less than five local and national elections were held. Economic reforms, such as the elimination of the interest rate ceiling, were initiated and malnutrition was slowed. But many challenges remain. Political will on the part of the GOH to make the difficult decisions related to transparent civil service reform, instituting fiscal responsibility, and following through on privatization has not always been apparent. As each issue is addressed, efficiencies should result and a stronger sense of investor confidence can follow.

Adequate resources are necessary for consolidating and training the police force, establishing the rule of law, revitalizing the private sector, and increasing incomes for the poorest in the economy will need to be made available on a timely basis. It is clear that our efforts must not only be well coordinated with other donor institutions, but also very sensitive to fragile GOH institutions with limited operational capacities, all of which face daunting mandates.

We are proud of the Mission's achievements made under difficult and trying circumstances. But this is not a time to rest on laurels. Success to date has been predicated on forceful and clear actions, focussed on results. Future success requires no less. I do not exaggerate by saying that all of our gains may hang in the balance. Substantial levels of financial assistance continue to be necessary in order to achieve Administration objectives.

Larry Crandall

environ-
ment

Family
planning

Economic Reform

haiti mission

trees

democracy

R
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TRAINING

democracy

elections

96
march

Health Feeding

CoFFeE

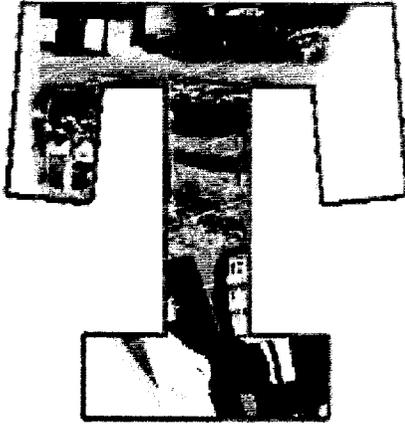


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Factors Affecting Program Performance



raditional patterns of Presidential political domination began to shift with the constitutional transfer of power from President Aristide to President Préval on February 7, 1996 and now consist, not only of the presidency, but a number of emerging power centers including the parliament, cabinet, Lavalas political factions and vocal opposition parties. The GOH remains highly vulnerable to political

and economic disorder as it grapples with painful transitions. Security, the economy, fiscal and civil service reform top an agenda replete with issues. Prospects for consistent action and quick results are not equally promising.

Many factors impeded performance, yet the program achieved results and delivered hope. Tragically, Haiti still lacks not only the resources and the physical and human infrastructure, but the institutional capacity and policies to attract the private investment that will sustain its development. It remains vulnerable to serious setbacks, civil conflicts, humanitarian emergencies and even state collapse. The return of a freely-elected president, the reopening of a new parliament and the holding of local, national and presidential elections bear witness to the gains made over the last 18 months. But, the path towards economic stability, adding substance and tolerance to nascent democratic

ideals, and creating viable institutions to sustain and develop those ideals, promises to be arduous and long.

Haiti has almost no truly effective public institutions. Local government units, without resource bases, are at present limited to pretenses to practical governance. Parliament has only recently been reestablished, and many legislators know little about how laws are effectively proposed or enacted. The court system remains weak, and the Executive branch has not yet shown adequate political will to undertake long overdue privatization, civil service reform and macroeconomic structural adjustment.

Perhaps the greatest impediment to Haiti's development is the national government, the largest public institution. It is estimated that as much as 30 percent of the total civil service is made up of "phantom" employees, and that these could account for up to one-half of the wage bill.

With fully 93 percent of the national budget allocated for salaries, little is left for public investment and to support social programs such as health care and education. The problem is compounded by continued subsidies to maintain inefficient parastatals that drain national coffers of critical resources and work as disincentives to domestic and external investment. As examples, there is little economic rationale for the Port-au-Prince port to be one of the most expensive in the world; for energy to be so unreliable when Haiti is close to supplier countries; and, for domestic communication systems to be tied to outdated and costly technologies when reasonably priced solutions for modernization are at hand.

After holding local and parliamentary elections, and taking some positive steps to revive the economy, the political environment soured. Prime Minister Michel, a supporter of the government's official position for maintaining financial stability and privatizing public assets, was forced to resign in October, which created concerns throughout the donor and investor communities about GOH commitment to sound economic reform. An inflammatory speech by President Aristide one month later, in which the international community was indirectly blamed for the lack of security and the poor economic showing, unleashed civil unrest, further denting investor confidence.

A caretaker government was named. But without a mandate and little popular support, the caretakers did little in their 100-plus days except to further lose credibility with the international financial institutions (IFIs) by not negotiating, except on its own terms, a much needed structural adjustment program. Without structural adjustment in place, the budget deficit widened, forcing the Central Bank to expend its meager foreign reserves and raise reserve requirements to support the value of the gourde at the expense of

private sector growth. With investor confidence weakened, a widening fiscal deficit, and the political agenda in neutral, the Gross Domestic Product (GDP), which was expected to reach 4.5 percent in real terms over the year, registered only an anemic 2.7 percent gain.

U.S. political concerns have interceded as well. The Mission has had to deal with the Dole/Helms Amendment, which restricts U.S. economic assistance until the President reports to Congress that the Haitian government is conducting thorough investigations into political assassinations and cooperating with U.S. authorities in those investigations. Congressional scrutiny of our program remains high, and extended informational holds are now the norm. Delays in the receipt of funding have forced us to reduce implementation efforts for education and training activities and now threaten support to our efforts to enhance democracy.

The timely receipt of funding is crucial in order to achieve desired results. Because the Mission has made a concerted effort to reduce its pipeline (Annex B), the program is in a highly vulnerable position when replenishment is not provided in a timely manner. This proved the case when FY 1996 first quarter funding was not provided expeditiously, and activities under the health and agriculture sectors had to be curtailed in order to avoid stopping implementation altogether. Since then, allowances have been provided only in small doses which

has not allowed effective long-term project planning and implementation. This has been particularly pernicious for population funding where the Mission obligated \$4.7 million, only to be instructed that it could expend an amount equal to 45 days of normal outlays.

Despite these setbacks, the strategy remains valid. It already has resulted in the holding of free and fair elections, a reduction in child mortality, the completion of the initial steps to privatization, the facilitation of 80,000 temporary jobs, the planting of over five million trees, the provision of petroleum products at market prices, the freeing of the interest rate ceiling, the strengthening of the GOH's ability to collect taxes, the demobilization of the Haitian Army, and the training of a new civilian police force. Over the next 12 months, the new administration will need to solidify democratic gains, redouble efforts to strengthen security, initiate civil service reform, continue judicial assistance, and focus increasingly on economic growth measures. Through activities that support the four Strategic Objectives presented in



International observer witnessing vote count

last year's Action Plan, the strategy provides an appropriate mechanism to support GOH efforts. The Mission will need,

however, to plan for a revised, longer-term strategy beginning next year.

The program *will* be different from that presented in last year's Action Plan. Then, policy prescribed and the Mission argued that it needed better balance between a

has been stymied because the Ministry of Environment hasn't been able to access qualified people, or the necessary financial resources, to support it.

A different implementation tactic must be adopted. We propose to take a more

public resources. Employees made redundant through such a reform process would be offered training and counseling. We are prepared to revert to working more directly with NGOs in support of program objectives while civil service reform efforts are underway. This would mean that the implementation approach of HS2004, Education 2004, and ASSET would be revised so that greater responsibilities for project implementation would be carried out directly by NGOs.

The program is expected to change in other ways. A Management Assessment, conducted in December, 1995 at the request of the Mission, acknowledged that the Mission was more advanced on reengineering than most Missions, but identified areas where work was needed. It also recognized that there is no ideal reengineering model. As a consequence, the Reengineering Roadmap guiding our efforts was amended, a Reengineering Steering Committee reconstituted for broader participation, delegations of authority revised, and recommendations for restructuring finalized. Also, a schedule was developed for team-building, preparing a Customer Service Plan, and revalidating strategic objectives.

The Management Assessment also underscored the importance a reengineered system places on the collection, analysis and dissemination of data. Efforts are underway to evolve the interim Food Security Information System into the Mission's core data monitoring unit. As such, it will be responsible for the coordination of data between SOs, analyze trends among SOs, and serve as one source to quantify resource allocations.

In addition to the operational changes noted above, the composition of our portfolio will change as follows:

- if it occurs, election support will be minimal;



Political debate at the new Parliament

bilateral program and one previously and uniquely characterized by activities directly implemented by non-governmental organizations (NGOs). This revised position was taken in order to emphasize the role of the recently returned GOH. With a politically savvy Prime Minister and solid economic team, we were confident strides could be made. With the resignation of the former Prime Minister and his team, we quickly learned that the institutional capability of the GOH had been overestimated. As a consequence, the program suffered. For example, the \$50 million Health Systems 2004 (HS2004) Project is languishing because, in large part, the current Minister of Health appears to associate it unfavorably with his predecessors. The \$45 million agricultural and environmental activity, the Agricultural Sustainable Systems and Environmental Transformation (ASSET) Project,

direct approach to addressing the problems inherent in the ineffective GOH bureaucracy and, in so doing, tackle a serious absorptive capacity and operating constraint facing Haiti—the need for civil service reform. As shown in Annex A, we intend to work with the International Bank for Reconstruction and Development (World Bank), the Inter-American Development Bank (IDB), the International Monetary Fund (IMF), and the United Nations Development Program (UNDP) on civil service reform. Working together, we intend to help the GOH improve efficiency by helping to remove “phantom” employees, reassess pay scales, redefine the few existing position descriptions and prepare descriptions for the balance in order to establish a permanent registry. This alone could save significant resources and address the broader issues of transparency and accountability in the use of

¹ Some assistance to the coffee producers and marketers may be included under ASSET.

- support to targeted watershed management, coffee¹ and seed production will be concluded;
- civil service reform will be introduced and privatization will remain on the agenda.
- the Office of Transition Initiatives (OTI) will be invited to support training efforts of those GOH civil servants made redundant through reform.
- our program for the Recovery of the Economy in Transition (PRET) will be amended to take advantage of greater opportunities to expand credit opportunities to microenterprises and support microenterprise financial institutions (MFIs);
- Title II assistance will adopt a more developmentally-focused profile through monetization that will save dollars generating local currencies to support food

distribution programs. The dependency on our food program will decrease as beneficiary levels are reduced gradually from approximately 875,000 in FY 1995 to approximately 660,000 by FY 1997; and

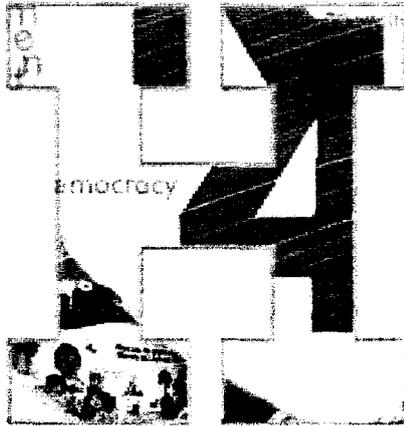
- there will be a direct application of lessons learned for an auction-type pricing mechanism to generate local currency resources under both Title II and Title III.

For FY 1996, our program requires approximately \$121 million (DA, ESF and PL-480) to respond adequately to developmental and political opportunities where the needs are great and USAID has a comparative advantage. Assuming this level of resources is provided, we have estimated a similar FY 1997 need of \$121.2 million. This total includes \$2.9 million in field support needs from Global, mainly in support of population and education.

Program performance, under extremely difficult conditions, was generally excellent. More could have been accomplished if political and budgetary circumstances permitted. Operationally, the program is poised to address civil service reform and resume support to privatization. If implementation under the health and environmental sectors can be revised so as to work more directly with NGOs, while remaining flexible with respect to the GOH, then even greater performance could be realized. The interim strategy remains sound, performance is both palpable and measurable, and with a new GOH administration in place for a five-year period and the UNMIH mandate extended, we are encouraged by the prospects for improved performance.

Progress Toward Each Strategic Objective

Strategic Objective 1: Foster More Effective and Responsive Democratic Institutions and Empowered Communities



Summary of Data

Haiti has passed through several critical watershed events in the governance area, and new initiatives for the Parliament, local government, civil society, administration of justice and prisons are now fully under way. Nonetheless, the Government of Haiti (GOH) has missed

vital consolidation opportunities because of the loss of momentum since October, 1995, when the government of Prime Minister Michel was forced from office.

In the 12 months since we submitted our 1996-1997 Action Plan, the national elections brought Haiti's 46th Legislature into session and produced the first peaceful transfer of power. The Haitian National Police (HNP) now has 5,000 trained recruits, and the Armed Forces of Haiti (FAdH), once a threat to the security and political stability of Haiti, is now nearly demobilized.

During the last six months, however, disruptive events and decisions have brought many key programs to a standstill. Examples include:

- Despite a GOH commitment to privatize parastatal companies, the mounting political pressure against privatization—the primary factor forcing Prime

Minister Michel's resignation—brought the vital divestment process to a halt.

- Despite the GOH's initial request for US assistance to establish a Special Investigative Unit (SIU), the Haitian National Police has failed to investigate the rash of political assassinations, prompting the Dole/Helms Amendment.

- Judicial and penitentiary reform have suffered since the Justice Minister and Director of the National Prisons Authority (APENA) were replaced in October.

- Activities to support parliament and newly elected local government officials were late starting due to GOH delays in organizing legislative and local elections.

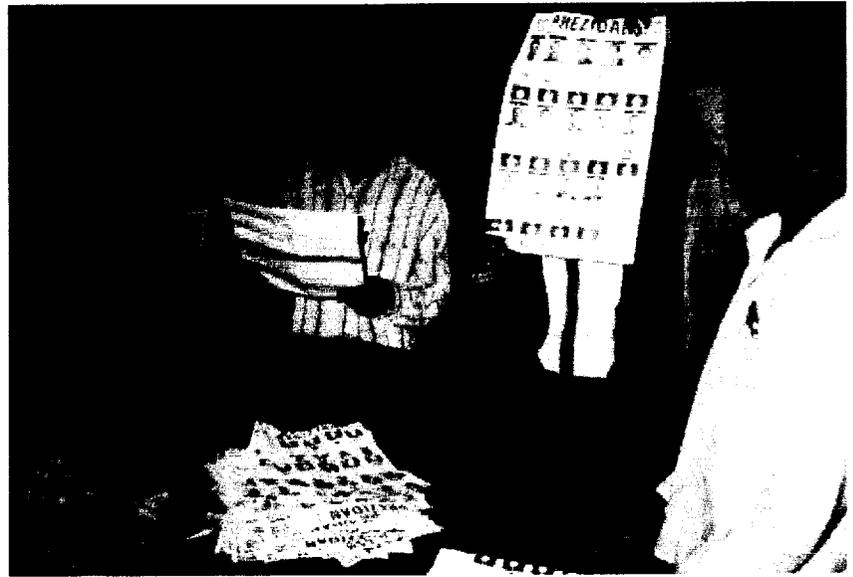
The loss of momentum, funding constraints and consequent delays in start-up resulted in several measures of progress not being met. Mid-course corrections were outlined in the Transition Reengineering Report (TR2). Newly established

technical assistance teams working with Parliament, local government, civil society groups and the justice and penal systems conducted assessments which will establish baseline performance data and develop improved program impact indicators, some of which are included in the following data tables.

Analysis of the Data

More effective, self-sustaining judicial system and improved legal advocacy: In July and August, 1995, the criminal courts held their first semiannual session, resulting in judicial decisions in 12 major felony cases including a number of high-profile murders. Community-based legal advocacy groups, local law schools and bar associations are now beginning to extend access to timely judicial action in some of Haiti's most troubled communities, including Port-au-Prince, Gonaives and Saint Marc. Legal aid to prisoners, for example, has, since October, won release for over 200 men, women and children unjustly detained in Port-au-Prince jails.

The national judicial training school, opened in June, 1995, has trained 219 judicial staff, following an initial training of nearly 400 justices of the peace, judges and prosecutors. Over 5,000 members of the new Haitian police force have completed a four-month training course and been deployed nationwide, exceeding the target by 25 percent; and, a civilian control structure is in place and beginning to function. The program to demobilize former members of the Haitian Armed Forces (FAdH) is well under way, with over 2,900 of the 3,054 former soldiers already graduated from vocational training, and 2,000 of the 2,428 former Interim Police Force members about to begin training. This demobilization and retraining program has minimized the sense of abandonment and lack of opportunity which otherwise could have galvanized



Presidential ballots counted and validated

these individuals into a destabilizing social force.

These advances have been achieved despite dysfunctional government structures and a potentially volatile socioeconomic environment. For example, there have been four justice ministers since November, 1994. This lack of continuity at the highest level, combined with questionable and frequent changes in leadership at the HNP and APENA, continue to impede the integration of the civilian police force and prison system into the Ministry of Justice. As demonstrated during the civil disturbances in November and December, 1995, inexperienced police officers must soon establish credible and professional levels of performance or risk losing their ability to provide acceptable levels of public safety when frustrated citizens take matters into their own hands. Another problem which plagues the judicial system is the rapid turnover of judges and allied judicial personnel. A review of personnel records showed that in August, 1995, nearly half the nation's justices of the peace had been recruited since January, 1995. This problem extends to the judicial training program as well, which has detected a steady pattern of judges selected by the Ministry for training only to be fired

shortly after -- or even during -- the two-week course.

Well-established electoral process: In 1995, the Provisional Electoral Council (CEP), assisted by the United Nations Electoral Assistance Unit and the International Foundation for Electoral Systems (IFES), successfully carried out legislative, local and presidential elections, resulting in the installation of over two thousand local government officials, elected representatives, and a new president. The most significant achievement was the first peaceful transfer of power on February 7, 1996, between two democratically elected Haitian presidents.

Although considered successful, the June 25 local and parliamentary election was marred by administrative deficiencies. Significant improvements were made for subsequent elections. Even though voter turnout was lower than hoped, Gallup polling data show that 92 percent of respondents believe elections were important, 82 percent believed the June, 1995 elections were honest, and 82 percent indicated they would support the new president regardless of their own voting preference, a key indicator regarding Haitian citizens' perspective on the

legitimacy of both the electoral process and the president's mandate.

Training of CEP staff and pollworkers met the target for the presidential election, and pollwatchers and a special Electoral Monitoring Unit comprised of political party representatives also received training. As shown by the significant change in informed responses between the two Gallup Polls noted above, voter education efforts for the presidential election were successful, in part due to the CEP's involvement and coordination of the process for the presidential election, with 81 percent of respondents registering a high degree of awareness of the purpose and mechanics of the process.

These successes received significant logistical support from UNMIH forces and were underwritten by generous donor outlays, both of which will be unavailable in the same measure for the two elections mandated for later this year, i.e., the territorial assembly elections and the legislative election to replace one-third of the Senate. The fundamental electoral problem facing Haiti is the lack of GOH fiscal commitment to the process to date. While the GOH paid for about 10 percent of total electoral costs in the 1990 presidential elections, the 1995 series of elections included only about three percent GOH funding. This percentage must increase dramatically if the 1996 elections are to be adequately funded.

Gains from past investments in training and institutional strengthening, while necessary at the time to fill a leadership vacuum, may prove ephemeral. With no additional funding to support the process, the program is helping the

CEP consolidate lessons learned with a post-election conference, produce a standard CEP operating procedures manual, transfer the IFES database to the CEP, and prepare a summary report on the operational status of registered political parties.

More effective and responsive legislature: Following the October, 1995 installation of two-thirds of the Senate and the entire Chamber of Deputies, parliament was called into special session to address a legislative agenda proposed by President Aristide. While many important bills, including the national budget, were still under debate in the second regular session that convened January 8, both houses have been working to address important legislation, despite enormous institutional and material deficiencies.

The parliament's work has been facilitated by the provision of computers and technical assistance in legislative drafting and a conference on parliamentary procedures and the budget process. This has led to the development of an organizational schematic and job descriptions. A full-fledged parliamentary information system will be in place in FY 1997, and the first set of legislative databases, including

the Haitian constitution and four legal codes will be on-line by April, 1996.

Redefined and circumscribed government: As noted previously, civil service reform is vital to Haiti's long-term development objectives. Efficiencies and savings realized through civil service reform could be significant. With an estimated FY 1996 budget deficit of \$145 million, reform efforts could improve GOH operations and help address the deficit.

Preliminary indications are that there is no room for savings in FY 1996, but post-FY 1996 savings could be substantial through serious reform. For example, one ministry with over 10,000 employees on the payroll was found to have only about half (5,237) of its workforce accounted for, or fully 48 percent of the workforce paid, but performing no known services. That ministry's records showed "unknown" for the duty positions of over 2,500 of its employees, and, while these "unknowns" represented only a quarter of the workforce, they account for over half the total payroll. Removing "phantom" employees, reevaluating positions, and reassessing salaries could result in substantial economies. However, in addition to the savings issue, removing "phantom employees" will also address transparency and accountability in public resource use.

The Mission has prepared, and is now further refining, a proposal to address civil service reform. The IMF, the IDB and the World Bank have been involved in developing this initiative, and they are considering the Mission's proposal to endorse a phased introduction of a limited number of central government reform topics in each of the coming three years to avoid overloading the policy



CGP-financed local community project

SO 1: Foster more effective and responsive democratic institutions and empowered communities

Indicator	Unit	Base 1994	Planned 1995	Actual 1995	Planned 1996	Planned 1997	Planned 1998
- Percent of people surveyed who believe the justice system is fair	%	N/A	N/A	(28 ¹)	35	40	50
- Peaceful transfer of power at local and national levels	Inauguration	N/A	Yes	Municipal Parliament	President	Senate	N/A
- Percent of legislative bills introduced by parliament ²	%	N/A	N/A	N/A	1	3	6
- Direct actions (eg. petitions) taken on policy by civil society organizations	number	N/A	N/A	0 ³	2	5	8

¹ This figure is drawn from a public opinion poll conducted in May, 1995.

² The wording of this indicator has been modified to replace the one submitted in the Action Plan 1996-1997 and in the TR2 (which read "percent of laws passed which the legislature has amended significantly"), as the Mission believes it now measures more accurately the level of autonomy of the Parliament, as well as being more objectively verifiable.

³ With the inauguration of the 46th Legislature in the last quarter of FY 1995 the Mission proposes to establish 1995 as the baseline measure.

Result 1.1 More effective, self-sustaining judicial system and improved legal advocacy

Indicator	Unit	Base 1994	Planned 1995	Actual 1995	Planned 1996	Planned 1997	Planned 1998
- Number of trials successfully completed	Number	N/A	10	12	30	45	60
- Control structure for police is defined and working	Event	N/A	Yes	Yes	Yes	Yes	Yes
- Cumulative number of permanent police force deployed nationwide	Number	N/A	900	1,350	4,000	7,500	7,500
- Number of clients represented through Civil Society Advocacy		4,800	5,000	14,800 (2,303 ¹)	7,205 ²	10,000	15,000

¹ Instead of reporting on all beneficiaries of the Human Rights Fund which total 14,800 beneficiaries, we have changed the way we are measuring this indicator to be more accurate. The actual figures reported for 1995 reflect only clients that received legal assistance under the Human Rights Fund, rather than all project beneficiaries. Future targets and measures for this indicator will include the impact of the NGO legal assistance program.

² Number projected on basis of recent contracts awarded to legal advocacy groups.

Result 1.2 Well-established electoral process

Indicator	Unit	Base 1994	Planned 1995	Actual 9-30-95	Planned 1996
- Percent of registered voters voting	%	N/A	80	45 ¹	40
- Scheduled elections held as mandated by law	Event	N/A	4 ²	5	2 ³
- Percent of CEP staff trained to perform their duties	%	0 ⁴	80	90	100
- Percent of people surveyed knowledgeable about the electoral process	%	Unkn ⁵	N/A	41	34

¹ The 1995 target in the Action Plan was 80 percent. This was based on information from the 1990 residential elections which had a very high turnout because this was the first time Haitians had been allowed to freely vote. This 80 percent figure, however, has proven to be unrealistic for the FY 1995 local and legislative elections, because the majority of the population perceived that, with President Aristide in control, they had less at stake in these elections than in 1990. An additional complicating factor for this indicator is that accurate turnout percentages are impossible to obtain. In the November, 1995, CID Gallup poll, 77 percent of respondents claimed they voted in June (M 79 percent, F 75 percent), and 71 percent claimed they voted in Aug/Sept elections (M 73 percent, F 69 percent).

² An election was held June 25, 1995, for a total of 2,195 positions, including deputies, senators, mayors and municipal councils, and communal section councils. Run-off and make-up elections followed in August, September, and October. Presidential elections were held December 17, 1995.

³ In calendar year 1996, two elections are planned: territorial assembly and senate. USAID has no funds programmed for these elections, and would only consider support after the CEP and the United Nations provide a full and satisfactory accounting of the USAID funds in the Election Trust Fund and a meaningful electoral calendar.

⁴ Previously we used N/A, however we have now acknowledged that the base was 0 and target for 1995 was 80 percent.

⁵ Previously we used N/A, however we used unknown rather than N/A to better reflect the actual base statistics. Actual 1996 was based on Gallup poll results.

Result 1.3 More effective and responsive legislature

Indicator	Unit	Base 1994	Planned 1995	Actual 1995	Planned 1996	Planned 1997	Planned 1998
- Legislative agenda established and followed	Event	N/A	N/A	Yes	Yes	Yes	Yes
- Legislative support staff trained to perform their duties	% Complete ¹	N/A	N/A	0 ²	30	40	50
- Legislative information system established and functioning	% Complete ¹	N/A	N/A	N/A	18	50	100

¹ The Mission proposes to modify the unit of measurement of this indicator as a more objective degree of evaluation of technical assistance efforts projected in this sector.

² With the inauguration of the 46th Legislature in the last quarter of FY 1995, and our technical assistance under DEP coming online during this period, the Mission proposes to utilize 1995 as the baseline measure for this indicator.

New indicator refinements and changes

Indicator	Unit	Base 1994	Planned 1995	Actual 1995	Planned 1996	Planned 1997	Planned 1998
Bills introduced by parliament ¹	Number of Bills	0	0	0	1	3	6

¹ The Mission proposes to introduce this indicator as specific measure of the level of effectiveness of Parliament, and as a complementary measure to that indicated under R.1.1

Result 1.4 Redefined and circumscribed Government

Indicator	Unit	Base 1994	Planned 1995	Actual 1995	Planned 1996	Planned 1997	Planned 1998
- Parastatals under management contract or privatized ¹	Number	0	0	0	2 ²	2	3
- Civil service structure and rules established	Event	N/A	None	N/A	Yes	N/A	N/A
- Job descriptions and salary levels defined	Event	N/A	None	N/A	Yes	N/A	N/A
- Normalized recruitment process adopted	Event	N/A	None	N/A	No	Yes	N/A

¹ See indicator on privatization under SO2's Intermediate Result 2.1.

² SO1 proposes to modify the proposed outcomes for 1996 in alignment with SO2 objectives for this sector.

Proposed indicator refinements and changes

Indicator	Unit	Base 1994	Planned 1995	Actual 1995	Planned 1996	Planned 1997	Planned 1998
- Ratio of tax revenues to wages ¹	ratio	1.36	N/A	1.36	1.30	1.58	1.90
- Net GOH Positions (indicative figures)	Positions	45,500	N/A	45,000	47,000	32,000 ²	22,000 ²

¹ This indicator of GOH's ability to collect adequate revenue and reduce the wage bill is predicated on the assumption that roughly 25 percent of the government's various general funds, or "comptes courants" are devoted to wages, and on the GOH freezing salaries at current nominal levels through 1998.

² Justificative targets subject to revision during design and negotiation phases of the proposed civil service reform program.

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Result 1.5 Increased capacity to address and resolve community issues at the local level

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Enabling legislation for local government passed and implemented ¹	Event	N/A	N/A	N/A	Yes	Yes	N/A
- Number of local government units having completed training	Number	0	0	34 ²	350	75	100
- Percent of local government units holding formal meetings with grass-roots organizations	%	N/A	0	79	30 ³	45	60

¹ Laws on Communal sections, Communes and Departments, as well as a broad set of fiscal reform laws, and hopefully a more general law defining the scope and breadth of GOH decentralization.

² This figure includes the OTI-IOM CGP training provided in 26 communes and 8 other communes having benefitted from technical assistance and training under the Jobs Program's "Municipal Initiatives Project".

³ This target is substantially lower than the actual achievement for the previous year for two reasons. First, many emergency programs that will not be funded in 1996, such as the feeding program and the Office of Transition Initiatives program, worked with local government in a large number of communes. Second, the strategy for 1996 is to work more intensively with a smaller number of communes to formalize and regularize meetings, as well as broaden the base of organizations consulted.

Proposed indicator refinements and changes

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Municipal budget made public and discussed with the community by local officials in targeted communes ¹	%	0	N/A	5	20	50	N/A

¹ Mission proposes this indicator as a provisional measure of administrative and fiscal accountability by local governments. Other external performance and monitoring indicators are presently being considered in the fiscal, administrative and legal domains, and will be discussed with the GOH as per the proposed "Issues Matrix" presented in annex.

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agenda. For FY 1996, the three topics will be expenditure containment, revenue enhancement and transparent resource utilization. In FY 1997, the plan is to add only two additional topics: efficient resource utilization and decentralization. In FY 1998, a final new topic, service delivery improvement, would enter the policy dialogue. Our civil service reform proposal contributes strongly to these priority reform subjects. It also responds to the first policy objective articulated by the Préval government, civil service reform.

Our proposed civil service reform activity is aimed at assisting the GOH to create a smaller and efficient civil service which would manage public resources with transparency and accountability. The proposed program would:

- identify the exact number of civil servants through a comprehensive survey;
- rationalize the workforce, offer incentives for early retirement and voluntary departure;
- reclassify all civil service jobs;
- identify new pay scales with appropriate incentive systems;
- set up a unique civil service register to track changes in the new civil service system;
- redefine the civil service legal framework to render it consistent with the reforms; and,
- alleviate the "social costs" by providing training to ease ex-civil servants' entry into private sector employment.

Increased capacity to address and resolve community issues at the local level: The Communal Governance Program (CGP) financed by the Office of Transition Initiatives (OTI), and implemented by the International Office of Migration (IOM), is the most recent success story in producing immediate high-impact, short-term results. In FY 1995, the CGP worked in 106 of Haiti's 133 communes, completing 1,825 projects, including rehabilitation and

construction of schools, roads, markets, canals and bridges. Activities in public health, literacy, sanitation, reforestation and civic education directly benefitted communities that had participated in designing and implementing the activities. More importantly, 158,000 individuals contributed volunteer labor, and IOM leveraged twice the USG dollar investment for micro-projects from communities and other partners.

Participation was key to success, as shown by a sample of 45 percent of the projects: 70 percent of the micro-projects were initiated and led by Haitian citizen groups or NGOs, and 15 percent were initiated by mayors and communal councils. Phase II of the CGP program, initiated in October, 1995, provided direct technical assistance to the newly elected mayors and communal councils. Operating in 24 municipalities, the program seeks to encourage local initiatives through the creation of community groups that prepare action plans for development, and by providing assistance in identifying funding sources.

The territorial assembly law, passed in March, 1996 is the first step towards establishing the political autonomy of local governments and defining their respective functions. However, much remains to be done before the resource base for local communities is significantly improved. Successful decentralization, so critical to the strengthening of local autonomy and the participation of civil society in the democratic process, cannot take place until sufficient resource bases are developed for municipalities, an unlikely prospect given the current GOH budget gap and needs for civil service and fiscal reform. In addition, reliable service providers, particularly for utilities, must be found that are willing to provide services outside the metropolitan area, an unlikely scenario for the entrenched parastatal bureaucracies which are characterized by inefficient

systems of Port-au-Prince based patronage and corruption.

Expected Progress in FYs 1997 and 1998

Assuming that resources are provided in a timely manner in FY 1996, greater emphasis will be placed in FYs 1997 and 1998 on ensuring that institutions become increasingly responsive and effective. Given the scope of these initiatives, substantial resources will be needed in both fiscal years to achieve targets.

Foremost among these institutions is the justice system. As confirmed in a November, 1995 Gallup Poll, the security environment is of immense concern. The presence of UNMIH I and II temporarily guaranteed security, but it is now the responsibility of Haiti's fledgling justice system to assure that the rule of law prevails. The Mission is working closely with the new Minister of Justice and with other donors to forge a consensus on urgent remedial action.

Of related importance is support to local governments and the newly elected parliament. Parliament must effectively represent local concerns at the national level, as well as participate in the creation of a policy framework and pass legislation that will decentralize decision-making and encourage the participation of Haitian citizens in the democratic process.

Strategic Objective 2: Facilitate Increased Private Sector Employment and Income

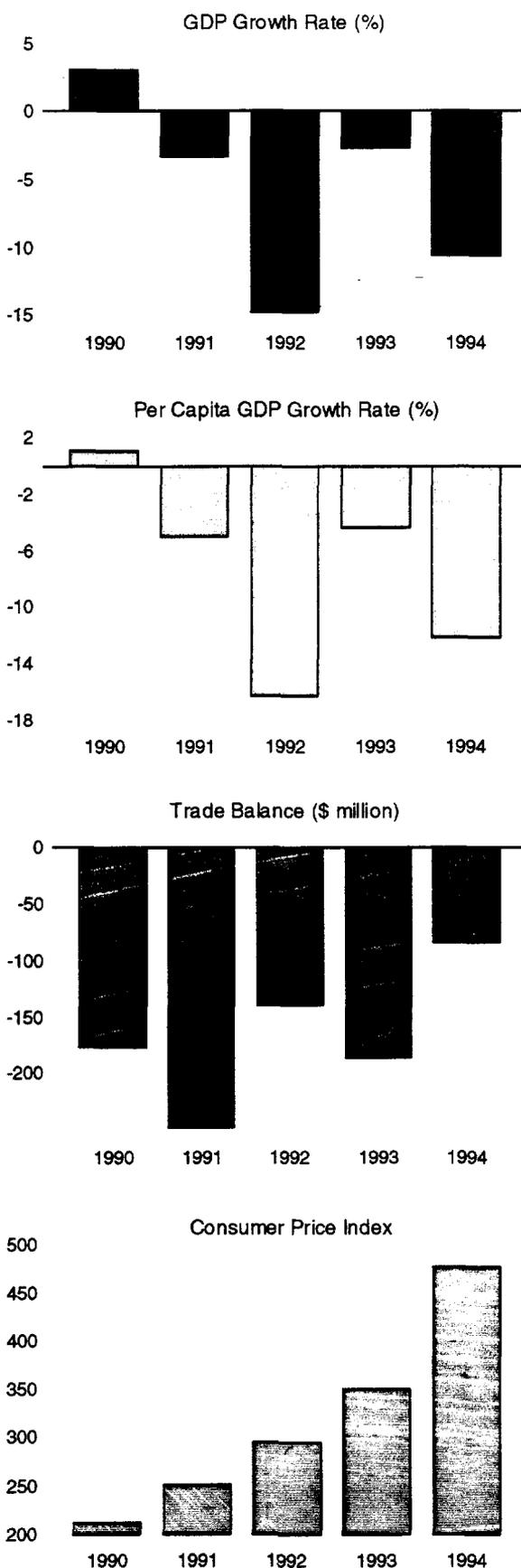
Summary of Data

Poverty reduction in Haiti can best be achieved by establishing broad-based, private sector-led economic growth, thereby increasing incomes and creating jobs. Given the precipitous decline in economic activity following the 1991 coup, many hurdles must be overcome before demonstrable gains can be realized. Failure to restore sound economic growth can only

exacerbate unemployment, the rate of natural resource depletion and the resulting regional consequences of migration and political instability. Furthermore, increased economic security through permanent job creation is a *sine qua non* of a thriving democracy and the success of U.S. Government policy in Haiti.

Efforts have been made to revitalize the economy; however, progress has been limited. In many instances, plans for new or expanded business activities have been delayed as investors wait for confirmation of Haiti's long-term political, social and economic stability. Some gains were made in the first twelve months following the restoration of the constitutional government; however, investment and employment growth were stymied in the aftermath of the resignation of the Michel government. An acrimonious speech by President Aristide which sparked civil unrest also weakened investor confidence. Within this chaotic environment, the GOH took the unprecedented step of cancelling the donors' consultative group meeting which was scheduled to be held in Port-au-Prince in late October. Following the breakdown in negotiations between the GOH and the IFIs over a structural adjustment program, there has been an increase in GOH budget deficits; a precipitous decline in the value of the gourde; and, a reduced level of investment. The budgetary crisis is so severe, that the GOH has had to dedicate \$5 million of World Bank loan funds identified for investment and redirected them to support the collection of

Selected Economic Indicators



garbage. The IMF expected GDP growth to be 4.5 percent for FY 1995; the decline since October brought the growth for 1995 down to an anemic 2.7 percent.

Significant Accomplishments and Key Results over the Review Period

— In 1995, the Mission consolidated its private sector development activities under the Program for the Recovery of the Economy in Transition (PRET), an accelerated, two-year effort to address major constraints impeding economic growth.

Loan guarantees to commercial banks and financial intermediaries, under the Agribusiness Guaranty Fund (AGF), have channelled \$1.3 million working capital credit to six agribusiness export firms which were decapitalized during the embargo. Without the AGF, several participating firms and processing plants would have remained closed.

The Presidential Commission for Economic Growth and Modernization, consisting of fifteen members of the business community and several cabinet members, has become the preeminent voice of the private sector in GOH economic policy formulation. Its agenda covers macroeconomic issues relating to budget and monetary policy and state intervention in the economy. Specific issues relating to the modernization of the legal and regulatory framework are also found in the agenda. During the Préval transition period, the Commission prepared twenty-one key policy and information briefing papers. The papers covered a range of topics including macroeconomic and

sectoral policies aimed at encouraging economic growth and private sector investment, fiscal and budgetary measures necessary for satisfying the terms and conditions of the structural adjustment credit programs of the IFIs, fundamental reforms for increasing public sector efficiency, and proposals for augmenting the tax revenue base.

Analysis of the Data

Strategic Objective Indicators: Recovery from the crippling embargo has been slow,

to take decisive actions leading to greater fiscal discipline and improvements in power generation, telephone service, port handling and road infrastructure has slowed the pace of private sector recovery. Continued deficit spending and failure to move forward on necessary reforms of the civil service and the para-public and financial sectors have undermined the hard-won gains of the first twelve months.

Support to the Presidential Commission:

The Presidential Commission for Economic Growth and Modernization is

investment. Other donors have agreed to finance follow-up studies for the Commission, such as the IDB-funded Secured Transaction Reform Program.

As each study is completed, proposals will be submitted for approval by the executive branch and/or draft legislation presented for enactment by parliament. The Commission's efforts to promote legislation favorable to broad-based private sector development will be coordinated with activities undertaken by the Center for Free Enterprise and Democracy (CLED, French acronym), which has established a unit for the analysis of economic legislation supported under SO2.

Support to the Tripartite Commission:

Technical support is being provided to the Tripartite Commission, reestablished in January, 1995 to encourage dialogue and to provide a forum for conflict resolution for labor leaders, the business community and the GOH. Under the direction of a weak Ministry of Social Affairs, the Commission has been slow to address its agenda, which includes possible revision of the labor code, and issues of social security, health and safety in the work place, affordable housing and factors affecting the minimum wage. So far, the Commission has designed and established its basic operating norms and action agenda. An IDB-funded comparative analysis of provisions of the Labor Code has been completed, with coordination provided by the Presidential Commission. The Tripartite Commission has requested additional assistance in social security, proposing operational and actuarial audits which would quantify unfunded liabilities and generate recommendations for changes in the management structures and operational norms of the virtually bankrupt state-run pension and workers' compensation funds. These audits have been identified by both the Presidential and Tripartite Commissions as priorities. The Ministry of Social Affairs,



AGF assists farmers to market production

with both domestic and foreign investors delaying any significant commitments. Some early successes were registered between October, 1994 and the spring of 1995, with employment in the manufacturing/assembly sector rising from fewer than 1,000 jobs at the end of the embargo to 13,000 jobs. At a GOH-sponsored Economic Symposium in May, the GOH announced several important measures to stimulate economic growth, including the removal of the interest rate ceiling and allowing banks and other financial institutions to accept liens on personal property. However, the failure of the GOH

making a concerted effort to improve Haiti's business and investment climate. The indicators reflect only a subset of the issues addressed in the Commission's ambitious agenda. An assessment of the legal, policy and regulatory environment has served as a point of reference for several follow-up actions, including proposals for revisions of the Investment Code, the Commercial Code and Insurance/Pension Regulations, studies of Regional Trade Integration, Haiti-Dominican Republic Bilateral Trade Complementarities and a "One Stop Center" to facilitate export growth as well as domestic and foreign

which exercises direct oversight of the funds, has yet to confirm its commitment to this initiative.

Privatization: In late 1994, the GOH announced its intention to privatize nine state-owned enterprises in order to eliminate inefficiency and encourage investment. A \$2 million grant enabled the International Financial Corporation (IFC) to complete the initial diagnostic review and to present options for divesting eight of the nine entities. The State Enterprise Democratization Unit was created and has been overseeing the privatization process.

Despite these efforts, the process cannot proceed until the GOH demonstrates the needed political will to support continued privatization efforts. For example, when the GOH selected privatization options for two parastatals, the flour mill and the cement plant, bids from several international and Haitian companies were received. The GOH decided at the last minute not to open the bids or to proceed further with privatization. The unopened bids have been secured pending a decision by the GOH on whether to proceed.

President Préval has stated publicly that he recognizes the necessity to go forward with the program, evaluating each parastatal individually before choosing the appropriate privatization option. This stance was repeated by Prime Minister Rosny Smarth during his March 5, 1996 confirmation hearings. Faced with a mounting budget deficit, he is under pressure to reach an accommodation with the IFIs, who remain resolute in their insistence that meaningful privatization conditionalities be met. Yet, Préval must also come to terms with anti-privatization factions within his own party and parliament, at a time when his political base remains to be fully defined. Thus, we are likely to face a period of continued uncertainty and conflicting signals. As we

await the outcome, the final FY 1995 BOP tranche of \$4.6 million remains on hold, conditionality of which is linked to continued privatization and civil service reform efforts.

Support to Agribusiness: AGF was created to enable agribusinesses left without sufficient working capital as a result of the embargo to restart operations. Among the beneficiaries are thousands of small farmers who grow mangoes, tomatoes and other crops. Since its inception, the AGF has made working capital credit of \$1.3 million available, enabling 9,380 short- and long-term jobs to be created or saved². Furthermore, investments in the financial sector have made it possible for larger IFI investments. For example, the European Investment Bank has made \$6 million available for investment and working capital loans for small and medium-sized agribusinesses.

Support to Small and Microenterprises: The range of financial services to small and microenterprises must be broadened and deepened if we are to facilitate creation of labor-intensive economic activities. The portfolios of the Haitian Development Foundation (HDF), the Société Haitienne d'Épargne et de Crédit (SHEC), the Groupe Technologie Intermédiaire d'Haiti (GTIH) and the Fonds Haitien d'Aide à la Femme (FHAF) have been analyzed. In general, these financial institutions show a low absorptive capacity for lending capital and need improved financial management information systems and training at all levels. Specific technical assistance is aimed at the credit delivery system needs of each Microenterprise Financial Institution (MFI).

During the reporting period, HDF made 1,379 loans to small and microenterprises, helping to create 983 permanent jobs and preserve 2,020 others. Of these loans, more than 59 percent were awarded to

woman-owned small and microenterprises. More than half were for less than \$600.

Assistance must also be directed to the artisanal sector, including handicrafts, to recapture former export markets and to identify new ones. To this end, programs aimed specifically at the handicrafts and hand embroidery sub-sectors are under development in order to improve access to export markets, raw materials and affordable, appropriate market technology.

Infrastructure improvement: Under the Humanitarian Civic Assistance component of the DOD's Exercise Fairwinds, USAID assisted the U.S. military to work with the GOH to identify infrastructure projects. As a result, repairs were made to a large segment of Harry Truman Boulevard, a main access road. Construction was carried out from August, 1995 until mid-February, 1996 by the RED HORSE, a construction unit of the United States Army, with \$1.1 million funds provided by the IDB. The repairs improved traffic flow, thereby contributing to the quality of life of the citizens and small businesses in the area. Given the widespread deterioration of the national road network and its importance to any sustainable development effort, this initiative takes an important step toward improving the performance of the private sector.

Through a grant to the Pan American Development Foundation (PADF), repairs to another segment of Harry Truman Boulevard have been initiated. At the same time, the Caisse Française de Coopération is financing renovations in the public park on the west side of the Parliament building. While the main objective is to improve the quality of life of area residents, these infrastructure projects and cleanup activities will also have the effect of improving the business district and encourage business investments.

² Of the 9,380 jobs either created or preserved, 5,000 are rural temporary jobs related to the production of tomato seedlings, their transportation, and/or harvest.

Agribusiness Loan Fund: A Success Story

The objective of the AGF, initiated under the PRET program in June, 1995, is to facilitate the recovery of mid-sized agribusinesses which were decapitalized as a result of the three-year trade embargo and unable to secure commercial bank financing to reestablish their businesses. To provide an incentive for commercial banks to lend to the agribusiness sub-sector, the Mission initiated a \$2 million loan guarantee facility with commercial banks on behalf of qualified agribusiness borrowers. This program is managed by SOFIHDES, a private development bank in Haiti which was created in 1983 with substantial USAID technical and financial support, but which has been self-sustaining since 1991.

The guarantee fund got off to a slow start, but by February, 1996 six loans totaling \$1.3 million had been made based on the AGF, which applied \$830,000 of the fund's assets in guarantees ranging from 50-75 percent of the loan value. Three of the loans went to mango exporters, one to a sisal processor, one to a tomato processing company, and one to a distributor of agricultural inputs. In SOFIHDES's judgment, none of these loans would have been made without the added security offered by the AGF.

The AGF program's major impact is in the area of job creation, mostly in rural areas where unemployment is at least 80 percent. The tomato canning plant has already employed 1,600 seasonal workers as a result of business generated from this loan, a number expected to rise to 5,000. Also an estimated 1,000 jobs are being created from the three loans to mango processing plants. Aside from the benefits of jobs, additional income has been generated by thousands of small farmers who sell their mangoes to the processing plants. Mango exports reached \$15 million in 1995 (up from \$3.5 million in 1994) and have the potential to grow to be a top export earner for Haiti within two years.

The AGF has had a direct economic impact in terms of jobs and incomes in the agribusiness sector. To date, all loans are being repaid on schedule, requiring no disbursement from the guarantee fund. Furthermore, the fund has motivated several of the local commercial banks to enter into agribusiness loans for the first time and to develop a capacity to analyze agribusiness projects.

Other USG initiatives to revitalize the private sector

- In March, 1995, a Presidential Business Development Mission delegation visited Haiti. One of the outcomes was the creation of the US-Haiti Business Development Council (BDC) to promote increased bilateral trade and investment flows. The BDC includes twenty-five private sector representatives from each country, with subcommittees on commercial facilitation, trade promotion and outreach, and infrastructure. Four BDC meetings were held in 1995: one in Washington, two in Port-au-Prince and one in Miami.
- The US Department of Commerce (DOC) established a Foreign Commercial Service Office in Haiti in March, 1995. The Commercial Office hosted five trade missions exploring trade and investment opportunities in the telecommunications,

agribusiness, handicrafts and light manufacturing sectors, as well as a delegation from the U.S. Minority Business Development Agency.

- In early 1995 the Overseas Private Investment Corporation (OPIC) established a \$67 million Credit Facility Guaranty Agreement with the Haiti branch of the Bank of Boston. The agreement provides a guaranty for up to 75 percent of small- to medium-sized US dollar-denominated loans made to qualifying Haitian or American commercial and industrial enterprises. The program got off to a slow start, in part due to constraints (which have since been removed) on taking mortgages in U.S. dollars and on perfecting liens on equipment. As of March, 1996, \$7 million in loans have been disbursed and an additional \$9 million have been approved. Future growth of

OPIC-backed loans will be slowed due to the imminent sale of the Bank of Boston. However, Citibank is negotiating a \$25 million agreement with OPIC. Another constraint to OPIC-backed loans is that many of the potential borrowers are not exporters and, hence, have only gourde-denominated income. For them, the currency risk associated with U.S. dollar-denominated loans is often too high, especially in a period of political and economic uncertainty such as Haiti is experiencing now.

Expected progress in FYs 1997 and 1998

Once the privatization process does go forward, the GOH will require further legal, accounting and investment banking services. The level of effort required to complete these transactions is estimated at \$3.3 million. Although proceeds of early

SO 2: Facilitate increased private sector employment and income¹

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- GDP at constant prices ²	% change	-10.6	+4.5	+2.7 ³	+2 ³	+2.5	+3
- Formal private sector jobs	000	50	80	80 ⁴	90 ⁴	100	115
- Selected high-value non-traditional and niche markets exports	US\$ millions	31.2	36	44 ⁵	50 ⁵	58	65

¹ USAID/Haiti proposed several changes to SO2 in PAP 7836. These changes include the addition of one program outcome and three additional indicators. LAC Bureau approved these changes per STATE 278894.

² Reported in error as "GDP per capita" in the TR2 report.

³ Source International Monetary Fund data for year ending 9/30/95; Mission economist's estimate for QIV 1995. The IMF has forecast GDP growth to be 4.5 percent for 1995 and 4 percent for 1996. These estimates have been revised downward to reflect the sharp drop in economic activity following the October, 1995 resignation of Prime Minister Michel and the continued impasse on assistance from the IFIs, as described more fully in section B.1 of this report.

⁴ The TR2 report had forecast employment levels of 83,000 for 1995 and 110,000 for 1996. This report lists 80,000 for 1995 and 90,000 for 1996 to reflect the sharp drop in economic activity following the October, 1995 resignation of Prime Minister Michel and the continued impasse on assistance from IFIs, as described more fully in section B.1.

⁵ The bulk of the Non Traditional Agriculture exports (NTAE) is represented by mango exports to the US specialty market. The mango season ended in September, 1995; therefore, no significant increase in exports of this product occurred after the TR2 reporting period. Additional NTAE and niche-market exports are largely attributable to the export of citrus peels for the European liqueur industry.

Intermediate Result 2.1: A transparent, sound enabling environment for private enterprise to recover and prosper

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
Port charges per 40 ft container	\$	740	350	375 ¹	375	375	375
Revised civil code	Y/N	No	No	No	No ⁵	Yes	N/A
- commerce code		No	No	No ²	Yes	N/A	N/A
- investment code		No	No	No ³	Yes	N/A ⁶	N/A
- labor code		No	No	No ⁴	Yes	N/A	N/A ⁶
Sectoral development plans ⁶ presented to the GOH for	Y/N	N/A ⁷	N/A ⁷	N/A ⁷	N/A ⁷		
- agribusiness						Yes	Yes
- light industry						Yes	Yes
- tourism						No	Yes
- handicraft						No	Yes
Parastatals under management contracts or privatized	Number	0	1	0 ⁷	2 ⁷	2 ⁷	3 ⁷
Products subject to non-tariff barriers (import licences)	Number	7	7	0 ⁸	0	0	0

¹ Source: Presidential Commission for Economic Growth and Modernization.

² Under study by the Presidential Commission's local technical assistance firm. Although the study and draft legislation were scheduled to be submitted to the Commission in December, 1995, the complexity of the proposed changes has prompted the Commission to delay the target date until July, 1996. In the interim, a consultative committee with representatives from various concerned groups will continue to evaluate the changes and work toward consensus. The Commission has been promised supplemental TA by the Caisse Francaise to facilitate the consultative process.

³ A study to be conducted by Nathan Associates under sub-contract to the Presidential Commission's local technical assistance firm was scheduled to be submitted to the Commission in December, 1995. However, revised terms of reference were drafted to broaden the scope of the study beyond the initial focus on foreign direct investment to include domestic investment. The expanded study is currently under way and is expected to be completed in March, 1996.

⁴ A comparative study of regional labor code provisions has been completed by the Presidential Commission's local technical assistance firm. Study conclusions were made available to the Tripartite Commission for review and follow-up in January, 1996.

⁵ The Presidential Commission has not yet initiated a study of the Civil Code. A preliminary review of the Code is planned for mid-1996.

⁶ By the end of 1996 draft legislation will have been prepared for three of the codes cited as indicators for this intermediate result. As part of the process of identifying additional achievement indicators for 1997 and 1998, on March 4, 1996, SO2 team members met with their partners on the Presidential Commission and discussed priorities for future draft legislation and/or proposed executive decrees. Among the areas to be addressed by the Commission in 1996 and beyond are recommendations for sectoral development policies to be adopted by the GOH.

⁷ The diagnostic review by IFC of eight of the nine entities targeted for privatization was completed in the summer of 1995, with the first two, the cement plant and the flour mill, moving to privatization options in August, 1995. Bids were received from several international companies on September 29, 1995, but the GOH has not yet opened them. Although the status of privatization remains unclear and further clarification is needed from the GOH, the IFIs continue to press hard for the process to continue. Should the GOH pursue privatization, two parastatals could be achieved by the end of the 1996.

⁸ Import license requirements were eliminated by public notice by the Prime Minister. To become permanent, this measure must be ratified by the Parliament.

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Intermediate Result 2.2: Increase access to financial services to small, medium microenterprises and agribusinesses

Indicator	Unit	Base Planned		Actual 1995	Planned		
		1994	1995		1996	1997	1998
- Long-term jobs created with USAID assistance	Number	600	1,200	2,353 ¹	2,500	4,800	6,800
- Business created or reopened	Number	0	40	91	100	130	150
- Credit loans for woman-owned and small/microenterprises	Number	240	650	1,379	1,500	4,500	7,500
- Working capital loans to decapitalized agribusiness	Number	0	15	6 ²	10	30	50

¹ 983 jobs created under PED, 36 under SEED, 192 under PLUS, 44 under TWM, 18 under the COFFEE project, 1,080 under the Agribusiness Guarantee Fund.

² Most agribusinesses had completed their first season processing activities at the time the Agribusiness Guarantee Fund became operational in June 1995.

Proposed indicator refinements and changes

Indicator	Unit	Base Planned		Actual 1995	Planned		
		1994	1995		1996	1997	1998
- Financially and institutionally sustainable MFIs ¹	Number	N/A	-	N/A	N/A	N/A	3

¹ Microenterprise financial institutions (MFIs) were referred to in the AP and the TR2 as non-bank intermediaries (NBIs). The current use of the term MFIs reflects the team's decision to include banks serving microenterprises.

Intermediate Result 2.3: Increased productive capacity of small and microenterprises¹

Indicator	Unit	Base Planned		Actual 1995	Planned		
		1994	1995		1996	1997	1998
- Non-bank institutions and banks providing assistance to small and microenterprises	Number	1	1	1	4	10	12
- Change in household expenditures on basic needs related to nutrition, health and education resulting from the increased income generated by microenterprises financed by MFIs ²	%	N/A	-	N/A	TBD ²	TBD ²	TBD ²
- Change in number of school age children in school as a result of additional income generated by microenterprises financed by MFIs ²	%	N/A	-	N/A	TBD ²	TBD ²	TBD ²
- Support institutions branch offices	Number	6	8	6	6	10	12

¹ The TR2 Report included a results package 2.3 titled: "Increased productive capacity of human resources". It was deemed to be more appropriate to consolidate the training function in SO3, which more fully captures its training and human resources components. RP 2.3 has been reformulated and retitled: "Increased productive capacity of small and microenterprises". This revised RP logically flows from the structure of the PRET program's third component of assistance to microenterprises and more realistically reflects the actual situation in SO2.

² Per cable PAP 7836 in which the Mission's recommended changes and additional indicators under SO2, it would be premature in the absence of sample reconnaissance surveys for the Mission to establish magnitudes for 1996, 1997 and 1998. A baseline study will be undertaken in April, 1996 to establish targets to the above poverty reduction program indicators for 1997 and 1998.

sales may be used to defray expenses of later transactions, approximately \$1 million would be required to cover the initial phase.

PRET will be amended to include resources to continue and expand credit availability, including support to MFIs, the AGF and economic reform.

By 1997 a number of marketplaces in Port-au-Prince and provincial cities will be renovated or constructed. The objective is to improve marketplace conditions so that incomes of the informal sector will increase.

PRET will finance the development of MFIs that deliver services to small borrowers and savers. As a result, the flow of credit through MFIs should increase by \$6 million, and credit flowing to transformational business enterprises will increase by \$5 million.

Strategic Objective 3: Promote Healthier, Smaller and Better Educated Families

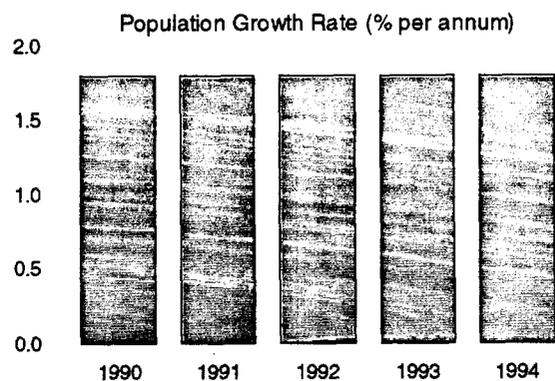
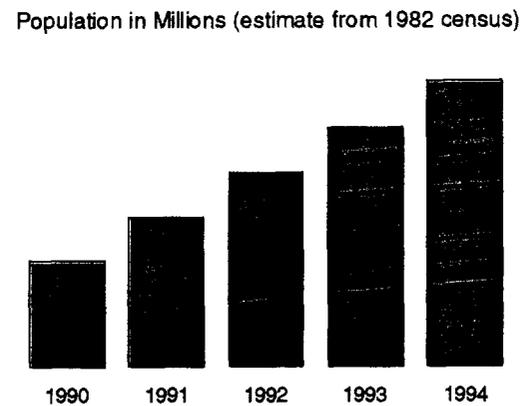
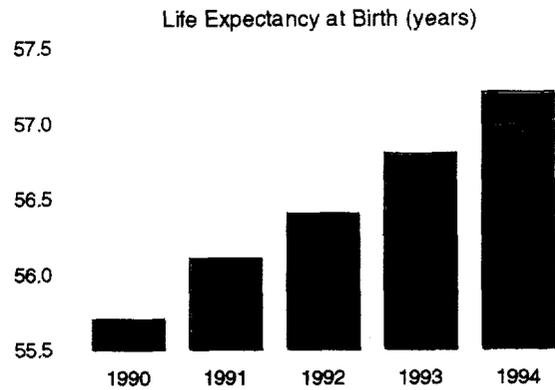
Summary of the Data

Significant gains were registered across the range of strategic indicators under SO3 in large part because of the exceptional accomplishments of our private sector partners. Of particular note is an improvement in nutritional status in the traditionally vulnerable North West where intensive Title II emergency feeding has taken place since early 1992. A record low number of low birth weight babies was also recorded nationwide indicating a general improvement in maternal nutritional status. Continued improvements in health and demographic status were noted, thus confirming a gradual, but nonetheless positive, trend towards better health for the most vulnerable groups. Gains were also realized in expanding access to quality health and education services and reaching vulnerable target populations throughout Haiti. This effort also included the

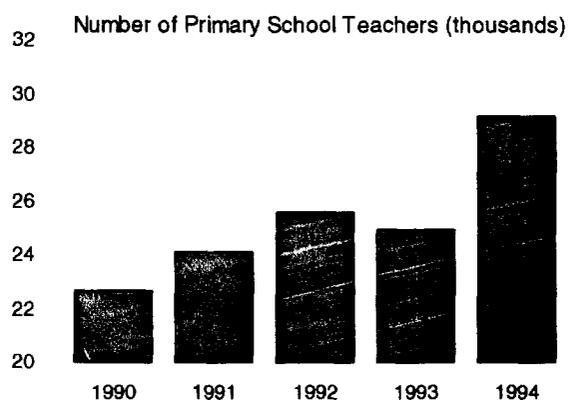
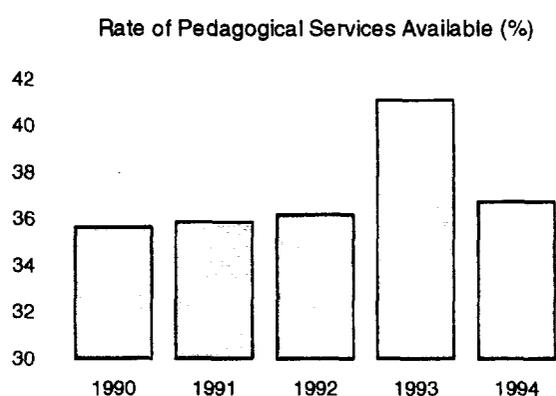
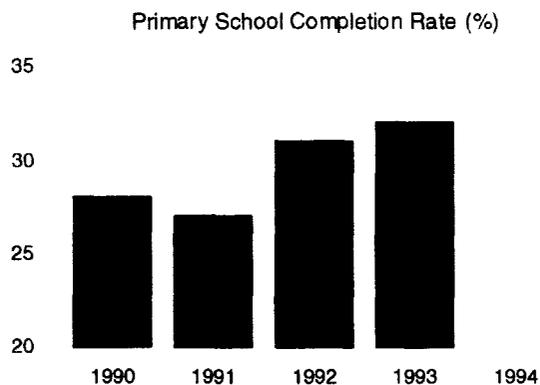
rehabilitation of essential health and education infrastructure under the emergency recovery program. Finally, tangible policy gains were made in the education sector.

While service delivery objectives in health and education were essentially met, during the past four months multilateral and bilateral donors alike have experienced increasing difficulty in implementing health programs negotiated with the previous cabinet. This has virtually brought planning and some implementation in the health sector to a standstill, with some key health services collapsing altogether. Our flagship project in Cité Soleil, serving 200,000 urban slum dwellers, was forced to close in early February due to unchecked security problems. Other essential programs, such as the tuberculosis program, closed because of the GOH's failure to negotiate follow-on agreements with other donors. Because of these problems, the Mission has been forced to rethink its implementation strategy and to consider direct agreements with its private sector partners and continued collaboration with Global Bureau activities. Problems in the health sector became so severe as to warrant a strong all-donor demarche

Selected Health Indicators



Selected Education Indicators



on the GOH which has included the health and finance ministers, the prime minister and the president. A note verbale left with President Préval stated "... there is a growing risk that health funds will be directed to more receptive countries."

Efforts to reorient food aid programs away from relief toward a greater develop-

ment emphasis saw progress last year. New five-year development plans gained acceptance by BHR/FFP which would strengthen the linkages between our food aid programs and Mission activities in health, education and agriculture. Despite delays in program approvals and funding, implementation of new program approaches has begun.

Analysis of the Data

Key Successes in Population/Health/Nutrition:

The Demographic and Health Survey released in 1995, revealed:

- a 25 percent decline in infant mortality from 101 to 74 per 1,000 live births; fertility rates have declined from 6.3 in 1989 to 4.7, and contraceptive prevalence has increased from 10 to 18 percent;
- levels of infant mortality, contraceptive prevalence, maternal mortality, low birth weight and the nutritional status of children under five in areas served by USAID-supported service providers were relatively better than the national average. For

example, contraceptive prevalence in the target areas ranged from 35 percent in Pignon, 23 percent amongst the Association des Organisations Privées de Santé (AOPS) grantees and 19 percent for the Centre de Développement et de Santé (CDS) districts (data derived from Grantee reports). Likewise, infant mortality in

Pignon was 54 and in the CDS urban slum communities it was 69 per 1,000 live births;

- the incidence of malnutrition of children under five nationwide fell from 28.4 percent in 1994 to 20.8 percent in 1995³. Programs in the urban slum communities, where one expects some of the worst malnutrition rates, showed an incidence of malnutrition rates of 15 percent for the under-five population;
- the rate of low birth weight babies in the North and Port-au-Prince reached a record four-year low of 5.4 percent and 9.7 percent respectively, down from 15.7 and 13 percent in 1994³; and,
- a 40 percent increase over 1994 for condom sales levels; an increase in the treatment of STDs from 10 percent in 1991 to 69 percent in 1995; and, more than a million Haitians educated between 1991 and 1995 about HIV/AIDS prevention (FHI/AIDSCAP January, 1996 Annual Report).

Beyond the service delivery results noted above, our support has also contributed to restoring essential health infrastructure. Three rural health centers and two maternity centers were rehabilitated with a combination of PL 480 Title III and other health funds. In February, 1996, as part of the maternal and child health programs, the main maternity hospital for complicated obstetric cases was renovated. Our program played a key role in the development of the Ministry of Health's five-year plan which incorporates principles of decentralization and community participation. We also contributed to Haiti's widely attended first national population symposium and to a draft National Plan of Action for AIDS.

Key Successes in the Education Sector:

The Incentives to Improve Basic Education (IIBE) project brought about a marked improvement in educational quality in 1995: a total of 17 percent of the primary

³USAID January, 1996 Monitoring Report

school teachers in the country (7,000) and 28 percent of all school directors (2,000) had been trained in basic skills and pedagogy. With project support, an improved list of 136 primary school textbooks was issued thereby enhancing standardization of teaching materials. A June, 1995, external evaluation noted the project's contribution to the development of the best preschool curriculum in the Caribbean still in use after six years; a decrease in the primary school repetition rate for children (from 32 to 25 percent); and, a decrease of 9 percent in teacher turnover and absenteeism. Other accomplishments include twice the number of schools projected participating in pilot civics, mathematics and environmental distance learning programs (12 as opposed to 6). A combination of support from the OTI, the U.S. Army Special Forces, and community participation resulted in the rehabilitation of 364 schools and the opening of 264 new schools in underserved areas.

On the policy front, the Mission contributed to a nationwide social marketing campaign in support of a long range National Education Plan. This process has been carried out through a series of town meetings in which 50,000 citizens made vital contributions to the direction of education. The process culminated in the first national public forum on this subject in January, 1996, in which 750 Haitian delegates framed the key public policy concerns and needs for the education sector.

Delays or Shortfalls: In spite of these results, the S03 implementation experienced delays due to severe budget shortfalls. This resulted in the early termination of several key child survival programs, ending services to approximately one million beneficiaries, only a portion of which have been able to find other sources of funding. This situation has been further complicated by the protracted Congres-

sional Notification process, the restrictions placed on the program by the Dole/Helms Amendment and the restrictions on the use of FY 1996 population funds. Problems with the Ministry of Health over the past four months have also made it nearly impossible to subobligate the limited funds which have been made available, further delaying implementation and eroding the number of beneficiaries reached.

If the situation continues throughout FYs 1996 and 1997, it will have a deleterious effect on the number of beneficiaries and will impede progress towards further declines in infant mortality and fertility. Table 2, depicts beneficiary levels under different funding cutback scenarios and the eventual phaseout altogether of the HS2004 project. The Congressional hold placed on the Mission's only project supporting primary education has seriously affected support to teachers and schools. The timing of this action couldn't be worse as it has fallen in the middle of the school year. Unless the situation is soon rectified, program targets in the education sector will be significantly and negatively impacted as close out actions are initiated. Education 2004, which is currently in the final design phase, will be impeded as it is dependent upon successful completion of the IIBE project.

Another key impediment has been the failure of the IFIs to reach agreement with the Ministries of Health and Education required to launch major loan financed assistance packages. In the health sector, this has meant that World Bank supported programs in the West and South Eastern portions of the country have not been launched as planned prior to the termination of our child survival programs. While the Mission has maintained a constructive dialogue with the health donors through the consultative group mechanism, the slow start-up of the planned loans leaves large portions of Haiti without services.

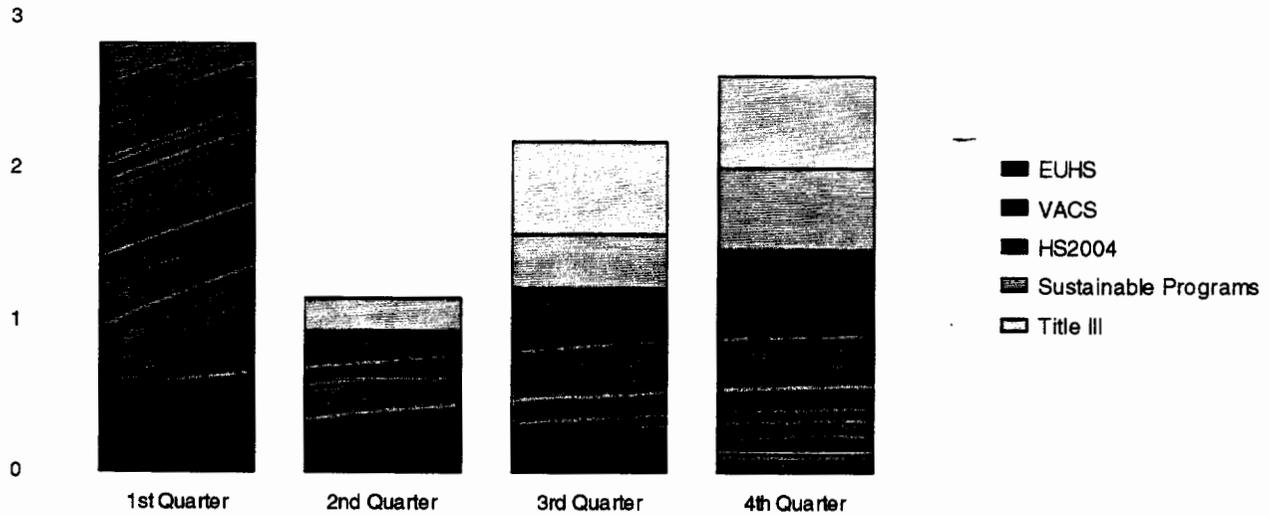
Finally, the 1990 Farm Bill expired December 31, 1995, before the Mission could make the case for authority to negotiate and sign the FY 1996 Title III Agreement with the GOH. Prompt passage of the new Farm Bill and provisions therein for continued Title III funding are critical to food security in Haiti.

Expected Progress in FYs 1997 and 1998

If funding is provided at the prescribed levels and the program is able to capture lost momentum, the Mission has projected a steady improvement in the nutritional status of children, continued declines in fertility, infant mortality, and a greater percentage of children completing primary school. The Mission launched the design of Education 2004, a new five-year education Results Package, in March, 1996, for a late FY 1996 obligation. This activity is designed to reach 360,000 primary school children and their families. FYs 1997 and 1998 will witness a marked reduction in beneficiary levels of Title II feeding programs, with the emphasis shifting towards increased integration of Title II resources in maternal and child health centers and away from primary schools. The Title II program will also launch a monetization program to expand the resources available to support program implementation, thus saving scarce dollar resources. By 1997, virtually all general relief programs will have ended.

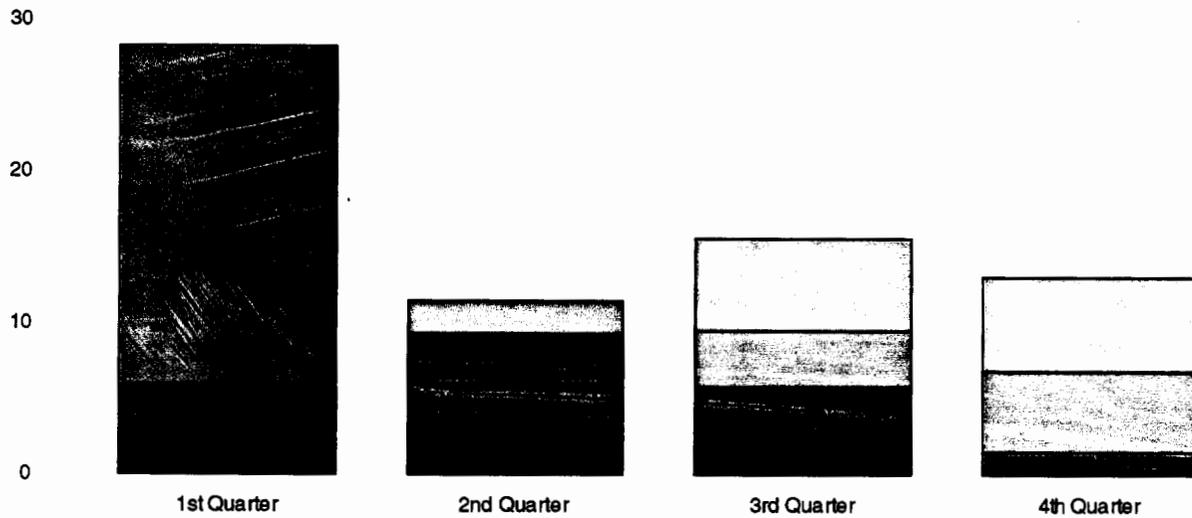
FY 1996 Health Services, Population Coverage in Millions

EUHS & VACS Phase Out - HS 2004 Phase In



FY 1996 Health Services, Population Coverage in Millions

EUHS & VACS Phase Out - HS 2004 Underfunded/Non-funded



SO 3: Promote healthier, smaller and better educated families

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	9-30-95	1996	1997	1998
- Infant mortality rate	Number/1,000	74	74	73.9	70	67	65
- Total fertility rate	Number of children per woman	4.7	4.7	4.6	4.5	4	3.8
- Percent of malnourished children 0-23 months at M2 & M3 ¹	%	22	20	20	19	15	12
- Completion rates of Primary Schools ²	%	60	65	65	67	69	TBD ³

¹ According to the Gomez classification, a child whose weight falls between 60 and 75 percent of the standard weight-for-age is moderately malnourished or is in the M2 second degree malnutrition category. When a child weighs less than 60 percent of the standard weight-for-age, she/he is considered to be severely malnourished or in M3, i.e. the third degree malnutrition class.

² This indicator was rephrased per authorization provided in State 37102.

The figures in the preceding TR2 reflected the percentage of primary school students who reached the end of the primary cycle in relation to the number of students who enter the primary cycle. The new figures reflect instead the national promotion rate which is currently used by the Ministry of Education in its annual reporting.

³ All TBDs to be determined by the Education 2004 design.

SO 3.1 Expanded and enhanced primary and reproductive health services

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Children 12-23 months immunized for measles in target area	%	75	80	82	85	87	90
- Women in target area using ORT to treat diarrhea in children 0-5 yrs	%	50	55	55	60	65	68
- Children in target area who receive 2 Vitamins A capsules/year	%	40	50	50	60	65	68
- Contraceptive prevalence rate in target area	%	20	25	25	30	35	40
- AIDS social marketing condoms sold	millions	3.7	4.5	5.7 ¹	6.5 ¹	7	9

¹ There was a sizable increase in condom sales the last quarter of FY 1995. We therefore had to increase the projections for FY 1996 and beyond.

SO 3.2 Enhanced household food security

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	9-30-95	1996	1997	1998
- Number of people fed by USAID PVOs	thousands	1,300	750	840	700	600	500
- Food distribution sites with an integrated health program	%	N/A	N/A	6 ¹	10 ¹	15	23

¹ Data was made available after the writing of the TR2.

SO 3.3 Improved national population, health, food and education policies

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Comprehensive health, population, nutrition and education policies in place	number	0	N/A	N/A	1	4	TBD ¹
- Multisectoral commission for Education Plan 2004 in place	Y/N	N/A	N/A	No	Yes	Yes	Yes
- Policy dialogue group meetings with a specific education agenda	number	0	7	15	24	15	TBD

¹ Strategy for integration will be determined in 1996.

SO 3.4 Increased quality and relevance of primary education

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Teachers trained in basic skills and pedagogy	number	0	2,600	0 ¹	1,220	TBD	TBD
- Textbooks in private and public primary schools	thousands	0	0	N/A	1.3	TBD	TBD
- Schools participating in pilot civic/distance education project	number	0	6	12	30	TBD	TBD

¹ Funding resources were not made available due to protracted negotiations with FONHEP regarding their Cooperative Agreement. Already reported in TR2 as delayed negotiations with FONHEP.

Strategic Objective 4: Improve Agricultural Productivity and Environmental Management

Summary of Data

Haiti's extreme environmental problems undermine its short- and long-term prospects for achieving greater political and

has resulted in massive deforestation and widespread erosion. Soil runoff has silted in the Péligre dam, reducing hydroelectric output, clogged irrigation canals thereby reducing the productive resource base and adding to food insecurity, and choked the coastal waters, killing plant and animal life. The reduced availability of seafood intensifies pressure on the land for food

sound development; 2) increased use of sustainable hillside agricultural practices; 3) increased community participation in tree planting and protection of productive infrastructure; and, 4) improved environmental quality in targeted urban locations⁴.

Significant Accomplishments and Key Results over the Review Period

Despite the late receipt of critical funding in FY 1996, significant progress has been made toward the attainment of results in the agriculture and environment areas. More than 5 million trees were planted in some of the most important watersheds. The Mission has successfully implemented its farmer driven methodology for local natural resources management in several new watersheds and provided improved seeds to 136,000 farmers (20 percent of all farmers) representing approximately 750,000 rural beneficiaries. Experience in the coffee sector demonstrates how coupling increased income (up to 10 times previous income levels for cereals) and greater protection of the productive resource base can motivate small farmers to work together in democratic associations, cooperatives and the newly formed National Federation of Coffee Growers. Agriculture production has rebounded in 1995 to 920,000 MT of corn equivalents from 828,000 MT in 1994. In addition, and consistent with the conditionality of the FY 1995 Title III Agreement, the Mission has played a major role in the initiation of the National Environmental Action Plan (NEAP) development process, although with some delays because of the change of the GOH in October, 1995.

Analysis of the Data

Strategic Objective Indicators: Total agricultural production for 1995 increased by 12 percent. As the largest donor to the



Farmers implementing environmental practices under the PLUS project

social stability, food security and sustainable economic development. A sustainable productive resource base is critical to Haiti's development. With the majority of Haitians (70 percent) still earning a living from agriculture, the productivity of this sector is of strategic importance. A large and growing population is placing unsustainable pressure on Haiti's overworked land which suffers further from weak tenure practices when farmers have little incentive to invest in land they don't own. The quest for fuel wood and arable land

production, thus perpetuating the cycle of degradation. Long-term social instability has only made matters worse.

Working with the GOH and other partners (US and Haitian PVOs), we have designed a program to consolidate all agricultural and environmental projects into a single operational entity, the Agriculturally Sustainable Systems and Environmental Transformation Program 2000 (ASSET).

ASSET will focus resources on four Intermediate Results: 1) strengthened national framework for environmentally

⁴ Per PAP 7836, USAID/Haiti submitted revisions to SO4 language, results and indicators. STATE 278894 approved the change in language for SO4 and seemed to defer review and approval of proposed changes to intermediate results and indicators for the R4 submission.

sector, our program has contributed significantly to performance through the production and distribution of improved seed, promotion of sustainable land use practices in the hilly areas and rehabilitation of irrigation and drainage infrastructure under the JOBS creation program. Project supported farmers' income has increased by 10 percent. This figure is based on limited case studies and surveys, and will be verified by a more comprehensive survey in 1996.

Regarding development of the NEAP, administrative and negotiation procedures have delayed implementation. As indicated in our TR2, lack of logistic support and changes within the GOH have also impacted negatively on implementation. Therefore, the first draft of the NEAP to have been produced in December, 1995, is now scheduled for April, 1996. The Mission has been successful in attracting additional funds from other donors for the NEAP. This year, donor funding for the environmental sector totals \$23 million.

Intermediate Result 4.1: The fledgling Ministry of Environment lacks sufficient resources to effectively address the environmental problems facing Haiti. Initiatives, such as tree-planting programs, sustainable hillside agricultural development, combined with a public awareness campaign to sensitize all elements of the population to environmental issues, are necessary but not sufficient. Without a comprehensive national plan supported by all segments of Haitian society and the international donors, which includes population control, pollution reduction and conservation, Haiti will be unable to arrest, never mind reverse, its environmental decline.

Delays in the development and implementation of the NEAP have impaired our ability to achieve the performance indicators under this Result Package. As indicated in Table 4.1, the radio broadcasts on environmental awareness have only reached half of the planned audiences. Training of

ministry staff is below the projected targets, and organizations participating in NEAP development are not fully mobilized.

Since the GOH has now initiated the NEAP development process and is negotiating the new ASSET program, more progress is expected toward achievement of these indicators in 1996. For example, task forces need to be formed and the Ministry of Environment focused on the preparation of the NEAP. A long-term institutional specialist is providing assistance to the Ministry of Agriculture to identify institutional weaknesses and propose training solutions. These efforts will be aided by the implementation of ASSET in 1996. However, the Dole/Helms Amendment poses a serious threat to accomplishing our 1996 targets as ASSET plans to provide critical institutional support to the GOH. This operational arrangement will need to be reviewed and perhaps revised over the next few months.

Intermediate Result 4.2: A total of 91,000 farmers are participating directly in the program versus a planned level of 64,000. These accomplishments have been achieved with efficiencies in extension of proven methodologies and the expansion of program activities into new geographic areas. However, these accomplishments continue to be jeopardized by lack of funding in sufficient amounts to maintain momentum.

Intermediate Result 4.3: With only 32 percent of land deemed arable and with over 60 percent cultivated, the trend in land degradation and deforestation will continue unless the GOH and donors' efforts begin to match rhetoric with resources. Notable progress has been achieved regarding tree planting activities. As per table 4.3, the number of trees planted is 5

million. This includes the 1.2 million additional trees produced and planted as a result of the "Partially-funded Tree Planting Mandate from the Environmental Task Force Initiative." USAID/W proposed that the Mission plant an additional \$1 million in trees; however, only \$500,000 was forthcoming. The remaining funds had to come from already scarce project funds.

Regarding the Community Forestry Corps, this activity is scheduled to begin in 1996 under ASSET. The 1995 planning numbers for NGOs, communities and farmer groups participating in protection efforts were underestimated. When the number of groups participating under the Productive Land Use Systems (PLUS), Targeted Watershed Management (TWM) and Coffee Revitalization projects are included, the actual numbers are much larger than expected. Projections for 1996, 1997 and 1998 have been revised accordingly. The targets for 1997 and 1998 are expected to level off due to the completion of the Coffee Revitalization and TWM projects. Possible Peace Corps involvement in these activities has been discussed with their Country Director, but there has been no indication of interest from Peace Corps to collaborate on these initiatives.

With respect to productive infrastructure projects supported by Titles II and III, this indicator only deals with activities under ASSET. Projections for 1997 and 1998 are based on the assumption that Title III will continue at \$10 million per year.

Intermediate Result 4.4: A water/wastewater management plan is being finalized by the Environmental Health project (a Global centrally-funded project supported by a \$400,000 USAID/Haiti transfer). Based on this plan, indicators have been revised upward to measure sanitation and drinking water access and the sustainability of the system. Currently, there are tremendous social problems in the targeted pilot area (Cite Soleil) that

could cause delays in the formation of community groups to manage the water and solid waste by the critical date of July 1, the date the water system will be operational.

Expected Progress in FYs 1997 and 1998

Efforts will continue to establish a national framework for environmentally sound development. To that end, the Mission will finalize the negotiation of ASSET with the GOH. Its start-up will provide institutional support to the Ministries of Agriculture and Environment.

ASSET will also continue to promote the use of sustainable hillside agricultural

practices (Result Package 4.2). Projected targets under this Results Package have been adjusted upward for 1996 and 1997. By 1998, more than 130,000 farmers are expected to use sustainable land use practices in most of the productive watersheds of the country. This will represent more than a 100 percent increase from the 1994 base year. However, recent budget discussions with PVO implementors indicate that the projected numbers of farmers reached may have to be decreased due to reduced funding and a greater emphasis on tree production and distribution.

The Mission will continue to press for renewed emphasis on tree planting, and

projections for 1996, 1997 and 1998 take this strategy into account. Higher value fruit trees species will be promoted to create greater synergy between our environmental program and agribusiness development objectives formulated in SO2. The Community Forestry Corps activities targeted under this Results Package will be operational by late 1996. There will be a need to review the indicators associated with this activity at a later date.

Gourmet Coffee, Catalyzing Change

The Coffee Revitalization Project is providing support to 18,000 small farmers to improve their capacity to produce, harvest, process and market a quality gourmet coffee to the United States. Using coffee as a catalyst, we are able to motivate farmers to adopt environmentally sound production practices, form and work in associations based on democratic principles, and take responsibility for their own economic development.

Improved coffee varieties are at the heart of the environmentally sound farming system being promoted under this project. Higher producing, rust tolerant coffee varieties are planted with bananas, citrus and hardwood trees to create a multi-storied and multipurpose farming system which provides shade for the coffee crop and a diversified income stream. This intercropped system is one of the few ecologically and economically sound production systems for Haiti's fragile mountainous soils. This system also includes soil and water conservation practices. Farmers have realized a 60 percent increase in coffee revenues. Many farmers report tenfold increases in farm income from adoption of the entire intercropping system.

The project has established a total of 24 coffee farmers' marketing associations. These associations include members of the community from all political, social and religious persuasions.

They now have direct access to loan capital from a microenterprise financial institution (HDF, the Haitian Development Foundation) funded under our program. A total of 13 associations borrowed over \$90,000 from HDF at market interest rates to finance marketing activities. All loans were reimbursed on time, and a second series of loans have been negotiated. These associations have formed into a national federation called *Caféières Natives*. With our assistance, the federation has registered their gourmet quality washed coffee as "Haitian Bleu" and negotiated contracts directly with US coffee buyers from Florida to Alaska. More than 16,000 coffee farmers are members of these associations. Project results demonstrate how community associations can be empowered to manage their own developmental efforts through agriculturally based productive enterprises.

"Haitian Bleu" coffee was presented at the Specialty Coffee Association of America trade show in April, 1994. We hope to reestablish Haiti as one of the top specialty coffee growing countries. In May 1995, more than 66,000 pounds of this specialty coffee was exported to seven US coffee roasters. These roasters have signed a five-year contract with *Caféières Natives* for the distribution of Haitian Bleu in the US. This marked the first time in two hundred years that small coffee farmers marketed their product directly, thus weakening the exploitative hold of Haiti's traditional oligarchic coffee export system which is controlled by a cartel.

SO 4: Improved Agricultural Productivity and Environmental Management

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Corn Equivalent ¹ Produced	1,000 Mt	828	912	920	930	942	957
- Sustainable increase in agricultural income based on project areas	%	N/A ²	10	10	12	14	15
- NEAP developed and approved	doc.	MOU	draft	0	draft	final	Action
Increased donor funding for environment activities	%	\$9 ³ million	\$23 million baseline	100	105	115	125

¹ The LASPEYRES productivity index is not used because the Food Production Survey for 1995 has not been completed. The corn equivalent indicator is used for this R4 and will be replaced by the LASPEYRES index next time.

² A baseline has not been established for this indicator. The reported 10 percent increase in 1995 is based on case studies of particular project intervention, e.g., hedgerows, rockwalls, fruit trees, etc. The farmer household survey has been delayed until June/July, 1996 due to lack of funding in early fiscal year 1996.

³ USAID was the only active donor in the agriculture and environment sectors during the embargo. Therefore, the \$9 million only represents USAID funding. To be more representative of donor funding in the sector, 1995 has been chosen as a baseline.

Intermediate result 4.1: Strengthened national framework for environmentally sound development

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Revised or newly implemented regulations impacting the environment	Number	0	0	0	1	2	2
- Greater environmental awareness (people receiving radio broadcast)	Million	0	1	.5	1.5	2	2.2
- Change on GOH capacity (No. of staff trained)	Number	8	15	3	50	50	50
- Organizations participating in NEAP development	Number	0	20	30	200 ¹	100	100

¹ Local NGO participation has been adjusted upward for the development in 1996 and implementation phases of the NEAP. Numbers decrease from 200 to 100 in 1997 because fewer organizations will be involved in implementation phases versus development.

Intermediate result 4.2: Increased use of sustainable hillside agricultural practices

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Hillside agricultural land under environmentally sound cultivation practices	000 (Ha)	60	70	100 ¹	110	121	143
- Hillside farmers practicing environmentally sound cultivation practices	000	55	64	91 ²	100	110	130

¹ This indicator is based on an average farm size of 1.1 ha per farm operator. Average farm size has been reduced from 1.5 ha in 1985 to 1.1 ha in 1993 according to a World Bank sectoral assessment. Therefore, all indicator levels have been adjusted to reflect this information.

² Projected indicator levels for 1996 - 1998 have been adjusted upward based on higher than expected accomplishments. However, funding levels and a greater emphasis on tree planting and institutional development may have a negative impact on numbers of farmers reached in the out years.

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Intermediate result 4.3: Increased community participation in tree planting and protection of productive infrastructure

Indicator	Unit	Base	Planned	Actual	Planned	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Trees planted to improve hillside land management, protect productive infrastructure and strategic watersheds	Millions of trees	4.5	5	5	6	8	8
- Community forestry corps ¹ established for supporting sustainable natural resource management	Number	0	0	0	5	5	10
- NGOs, community groups and farmers groups participating in protection efforts	Number	500	600	2,000	2,000	1,600	1,700
- Beneficiaries of productive infrastructure projects supported by Title III and Title II resources	Number	0	0	0	14,000	43,000	43,000

¹ Delays in the development of ASSET 2000 will impact negatively on implementation. Projected targets for this indicator are revised for the next three years to take this into account.

Intermediate result 4.4: Improved environmental quality in targeted urban locations¹

Indicator	Unit	Base	Planned	Actual	Planned ²	Planned	Planned
		1994	1995	1995	1996	1997	1998
- Access to improved waste management services	Number	0	0	0	2,500	100,000	150,000
- Consumption of high quality drinking water from District ³	gallons per day	0	0	0	65,000	150,000	175,000
- Beneficiaries supported with PL 480 Title II resources on productive infrastructure projects	Number	0	0	0	0	7,000	21,670
- Sustainability of water/wastewater sanitation district by: 1) Operating costs recovered through user fees; and, 2) Revenue used to finance waste disposal services	1) % 2) \$	0	0	0	80 17,000	100 200,000	110 220,000

¹ Indicators for this result package have been slightly revised since our submission of PAP 7836 cable. Please consider this indicators for review and approval.

² Delays in the development of ASSET 2000 has impacted negatively on activities under this result package. Also, new implementation options are now under consideration to increase community participation. Projected targets for 1996, 1997 and 1998 have been revised to take these factors into account.

³ This indicator replaces the direct measurement of the decrease in incidence of waterborne illnesses, which can no longer be measured due to the closure of the CDS health program in Cite Soleil.

Status of the Management Contract



Strategic Objective Changes or Refinements

In addition to the refinements outlined earlier, a merger of Results Packages under SOs 2 and 4 is proposed, resulting in a single sustainable development objective which will encompass activities to increase income, employment at the microenterprise level, exports, and sustainable agricultural production. Environmental activities will become a special objective to include tree planting, community

involvement in natural resource management, environmental regulatory reform, institutional support for environmentally sound development, and urban pollution prevention. All of these efforts would have the ultimate result of reducing poverty.

Given the programmatic complementarity of results, activities and indicators for the two objectives, their merger makes programmatic sense. Both SOs are managed by one staff serving under a single administrative structure. In addition, staff reductions, both USDH and USPSCs, will make it difficult to maintain administrative requirements for two SOs.

Additional changes or refinements may be proposed to reflect decisions taken as a result of the revalidation exercise which is scheduled to take place in the summer. Concerns regarding how to deal with macro- and sectoral economic policy reform, food security and poverty reduction will be debated. Bureau assistance in this exercise will be sought.

Special Concerns and Issues

Need to Circumscribe Government

The GOH faces an FY 1996 budget deficit of an estimated \$145 million — \$38 million higher than planned before the breakdown in discussions with the IFIs. Unless the GOH reduces its public sector deficit and addresses civil service reform, both the nation's economic future and its political stability are threatened. The Préval Government appears to be amenable to civil service reform. With reference to privatization, the policy signals are less clear. Civil service reform and privatization are critical interventions for reducing government and are vital to the success of our program.

Support of Privatization

A policy impasse has persisted since October, 1995, when the Michel Administration was forced to resign over refusal by then President Aristide to allow the opening of bids to

privatize the first two state enterprises. We are awaiting a clear indication from the Préval Government that it will take measurable, demonstrable steps to move the privatization process forward. The hoped for first step will be opening of bids for the cement plant and flour mill.

Weak Security Apparatus

With the approved four-month extension of the UNMIH mandate, there is concern about how the security situation will be managed when the UN forces depart in June. The Haitian National Police force is newly established. Although the recently named Director General of Police has a solid reputation, the HNP, like most GOH institutions, is extremely weak, with the average HNP cadet having less than six months of training. Given the political dynamics surrounding the investigation of political assassinations, the GOH faces severe challenges in providing specialized training and in transforming a force comprised entirely of fresh recruits into a seasoned and relatively effective arm of the justice system.

Breakdown in Negotiations with IFIs

Failure of the GOH to agree on the terms and conditions of a series of structural adjustment credit programs with the IFIs will have a serious impact on our program. The estimated \$200 million IFI funding in FY 1996 is a key assumption to the achievement of the SOs. The inability of the GOH to finalize terms and conditions with the IFIs has led to a widening budget gap, depreciation of the gourde, and a loss of confidence by the donor and investment community at large.

Need for a DA/ESF Mix of Funding

As discussed during last year's Action Plan, an all ESF Budget would relieve some of the problems inherent in programming directives. However, an all ESF budget renders the Mission vulnerable to higher

priority funding demands elsewhere. While this concern was raised last year, it seems such an occurrence is more likely now that Bosnia and the Middle East gain greater political attention. For FY 1996, the Bureau responded by providing the program with \$9 million in DA funding (child survival) as a result of significant reductions in ESF levels. Changing conditions call for a more judicious mix of ESF and DA funding which would allow our program to respond to the effects of capricious changes in funding levels.

Resource availability and timing remain key constraints to the achievement of targets across the portfolio. The Mission has placed itself in a tenuous position by successfully reducing pipelines. Replenishment needs to be provided in a timely manner or performance will suffer. One aspect of the replenishment process, Congressional Notifications, needs to be examined. The Mission has recently instituted a new streamline process which focuses responsibility for tracking Notifications. The Bureau is urged to do the same so that delays in submitting notifications are minimized.

22 CFR 216 Issues and Schedule:

Our Action Plan last year outlined four Strategic Objectives. The following is the status of and schedule for requisite IEEs and/or EAs of each objective.

SO 1: There are two projects under SO 1, Administration of Justice (AOJ) and Democracy Enhancement (DEP). They received categorical exclusions under 22 cfr 216.2 (c)(2)(i) and (iii). There is no need for additional environmental assessments work for these activities.

SO 2: SO2 includes activities funded under the Project of Administrative Reform (PAR) and PRET projects. Their status follows:

- The PAR project activities are scheduled to be completed in 1996.

- Environmental Examination for PRET was approved by USAID/W. A categorical exclusion was granted under 22 cfr 216.2 (c)(2)(x) for the first component of that project, dealing with a sound policy, legal and regulatory enabling environment for private enterprise recovery.

- A Conditional Negative Determination was issued for the upgrading of physical facilities (market places). Construction or rehabilitation activities are supposed to start by the end of 1996 and will continue through 1997. Such interventions have potential for significant negative environmental effects and therefore require that EAs be done prior to the activity's implementation (last quarter FY 1996). The IEE for the PRET project will therefore be amended (June/July 1996) and submitted for approval to the LAC/CEO.

SO3: SO 3 is a consolidation of various projects: HS2004, Education 2004, and Disaster Mitigation, and Enhancing Food Security (EFS) I and II.

- HS 2004 received a categorical exclusion under 22 cfr 216.2 (c)(viii) and a Negative Determination was granted for the reconstruction of health facilities. There are no pending issues.

- Education 2004 is presently under design. Given that the majority of project activities deal with the provision of technical assistance and that no construction activities are envisioned, Mission plans to prepare an IEE for USAID/W review in May/June 1996.

- The Disaster Mitigation project is essentially education and institutional support for disaster preparedness. An IEE is required for this project (March/April 1996).

Under EFS I and II, grantees (CARE, ADRA and CRS) are preparing Best Management Practices (BMPs) documents for the construction activities. These BMPs will be submitted to the Mission Environmental Officer and USAID/W for analysis and approval prior to the implementation

of interventions. BMPs will require the grantee to fill-out an environmental checklist before initiating certain activities. Should an activity checklist reveal a potential for significant negative effects on the environment, an IEE will be prepared and submitted to the LAC/CEO which will determine appropriate mitigation measures and/or the need for an EA. The timing for these EAs is to be determined. **SO4:** SO 4 consists of four Result Packages (RPs) under ASSET, program. The

IEE for the ASSET program has already been approved by USAID/W.

- RP 1, capacity building and NEAP, received a categorical exclusion. However, there are some activities for the NEAP implementation that still need to be identified. When these activities are identified, it will be necessary to prepare new IEEs or EAs (1997/1998).
- For activities under RP 2, hillside agriculture, a positive determination was issued. However, new EAs are not required. These activities will be conducted

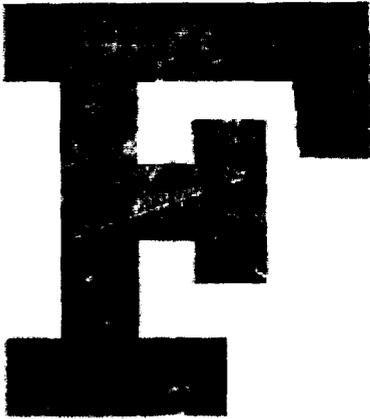
in compliance with previous EAs for the Productive Land Use Systems project.

- Regarding RP 3, community forestry, a conditional negative determination was issued.

RP 4 deals with urban pollution prevention. These activities will start in 1997. A deferred determination has been issued. The construction of pilot facilities are scheduled to start in 1997. Therefore, an EA is required for the first quarter of 1997.

Resource Requirements

Program funding requested by SO



or FY 1997 the distribution of resources among strategic objectives reflects program priorities, absorptive capacity, past-performance and expected opportunities. As noted throughout this report, the Mission continues to leverage additional resources from other donors, particularly in the health, justice and environmental areas. Food aid resources have been integrated with other resources. Resources

assigned under each SO include estimated PD&S requirements⁵.

The bulk of resources, slightly more than \$71 million or 56 percent, supports Strategic Objective No. 3. Forty-four percent of this total supports Title II and Title III activities, which have a direct affect on other SOs. Consequently, the budget scenarios for FYs 1997 and 1998, which call for severe reductions, will affect SO3 first, and most severely.

Given the current problems experienced in the health sector, any proposed cuts in SO3 resources will affect health before food security and education are affected. Depending on the severity of the cuts, the first components to be eliminated would be research and training. If further cuts are required, service delivery programs would have to be sacrificed. This would entail

working in fewer geographic areas and reaching fewer beneficiaries.

Given its political importance, SO1 should command a greater level of resources (it is presently targeted to receive approximately 16 percent of the total FY 1997 budget). However, with an estimated 50 percent of the portfolio's pipeline by the end of FY 1996, there exists an absorptive capacity concern. This could change if the GOH identifies a robust program of civil service reform efforts.

With regard to reducing poverty, it is understood that more needs to be accomplished to fuel greater economic development and growth. The GOH will need time to establish its priorities with regard to economic growth. Also, many of the recommendations of the Presidential Commission will take time to implement.

⁵ Total PD&S funding is estimated at \$1.5 million in FY 1997, \$500,000 at a 20 percent reduction; and for FY 1998, \$1.447 million and at \$300,000 at a 30 percent reduction.

Support to MFIs will be labor-intensive, and by design, long-term in nature. If the GOH moves forward quickly on the next steps of privatization, greater resources may need to be directed to this SO.

For FY 1997, \$21 million will be needed to carry out the planned activities for poverty reduction, through direct assistance to MFIs serving small and microenterprises, agribusiness development, marketing of premium quality export tree crops to niche and specialty buyers overseas; and, conditions warranting, for further assistance towards achieving an enabling policy environment for long-term, broad-based economic growth. A 20 percent reduction in funding would result in terminating assistance for micro-economic and sectoral reforms. Therefore, we would not be able to further assist the Presidential Commission nor would we be able to support any new privatization initiatives.

Minimal funding required to meet the targeted results for SO2 in FY 1998 amount to \$14 million. With a 30 percent reduced funding scenario, we would have to eliminate one subcomponent of the Results Package dealing with increased productivity and improved household well-being of microentrepreneurs.

With only eight percent of total FY 1997 resources directed towards SO4, there is some concern as to whether this amount is sufficient to continue the tree-planting mandate *and* adequately support NEAP development. If the Mission is successful in revising the implementation approach to SO4, i.e., using NGOs directly in the implementation of the program, then performance may warrant additional resources.

In FY 1997, it is estimated that \$9.6 million will be needed to carry out the planned level of program activities. A 20 percent reduction in funding would have a very detrimental impact on SO4. We would not be able to implement any new

activities, e.g., community forestry, NEAP, or institutional development. Therefore, the Mission has decided to reduce funding for SO4 by only 1 percent in FY 1997.

Funding requirements for SO4 in FY 1998 are estimated \$12.9 million. At this time, \$10.8 million is planned under the 10 percent reduction scenario. With these constraints, we will have to cancel Environmental Pollution Control in Targeted Urban Areas and not initiate any new activities under an approved NEAP, which will greatly reduce the momentum and give us less influence in the sector. If a 30 percent reduction is made, we will have to drop Institutional Strengthening/NEAP and Urban Pollution Control. These reductions would greatly compromise our leadership and influence in this critical sector.

Field Support from Global Bureau by SO

For FY 1997, a total of \$2.9 million has been identified for Global Bureau support. Given the budget scenarios for FY 1998, support for Global Bureau will total only \$1.85 million. The specific needs are outlined as follows:

SO1: To date, the SO1 team has focused its primary efforts upon designing and mobilizing bilateral programs to carry out the four major long-term initiatives under way in the democracy and governance areas — justice, parliament, local government and civil society. Now that these foundations have been established, the opportunity for collaboration with the Global Center on special topics of crosscutting concern arises. In preliminary discussions, the topic of alternative dispute or conflict resolution has come up, and local discussions are beginning to lend definition to the effort. Another potential area for collaboration would be to enlist the aid of one or two technical experts to assist with a sector strategy exercise. As these needs, which cut across several projects are more fully defined, we will discuss with the

Global Democracy Center the specific possible contribution which its programs could make. Constraining this relationship, though, is the relatively limited bilateral funding available outside existing large contracts.

SO3: The SO3 Team has identified key global field support agreements which are needed to complement the work of our bilateral program in health and education. These include support from Centers for Disease Control/Atlanta in disease surveillance for malaria, filariasis and dengue; funding to integrate family planning services into existing Title II feeding programs through CARE; work on population policy; clinical training for family planning providers and management development of family planning institutions through FHI, the policy project and FPMD. Funds are needed to work with the ABEL project on the highly specialized distance learning for primary schools.

Operating Expenses and Staffing

Shortly before President Aristide's return to Haiti on October 15, 1994, the Mission began overhauling operations in preparation for the shift from a transition program to one which responds to the Agency's reengineering precepts. While there is still work to be done with regard to integrating the Agency's core values and new operating systems, staffing and operating resources through FY 1997 are adequate to support a program in the \$100 to \$125 million dollar range, operating within the framework of three or four strategic objectives, without compromising the Mission's ability to both achieve and be held accountable for results. However, the FY 1998 operating expense target of \$4.4 million is inadequate to support an authorized USDH staff of 21. An additional \$300,000 above the Bureau's FY 1998 target level will be needed for office operations and replacement of non-

expendable property. Our requested level for FY 1998 is \$4.7 million.

During December, 1995, a Mission-initiated Management Assessment was carried out by an independent team. The purpose of the assessment was to judge the impact of the Mission's reorganization efforts, as well as develop a concrete set of recommendations to help integrate the Agency's reengineering precepts into Mission operations. The Assessment demonstrated how far the Mission has come in changing its operations and suggested that the Mission revise its redelegations of authority, provide for team-building and conclude the development of an overall customer service plan. The team's recommendations have already been incorporated into the Mission's reengineering "roadmap", and implementation is underway.

An improved team approach is being incorporated into Mission operations. Technical offices, as a result of earlier realignments, are already strategically focussed and find it relatively easy to function as strategic objective teams. The Mission has revised its Delegation of Authorities to provide greater authority and responsibility to these SO Teams. The support offices have formed a team focused on improving services, increasing efficiencies and reducing costs. From an operational perspective, the Mission is beginning to see reengineering benefits in the consolidation of the portfolio and the streamlining of certain administrative procedures.

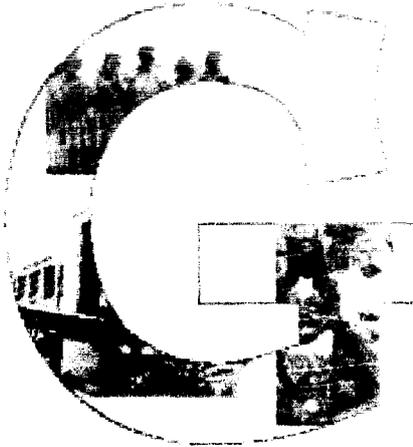
Continuous improvement in operations will be necessary in order to achieve the operating efficiencies required as the result of budgetary constraints. The Bureau

operating expense targets for FYs 1997 and 1998 cannot be met without significant improvements. The Mission is banking heavily on realizing efficiencies in operations as a result of the New Management Systems (NMS) and improving the system of cost allocation in order to meet budget targets.

Setbacks in the Haitian economy, with particular respect to the movement of the gourde, as well as significant changes in local costs and salary inflation, can substantially alter the Mission's requirements. The Mission's conservatism in putting its resource request together makes the budget all that more sensitive to Washington-driven allocation decisions.

Special Reporting

Gender



Gender issues are an integral part of the Mission's strategic plan, and the Results Packages (RPs) reflect the activities and the results each SO expects to achieve by the end of this period. Women are involved at different levels in the implementation of activities, but still face challenges.

Two important questions which should be addressed in monitoring and evaluating

results, both qualitatively and quantitatively in order to analyze their impact vis-a-vis gender issues:

1. How does gender affect participation and results; and
2. Are results tracked and measured with desegregated data by gender, where appropriate?

Results accomplished within each SO and the constraints encountered during activity implementation

SO1: Foster More Effective and Responsive Democratic Institutions and Empowered Communities

The most striking fact about Haiti is that female attitudes regarding democracy are *not significantly different from male attitudes.*

In a November, 1995 Gallup Opinion Poll, no marked differences could be observed in questions regarding confidence in democratic institutions, democracy as a

form of government, or perceptions of economic well being under democracy. As a result, most SO1 programs do not have a distinct strategy for women. Nevertheless, gender issues figure prominently in specific areas and are likely to become more important in coming years. In working with civil society, our program gives priority to activities which involve women in the local NGO movement.

Training programs in the democracy area disproportionately benefit men because there are fewer female parliamentarians, judges, justices of the peace, mayors, and other local government officials. Future programs need to encourage the participation of women in training and developing networks and other means to increase their numbers within democratic institutions.

Several assessments now underway or planned for the immediate future are examining women's issues as they relate to parliamentary, local government, and civil society programs. To the extent that there

are specific areas meriting particular attention, for example, women in political leadership, prevention of domestic violence and/or family law and dispute resolution, these issues will be targeted by strengthening components of preexisting programs or drawing on expertise via the NPI or other resources.

Despite the attention given to gender issues within SO1, effort still needs to be made for the effective participation of women at the decision-making level in civil society. Attention to the conditions of women should be stressed during program implementation in order for results to reflect a significant reduction in disparities among men and women.

It is also difficult to find gender-desegregated data for the selected indicators to track and measure results accordingly.

SO2: Facilitate Increased Private Sector Employment and Income

Under the Provincial Enterprise Development (PED) project, the Haitian Development Foundation (HDF) has made 1,379 loans to small and microenterprises, helping to create 983 permanent jobs and preserve 2,020 jobs. Thirty-three percent of the jobs were filled by women. Of the loans, more than 59 percent were awarded to woman-owned small and microenterprises. Additional effort needs to be made to track the percentage of women who obtained permanent jobs and increase the percentage of women benefitting from loans.

SO3: Promote Healthier, Smaller and Better-Educated Families

The Mission has a track record of success for promoting and involving women in the overall development process of health and education activities. In fact, within the Mission, the proportion of women working at all levels is significantly higher than that of men, and a relatively large number of female professionals participated and even led the 1995

strategic planning session. Women play a leadership role in the SO3 internal and expanded team. With regards to partners, a high percentage of their employees in both technical and managerial positions are women.

Women predominate in research and teaching under our child survival, population and HIV/AIDS programs. In the field of basic education, two out of three teachers are women, and staff at the highest ranks of the Ministry of Education, including the Minister, are women. Training is one of the strategies to empower women represent altogether approximately more than fifty percent of this year's participant trainees in the above mentioned fields.

As program beneficiaries, women with children under-five are the largest target group. Women seek health care for themselves and are the caretakers within their households. Health and education programs targeted at women contribute to the enhancement of our programs' impact on the health and socioeconomic condition of Haitian families.

Increased school access and attendance of girls are among the Mission's objectives. If access to primary school is evenly shared by gender, boys' attendance is greater than girls because girls are kept home for household duties. At the national forum on education, the Mission was able to have this matter discussed and to incorporate it as a policy issue as the right of all children to attend school regardless of gender.

SO4: Improve Agricultural Productivity and Environmental Management

To achieve this SO, the RPs included technical assistance to respond to specific developmental needs of women for credit, health and nutrition. At different levels, women participated in the design and achievement of the results. Data are desegregated as follows:

- Twenty percent of program staff members are women, including managers,

technicians and agronomists. Women are targeted to be extension agents and farmers.

- In one project, 25 percent of the agronomists are women. They also comprise 21 percent of the extension agents and 25 percent of the farmers.
- At the field level, 91,000 farmers are participating in the agricultural and environmental activities of which 63,700 are male (70 percent) and 27,300 female (30 percent).

These constraints should be taken into account as lessons learned in replanning and redesigning the RPs to be more customer focused.

Challenges for the Future: The results achieved within each SO clearly show that gender issues are not forgotten in program planning and implementation. However, they still need to be seriously reconsidered in developing new RPs. So far women's participation at different levels influenced result impacts in various ways. This situation implies that the Mission still has to conduct significant actions to fully meet the requirements of Customer Focus. Gender issues should be emphasized in defining customers to respond to women's specific constraints that impede greater results on their behalf.

Indicators should strive to present gender-desegregated data which should serve as the baseline to monitor progress and measure results. SO teams need to apply guidelines more systematically in taking into account factors that affect progress when gender is a recognized variable and to highlight the influence of gender issues that may not have been identified initially.

Provision should also be made for gender data collection and analysis through a performance monitoring plan so that progress in reducing gender disparities be followed within each Result Package.

New Partnership Initiatives (NPI)

USAID/Haiti is well suited with the current civil society/local government/parliament and community governance SO1 activities to be a New Partnership Initiative Leading Edge Mission (LEM) and submitted a proposal to USAID/W for consideration. The proposal had strong support from the Bureau, and, on March 8, 1996, the Administrator approved the NPI Review Committee's endorsement of Haiti as a LEM. We already have a good beginning. For example, under DEP, the monthly retreats, involving the contractors and/or grantees for three components, the OTI, communal governance program, the GOH, and other SO1 partners, as well as day-to-day joint operations with DEP and the AOJ projects, our involvement in a weekly UNDP-led task force on governance, all reflect the NPI way of doing business in Haiti. We are engaged in dialogue with business groups and NGOs, such as CLED, to tie them into the whole civil society/local government/parliament effort. We are building on successful experiences in partnerships. The jobs creation program, which was co-financed by PL 480 Title III currencies, administered by two U.S. PVOs, implemented by hundreds of international and Haitian NGOs, cooperatives and associations, and ultimately handed off to the World Bank/GOH for a \$50 million follow-on project that adopted the setup, procedures and primary implementing agency.

Summit of the Americas

Our innovative portfolio addresses the seven areas identified at the Summit of the Americas as follows:

Invigorating Society/Community Participation: Under the Coffee Revitalization (COFFEE) and Productive Land Use Systems (PLUS) projects, both of which will be assumed under ASSET, grassroots democratically-oriented farmer associations have been formed and empowered to

provide the means to not only increase yields and quality of products, but institute environmentally sound investments as well. Empowering people to take charge of their own reproductive functions through assistance provided under the HS2004 project is another way in which societies are strengthened under our program.

Finally, activities such as small infrastructure rehabilitation efforts, which are supported through the OTI, are identified and selected with the active participation of local community leaders and residents. In this way, communities develop a strong sense of shared importance in maintaining completed activities within their localities.

Universal Access to Education: Haiti's education system, already the weakest in the Western Hemisphere, has deteriorated since the late 1980s. Our program has long recognized the importance of basic education as a factor in socioeconomic development and supports a broad range of goals through the Incentives to IIBE project and the planned Education 2004 project, both of which are targeted at increasing access, improving quality, efficiency and overall administration of basic education.

Equitable Access to Basic Health Services: Our program addresses this specific initiative in a number of ways. Through its support under the HS2004 Project, a central cold chain and essential drug program called PROMESS has been maintained. PROMESS, under the auspices of the Pan American Health Organization, guarantees childhood vaccines and the availability of essential generic drugs.

Strengthening the Role of Women in Society: The role of Haitian women has improved under our program, but clearly more needs to be done. Women have benefitted as loan recipients under PRET, as small entrepreneurs within a newly formed economic units such as farmer cooperatives under PLUS and COFFEE

and as beneficiaries under family health and child survival interventions under HS 2004. These opportunities have empowered women and allowed them to exercise their economic and social standing to strengthen their position within society.

Encouraging Microenterprises and Small Business: The promotion of sustainable private-sector-led economic growth is embodied in our SO2. Significant success has been seen in fostering microenterprise and small business development under PRET. Loans to small businesses have been channelled through provincial branch offices of the HDF. HDF has also begun working with other, smaller microenterprise lending institutions, such as the Fund to Assist Haitian Women, providing both lending capital and technical assistance.

Partnership for Sustainable Energy Use: The program addresses this initiative under the Policy and Administrative Reform (PAR) project by providing funding to the International Finance Corporation to support efforts to privatize the Haitian public sector utility. Furthermore, certain project sites in the health sector have been designated as models of sustainable energy. For example, two private sector family planning clinics and two public clinics, designed to be energy efficient, were opened last year.

Partnership for Biodiversity: We are the only donor providing support for mitigating environmental degradation and preserving what remains of Haiti's once rich and diverse national patrimony. Equity, participation, sustainability and impact measurement constitute the underpinnings of the Mission's three environmental-cum-food production activities: PLUS, COFFEE and targeted Watershed Management (TWM) project (all to be incorporated into the ASSET project). Effective measures to curtail soil erosion and natural resource degradation of hillsides is critical under PLUS. Under COFFEE, the palliative effects of coffee

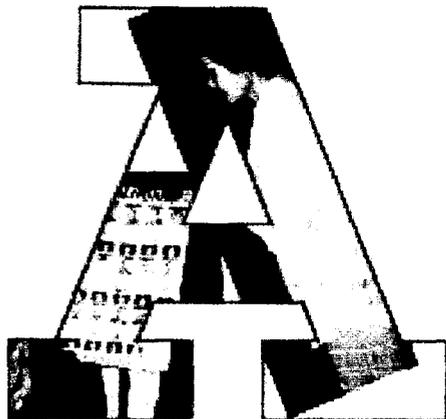
trees on stemming soil erosion and water run off have been documented. Finally, TWM reduces encroachment on the threatened habitats of Haiti's only significant remaining watershed.

AC/SI Code System

Per SECSTATE 36070, until the Budget Planning Module of the NMS is on line worldwide, the Mission will continue to provide the AC/SI Data via the Budget Planning Document managed by Management Bureau/Budget.

Regional and Central Bureau Specific Guidance

PL 480 Title II



s outlined in SO3's Analysis of Data, there has been a general improvement in the nutritional situation throughout the country. Given that PL 480 Title II shipments account for 80 percent of the food aid shipped and directly distributed to vulnerable groups in Haiti, much of this improvement can be attributed to our substantial food aid commitment over the last year as well as improved rains. The linkages are

seen most directly in the acutely vulnerable North West where continuing relief distributions have led to a clear decline in malnutrition.

Improved nutrition indices reflect the passing of the emergency phase of Haiti's transition. As acute needs have eased, the number of food aid beneficiaries has declined from a high of 1.3 million people at the end of 1994 to 875,000 at the end of 1995. These numbers will continue to decline through 1997. The shift away from relief has also enabled the share of food distribution sites with an integrated health program to go from 6 percent in 1995 to 12 percent in 1996. This percentage will continue to rise as remaining relief distributions are phased out in mid-1996.

Food aid programs have benefitted from a generally improved security situation in Haiti. UN escorts of food aid convoys have phased out with no resumption of the

problems seen last year. Donors have also seen a renewed interest on the part of the GOH to engage in substantive discussions on the food aid programs and how they are targeted.

During FY 1996 and through FY 1998, we expect to see a complete end to general relief distributions, and a shift from an emphasis on school feeding to a more targeted program relying on clinic-based Maternal Child Health (MCH) programs. This shift, supported by the dollar-funded EFS II program, will enable the program to better target the most vulnerable children under five years of age and expectant mothers with both food aid and services. We expect this new emphasis to directly support Mission objectives under the health component of SO3 of reduced infant mortality, reduced child malnutrition, and reduced low birth-weight deliveries. At the same time, the continuing school feeding program will focus on improving primary grade completion rates for children in the

program, thus supporting IIBE and Education 2004 results.

Food aid cooperating sponsors are developing monitoring and evaluation frameworks consistent with the new program direction. Once these are in place, we expect the results of food aid interventions to be reported under the appropriate Strategic Objective indicators.

Realizing the new program direction has been slower to come on line than expected. Discussions with cooperating partners on redirecting the food aid program began in early 1995. Unfortunately approval of new, redirected Title II Development Program Proposals and funding for new activities under the Mission's dollar-funded EFS II were delayed until early 1996. Despite these delays, ADRA and CRS have begun bringing in local implementing partners to discuss the new project direction and provide training. CARE has also been actively holding structured meetings with communities and beneficiaries to discuss the changes in program design which are coming. With funding now in place, new staff are being hired and the pace of project implementation is expected to accelerate.

At the same time, CARE has begun considering a large, complementary initiative in family planning which will be build on the existing food aid program structure.

New Initiative in Title II

The operational expenses associated with the Mission's PL 480 Title II food aid programs are financed, for the most part, through the dollar-funded EFS II program. Under this instrument, approximately \$9 million a year are being provided to the three cooperating sponsors to cover local costs, much of which are local currency costs (76 percent of the total budget). Given the uncertainty of dollar-funding levels, the Mission proposes to initiate a Title II monetization activity to raise the local currency needed to cover these local

costs and thereby reduce the demands on EFS II dollar funds. The Mission proposes to monetize an estimated 20,000 MT of PL 480 Title II wheat flour each year to generate approximately \$9 million in Haitian gourdes annually. The mechanism would be identical to the auction arrangements used under the Title III program which monetizes wheat flour.

Our Title III program imports approximately 25,000 MT of wheat flour a year. Proceeds from the sale of the flour, which support GOH health clinics, farm-to-market road rehabilitation, and USAID activities on agriculture and the environment, are not sufficient to cover the operational costs of the Title II program activities. When combined with the Title II monetization, the total tonnage of PL 480 imports into Haiti to be sold would rise to approximately 45,000 MT. This level is considered appropriate, given Haiti's annual flour consumption of over 250,000 MT/year and the previous Title III level of 50,000 MT in FY 1993 and 35,000 in FY 1994. Earlier analysis of the Title III program indicates that concessional wheat imports at the level of 45,000 MT per year will not be a disincentive to local production nor a disruption to normal marketing activities.

We have raised the option of initiating a PL 480 Title II monetization activity with GOH contacts who advise that the newly inaugurated government is not prepared to discuss the issue at this time. However, now that a new cabinet is in place, substantive discussions can go forward. If there are no problems, the Mission plans to submit a monetization proposal to BHR/FFP by June, 1996, with commodities arriving in Haiti by November, 1996.

PL 480 Title III

While Title II activities traditionally focus, as noted above, on direct interventions, including feeding, in Haiti's most vulnerable population groups, Title III commod-

ity imports have played a major role during the R4 period in improving food availability and access by targeting the poorest people in Haitian society. In so doing, the PL 480 Title III Program provides significant support to the achievement of the Mission's SO3.

Availability: The \$10 million Title III program level approved for FY 1995 provided about 25,000 metric tons of wheat flour, as a result of the imaginative use of breakbulk shipment instead of the costly container mode. That inflow of a major staple in the Haitian diet greatly contributed to alleviating the food supply crisis that was affecting low-income population segments and rolling back high, speculative prices throughout the country by as much as 30 percent.

Access: Local currencies generated by the previous FY 1994 Title III wheat flour program were jointly programmed with the GOH to provide continued support to the Labor-Intensive Job Creation program when dollar funding became unavailable. That short-term employment generation program focussed on the rehabilitation of productive agricultural and road infrastructure areas. By December 31, 1995, the program had created 260,000 person-months of employment, thus benefitting over 1,300,000 worker family members. An evaluation of the JOBS Program dated May, 1995 states: (1) most project benefits went to those struggling at the lowest level of subsistence, (2) only 16 percent of those who received jobs had previously been employed and, (3) most of the revenue earned by the workers was used for purchasing food, with 10 percent buying seeds and other agricultural.

Under the terms of the bilateral FY 1995 Title III Agreement signed with the GOH, the local currencies to be generated by the FY 1995 and the FY 1996 Title III programs have been programmed to support interventions in the agricultural, rural transport and environment sectors.

Those interventions will play a major role in enhancing the country's ability to stabilize, if not reduce, its dependency on food aid over the medium- to longer-term, in addition to providing a substantial level of logistical support to the implementation of the new EFS II project, for a two-year total of about \$14 million.

Beside enhancement of availability and access to food, the FY 1995 Title III Agreement also had a third objective to support increases in agricultural productivity and production resulting from improvements in trade and environmental policies. To date, the GOH has complied with the conditionalities related to that third objective through the reduction of price distortions that affected the agricultural sector and notable progress in the elaboration of the NEAP.

We expect Haiti will require several more years of support beyond 1996, through the PL Title III program, to ensure food security. Non-continuation of the Title III program in 1997 and 1998 will result in a marked regression in food availability through a reduction in the supply of wheat flour or reduced access to food through a return to speculative prices. Similarly, the Title III contribution to Haiti's balance of payments will have disappeared at a vulnerable time for the economy. Additionally, GOH's program of rehabilitation and improvement of productive infrastructure, especially in the agricultural and rural transport sectors, will be severely affected, if not altogether halted.

Further to the certification of its financial management capability by USAID's Financial Management Office on

October 1, 1995, the GOH PL 480 Title III Management Office (M.O.) resumed the implementation of the public sector component of the Job Creation Program interrupted by the de-facto authorities in May, 1994. That component also targeted short-term employment generation through the rehabilitation of productive infrastructures in the agriculture, rural transport, education and health/sanitation sectors, with local currency funding of about \$11 million.

Contrary to the previous practice of disbursing funds to GOH Ministries and/or agencies, implementation of eligible projects is assured by private sector firms or bona fide indigenous NGOs. Contracts for development of technical studies, execution and supervision are awarded on the basis of publicly held competitive bids conducted by an Implementation Panel made up of representatives of the M.O., the sectoral GOH Ministry concerned by each project and USAID. By December 31, 1995, 18 contracts for execution and supervision had been awarded to private sector firms recently constituted by professionals hitherto employed to government ministries, and over 4,000 person-months of employment had been generated.

Crisis Prevention

An Office of Foreign Disaster Assistance (OFDA) team recently visited Haiti to review the disaster preparedness of the country. Their report, which was shared with the GOH, revealed that Haiti needed to seriously look at its ability to respond to a disaster, particularly hurricanes which were especially problematic during 1995.

The Prime Minister convened a National Commission on Disaster Preparedness and Preparation with representatives from the GOH, PVOs, and the international agencies such as USAID and the UN. The Commission met each week from August through December, 1995. At the same time, the Prime Minister's Office created a data bank with an inventory of what would be available from various sources in the event of a disaster. One of the most active members of the Commission was CRS, which is a major distributor of Title II food in Haiti and was a major player in the disaster response after Tropical Storm Gordon hit the island in 1994. Of the food program beneficiaries listed in CRS's annual report that year, 45.1 percent were people affected by Tropical Storm Gordon. In addition, in preparation for the 1995 hurricane season, CRS shared its disaster preparedness education materials in Creole with the Commission so that it could be replicated and distributed by other groups throughout Haiti. The Mission also adapted information on hurricanes for Haiti and made that available to the Haitian press and USAID project officers for distribution where appropriate. The Mission updated the Mission Disaster Relief Plan and got additional food supplies from UNMIH forces departing Haiti to use in the event of a future crisis/disaster.

USAID/Haiti also requested that Haiti be included in the Agency's Caribbean Disaster Mitigation Project. According to OFDA, funds have been reserved to start this effort in Haiti in 1996. The program will focus on public education in disaster preparedness and mitigation activities to be undertaken by public and private sector entities.

Annex A : Civil Service Reform Matrix

Annex B: Pipeline Performance



mission performance, measured by pipeline as a percent of *cumulative obligations*, had improved dramatically from about 29 percent to about 15 percent. Pipeline performance improved another 20 percent in the first quarter of FY 1996. Presently, the pipeline stands at 12 percent of cumulative obligations². Pipeline as a percentage of *expenditures* has also improved over the previous year, despite significant delays in the formation of the new

Haitian Government, adherence to conditions precedent and the resulting problems in expending obligated funds. The pipeline by the end of FY 1996 is expected to be under 10 percent of cumulative obligations. This low level of pipeline indicates the aggressive management style of the Mission, both in management of resources and accurately anticipating future resource requirements.

Funds older than three years total approximately \$4.4 million, or about 12 percent of the total pipeline as of December 31, 1995⁶. The Mission will use its best efforts to reduce this total.

However, the Mission is extremely vulnerable to unexpected fluctuations in resource availability. For example, several Mission activities had less than ten percent pipeline (of cumulative obligations) as of December 31, 1995, and a few activities had levels of less than two percent.

Rational program management requires some predictability. As illustrated so vividly this past quarter, fluctuations in resource availability endanger program performance and to a lesser extent, program planning. Funding uncertainty can severely damage relations with our new partners such as the GOH, NGOs and community groups. Results achieved over months and years of effort can be wiped out by the unplanned suspension of programs due to a forced funding hiatus. The Dole/Helms Amendment has had an especially deleterious impact as noted throughout this R4.

With reference to the pipeline analysis, the anomaly of the AGF should be noted. Obligated funding totalling \$2 million under PRET act as a reserve in case of loan defaults. Therefore, this \$2 million cannot be accessed unless there are loan forfeitures.

⁶As indicated in our FY 1997/97 Action Plan, the pipeline was projected to be 18 percent of cumulative obligations

ANNEX : CIVIL SERVICE REFORM MATRIX

DRAFT FOR DISCUSSION			
Fiscal Years	Central Government Objectives/Issues	Proposed Civil Service/Financial Management/Decentralization Action Plan	Proposed Lead Action Entities
FY 1996 (Current)	<ul style="list-style-type: none"> o Expenditure containment o Revenue enhancement o Transparent resource utilization 	<ul style="list-style-type: none"> o Launch public awareness campaign o Freeze all nominal salaries & benefits o Conduct new civil service survey <ul style="list-style-type: none"> o Review UNDP Civil Service Survey o Remove "phantom employees" o Set up Unique Civil Service Register o Implement early retirement & voluntary departure program <ul style="list-style-type: none"> o Offer training opportunities and out-placement services o Review Civil Service Legal Framework <ul style="list-style-type: none"> o Adopt revised Civil Service Legal Framework o Conduct GOH sponsored public review of results achieved 	<ul style="list-style-type: none"> o GOH in collaboration with IFIs and USAID o GOH in consultation with IMF o GOH in collaboration with USAID o GOH in collaboration with USAID o GOH in collaboration with USAID o GOH/Parliament/USAID o GOH in collaboration with IFIs and USAID
FY 1997	<ul style="list-style-type: none"> o Expenditure containment o Revenue enhancement o Transparent resource utilization * Efficient resource utilization * Decentralization 	<ul style="list-style-type: none"> o Freeze nominal wage bill and operating costs from FY 1997 to FY 2000 o Identify Uniform Job Nomenclature and Salary Scale <ul style="list-style-type: none"> o Introduce new uniform pay scale o Implement down-sizing, if as warranted o Carry out diagnostic of Administrative Procedures <ul style="list-style-type: none"> o Elimination of unproductive/counter-productive administrative procedures o Decentralization <ul style="list-style-type: none"> o Survey of public services existing outside PAP o Determine budgetary implications of providing financial resources to decentralized entities o Begin to implement decentralization o GOH's Financial Management/Control System <ul style="list-style-type: none"> o Carry out diagnostic of GOH financial system o Begin to implement GOH's Integrated Financial Management System o Conduct GOH sponsored public review of results achieved 	<ul style="list-style-type: none"> o GOH in consultation with IMF o GOH in collaboration with USAID o GOH in collaboration with either USAID or IFIs o GOH in collaboration with IDB and USAID o GOH in collaboration with IBRD and IMF o GOH in collaboration with IFIs and USAID
FY 1998	<ul style="list-style-type: none"> o Expenditure containment o Revenue enhancement o Transparent resource utilization o Efficient resource utilization o Decentralization * Service delivery improvement 	<ul style="list-style-type: none"> o Improvement of existing service delivery system <ul style="list-style-type: none"> o Carry out diagnostic to determine characteristics of the delivery of social services o Analyze the fiscal implications and feasibility for GOH to assume a greater role o Develop a proposed Action Plan with the GOH o Maintenance work and upgrade of: <ul style="list-style-type: none"> o Unique Civil Service Register o Civil Service Legal Framework o Retirement and voluntary departure program o Uniform Job Nomenclature and Salary Scale o Administrative Procedure System o Decentralization program o Conduct GOH sponsored public review of results achieved 	<ul style="list-style-type: none"> o GOH in collaboration with IDB and IBRD o GOH in collaboration with IFIs and USAID o GOH in collaboration with IFIs and USAID
FY 1999	o Same as FY 1998	o Same Maintenance, Upgrade and Review Works as FY 1998	o GOH in collaboration with IFIs and USAID
FY 2000	o Same as FY 1999	o Same Maintenance, Upgrade and Review Works as FY 1999	o GOH in collaboration with IFIs and USAID

* Denotes new issue for the fiscal year except for FYs 1999 and 2000.

Results Review and Resource Requirements (R4) Pipeline of Active Projects

(000)

#	Title	Pipeline as of 09/30/94	Pipeline as a percent of Cumulative Obligations	Pipeline as of 09/30/95	Pipeline as a percent of Cumulative Obligations	Pipeline as of 12/31/95	Pipeline as a percent of Cumulative Obligations	Planned Pipeline 09/30/96	Pipeline as a percent of Cumulative Obligations	Pipeline by SO Percent of total Pipeline
Strategic Objective 1		11,098	65%	19,900	25%	11,449	26%	13,531	13%	50%
0222	Policy Administration & Reform	2,700	100%	3,039	57%	2,697	51%	2,039	20%	
0236	Democracy Enhancement	2,698	31%	3,957	26%	2,516	17%	4,657	24%	
0238	Administration of Justice	3,000	100%	7,735	74%	5,000	48%	6,235	45%	
0254	Elections Support	2,700	100%	2,719	22%	1,209	9%	0	0%	
0300	ICITAP			2,400	6%	N/A		600	1%	
	OTI (Contract 968-5004)			50	51%	28	28%	0	0%	
Strategic Objective 2		3,348	33%	10,221	36%	9,507	33%	6,483	13%	24%
0186	Promotion of Business & Export	1,052	19%	1,019	18%	817	15%	0	0%	
0223	PED (including Project 940-0406 funding)	1,593	50%	1,114	33%	946	28%	0	0%	
	Project 940-0406 funding)			100	100%	100	100%	0	0%	
0245	Seed Production	703	50%	362	26%	83	6%	0	0%	
0253	BOP	0		4,642	31%	4,642	31%	0	0%	
0256	PRET	0		2,983	99%	2,920	97%	6,483	81%	
0260	BOP II	0		0		0		0	0%	
Strategic Objective 3		39,736	28%	15,491	9%	9,829	6%	4,639	2%	17%
0189	Private Sector Family Planning	4,149	16%	2,855	9%	399	1%	0	0%	
0190	IIBE	4,206	23%	3,681	16%	1,888	8%	(0)	-0%	
0206	VACS	8,553	24%	1,662	4%	1,893	5%	0	0%	
0218	Expanded Urban Health	1,893	14%	376	2%	253	2%	0	0%	
0221	APAAC	226	20%	50	3%	302	21%	0	0%	
0224	AIDS Control	1,438	22%	628	7%	518	6%	0	0%	
0227	CLASP II (including Project 926-0071 funding)	152	7%	45	2%	38	2%	(0)	-0%	
	Project 926-0071 funding)	150	100%	149	99%	141	94%	0	0%	
0241	Enhancing Food Security	18,970	51%	3,945	8%	3,178	7%	0	0%	
0248	Health Systems	0		2,000	100%	1,120	56%	3,398	25%	
0258	EF5 II	0		100	100%	100	100%	556	6%	
0259	EDUCATION 2004	0		0		0		685	31%	
Strategic Objective 4		5,071	15%	2,042	6%	4,571	11%	2,221	5%	8%
0191	TWM	813	13%	721	11%	523	8%	0	0%	
0216	Coffee Revitalization	1,044	26%	90	2%	1,054	17%	190	3%	
0217	PLUS	3,214	14%	1,231	5%	2,994	10%	1,731	5%	
0257	ASSET 2000	0		0		0		300	23%	
Total		59,253	29%	47,653	15%	35,356	12%	26,874	7%	100%

N.B. Does not include Program Development & Support (PD&S)

Results Review and Resource Requirements (R4)
Mortgage - Active Projects
(000)

Proj. #	Project Title	Planned Life of Project Funding	Cumulative Obligations as of 09/30/95	Mortgage as of 09/30/95	FY 1996		FY 1997		FY 1998	
					OYB	Mortgage as of 09/30/96	Base Mortgage as of 09/30/97	Base-20% Mortgage as of 09/30/97	Base - 10% Mortgage as of 09/30/98	Base - 30% Mortgage as of 09/30/98
Strategic Objective 1		157,013	97,934	41,876	31,690	27,376	15,376	15,376	4,823	4,823
0222	PAR	23,000	5,297	17,704	5,000	12,704	8,204	8,204	3,704	3,704
0236	DEP	30,580	15,261 *	15,319	4,700	10,619	5,119	5,119	1,119	1,119
0238	AOJ	18,000	10,447	7,553	3,500	4,053	2,053	2,053	0	0
0254	Elections Support	13,500	12,200 **	1,300	1,300	0	0	0	0	0
0300	ICITAP	50,604	37,591 ***		13,000	N/A	N/A	N/A	N/A	N/A
	OTI	21,329	17,139 ****	4,190	4,190	0	0	0		
Strategic Objective 2		65,000	3,000	47,000	20,000	42,000	21,000	26,000	0	14,253
0260	BOP II	15,000			15,000	0				
0256	PRET	50,000	3,000 *****	47,000	5,000	42,000	21,000	26,000	0	14,253
Strategic Objective 3		247,920	123,605	124,315	28,500	95,815	59,000	71,000	29,700	47,800
0189	PSFP	33,766	32,866	900	900	0				
0190	IIBE	24,108	22,385	1,723	1,723	(0)				
0218	EUHS	18,481	16,731	1,750	1,750	0				
0227	CLASP II	2,904	2,257	647	647	0				
0241	EFS I	48,661	47,266	1,395	1,395	0				
0248	HS 2004 Field Support	50,000	2,000	48,000	11,344	36,656	16,841	28,841	4,541	22,641
0258	EFS II	50,000	100	49,900	8,556	41,344	29,344	29,344	17,344	17,344
0259	EDUCATION 2004	20,000		20,000	2,185	17,815	12,815	12,815	7,815	7,815
Strategic Objective 4		83,452	30,452	8,000	9,300	43,700	34,200	34,200	23,700	25,200
0216	Coffee	6,152	4,652	1,500	1,500	0				
0217	PLUS	32,300	25,800	6,500	6,500	0				
0257	ASSET 2000	45,000	N/A	N/A	1,300	43,700	34,200	34,200	23,700	25,200
Total		553,386	254,991	221,191	89,490	208,891	129,576	146,576	58,222	92,075

N.B. Not Including Program Development & Support (PD&S)

* Including \$300,000 obligated by Washington late FY 94

** Including \$2,700,000 obligated by Washington late FY 94

*** ICITAP LOP funding based on cumulative obligations (provided by ICITAP/Washington) and planned obligations FY 1996 through FY 1998

**** OTI planned obligations for FY 96 (\$4.190 million) has been included to show total support to SO 1/Democracy Objective but is not part of the Mission OYB

***** PRET (poverty reduction activities planned at \$50 million, not approved yet)

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Annex C : Resource Requirement Tables

**Resource Requirements
Table I
ALL RESOURCES TABLE
USAID/Haiti
(\$000)**

Funding Category	FY 1996	FY 1997		FY 1998	
		Base	Base - 20%	Base - 10%	Base - 30%
Development Assistance					
Economic Growth	9,000	0	0	0	0
Of which: Field Support	0	0	0	0	0
Economic Support Funds					
Economic Growth	35,017	54,171	40,331	49,074	34,915
Of which: Field Support	300	450	450	300	300
Population/Health	5,612	10,559	5,639	6,593	4,092
Of which: Field Support	433	2,435	2,435	1,550	1,550
Environment	8,403	6,460	7,220	7,980	6,840
Of which: Field Support	0				
Democracy	31,758	18,810	18,810	17,353	17,153
Of which: Field Support	0	0	0	0	0
PL480:					
Title II	21,200	21,200	21,200	21,200	21,200
Title III	10,000	10,000	10,000	10,000	10,000
GRAND TOTAL	120,990	121,200	103,200	112,200	94,200

NB. OTI planned obligations for FY 96 (\$4.2 million) has been included to show total support to SO 1/Democracy Objective

Resource Requirements
Table II
Funding Scenarios by Objective*
USAID/Haiti
(000)

OBJECTIVE	FY 1997			FY 1998	
	FY 1996	Base	Base - 20%	Base -10%	Base - 30%
Strategic Objective # 1: Foster More Effective and Responsive Democratic Institutions and Empowered Communities					
Economic Support Funds	31,758	18,810	18,810	17,353	17,153
Strategic Objective # 2: Facilitate Increased Private Sector Employment and Income					
Economic Support Funds	20,000	21,360	16,050	21,247	11,797
Strategic Objective # 3: Promote Healthier, Smaller, and Better- Educated Families					
Development Assistance	9,000	0	0		
Economic Support Funds	19,663	40,170	27,590	31,600	25,000
PL480: Title II	21,200	21,200	21,200	21,200	21,200
Title III	10,000	10,000	10,000	10,000	10,000
Strategic Objective # 4: Improve Agricultural Productivity and Environmental Management					
Economic Support Funds	9,369	9,660	9,550	10,800	9,050
Total	120,990	121,200	103,200	112,200	94,200
Development Assistance	9,000	0	0	0	0
Economic Support Funds	80,790	90,000	72,000	81,000	63,000
PL480: Title II	21,200	21,200	21,200	21,200	21,200
Title III	10,000	10,000	10,000	10,000	10,000

NB. OTI planned obligations for FY 96 (\$4.190 million) has been included to show total support to SO 1/Democracy Objective

Resource Requirements

**Table III
GLOBAL FIELD SUPPORT**

USAID/Haiti

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority	Duration	Estimated Funding (\$000)							
				FY 1996		FY 1997				FY 1998	
				Obligated by		FY 1997 Base Obligated by		FY 1997 Base - 20% Obligated by		FY 1997 Base - 30% Obligated by	
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit
SO 3	936-3018 Contraceptive Procurement	High	1981-Ongoing	----	433	475	----	475	----	450	----
	936-3041 Family Health	High	Sept. 1995 - Sept. 2000	----	----	500	----	500	----	200	----
	936-3078 Futures Group Int'l	High	Sept. 1995 - Sept. 2000	----	----	360	----	360	----	100	----
	936-3058 CARE	High	May 1991 - May 1997	----	----	500	----	500	----	200	----
	936-3055 FPMD	High	Sept. 1995 - Sept. 2000	----	----	600	----	600	----	600	----
	936-5972 CDC	High		----	----	250	----	250	----	150	----
	936-5832 ABEL	High		----	250	----	200	----	200	----	150
SO 2	940-0401 Microenterprise Impact Eval.	High			50						
GRAND TOTAL.....				0	733	2,685	200	2,685	200	1,700	150

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ORIGIN AID-00

ACTION OFFICE(S): ILASP
INFO OFFICE(S): AAG AALA AAM BHR BHTI FFP GAPS GC ICIS IG
IGII IRMO LACA LADP LBEG LENV OFDA OPA
OPCC OPE OPOD OPFS OPTR PPDC PPSP PVC SEC
STAG WID

INFO LOG-00 AGRE-00 ARA-01 DEAE-00 TEDE-00 INSE-00 SSAH-00
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DRAFTED BY: AID/LAC/SPM:JMEADOWCROFT:JM
APPROVED BY: AID/DAA/LAC:NPARKER (DRAFT) AIAID2933PM:JWEBE
AID/LAC/CAR:MMORFIT (DRAFT) AID/LAC/DPB:DCHI
AID/GC/LAC:AADAMS (DRAFT) ARA/HWG:JLEONARD
ARA/ECP:BMUSKOVITZ (DRAFT) AID/LAG/SPM:ERUPPRECHT(DRAFT)
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E.O. 12356: N/A
TAGS:
SUBJECT: FYS 96-97 STRATEGY AND ACTION PLAN REVIEW FOR
HAITI

1. SUMMARY. DURING PROGRAM WEEK FOR HAITI, JUNE 12-16,
1995, SEVERAL FORMAL MEETINGS CONSIDERED PROGRAM
PERFORMANCE, DEVELOPMENT OBJECTIVES, AND PROPOSED NEW
ACTIVITIES, RESOURCE REQUIREMENTS, AND A BROAD RANGE OF
PROGRAM ISSUES. SOME SPECIAL ISSUES WERE REVIEWED IN
INFORMAL MEETINGS AMONG MISSION REPRESENTATIVES AND STAFF
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OF AID/W OFFICES. THE DEVELOPMENT ASSISTANCE EXECUTIVE
COMMITTEE (DAEC) REVIEW OF THE FY96-97 INTERMEDIATE TERM
STRATEGY AND ACTION PLAN (AP) WAS HELD JUNE 15. THIS CABLE
OUTLINES MAJOR ELEMENTS OF THE DISCUSSION AT THE DAEC,
DESCRIBES ADDITIONAL ACTIONS REQUESTED, AND RECORDS
AGREEMENTS REACHED. THE AA/LAC APPROVED THE STRATEGY AND
ACTION PLAN, BUT REQUESTED SOME MODIFICATIONS AND
ADDITIONAL INFORMATION, PER PARA 12, WHICH WILL FORM PART
OF THE STRATEGY DOCUMENT AFTER INFORMAL LAC/W REVIEW.
THREE OF THE FIVE NEW ACTIVITY DESCRIPTIONS (NADS) WERE
APPROVED, ONE NOT APPROVED, AND GUIDANCE PROVIDED TO RE-
SUBMIT THE FIFTH. END SUMMARY.

2. THE DAEC REVIEW WAS CHAIRED BY AA/LAC AND WAS ATTENDED
BY STATE/ARA/HWG, DAA/LAG, AND OTHER REPRESENTATIVES OF
STATE AND AID/W OFFICES, INCLUDING LAC, G AND M OFFICES.
MISSION REPRESENTATIVES WERE THE MISSION DIRECTOR AND THE
CHIEF OF THE POLICY COORDINATION AND PROGRAM SUPPORT
(PCPS) OFFICER.

3. IN HIS OPENING STATEMENT, THE USAID DIRECTOR STRESSED
THAT THE MISSION'S AP WAS AN INTEGRAL PART OF A LARGER
U.S. GOVERNMENT BLUEPRINT FOR SUCCESS IN HAITI. THE
DEVELOPMENT OF THE ACTION PLAN WAS COORDINATED WITH OTHER
U.S. GOVERNMENT ENTITIES ON THE COUNTRY TEAM AND
REPRESENTED A CONCERTED EFFORT TO KEEP HAITI IN THE "WIN
COLUMN." HE NOTED THAT, GIVEN THE POLITICAL AND ECONOMIC
HARDSHIPS EXPERIENCED OVER THE LAST YEAR, THE AID PROGRAM
NEVERTHELESS SIGNIFICANTLY CONTRIBUTED TO THE RESTORATION
OF DEMOCRACY, THE RESUMPTION OF ECONOMIC ACTIVITY, THE
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MAINTENANCE OF A HEALTH SYSTEM AND IMPROVEMENT IN ECOLOGICALLY-SOUND FARMING PRACTICES. HOWEVER, IT WAS ALSO RECOGNIZED THAT THE RESTORED GOVERNMENT OF HAITI (GOH) IS INSTITUTIONALLY WEAK, ITS COFFERS BARE AND ITS PRIORITIES LARGELY FOCUSED ON LEGISLATIVE AND LOCAL ELECTIONS, WHICH TOOK PLACE IN JUNE, AND PRESIDENTIAL ELECTIONS SCHEDULED FOR LATE CY1995. THE AP TAKES THIS INTO ACCOUNT AND PROVIDES A STRATEGY, PROGRAM AND BUDGET THAT SUPPORTS U.S. GOVERNMENT OBJECTIVES IN HAITI AND ASSISTS THE GOH OVER THE NEXT 24 MONTHS. ALTHOUGH THE AP PROVIDED A BUDGET THE MISSION DEEMED SUPPORTIVE OF USG OBJECTIVES IN HAITI AND THE GOH OVER THAT PERIOD, IT WAS OVER THE DOLS 90 MILLION ASSIGNED LEVEL FOR FY96-FY97. THUS, THERE IS A NEED TO BE REALISTIC AND TO ADJUST TO DIMINISHING ASSISTANCE RESOURCES.

4. THE AA/LAC SHARES THE CONCERNS OF THE MISSION AND STATE DEPARTMENT, WHO EMPHASIZED THE NECESSITY OF ESTABLISHING CLEAR PRIORITIES WITHIN THE USAID/HAITI PROGRAM IN SUPPORT OF POLITICAL INSTITUTIONS AND THE NEED FOR GENERALLY ACCEPTED ELECTIONS, JUMPSTARTING THE ECONOMY AND MEETING NUMEROUS BASIC HUMAN NEEDS, SO THAT UN FORCES MAY LEAVE NEXT YEAR AS PLANNED. THE AA/LAC POINTED OUT THAT, WHILE HAITI IS UNIQUE, THE MISSION'S PROGRAM HAD, INDEED, PLAYED A MAJOR ROLE IN CREATING A PEACE-KEEPING FORMULA THAT MAY BE TRANSFERRED TO OTHER PEACE-KEEPING AREAS. THE DAEC THEN PROCEEDED TO A DISCUSSION OF THE ISSUES. SUGGESTIONS AND GUIDANCE WERE PROVIDED FOR THE STRATEGY AND ACTION PLAN, AS NOTED IN THE FOLLOWING PARAGRAPHS.

5. ALLOCATION OF RESOURCES AND PROGRAM PRIORITIES. THE UNCLASSIFIED

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MISSION WAS ASKED TO CLARIFY THE CRITERIA USED FOR DECIDING ALLOCATION OF PROGRAM RESOURCES AND MISSION PROGRAM PRIORITIES. THE MISSION NOTED THAT THE USAID PROGRAM HAS BEEN DEVELOPED IN CONSULTATION WITH THE GOH AND OTHER DONORS AND HAS TAKEN ACCOUNT OF POLITICAL SENSITIVITIES MORE GENERALLY. PRODUCING RESULTS WITHIN

THE TWO-YEAR PERIOD OF THE AP IS KEY TO THE STRATEGY, PARTICULARLY IN SUPPORTING DEMOCRACY AND DEVELOPING EMPLOYMENT THROUGH THE PRIVATE SECTOR, AND THESE SECTORS WERE SELECTED FOR PRIORITY IN RESOURCE ALLOCATIONS. LAC BUREAU REPRESENTATIVES POINTED OUT THE INCONSISTENCIES IN THE MISSION'S APPROACH SINCE SOME EXISTING ACTIVITIES ARE GEARED TO THE LONGER TERM, SUCH AS THOSE SUPPORTED BY THE WIDE VARIETY OF TRAINING ACTIVITIES PROPOSED UNDER THE REFORMING EDUCATION SERVICES AND TECHNOLOGIES (RESTORE) NAD. THE MISSION POINTED OUT THAT, WITH THE BUREAU'S INABILITY TO PROVIDE ADEQUATE RESOURCES TO MEET THEIR PROGRAM OBJECTIVES, THEY HAD WRESTLED WITH THE ISSUE OF CUTTING A PORTION OF ALL ACTIVITIES, OR CUTTING AN ENTIRE SECTOR. THEY CHOSE THE LATTER APPROACH, CUTTING EDUCATION, AS THEY REASONED THAT DEVELOPMENT OF THE PRIVATE SECTOR, WHICH HAD BEEN DESTROYED BY THE THREE-YEAR EMBARGO, AND DEMOCRACY ARE PRIORITIES NOW. AT THE SAME TIME, THE AA/LAC EMPHASIZED THE SIGNIFICANT IMPACT AND NECESSITY OF INVESTMENTS IN HUMAN CAPITAL, PRIMARY HEALTH AND PRIMARY EDUCATION, ON LONG-TERM GROWTH, ON REDUCTION OF INEQUITY, AND COUNTER-BALANCING POPULAR DISSATISFACTION WITH SOME ASPECTS OF THE GOH POLICY REFORMS. ALTHOUGH FUNDING ISSUES FOR THE HAITI PROGRAM ARE COMPLEX AND AFFECTED BY OTHER ISSUES SUCH AS THE PROPORTION OF DA AND ESF FUNDING,

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THESE FUNDING ISSUES WOULD HAVE TO BE RESOLVED DURING THE BBS PROCESS.

THE ISSUE OF BALANCE OF PAYMENTS FOR FY96 AND FY97 HAS DISCUSSED. THE MISSION, SUPPORTED BY STATE, ARGUED FOR CONTINUATION OF BALANCE OF PAYMENTS SUPPORT INTO FY96. THEY ARGUED THAT HOP SUPPORT PROVIDED LEVERAGE WITH, AND ACCESS TO, THE GOH ON A BROAD RANGE OF ISSUES, INCLUDING PRIORITY PROGRAMS LIKE GOOD GOVERNANCE AND THE ADMINISTRATION OF JUSTICE. HOWEVER, THE LARGE BACKLOG OF ASSISTANCE DEMANDS NOTED EARLIER DEALING WITH THE PRIVATE

SECTOR, BASIC HEALTH AND EDUCATION, RETURNS WHICH OFFER BOTH IMMEDIATE POLITICAL BENEFITS, E.G., HEALTH CLINICS, VACCINATING CHILDREN AND PUBLIC SCHOOLS FUNCTIONING, AS WELL AS PROMOTING LONGER-TERM DEVELOPMENT, COUPLED WITH ABSENCE OF A STRONG CASE THAT HAITI NEEDS ADDITIONAL BALANCE OF PAYMENTS SUPPORT BEYOND THAT ALREADY PLEDGED BY OTHER DONORS, ARGUES FOR ACCORDING LOWEST PRIORITY TO THIS USE OF SCARCE USAID FUNDS. THEREFORE, THE AA/LAC DECIDED THAT BOP WOULD NOT BE PROVIDED IN FY96 WITHIN THE 90 MILLION DOLLAR CORE BUDGET LEVEL (EXCLUSIVE OF FOOD AID). SHOULD ADDITIONAL RESOURCES ABOVE THAT LEVEL BECOME AVAILABLE, LAC WILL REVIEW THE PRIORITY TO BE GIVEN TO HOP SUPPORT AT THAT TIME.

6. STRATEGY FOR EDUCATION AND HUMAN RESOURCES DEVELOPMENT. THE MISSION HAD PROPOSED A VERY BROAD SCOPE FOR HUMAN RESOURCES ACTIVITIES, WITH MAJOR FUNDING FOR HAITIAN TECHNICAL ASSISTANCE AND A WIDE VARIETY OF TRAINING ACTIVITIES BUT LITTLE INVESTMENT IN BASIC EDUCATION. THE ISSUE OF THE FOCUS OF THE EDUCATION SECTOR WAS CLOSELY

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RELATED TO THE DISCUSSION OF ALLOCATION OF RESOURCES FOR ACTIVITIES PRODUCING SHORTER TERM RESULTS AS OPPOSED TO THOSE WITH LONGER TERM RESULTS. EDUCATION WAS SEEN BY THE MISSION AS A LONG-TERM INVESTMENT. LAC/RSD/EHR NOTED THE PROGRESS IN HAITI TOWARD A NATIONAL CONSENSUS ON EDUCATION POLICY. THE POLICY DIALOGUE INVOLVING MANY GROUPS THROUGHOUT HAITI WAS ALSO PRODUCING REAL SHORT-TERM, GRASS-ROOTS BENEFITS FOR DEMOCRATIC INITIATIVES. MOREOVER, THIS POLICY DIALOGUE LAYS THE GROUNDWORK FOR FY97 INVESTMENTS BY THE WORLD BANK AND INTER-AMERICAN DEVELOPMENT BANK. THE AA/LAC DIRECTED THE MISSION TO FUND ONLY BASIC EDUCATION AND TO CUT THE WIDER TRAINING ACTIVITIES.

7. ROLE OF USAID AND OTHER AGENCIES IN PLANNING FOR ICITAP AND ASSESSING PROGRAM RESULTS. DISCUSSION CLARIFIED THAT, WHILE AN INTER-AGENCY WASHINGTON REVIEW OF THE ICITAP BUDGET FOR ECONOMIES TO BE ACHIEVED HAD BEEN DONE, THE MISSION NEITHER PLAYED A ROLE IN THAT PROCESS NOR HAD SEEN THE BUDGET. ALSO, WHILE THE RESULTS OF THE ICITAP POLICE TRAINING ARE QUITE GOOD, PERFORMANCE RESULTS INDICATORS FOR THE USAID PERFORMANCE MEASUREMENT SYSTEM ARE NEEDED. THE AA/LAC STATED THAT THE BUDGET WOULD BE SHARED WITH THE MISSION, AND REQUESTED USAID, STATE, AND JUSTICE TO WORK TOGETHER ON DEVELOPING A PERFORMANCE MEASUREMENT AND REPORTING SYSTEM.

8. GLOBAL BUREAU PARTICIPATION IN USAID/HAITI ACTIVITIES. THE MISSION NOTED THAT THE STRATEGY/AP HAD BEEN DEVELOPED WITHOUT REFERENCE TO THE AP GUIDANCE, AND WHEN HE UNDERSTOOD THAT FUNDING FOR GLOBAL BUREAU ACTIVITIES WAS

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NOT OVER AND ABOVE MISSION CONTROL OYB, THE MISSION DECIDED NOT TO INDICATE IN THE AP/STRATEGY ANY TRANSFER OF RESOURCES FOR ASSISTANCE FROM GLOBAL.

THE FY95 OYB PRESENTED WITH THE AP SHOWED FIELD SUPPORT OF DOLS 2,414,000 AT A BUDGET LEVEL DOLS 16 MILLION OVER THE CONTROL LEVEL, AND NOTHING FOR FIELD SUPPORT USING BUREAU-PROVIDED CONTROL LEVELS. DISCUSSION INDICATED THE MISSION WAS CONSIDERING USING GLOBAL SERVICES IN BASIC EDUCATION, AIDS, AND ENVIRONMENT, BUT THAT SPECIFIC IMPLEMENTATION MECHANISMS HAD NOT YET BEEN DETERMINED AND, THUS, WERE NOT SHOWN SEPARATELY IN THE BUDGET TABLES. IT WAS AGREED THAT THE MISSION WOULD REVIEW ITS BUDGET DATA AND ADJUST, AS

APPROPRIATE, SO THAT BUDGET FOR GLOBAL ACTIVITIES IS CLEARLY SHOWN.

THE MISSION IS ALSO DIRECTED TO FOLLOW BUREAU AP GUIDANCE IN THE FUTURE. BECAUSE GUIDANCE WAS DISREGARDED IN THE AP THIS YEAR, KEY BUDGETARY INFORMATION SUCH AS FUNDING FOR GLOBAL PROGRAMS AND ALTERNATIVE FUNDING SCENARIOS WERE NOT AVAILABLE FOR THE BUREAU BUDGET ALLOCATION PROCESS IN A

CORRECT AND TIMELY FASHION.

9. AVAILABILITY OF TITLE III. THE ISSUE CONCERNED FUNDING FOR ACTIVITIES CURRENTLY FUNDED UNDER TITLE III IF THE DOLS 10 MILLION REQUESTED FOR THE HAITI TITLE III PROGRAM FOR FY96 IS NOT AVAILABLE. IF TITLE III IS NOT AVAILABLE, DA OR ESF FUNDS WOULD BE NEEDED TO SUPPORT ACTIVITIES IN THE TITLE II FEEDING PROGRAM AND TEMPORARY EMPLOYMENT. THESE TWO ACTIVITIES ARE VITAL TO THE NEAR TERM RECOVERY

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OF HAITI, AND THE TITLE III LOCAL CURRENCY GENERATIONS ARE CRITICAL TO IMPROVING AGRICULTURAL PRODUCTION AND FOOD SECURITY. THE AA/LAC NOTED THAT NO DECISION COULD BE REACHED PENDING THE OUTCOME OF OVERALL FUNDING LEVELS FOR TITLES I, II AND III. ON A RELATED MATTER, THE AA/LAC INDICATED THAT AT DOLS 15.7 MILLION FOR FY96, TITLE II IS UNDER-FUNDED AND THAT HE HAS EMPHASIZED THE IMPORTANCE OF THIS PROGRAM IN DISCUSSIONS WITH BHR ON THIS MATTER.

10. OE BUDGET RESOURCES. A POSSIBLE FY96 OE GAP OF DOLS 800,000 MAY BE COVERED THROUGH OTHER CENTRAL RESOURCES FOR NON EXPENDABLE PROPERTY; HOWEVER, IN FY97 THE GAP IS LARGER. RESOLUTION OF THE ISSUE WILL DEPEND ON LEVELS OF FUNDS MADE AVAILABLE UNDER THE HOUSE APPROPRIATIONS BILL FOR USAID MORE GENERALLY AND THE BUREAU MORE SPECIFICALLY. IN A RELATED CONCERN, IT WAS NOTED THAT USAID/HAITI DOES HAVE 24 FTE'S AUTHORIZED FOR FY96, AND THAT THE MISSION SHOULD MOVE FORWARD ON THE TWO SPARS NEEDED FOR THESE POSITIONS WHICH ARE PLANNED FOR THE MISSION'S IDIS.

11. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NADS WERE REVIEWED BY THE DAEC.

FY95-FY96

N/A	P.L.480	20,000	MISSION TO
	TITLE III		SUBMIT
	PROGRAM		PROPOSAL

THE MISSION WAS REMINDED OF THE AUGUST 8, 1995, DEADLINE FOR CALLS FORWARD, AND THE NEED FOR AID/W TO REVIEW AND

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APPROVE THE PROPOSAL AS SOON AS POSSIBLE IN ORDER TO NEGOTIATE A TITLE III AGREEMENT THIS FISCAL YEAR.

FY95

PROJECT NUMBER	PROJECT NAME	LOP AMOUNT (DOLS 000)	DECISION TAKEN
521-0257	ENVIRONMENTAL ASSISTANCE PACKAGE	45,000	APPROVED/ DELEGATED

THE MISSION PROPOSAL FOR ACTIVITIES WAS DISCUSSED AT THE ISSUES MEETING AND ACCEPTED AT THE DAEC.

FY96

521-0222	POLICY AND ADMINISTRATIVE REFORM (PAR)	9,000(AUTH) 14,000(AMEND) 23,000(NEW LOP)	APPROVED/ DELEGATED
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THE MISSION REQUEST FOR DOLS 5 MILLION IN ADDITIONAL RESOURCES FOR FY96 WAS APPROVED.

FY96-FY97

521-0260	BALANCE OF PAYMENTS(BOP)	30,000	DISAPPROVED
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THE AA/LAC HAS ADVISED THE MISSION THAT NO FUNDS WILL BE AVAILABLE FOR BOP IN FY96 OR FY97.

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521-0259 REFORMING EDUCATION SERVICES AND TECHNOLOGIES TO THE ECONOMY (RESTORE) 20,000 DISAPPROVED

GIVEN THE FIFTEEN PERCENT LITERACY RATE IN HAITI, THE KNOWN CONTRIBUTION OF EDUCATION TO DEMOCRACY, EMPLOYMENT, PRIVATE SECTOR DEVELOPMENT, HEALTH AND ENVIRONMENT AS WELL AS THE ACHIEVEMENTS OF EDUCATION ACTIVITIES IN HAITI, THE RESTORE NAD SHOULD FOCUS ON PRIMARY EDUCATION. THE AA/LAC RECOMMENDED THAT THE MISSION SUBMIT A NEW NAD OUT-OF-CYCLE WHICH FOCUSES RESOURCES ON PRIMARY EDUCATION.

12. ISSUES RESOLVED AT THE ISSUES MEETING.

A) EQUITABLE PARTICIPATION IN SUSTAINABLE DEVELOPMENT. SO 2, FACILITATE INCREASED PRIVATE SECTOR EMPLOYMENT AND INCOME, SHOULD ALSO ARTICULATE POLICY MEASURES NEEDED TO SUPPORT INCREASED PARTICIPATION BY MARGINAL GROUPS AND ACCESS TO FINANCIAL AND OTHER RESOURCES. THE AA/LAC AT THE DAEC REEMPHASIZED THE NEED FOR MORE CLARITY THROUGHOUT THE PROGRAM ON POVERTY REDUCTION, THE NEED FOR OUTCOMES TO REFLECT THIS, AND FOR NGOS TO BE INCLUDED AS PARTICIPANTS IN PROGRAM PLANNING AND IMPLEMENTATION. HE REQUESTED THAT THE MISSION SUBMIT ADDITIONAL INFORMATION TO CLARIFY HOW THE PROGRAM IMPACTS ON POVERTY REDUCTION, TO SHOW THE INTEGRATION OF FOOD SECURITY AND ENVIRONMENT PROGRAMS WITH AGRICULTURAL PRODUCTION AND HEALTH IN THE STRATEGIC FRAMEWORK, AND TO BETTER REFLECT HOW THE MISSION WORKS WITH NGOS. AID/W WOULD LIKE TO SEE THIS INFORMATION BY UNCLASSIFIED

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B) LINKAGES OF FOOD SECURITY WITH SOS AND PROGRAMS; LINKAGES OF ENVIRONMENT WITH SOS AND PROGRAMS. THESE PROGRAMS NEED TO BE LINKED INTEGRALLY WITH OTHER PROGRAMS TOWARD IMPROVING AGRICULTURAL PRODUCTIVITY, THUS, INCREASING FOOD SECURITY; ENVIRONMENT PROGRAMS ARE NECESSARILY LINKED WITH AGRICULTURAL PRODUCTION, PRIVATE SECTOR AGRIBUSINESS, AND HEALTH/SANITATION PROGRAMS. RSD REPRESENTATIVES PROVIDED THE MISSION WITH RECOMMENDATIONS FOR THE STRATEGIC FRAMEWORK, PROGRAM OUTCOMES AND INDICATORS THAT BETTER REFLECT THE PROGRAMS AND THEIR IMPACTS. THAT IS, THE MISSION HAS INDICATED THAT ONE OF THE TWO MAJOR THRUSTS OF ITS STRATEGY OVER THE NEXT 18-24 MONTHS WILL BE TO CONSOLIDATE AND REALIGN SUCCESSFUL ACTIVITIES TO REORIENT HUMANITARIAN RELIEF ACTIVITIES TOWARD DEVELOPMENTAL INTERVENTIONS AND TO STEM ENVIRONMENTAL DEGRADATION AND ENHANCE AGRICULTURAL YIELDS AND INCOMES. THE RECOMMENDATIONS FROM RSD STAFF WERE

DESIGNED TO BETTER REFLECT THIS THRUST. ALSO, WHILE THERE IS NEED TO CONTINUE FEEDING PROGRAMS IN THE NEAR TERM, THE AA/LAC RECOMMENDED THAT THESE SHOULD BE CALIBRATED TO NEED AND REDUCED AS ACTIVITIES MOVE TOWARD A FOCUS ON SUSTAINABLE DEVELOPMENT.

C) REFINEMENT OF PERFORMANCE MEASUREMENT AND REPORTING, INCLUDING GENDER. THE PRESENT SYSTEM SHOWS CONSIDERABLE DEVELOPMENT, BUT SHOULD BE REFINED AS NOTED IN A) AND B) ABOVE AND SHOULD BETTER INTEGRATE GENDER CONCERNS. THESE MODIFICATIONS SHOULD BE INCLUDED IN THE NEXT MISSION UNCLASSIFIED

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PAGE 12 STATE 177463 251903Z PRESENTATION UNDER A REENGINEERED SYSTEM. A MISSION REPRESENTATIVE MET EARLIER WITH THE LAC/WID ADVISOR, WHO PROVIDED THE MISSION WITH WRITTEN SUGGESTIONS ON IMPROVING ATTENTION TO GENDER. THE MISSION INDICATED IT WOULD REQUEST HELP OFFERED BY THE LAC/WID ADVISOR AND THE G/WID OFFICE TO BETTER INTEGRATE WID ISSUES INTO THE PROGRAM AS WELL AS TO IMPROVE INDICATORS AND GENDER DISAGGREGATED DATA.

D) DONOR COORDINATION. THE ISSUES MEETING HAD REVIEWED THE VARIOUS DONOR EFFORTS, AND THE ESTABLISHMENT OF CONSULTATIVE GROUP SECTOR COMMITTEES TO MATCH DONORS WITH GOH MINISTRIES. ALSO USAID'S PCPS OFFICE ASSISTS WITH DONOR COORDINATION AND THE PAR PROJECT HAS HELPED THE GOH DEAL WITH RECURRENT COST ISSUES ASSOCIATED WITH DONOR PROGRAMS. IT WAS AGREED THAT THESE NEW MECHANISMS ARE FUNCTIONING ADEQUATELY BUT SHOULD BE EXAMINED AGAIN AT A LATER DATE.

E) FOLLOW UP ON THE MISSION MANAGEMENT ASSESSMENT. A RETURN VISIT WILL BE PLANNED WHEN BUDGET ISSUES BECOME CLEARER.

F) SECTION 547(A) NOTWITHSTANDING AUTHORITY. LPA CLARIFIED THAT THE NEW HOUSE APPROPRIATIONS BILL CONTAINS LANGUAGE CONTINUING THIS AUTHORITY, AND THAT LPA WILL CONTINUE TO TRACK THIS.

G) ALTERNATIVE BUDGET PLANNING LEVELS. THE MISSION SUBMITTED BUDGETS AT THE 75 AND 85 PERCENT LEVELS. FUNDING ISSUES WILL BE FURTHER DISCUSSED BY MISSION AND BUREAU
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REPRESENTATIVES AT A MEETING ON DRAFT BUDGET
APPROPRIATIONS AND RESOLVED DURING THE BBS PROCESS.
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