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

HAITI

**PROJECT PAPER**

ENHANCING FOOD SECURITY II  
(EFS II)

AID/LAC/P-932

PROJECT NUMBER: 521-0258

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A

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add  
 C = Change  
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY

Haiti

3. PROJECT NUMBER

521-0258

4. BUREAU/OFFICE

LAC

5. PROJECT TITLE (maximum 40 characters)

Enhancing Food Security II (EFS II)

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY  
 09 30 00

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

A. Initial FY 95 B. Quarter 4 C. Final FY 00

8. COSTS (\$000 OR EQUIVALENT \$1 = )

A. FUNDING SOURCE	FIRST FY 95			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 350 )	( 150 )	( 500 )	( 13,400 )	( 36,600 )	( 50,000 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1. Title III					1,800	1,800
2. Title II commod.					150,000	150,000
Host Country						
Other Donor(s) Title II monet.					13,200	13,200
<b>TOTALS</b>	<b>350</b>	<b>150</b>	<b>500</b>	<b>13,400</b>	<b>201,800</b>	<b>215,000</b>

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) DA				0		500		50,000	
(2) ESF									
(3)									
(4)									
<b>TOTALS</b>						<b>500</b>		<b>50,000</b>	

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

11. SECONDARY PURPOSE CODE

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

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To increase food security among poor families in the most food insecure areas of Haiti in the short, medium and long term.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000  941  Local  Other (Specify) CACM

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

I have reviewed and approved the method of implementation and financing for this Project Paper.

Signature

Larry Crandall

Title

Director, USAID/HAITI

Date Signed

MM DD YY  
 08 30 00

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

MM DD YY

**REPUBLIC OF HAITI**  
**ENHANCING FOOD SECURITY II PROJECT PAPER**  
**(USAID Project No. 521-0258)**

United States Agency for International Development  
Blvd. Harry Truman, Port-au-Prince, Haiti  
27 July 1995

## EXECUTIVE SUMMARY ENHANCING FOOD SECURITY. II

Food insecurity is a chronic problem in Haiti that has been exacerbated by almost 10 years of political instability and consequent economic deterioration. The political and economic factors coupled with natural disasters have encouraged focus on the transitory aspects of Haiti's food security problems rather than the underlying causes. This focus must change. Households that have been hardest hit by the recent transitory problems are also the most chronically food insecure. Increasing the amount of food available to these households by itself will not result in improved nutrition or productivity if concurrent efforts are not made to improve their health and purchasing power as well.

The change in focus cannot be precipitous, however. The period of March 1995 through about June 1996 is a critical one. The new Parliament elected in June 1995 will need to establish norms and procedures and a legislative agenda. President Aristide will finish his term and be replaced by a new leader in February 1996. The United Nations Mission in Haiti (UNMIH) security force is scheduled to depart in March 1996. The political and social risks inherent in any change of leadership are magnified in Haiti, and must be cushioned from other economic or natural shocks to the extent possible.

Visible and meaningful focus on transitory nutrition and income needs must not entirely disappear as development efforts phase in. In the short-term, programs must aggressively reverse the increasing second and third degree malnutrition among children under 5 years of age so that chronic problems of low productivity are not sustained. In the medium- and longer term household incomes in the most food insecure areas must be increased to provide more resilience against periodic natural and man made economic disruptions which must be taken as "givens" in Haiti. The Enhancing Food Security Phase Two (EFS2) project seeks to do both.

The project goal is healthier, smaller, better educated families in Haiti, which also forms one of USAID's four strategic objectives. The purpose is increased food security among poor families in the most food insecure areas of Haiti in the short, medium and long term. There are two components:

- ◆ Direct Activities, which include: i) the "core program" by PVO cooperating sponsors with approximately 550,000 beneficiaries in FY 1996, decreasing to a well-targeted 375,000 by FY 2000; ii) reorientation of the core program toward a more developmental focus on creating productive infrastructure and decreasing malnutrition; and iii) continued general relief feeding of approximately 200,000 beneficiaries through the politically sensitive period of FY 1995-FY 1996, with a decrease in FY 1997-FY 2000 down to zero in the general relief program, while still maintaining readiness under regular program modes to respond to Haiti's certain recurrent natural and man-made emergencies.

◆ Support Services, which include: i) improved GOH, PVO and donor collaborative policy and planning of concessional food aid programs, with emphasis on developing a food security policy in addition to food aid strategies; ii) improved collection, collation, analysis, dissemination and use of food security information for decision-making by GOH, PVOs and interested donors, with a Food Security Information System managed by the GOH by the end of the project; and iii) more efficient logistic support for food distributions, including continued (but decreasing) support to a central warehouse and continued oversight by USAID.

At the end of the project:

- ◆ Approximately 1 million Haitian families in the most food insecure areas will have an estimated 15 percent increase in real income on a more sustainable basis, and an additional 200,000 will have received short-term income transfers equivalent to about 10 percent of annual household income;
- ◆ M2/M3 malnutrition will be reduced by about 40 percent to under 10 percent for M2 and under 2.5 percent for M3 among a minimum of 230,000 chronically malnourished children under 5 years of age participating in the program; and,
- ◆ USAID will be paying a decreased percentage of Haiti's concessional food program costs.

The project is fully congruent with the Mission's development objectives and strategy as outlined in the FY 1996-1997 Action Plan and other relevant USAID programming documents. It represents the next logical step for the GOH and USAID in consolidating emergency program systems into medium and long term development benefits. In keeping with the necessity to "ratchet down" the program, it foresees sharply decreasing beneficiary levels from the current 1.3 million down to 375,000 by FY 2000, or about what they were at the beginning of the crisis in FY 1991. Design and implementation strategies stress that food, dollar and local currency resources be effectively integrated and that the food programs be better integrated with other Mission activities. Finally, the project builds on the lessons learned from 40 years of Title II programs and aims to achieve significant management efficiencies and increased sustainable impact.

The project is planned for a 5 year period beginning in FY 1996 at a life-of-project (LOP) level of US\$50 million in DA and ESF funds, approximately US\$150 million in PL 480 Title II commodities CIF Haiti, approximately US\$1.8 million in Title III generated local currencies in FY 1996, and approximately US\$13.125 million equivalent in generated local currency through partial monetization of Title II commodities.

## PROJECT AUTHORIZATION

Name of Country : Haiti  
Name of Project : Enhancing Food Security II  
Number of Project : 521-0258

1. Pursuant to the Foreign Assistance Act of 1961, as amended, I hereby authorize the Enhancing Food Security II Project for Haiti, involving planned obligations of not to exceed US\$50,000,000 in grant funds over a period of approximately five-years from the date of authorization, subject to the availability of funds in accordance with the USAID OYB/allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned life of project is five years from the date of initial obligation.

2. The purpose of the Project is to increase food security among poor families in the most food insecure areas of Haiti in the short, medium and long term. To accomplish the purpose of the project, USAID will finance technical assistance, training, limited commodities, and PVO operating and logistic support costs for food distribution and development activities among the urban and rural poor in Haiti's most food insecure areas.

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

4. Source and Origin of Goods and Nationality of Services

(a) Commodities financed by USAID under the Project shall have their source and origin in the United States, Haiti, or in other countries included in USAID Geographic Code 941, except as USAID may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States, Haiti, or other countries included in USAID Geographic Code 941 as their place of nationality, except as USAID may otherwise agree in writing.

(b) Ocean shipping financed by USAID under the Project shall, except as USAID may otherwise agree in writing, be financed only on flag vessels of the United States or Haiti.

5. Conditions Precedent

The Project Agreement will contain, in substance, the following conditions, except as USAID may otherwise agree in writing:

Prior to the first disbursement under the Grant, the GOH will furnish to USAID:

(a) A statement of the name of the person holding or acting in the office of the Grantee as representative of the project, and of any additional representatives, together with a specimen signature of each person specified in such statement; and

(b) Evidence of satisfactory progress towards the designation and appointment of an interministerial commission or task force office for food security systems coordination.

6. Covenants

The Project Agreement will contain, in substance, the following covenant:

(a) The GOH agrees that it will maintain a commitment to articulating policies and implementing strategies to promote food security in Haiti, to the extent that its resources permit;

7. Exemptions; Waivers and other authorities

The following exemptions, waivers and other authorities are in effect:

A. An exemption, pursuant to Section 547(a) of the Foreign Operations, Export Financing, and Related Programs 1995 Appropriations Act, Pub. L. 103-306, of the recipient country contribution requirement of Section 110 of the Foreign Assistance Act of 1961, as amended.

B. A waiver, pursuant to USAID Handbook 10, Chapter 16, of the requirement for host country funding of international travel costs for participant trainees under the project.

C. A waiver of the sanctions imposed by Section 620(q) of the Foreign Assistance Act of 1961, as amended, against countries in default in excess of six calendar months on debt owed to the United States in effect through the end of FY 95.

D. Pursuant to Section 547(a) of the FY95 Appropriations Act, assistance under the Project may be provided to Haiti during FY95 NOTWITHSTANDING THAT Haiti is in violation of Section 512 of the FY95 Appropriations Act which prohibits assistance to a country that is in arrears in excess of one calendar year in repayment of loans due to the United States.

*Lawrence Crandall*  
Lawrence Crandall  
Director, USAID Haiti

Aug 30, 95  
Date

Clearances:  
D/DIR: SClark *CL*  
RLA: BMyers *BM*  
PCPS: GSpence/LLaudé *LS*  
PHN: BBrown *BB*  
CONT: JWinn *JW*  
PHN: PRubsy/FCadet *FCadet*

# ENHANCING FOOD SECURITY II PROJECT PAPER

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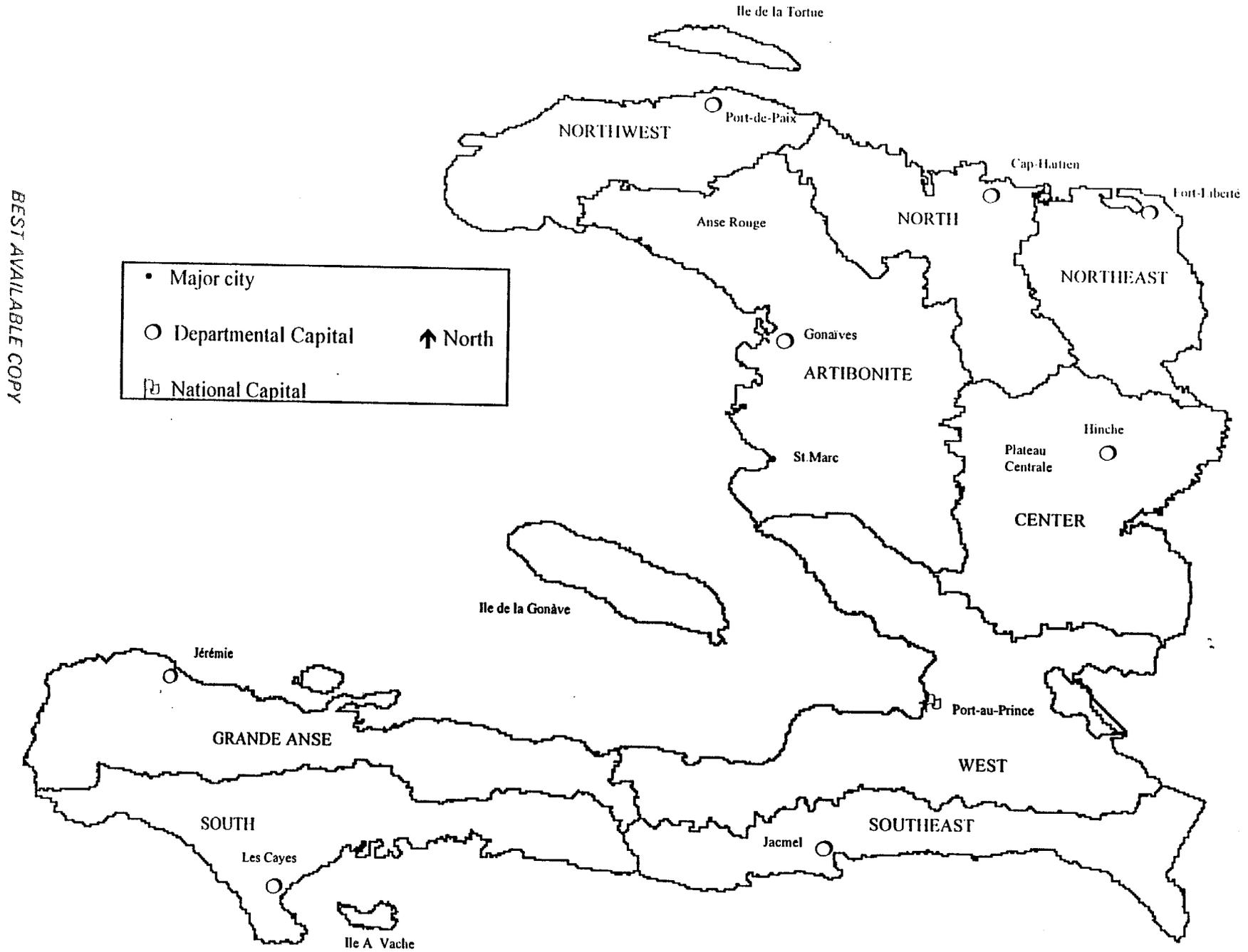
## GLOSSARY OF TERMS USED

ACDI	:	<i>Agence Canadien de Développement International</i> (Canadian International Development Agency)
ADRA	:	Adventist Development and Relief Agency
ANDAH	:	<i>Association Nationale des Agro-Professionels Haitiens</i> (National Association of Haitian Agriculture Professionals)
BHR	:	USAID's Bureau for Humanitarian Response
BND	:	<i>Bureau de Nutrition et de Développement</i> (Nutrition and Development Office, a Haitian NGO)
CAPS	:	<i>Centre d'Analyses de Politiques Sanitaires</i> (Center for Health Policy Analysis)
CECI	:	<i>Centre Canadien d'Etudes et de Cooperation Internationale</i>
CHI	:	Child Health Institute
CIF	:	Cost-Insurance-Freight
CRS	:	Catholic Relief Services
CSR	:	Commodity Status Report
CY	:	Calendar Year
DA	:	Development Assistance
DHS	:	Demographic Health Survey
DPP	:	Development Project Plans
EAP	:	Environmental Assistance Package Project #521-0257
ECU	:	European Currency Unit, 1 ECU = US\$1.30
EERP	:	Emergency Economic Recovery Program
EFS	:	Enhancing Food Security Project; EFS1 is from 8/92 - 9/96, overlapping with EFS2 from 10/95 - 9/00.
EG	:	USAID Haiti's Economic Growth Office
EU	:	European Union
FAA	:	U.S. Foreign Operations, Export, Financing, and Related Programs Appropriations Act
FFP	:	Food For Peace
FFW	:	Food For Work
FN	:	Foreign National
FSIS	:	Food Security Information System
FSN	:	Foreign Service National
FY	:	Fiscal Year
GDP	:	Gross Domestic Product
GOH	:	Government of Haiti
<u>gourde</u>	:	Haitian currency. The official rate of exchange is set at US\$ 1.00 = 5 gdes = H\$1.00. At the time of the PP, the premium paid was around 180%, with USAID budgets set at US\$ 1.00 = 13.5 gdes.

## GLOSSARY OF TERMS USED - Continued

GR	:	General Relief
HS2004	:	Health Systems 2004, USAID Project No. 521-0248
IDB	:	Inter-American Development Bank
LAC	:	USAID's Bureau for Latin America and the Caribbean
LC	:	Local Costs
LOP	:	Life Of Project
LT	:	Long Term
MARNDR	:	Haitian Ministry of Agriculture, Natural Resources and Rural Development
MCH	:	Mother/Child Health
MOF	:	Haitian Ministry of Finance
MOP	:	Haitian Ministry of Plan
MSP	:	Haitian Ministry of Public Health & Population
MT	:	Metric Ton
MU	:	Monitoring Unit
NAD	:	New Activity Description
NGO	:	Non-Governmental Organization
OFDA	:	Office of Foreign Disaster Assistance
OAS	:	Organization of American States
OE	:	Operating Expenses
PAHO	:	Pan American Health Organization
PADF	:	Pan American Development Foundation
PCPS	:	USAID Haiti's Policy Coordination & Program Support Office
PHN	:	USAID Haiti's Population, Health, Nutrition Office
PSC	:	Personal Services Contract(or)
PL 480	:	Public Law 480, of the Agriculture Trade and Development Act of 1954, as amended
PVO	:	Private Voluntary Organization, an NGO that meets the standards for registration with USAID per Part 203, Chapter II, Title 22 of the Code of Federal Regulations, as amended
RDA	:	Recommended Daily Allowance
RSR	:	Recipient Status Report
SF	:	School Feeding
SFB	:	Soy-Fortified-Bulgur
SLS	:	Standard of Living Survey
ST	:	Short Term
UCS	:	Unité Communal de Santé, or communal health unit
UNMIH	:	United Nations Mission in Haiti (Peacekeeping Force)
USAID	:	U.S. Agency for International Development
USDH	:	U.S. Direct Hire employee of USAID
WFP	:	World Food Program
WSB	:	Wheat-Soya-Blend

# HAITI- DEPARTMENTS AND MAJOR CITIES



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## 1. CONTEXT & RATIONALE

### 1.1 Statement of Problems and Opportunities

#### 1.1.1 Country Setting and Food Security Status

Food insecurity is a chronic problem in Haiti that has been exacerbated by almost 10 years of political instability and consequent economic deterioration. The political and economic factors coupled with natural disasters -- e.g. recurrent drought in the Northwest and Tropical Storms Gilbert (1988) and Gordon (1994) in the South -- have encouraged focus on the emergency (or transitory) aspects of Haiti's food security problems rather than their underlying causes. This focus must change. Households that have been the hardest hit by the recent transitory problems are also the most chronically food insecure. Increasing the amount of food available to these households by itself will not result in improved nutrition or productivity if concurrent efforts are not made to improve their health and purchasing power as well.

The change in focus cannot be precipitous, however. The period of March 1995 through about June 1996 is a critical one. The new Parliament elected in June 1995 will need to establish norms and procedures and a legislative agenda. President Aristide will finish his term and be replaced by a new leader in February 1996, and that person will need to choose a Prime Minister and Cabinet which meets the approval of the new Parliament. In the midst of this, the United Nations Mission in Haiti (UNMIH) security force is scheduled to depart in March 1996. The political and social risks inherent in any change of leadership are magnified in Haiti, and must be cushioned from other economic or natural shocks to the extent possible. Visible and meaningful focus on transitory nutrition and income needs must not entirely disappear as development efforts phase in. A one-to-three year period of parallel programming at a minimum is required for this to take place.

The three key parameters of food insecurity -- inadequate food availability, lack of food access and improper food utilization -- are chronic problems. In terms of availability, estimates of the size of the food gap range from 350,000 to 450,000 metric tons in wheat flour equivalents, depending on which estimates of current and target calorie availabilities are used. Domestic per capita food production has been declining for several years. The Country has become more dependent on concessional food aid, because its ability to purchase food abroad has been constrained by increasingly negative trade balances. Per capita calories have fluctuated between 1,900 and 2,100 calories per person per day for most of the last 30 years, or only about 85-90 percent of the recommended minimum of 2,270 calories per person per day.

In terms of access, the most significant factor is the very low purchasing power of the population. In the latest (1987) household survey, over 85 percent of households with total annual expenditures of less than 2,000 Gdes (about US\$320 in 1987 dollars) consumed less than 75 percent of the recommended daily allowance (RDA) of calories; 68 percent of

households with expenditures of 2001-4000 Gdes consumed less than 75 percent of the RDA, as did 57.7 percent of households with total expenditures between 4001 and 6000 Gdes. Only above expenditure levels of 12,000 Gdes or more (US\$1920) did a majority of households consume at least 100 percent of the RDA. Although the Standard of Living (SLS) Survey to be undertaken by the World Bank later this year will provide more current data than 1987, given other indicators it is certain that purchasing power has not improved, and almost certainly has declined.

The root cause of poverty in Haiti is low productivity which reflects inadequate investments in human and material capital and poorly developed, and even abusive public policies and institutions. Poverty, combined with increased population pressure on the land, has also contributed to deterioration in the environment, and soil erosion in particular, which has further lowered agricultural productivity. The lack of on-farm storage and undeveloped rural savings prompts farmers to sell at harvest at lower prices, and buy back later at higher prices to meet consumption needs. Because rural households are net food consumers rather than producers, programs aimed at assisting them must be directed at increasing income overall rather than focusing on agricultural production alone.

Improper and inadequate food utilization is also a problem. Pre-school children are not fed adequately, not only because food is in short supply, but also because their mothers do not follow adequate breast feeding and weaning practices. Present weaning diets are inadequate in composition, quantity and frequency. Inadequate health, water and sanitation services means that large percentages of the population (adults as well as children) are unable to absorb all the nutrients that are available to them due to poor health. Only 60 percent of the urban population and 25 percent of the rural population have access to safe water, and in rural areas, an even smaller percentage of the population has access to adequate sanitation facilities. These food use and utilization factors are major reasons why about 20 percent of pre-school children suffer from chronic malnutrition.

Haiti's food security problems have worsened over the last three years, as a consequence of the economic and social deterioration that occurred following the 1991 military coup and subsequent embargo. This period was characterized by a collapse of the economy, a serious deterioration of the country's economic and social infrastructure, and a significant decline in living standards, particularly of the most vulnerable groups. The Country's per capita income has declined dramatically, from US\$390 in 1988 to well below US\$250 currently, reinforcing Haiti's status as the poorest country in the Western Hemisphere. Per capita calorie supplies have dropped to 1,700 calories per person per day in 1992, according to FAO estimates.

Malnutrition has increased significantly. As demonstrated in Table 1, data collected by the Child Health Institute (CHI) for the USAID Monitoring Report on children under 5 years of age demonstrate a disturbing trend upward, particularly in the 1994 as the effects of the "creeping crisis" compounded. These data are reinforced by those in the 1994 Demographic Health Survey (DHS), which demonstrate that although infant mortality has

decreased significantly in the last 5-9 years, mortality in children 1-5 years of age has in fact increased back to levels of 10-15 years ago.

Table 1: Nutrition Status of Pre-School Children  
in Selected Health Institutions 1992 - 1994<sup>1</sup>

	<u>Percent Children</u>				
	<u>Normal</u>	<u>M1</u>	<u>M2</u>	<u>M3</u>	<u>Total</u>
Average 1992	49.96	33.25	13.50	3.29	100.00
Average 1993	50.98	31.95	13.56	3.51	100.00
Average 1994	44.27	34.03	17.01	4.70	100.00

Sources: 1992, 1993: USAID Monitoring Report, November 1993.  
1994: USAID Monitoring Report of February-March 1995.

Haiti's total exports fell by over 40 percent in 1994 to US\$47 million, which is about one-third their 1991 level. Total imports have declined by 20 percent in 1994, and by about 66 percent if the food supplies imported by non-governmental organizations (NGOs) under humanitarian assistance programs are excluded. Agricultural production dropped during these years due to lack of access to critical imported inputs and credit. And unemployment and underemployment have increased dramatically, exacerbating the food access problem for agricultural as well as non-agricultural households. Coping with these changes has been hard for small-scale farm households, which make up the vast majority of the 65-70 percent of Haitian households living in rural areas, who have had to further deplete their scarce soil, agro-forestry and livestock resources.

The vicissitudes of the last three years have compounded the already chronic food insecurity problems and led to an urgent need to address these problems in several dimensions. In the short-term, programs must aggressively reverse the increasing second and third degree malnutrition among children under 5 years of age so that chronic problems of low productivity are not sustained. In the medium- and longer term household incomes in the most food insecure areas must be increased to provide more resilience against periodic natural and man made economic disruptions which, given history, must be taken as "givens" in Haiti. The Enhancing Food Security Phase Two (EFS2) project seeks to do both.

M1, M2, and M3 malnutrition refer to the Gomez classification to categorize the severity of malnutrition using the Weight-for-Age index. M1 is mild, M2 is moderate, and M3 is severe malnutrition.

## 1.1.2 Current and Prior USAID Food Aid Assistance

### 1.1.2.1 PL 480 Title II in Haiti

The PL 480 Title II program began in the mid-1950's with disaster relief undertaken by three U.S. private voluntary organizations (PVOs) in response to a hurricane: CARE, Catholic Relief Services (CRS), and Church World Services. In FY 1991 when President Aristide was elected, the Title II program consisted of 378,973 beneficiaries, of which the largest proportion (76 percent) was served through school feeding with few complementary activities. This "regular" program was terminated with all non-emergency U.S. assistance to Haiti shortly after the military coup d'état of September 30, 1991. Given concerns about famine, however, a Title II humanitarian feeding program was reactivated in early November 1991 by CARE and CRS, with International Lifeline (IL) and Adventist Development and Relief Agency (ADRA) beginning shortly thereafter. By early July 1992, the Title II program was feeding almost 600,000 poor Haitians in vulnerable groups, including children, the elderly, and pregnant and lactating women.

Traditional financing for Title II logistics and complementary inputs -- the Title III program -- was frozen due to the coup, so US\$1.3 million from the Voluntary Agencies in Child Survival project (VACS, 521-0207) was allocated to these needs. When the Mission began to realize that political resolution would not be quick, that the embargo would not be strict, and that a "creeping crisis" scenario was most likely, it decided to develop a Development Assistance (DA)-funded project to finance Title II program support and Monitoring Unit costs. The original Enhancing Food Security project (EFS1, 521-0241) was authorized 14 August 1992 for a three year period for US\$20 million in DA.

### 1.1.2.2 Enhancing Food Security (Phase 1)

Figure 1 reflects the achievements of EFS1 from October 1992 to the present. The figure demonstrates that EFS1 met or exceeded most direct program and support objectives in spite of very difficult conditions during the political crisis. Now it is time to consolidate systems established in this transitory, "safety net" program to meet future development needs.

EFS1 significantly expanded its objectives to meet emerging needs as the crisis evolved. The data from the Monitoring Unit (MU) were supplemented in FY 1994 and FY 1995 by input from a Qualitative Monitoring Unit that undertook focus group interviews and opinion surveys on the effects of the crisis on the population. The Qualitative Monitoring Unit will be disbanded in July 1995, but EFS2 includes funding for topic specific qualitative research as part of the broader Food Security Information System (FSIS). Indeed, recognition of the need for and uses of various types of quantitative and qualitative data to predict and report on nutritional status and household well-being, as opposed to simply relying on existing distribution networks and hoping the needy get fed, is a signal achievement of EFS1.

## figure 1

Figure 1: EFSI Planned and Actual Achievements

### Planned EOPS

EOPS 1) 80 percent of at-risk population in Haiti's most vulnerable areas receiving minimum energy requirements (as expressed in KCal/day) year round:

Note: EFSI PP defined the at-risk population in terms of

- "theoretical" = 1.3 million;
- "probable" = 946,000
- 80% probable = 750,000

### Related Outputs

Four participating PVOs provide at least one meal/day or equivalent to approximately 645,000 at-risk persons.

Participating PVOs, affiliate organizations, and collaborating international/ bilateral organizations develop emergency reserves and plans to assure food access in times of emergency.

Productive infrastructure development activities are successfully tested, refined, and operational throughout Haiti.

**EOPS 2) PVOs managing Title II distribution programs and their affiliate organizations are measuring and meeting stated annual program and administrative objectives beyond simple number of persons fed:**

Note: PVO program objectives summarized as:

- 1: Increase sponsor planning capacity;
- 2: Improve program implementation;
- 3: Improve logistics;
- 4: Improve monitoring and evaluation;
- 5: Ensure sufficient, stable funding.

### Related Output

Distribution of U.S. P.L. 480 Title II is more cost-effective by the end of the project.

**EOPS 3) Concerned international organizations and the PVO/NGO community are collaborating on an improved information system which measures and affects food security on sub-national and real-time basis.**

### Related Output

A multi-dimensional information system that provides early warning of nutritional risk developed and implemented.

### Actual Achievements

- ◆ 714,200 beneficiaries, fed during Humanitarian Food Program of FY 1992;
- ◆ 716,300 (or 75.7% of "probable" at-risk) fed under EFS 1 in FY 1993;
- ◆ 1.010 million, or 80% of "theoretical" fed under EFS 1 plus Emergency Program in FY 1994;
- ◆ 1.3 million, or 100% of "theoretical" fed under EFS1 plus Emergency Program in FY 1995.
- ◆ Approx. 300,000 pm of work was created for approx. 200,000 people by 3 PVOs under the Jobs Creation component, each earning about US\$55 to help feed an estimated 900,000 worker family members.

See above, which was accomplished by only 3 PVOs.

Emergency Readiness maintained in 1992-1993, so that Emergency Program could start quickly and significantly increase coverage beginning November 1993.

Jobs Creation Program (ex-Productive Infrastructure) highly successful and is being adopted by World Bank after EFSI funding ceases.

PVO planning, monitoring and evaluation capacity greatly enhanced through joint development of FSIS, although much improved targeting remains to be done;

PVO program implementation and logistics improved through contract with Central Warehouse, staff training, and improved commodity tracking systems, although security conditions were variable and theft and pillage remained problematic.

PVO funding assured by USAID; other donors have contributed commodities to complement PL480 food, but few donations of operating costs are apparent.

Fewer PVOs have fed twice the number of people planned.

FSIS Developed jointly by USAID, PL 480 PVOs, and collaborating Haitian NGOs and GOH, operational as of Spring 1995

Monitoring Unit data continues to signal critical trends in nutrition, prices, production, and other data points.

EFS1 funded a direct USAID contract with a private shipping agency for central port clearance and warehouse services to decrease redundant port and customs efforts by PVOs. The central warehouse has proven successful and will be continued in EFS2. Given deterioration of most infrastructure in the country, EFS2 also funded a Logistics Management Unit (LMU) to manage PL 480 Title III commodities when those were once again available. The contract is for two years only, so no EFS2 funds are required.

The Jobs Creation Program (JOBS), which the EFS1 PP had projected might employ 2000 people/month, expanded to over 50,000/month by May 1995. The short-term daily wage benefits to workers were complemented by medium- and long-term economic benefits of infrastructure renovation to communities throughout the Country. In fact, the JOBS Evaluation of May 1995 valued these benefits enough to arrive at a total project internal rate of return of 58 percent. Models and technologies developed under JOBS will serve as the basis for food-assisted productive infrastructure activities under EFS2.

The DA project was amended twice to accommodate the Jobs Creation Program needs, to US\$40 million in July 1993, and to US\$50 million in September 1994. Given increases in program size due to the emergency, commodities alone CIF Haiti for FY 1993, 1994, and 1995 totaled just under US\$60 million. With the supplemental emergency funding (including Title III generated local currency totalling over US\$15 million in local currency equivalents), the total cost of EFS1 Title II food distribution, JOBS, MU/FSIS, and logistics/management support, is estimated at approximately US\$130 million.

### **1.1.3 Institutional Setting**

#### **1.1.3.1 Public Sector**

By design, EFS1 could not include specific involvement of the GOH due to the terms of Section 513 of the Foreign Operations, Export, Financing, and Related Programs Appropriations Act (FAA), which precluded U.S. assistance to any government brought to power by a military coup. With the installation of the legitimate (and in some cases parallel) Malval government in 1993, however, tentative relationships were established which were nurtured in spite of political turmoil. There are now several key GOH agencies important to food security and active in EFS1 which will play an increasing role in EFS2. There is also active debate about the exact roles each agency will play.

The Ministry of Planning (MOP) has had overall authority for food security and concessional food aid in Haiti and must clear the PVO operational plans on an annual basis. The MOP oversees the functions of coordinating Title III and other concessional imports for sale, and has oversight for the Management Office (*Bureau de Gestion de PL 480 Titre III*) that administers generated currencies. On a policy level, the MOP has been charged with coordination of food assistance and food security, although this function is under discussion. It has been receiving UNDP technical assistance since August 1994 for an information coordination and monitoring unit, but it is unclear how broad this unit's functions will be.

On an operational level, the Ministry of Finance (MOF) issues the required *franchises* (import duty exemptions) for PVOs -- after they have been cleared by the MOP -- to import concessional commodities, and it has continued this role throughout the crisis. As home ministry for Customs and Taxes, the MOF will remain involved in customs reform and port and other logistics matters in the coming years.

As elaborated in section 2.2.1, officers of the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR) presented a summary of the Food Security and National Agricultural Policy at a recent popular roundtable.<sup>2</sup> The presentation summarizes the strategy to implement a national food policy and, *inter alia*, proposed the creation of an Intersectoral Food Aid Commission. The European Union has agreed to finance the operational costs of the Commission for an initial year, but it is not yet clear under which Ministry or GOH office the Commission will form. The question of which entity is responsible for the Food Aid Commission and food aid strategy, and which is responsible for the broader Food Security Commission and food security strategy (or whether they are the same), is still under debate. Given administrative flux throughout the GOH at this time, this debate is not unusual. EFS2 technical assistance and training to facilitate policy formulation is reserved for when such a unit is established, regardless of its final location.

The Ministry of Public Health and Population (MSPP) is also concerned about food security and is charged particularly with national nutritional surveillance. Due to international prohibitions against public sector support during the crisis, these functions have been developed and are implemented satisfactorily by the Haitian NGO, the Child Health Institute (CHI). Funding is provided in EFS2 for CHI to continue this function. Funding provided under the HS2004 project will assist the MSPP in undertaking an institutional audit and determine the desired mix of public and private functions. To promote institutionalization of the surveillance function, EFS2 managers will work closely with PHN colleagues to assure that funding is provided to the most appropriate unit or organization for that purpose.

The Private Cabinet of the President has recently become involved in food aid, in close collaboration with the Ministry of Social Affairs. The two have established several community "*cantines populaires*" (soup kitchens) serving approximately 3000 beneficiaries, and are establishing departmental "*magasins communautaires*" (wholesale stores) in an attempt to keep prices for basic food commodities affordable by providing low-cost financing to community groups that will sell commodities at market prices. Both of these efforts are viewed as short-term emergency measures to meet needs of the population during a particularly difficult time. Because USAID is moving away from welfare measures to more developmental aims, it is unlikely that EFS2 will provide any direct support. However,

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<sup>2</sup> "Politique de Sécurité Alimentaire et Politique Agricole Nationale," synthèse préparée et présentée par Danielle AVIN et Philippe MATHIEU, Forum Libre de jeudi 9 février 1995.

project management will maintain contact with both the Cabinet of the President and the Ministry of Social Affairs for food policy dialogue, the FSIS, and general food aid coordination overall.

### 1.1.3.2 Private Sector

Although no recent inventories have been undertaken, prior to the start of the crisis there were an estimated 300-500 NGOs involved in welfare and development activities. During the crisis, some of these disappeared, but many became key conduits for food and welfare assistance from international and private donors to needy populations. Each of the Title II PVO cooperating sponsors -- ADRA, CARE, CRS -- works with scores of small Haitian NGOs in food distribution and development activities. PADF and Planning Assistance, under the Jobs Creation component, worked with scores more. The EU, French, and Canadians all support others. In short, Haiti's NGO sector is well developed, experienced and generally effective in delivering community-based assistance throughout the Country. A key strategy under EFS2 will be to build on these resources, integrating "food" and "non-food" NGO efforts in complementary and more developmental ways.

Haiti's commercial food sector has been more problematic, with large cartels that dominate specific commodity markets able to manipulate prices for cooking oil, sugar, and wheat flour. There are indications that this is changing: there is a current price war in sugar which is benefitting the consumer, and the Title III experience with commercial sale of wheat flour in both FY 1993 and FY 1994 lowered speculative prices by 20 and 30 percent respectively for 5 months thereafter. One Haitian businessman posited that Title III during the Malval administration and later under Prime Minister Michel prevented food riots and allowed the GOH to focus on other priorities. Another planned and actual benefit was widening competition. The FY 1993 program had over 90 buyers participating, and the FY 1994 program had more. This liberalization bodes well for the proposed EFS2 efforts at monetization, although commodities will need to be carefully chosen to avoid clashes of the past.

The commercial private sector is particularly active and important in support services, including the central warehouse contract and various sponsors' contracts with private trucking firms. Policy reform measures by the GOH include entering into a private management contract for the main port, formalizing and encouraging development of decentralized private ports, and stimulating cabotage (coastal shipping). These and other liberalization efforts should stimulate competition; increase efficiency; and be of general benefit to transport and logistics under EFS2.

## 1.1.4 Other Donor Programs

### 1.1.4.1 Food Aid

USAID is by far the largest concessional food aid donor, with an estimated 85 percent of commodities in 1994 and 1995 from the USG (including Titles II and III). Other key donors include the Government of Canada, the European Union, France, and the World Food Programme (WFP), with Japan, Germany, and others providing much smaller amounts of concessional sales. The food donor group convenes twice each month, with GOH and PVO participation, to coordinate and share issues or problems. Most consider the Food Aid Coordination Committee to be one of the more effective donor coordination mechanisms underway.

All donor programs involved in "food as food" are undergoing the same flux as USAID, moving away from the relief emphasis of the crisis years toward more strategic development aims. Canadian aid (ACDI) is continuing a short-term jobs creation program for another year, and in 1995 is financing a one-time distribution by IICA of agricultural tools through 80 NGOs to 2,000 groups of small farmers. ACDI also provides food aid for approximately 120,000 beneficiaries through school feeding and MCH clinics, with support grants to the Canadian NGO CECI (*Centre Canadien d'Etudes et de Coopération Internationale*) at a national level and CARE for its *cantines populaires* in the northwest. The CECI program is particularly interesting, as it involves localized monetization efforts. ACDI is planning to initiate a C\$10 million project to rejuvenate Haiti's cooperative movement, which should help stimulate rural incomes. Finally, ACDI is developing a strategy paper focussed on measuring results of food aid, which should be a useful contribution to national dialogue and coordination.

The European Union (EU) has recently prepared a 5 million ECU project which it hopes will be approved by headquarters in June 1995 and underway by July 1995. It comprises three components: 3.7 million ECUS to the FAO to support improved seed and other inputs; 720,000 ECUS to the GOH for long-term TA and operational support to the Intersectoral Commission for Food Aid discussed above; and, 600,000 ECUS for an agricultural credit project with the Haitian NGO GHRAP (*Groupe Haitien de Recherches et d'Actions Pédagogiques*) in the Artibonite. The EU will also provide the Haitian NGO, *Bureau de Nutrition et Développement* (BND) with food aid in the amount of 10,000 to 20,000 MT cereal equivalents per year.

In 1995, France provided 5,000 MT of maize and 3 million francs worth of other products, including corned beef, sugar, powdered milk, oil, etc. These were distributed by French NGOs Entr'aide and AICF to peasant groups, which sold the food to generate working capital for group efforts. French aid also supports agricultural production data collection by the *Association Nationale des Agro-Professionels Haitiens* (ANDAH), which is related to USAID's FSIS. France is expected to maintain more or less similar levels in future years.

WFP has traditionally undertaken food distribution in the North and Northeast, where USAID Title II PVOs are not active. Its 1995 program includes 14,000 MT of maize and a US\$2 million grant from Argentina to carry out Food-For-Work programs. It is developing a 5-year plan and hopes to maintain levels of about 12,000 MT/year over that period, with resources directed at increasing food production (3,000 MT/year), poverty alleviation and human resources development (5,000 MT/year), and protection of the environment (4,000 MT/year).

#### **1.1.4.2 Other Relevant Programs**

Within the context of the US\$1.2 billion Emergency Economic Recovery Program (EERP) and subsequent donor pledges, there are several hundred million dollars of other donor programs which will have a significant impact on food security in the coming years. Of direct relevance to EFS2 are those that focus on incomes, jobs, and infrastructure; those that focus on information systems; and, those that focus on nutrition and health. Major programs in each cluster are briefly highlighted below.

In terms of jobs, income, and infrastructure, of immediate interest is the commitment by the World Bank to initiate an expanded Jobs Creation Program similar to that undertaken by PADF under EFS1 financing, for an initial US\$50 million beginning in mid-to-late 1995. Discussions are underway to determine if PADF will continue in its intermediary role or be replaced by another group. The InterAmerican Development Bank (IDB), through the US\$25 million FAES (Economic and Social Improvement Fund), will also finance a number of labor-intensive efforts aimed at increasing incomes and rehabilitating productive infrastructure. The World Bank, IDB, and EU all have major road and other transport infrastructure rehabilitation programs which will generate thousands more jobs on a multi-year basis. EFS2 managers and participating PVOs will need to ensure strong coordination with these programs as the EFS2 productive infrastructure activities are designed, to assure complementarity of efforts.

Donor programs that aim to improve information collection, collation, analysis, dissemination and use are relevant to the Food Security Information System (FSIS) as it expands and transfers to GOH ownership. The World Bank has begun plans to implement a Standard of Living Survey (SLS) in 1995/1996 as part of its poverty alleviation program. If implemented as well as in other countries, it will provide a much needed and credible baseline for all programs, and a backdrop within which much of the contextual information obtained through the FSIS can be analyzed.

The UNDP is providing technical assistance and program funding to the Ministry of Plan for an information and coordination unit. It is not clear what the relationship of this unit to the Haitian Statistical Institute (IHSI) will be. FSIS managers should maintain contact with the MOP as the UNDP plans move forward, to see if the proposed unit or IHSI might be an appropriate locus for a GOH FSIS coordination function.

The UNDP is also providing 6 months of TA to the MARNDR Information and Statistics Unit to help it refine its decentralized structure for the collection and analysis of agricultural production and marketing data, using the area frame samples developed under the USAID Agriculture Development Systems (ADS) project of the early 1980s. The information system design developed by this consultant should feed into the FSIS and to the new Intersectoral Commission established with EU financing. It will by design integrate the FSIS and ANDAH samples and methodology for greater coverage and efficiency. Given the dispersed nature of information, the GOH, individual TA, and donor representatives must communicate frequently and well to assure complementary of efforts.

The key donors in health and nutrition programs are USAID, PAHO, the EU, World Bank, and IDB. Because of the direct relationships among the GOH, other donors and USAID through the new HS2004 project, and because HS2004 and EFS2 are managed in the same USAID office, coordination is not viewed as a problem. However, EFS2 and HS2004 management must encourage their respective intermediaries to coordinate if efforts at increasing synergy are to be successful.

## **1.2 Proposed Response**

### **1.2.1 Goal and Purpose**

The goal is healthier, smaller, better educated families in Haiti, which also forms one of USAID's four strategic objectives. Goal achievement will be measured through two key indicators: increased income of Haitian families in the lower income cohorts; and, decreased M2/M3 malnutrition among children under 5 years of age. Current baselines exist or are in process for both indicators and the project includes funding for continued monitoring.

Assumptions critical to goal achievement are: constitutional government will endure and security issues will not impede attainment of objectives; and, PVO and USAID's preoccupation with security and operational issues can decrease in favor of time devoted to managing for development results beyond the simple number of people fed. The Mission has carefully considered these objectives and believes them valid at this time.

The purpose is increased food security among poor families in the most food insecure areas of Haiti in the short, medium and long term. This will be accomplished through increased integration of food supplements with more holistic Maternal/Child Health (MCH) and other health and population programs, and through generating direct income through carefully selected productive infrastructure investments which provide short-term jobs and medium and long term benefit streams. There is also a need to continue direct income transfers in the most food insecure areas through mechanisms such as school feeding that contribute to alleviation of short term hunger during a politically volatile period while meeting medium and long term development objectives.

At the end of the project:

- ◆ Approximately 1 million Haitian families in the most food insecure areas will have increased real income by approximately 15 percent on a more sustainable basis, and an additional 200,000 will have received short-term income transfers equivalent to 10 percent of annual income:
  - ◆ in the short term, approximately 200,000 families will have benefitted from direct income substitution on a non-sustainable basis through school feeding and *cantines populaires*;
  - ◆ in the medium term, approximately 350,000 families will have benefitted directly from jobs on productive infrastructure activities which provide income for investment and/or continue to generate economic benefits;
  - ◆ in the long term, an estimated additional 700,000 families will have directly or indirectly benefitted from income streams from productive infrastructure achievements;
- ◆ M2/M3 malnutrition will be reduced by about 40 percent to under 10 percent for M2 and under 2.5 percent for M3 among a minimum of 230,000 chronically malnourished children under 5 years of age participating in the program; and,
- ◆ USAID will be paying a decreased percentage of Haiti's concessional food program costs.

Assumptions in support of the purpose include: i) rural and urban families are net food consumers rather than producers, so increasing household purchasing power (income) is a critical component of any long-term food security strategy in Haiti; ii) USAID's Economic Growth office and other donor projects will stimulate increased agricultural production in tandem with income efforts under EFS2; iii) school feeding programs produce net positive income transfer to students' families; iv) food-for-work and cash-for-work provides income in the short- and medium-term, while well selected productive infrastructure investments create medium and long-term returns; and, v) other donors will be interested in financing food security programs that have demonstrated results.

The project is fully congruent with USAID's development objectives and strategy as outlined in the FY 1996-1997 Action Plan and other relevant programming documents. It represents the next logical step for the GOH and USAID in consolidating emergency program systems into medium and long term development benefits. In keeping with the necessity to "ratchet down" the program, it foresees sharply decreasing beneficiary levels from the current 1.3 million (regular plus emergency programs) down to 375,000 by FY 2000, or about what they were at the beginning of the crisis in FY 1991. Design and implementation

strategies stress that food, dollar and local currency resources be effectively integrated and that the food programs be better integrated with other Mission activities. Finally, the project builds on the lessons learned from 40 years of Title II programs and aims to achieve significant management efficiencies and increased sustainable impact.

The project is planned for a 5 year period beginning in FY 1996 at a life-of-project level of US\$50 million in DA or ESF funds, approximately US\$150 million in PL 480 Title II commodities CIF Haiti, approximately US\$1.8 million in Title III local currencies in FY 1996, and approximately US\$13.125 million equivalent in generated local currency through partial monetization of commodities. A full Logical Framework is presented as Annex A.

### **1.2.2 Summary Description**

There are two major components:

◆ **Direct Activities**, which include: i) the "core program" by the PVO cooperating sponsors with approximately 550,000 beneficiaries in FY 1996, decreasing to a well-targeted 375,000 in the most food insecure areas by FY 2000; ii) reorientation of the core program away from its current emphasis on short-term feeding and toward a more developmental focus on creating productive infrastructure and decreasing malnutrition; and iii) the continued general relief feeding of approximately 200,000 beneficiaries through the politically sensitive period of FY 1995 elections and FY 1996 installation of the new President and departure of UN peacekeeping forces, with a decrease in FY 1997 - FY 2000 down to zero in the general relief program, while still maintaining readiness under regular program modes to respond to Haiti's certain recurrent natural and man-made emergencies.

◆ **Support Services**, which include: i) improved GOH, PVO and donor collaborative policy and planning of concessional food aid programs, with emphasis on developing a food security policy in addition to food aid strategies; ii) improved collection, collation, analysis, dissemination and use of food security information for decision-making by GOH, PVOs and interested donors, with emphasis on developing Haitian ownership of the FSIS so that it might be sustained; and iii) more efficient logistic support for food distributions, including continued (but decreasing) support to a central warehouse and continued oversight by USAID.

The direct activities component will be initially implemented by the PVO cooperating sponsors ADRA, CARE, and CRS, with their affiliate NGOs, through Mission-issued Cooperative Agreements. Justification for Non-Competitive Grants to PVOs will be submitted to the Contracting Office along with related PIO/Ts. These three sponsors, and key affiliate NGOs, will collaborate with USAID in planning for the shift away from relief to more developmental foci during FY 1996. Should any of the three determine they are unable to shift from short term programs to the longer term productive infrastructure aims, USAID

will reallocate food commodities to those sponsors that do participate, with fewer sponsors overall.

The support services will be implemented through a number of instruments:

- i) a competitively selected minority [8(a)] contractor will provide TA, training, selected commodity procurement and necessary sub-contracting for the policy and planning and FSIS efforts, with an deliberate shift away from direct USAID/PVO involvement to a GOH-led effort;
- ii) USAID will maintain a direct contract with a local firm for the central warehouse, although the current contract will need to be re-bid in late FY 1996; and
- iii) Project funds will continue to support USAID oversight and management at PHN, including food monitors and other necessary staff on Personal Services Contracts (PSCs), evaluations, and audit.

The EFS1 design included a strategy for flexibility which paid off by providing a framework within which to proactively address the rapidly changing Haitian environment. The strategy is repeated herein, and serves to underscore all EFS2 design decisions as well:

This Project Paper (PP) provides plans for a possible continuation of the emergency program, if the needs so indicate, and also provides the flexibility to switch to a more well-targeted developmental focus, should conditions stabilize. It is written based on the assumption that such stability will occur, and a more-or-less "regular" program can be resumed at some point during the LOP. Depending on the timing of the resumption of the regular program, some progress can be expected toward reaching the developmental goals and objectives of the program. However, given Haitian history, the PP also recognizes that there will be a continuing need to respond to periodic crises, both natural and/or man-made. The project is designed to enable USAID and the participating PVO community to do both. (EFS1 PP, page 5-6).

### **1.2.3 GOH and NGO Participation in Design**

The project was designed in full consultation with relevant stakeholders. The first discussions with the PVO cooperating sponsors about the future directions of the project were initiated in the summer of 1994. In November discussions moved to the next stage with the preparation of a special paper<sup>3</sup> designed to provide a framework for a more formal discussion of the reorientation of the project, and in particular the role that Title II food

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<sup>3</sup> Roberta van Haften. "A Framework for Discussing the Reorientation of the Enhancing Food Security Project, the Title II Program in Particular," a paper prepared for USAID/Haiti, Port-au-Prince, Haiti. December 30, 1994.

assistance can play in promoting more sustained food security in Haiti. The paper served as a discussion point for several informal meetings among USAID and the PVO sponsors in early January 1995.

The Mission organized a one-day planning workshop for some 35 people in Miami in late January 1995 in order to develop consensus among the key stakeholders with respect to future directions. USAID/W and Mission staff participated as did staff from the Haiti and U.S. offices of the three PVO sponsors. Consensus was reached that it is time for the Title II program to shift from relief to development. Participants also agreed that a more development-oriented program would be more expensive to run per beneficiary, which led them to the conclusion that monetization will be a necessary tool to implement the new program. Considerable time was also spent discussing the problems of moving to a more developmental orientation, particularly in light of the major political shifts that are scheduled to take place before the end of 1995, and the need for a realistic time frame and sufficient resources to make the shift.

Miami participants also agreed on a series of principles to guide the selection, design and implementation of project activities which are presented in Figure 2.

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**Figure 2: Miami Workshop Principles to Guide Project Design**

- ◆ Program activities should contribute to improved food security in Haiti, including improving food availability, access and/or utilization.
  - ◆ Program activities should make a contribution to sustainable development (and sustainable food security) through helping to increase the availability of physical and/or human capital.
  - ◆ Program activities should be better targeted to the more food insecure populations.
  - ◆ Program activities should have specific objectives and identify specific outcomes which are meaningful and measurable and can be monitored and reported on.
  - ◆ Activities should be designed so that they do not encourage dependency among the groups assisted or create disincentives to sustainable food security.
  - ◆ The phase over from the current to a more development oriented program (e.g. one that makes a sustainable contribution to improved food security) should be accomplished as quickly as possible without creating undue disruptions in social stability or incurring undue management costs as the USAID and the PVO sponsors make the transfer.
  - ◆ Program activities should support other USAID objectives, and food should be integrated with other assistance resources to maximize food security objectives.
  - ◆ Program activities should support the democratic process in Haiti.
-

A broader group of stakeholders participated in a second workshop in Haiti in February 1995. The purposes of the three-day workshop were to: i) ensure that a larger set of USAID and PVO staffers understood the changing environment with respect to food aid; ii) communicate the results of the Miami meeting to this broader group, especially the decision to shift the program from relief to development; iii) initiate discussions among the PVO and USAID staffs with representatives of the GOH on food assistance issues; and iv) get key people from the Mission, the PVOs and the GOH to begin to discuss the potential uses of food assistance as a development tool, the objectives of potential activities and potential indicators of success. Over 120 people participated in the meetings over a three day period, including representatives from MARNDR, MSPP and the Prime Minister's office.

USAID continued to discuss project components with the PVOs as they developed their multi-year Development Project Plans (DPPs), and with other donors in the May Mission Consultative Group in Port-au-Prince. The draft PP was essentially completed in early June, with key points presented in a formal meeting at USAID to the PVO sponsors. The Mission continued group and individual discussions with PVOs, GOH, and other donor representatives throughout June to arrive at this final document.

#### **1.2.4 Conformance with USAID Strategy and Programs**

EFS2 is designed in full conformance with USAID strategy and program realities which emphasize "ratcheting down". The design represents a significant decrease in beneficiary and commodity levels, with emphasis on efficiency through targeting to the most food insecure areas and on creating infrastructure for sustaining benefits over time.

The EFS2 design is in conformance with the new USAID Haiti strategy as articulated in the modified FY 1996-FY 1997 Action Plan. The project goal is the same as Mission Strategic Objective #3 (SO#3), *healthier, smaller, better educated families*, and contributes directly to all four strategic Program Outcomes under SO#3:

- ◆ it will *expand and enhance primary and reproductive health services* by requiring that "food" MCH programs meet the "non-food" MCH norms established for HS2004 by FY 1997;
- ◆ it will *enhance household food security* through increasing household incomes -- thus increasing food access -- in the short, medium and long terms, primarily through investment in labor intensive productive infrastructure;
- ◆ it will *foster the development of national population, health and food policies* through TA and training to the GOH and relevant private sector groups in policy formulation, and through operation of the Food Security Information System to provide an empirical basis on which decisions can be made; and,

◆ it will *improve the quality and relevance of primary education* through focusing school feeding programs on fewer schools in which complementary enhancement activities with teachers and communities can be undertaken.

EFS2 also contributes toward SO#2, *increased private sector employment and income*, with regard to its program outcome of *increased access to financial and other services by borrowers (small, medium and micro-enterprises and agribusiness) and services to small savers*. Activities in urban and rural areas will create jobs and income in the short and medium terms, and will create infrastructure that provides long-term economic benefit streams. Of particular interest will be the role of women in micro-enterprises in rural areas, with emphasis on seed selection and multiplication and on primary transformation and marketing.

EFS2 conforms fully to the new USAID "Food Aid and Food Security Policy" paper (February 1995), with salient points reflected in Figure 3.

**Figure 3: Key Elements of USAID "Food Aid and Food Security Policy"**

- ◆ Give greater priority in allocating food assistance to those countries which are assessed as having the most need for food. It is assumed that this will mean that an increasing share of U.S. food assistance will go to Africa.
- ◆ Give greater priority to using food in countries and in situations in which food as food is important.
- ◆ Narrow the definition of food security in the food aid context to include primarily those activities that contribute to enhancing agricultural productivity and improving household nutrition.
- ◆ Require food aid to be better integrated with other USAID assistance resources. Food aid by itself is rarely sufficient to achieve food security objectives. Proceeds from the monetization of food should be used to complement direct feeding programs or should be used to support development programs that will enhance agricultural productivity and improve household nutrition.
- ◆ Give greater priority to the relief to development continuum. Relief programs must insure that families are able to return as quickly as possible to productive lives.

Following the guidance of the new policy, EFS2 resources will build on lessons learned from and be more fully integrated with other Mission activities. During the October 1991 - October 1994 crisis USAID intensified on-going health/population/ nutrition projects in its major humanitarian health and population program, which provided a full package of basic health and population services by about 50 NGOs to approximately 2 million Haitians. CRS and ADRA -- the latter with central child survival funding -- integrated their health and population grant funding with their Title II efforts to provide for complementarity, with significant results documented in the case of CRS. In other cases, "health NGOs"

collaborated with "food NGOs" for complementary programs, as in the earlier work of the *Centres de Développement et Santé* (CDS) with CARE in Cité.Soleil. The significant improvements in infant and child morbidity documented by the new DHS suggest that these humanitarian efforts were not in vain. The new USAID bilateral HS2004 health project and EFS2 include explicit strategies to reinforce this integration.

Several activities in the Mission's Human Resources and Democracy (HRD), Economic Growth (EG), and Policy Coordination and Program Support (PCPS) offices also contributed to maintaining food security through the crisis. HRD designed and developed the EFS1 Jobs Creation program and managed it through almost the end of the crisis (July 1994), ensuring that short-term income generation objectives were complemented by local organizational institutional strengthening objectives where possible. EFS2 will build on this experience with a stress on community participation in all activities.

EG projects sustained small and micro-enterprises, coffee farmers, and hillside agriculture, and EG took over management of the Jobs Program toward the end of the crisis. EG efforts under the Productive Land Use Systems (PLUS, 521-0217) project in particular increased or sustained agricultural production in spite of unattractive factor costs, and serves as a model for EFS2 productive infrastructure activities in rural areas. The proposed new EG project, Environmental Assistance Package (EAP, 521-0257) will build upon these experiences and support increased community-based resource management in coming years. Importantly, EAP will include support for a national natural resources/environmental monitoring system which should prove complementary to the EFS Food Security Information System already underway.

PCPS managed the Title III program, which increased availability of food by providing wheat flour in amounts of 50,000 MT in FY 1993, 35,000 MT in FY 1994, and 28,000 MT in FY 1995. The flour was sold to commercial vendors at prices that reflected normal import and marketing conditions, and helped to roll back speculative prices by 20 percent and 30 percent in 1993 and 1994 respectively. The generated local currencies were reapplied to development projects which emphasize increasing income and thus access to food. In FY 1994/1995, the Title II cooperating sponsors received approximately US\$4.6 million equivalent and the JOBS program US\$11 million equivalent in Title III currencies. Should the Title III program continue, EFS2 implementers will benefit from some proportion of these funds.

## 2. ASSISTANCE INTERVENTIONS

### 2.1 Direct Activities

#### 2.1.1 Core Household Food Security Program

A total of US\$39.7 million in DA or ESF funding, the equivalent of US\$150 million in Title II commodities CIF Haiti, US\$1.8 million in FY 1996 Title III funding, and US\$13.125 million in generated local currency from Title II monetization will support core programs of the PVO cooperating sponsors over a 5 year period. The basic parameters of these programs are presented in Table 2. Figure 4 provides a graphic representation of the decrease in beneficiary levels against key political milestones, and Figure 5 a graphic representation of the change in program mix. Salient points are summarized below.

- ◆ The sponsors are expected to maintain their existing geographic emphases, with CARE in the northern Artibonite and the Northwest; CRS in the southern peninsula; and ADRA in the Department of the West and the Central Plateau. Within this geographic focus, the sponsors will utilize findings of the FSIS and the World Bank SLS to more carefully target micro-areas within their geographic regions; following nutritional and demographic norms, the program is expected to comprise approximately one-third urban and two-thirds rural beneficiaries and will directly or indirectly cover 1 million poor Haitian families.
- ◆ The sponsors will select interventions based on the principles agreed to in the Miami workshop of January 1995.
- ◆ The sponsors' programs will follow the Mission's stated "ratcheting down" policy and reduce from approximately 550,000 regular and 200,000 emergency beneficiaries in FY 1996 to 375,000 regular and zero emergency beneficiaries in FY 2000, assuming no natural or man-made emergencies occur.
- ◆ Within this "ratcheting down" policy, program mix will change to emphasize longer term, developmental aims instead of short-term relief efforts. With reference to Table 2, by FY 2000 the program will be: 0 percent General Relief (GR), 40 percent MCH, 32 percent Productive Infrastructure (PI), some of which may be Food For Work (FFW) and but most of which is monetization, and 28 percent carefully targeted School Feeding (SF) with complementary activities.
- ◆ By FY 2000, all PVO sponsors' SF programs will decrease to serve only those schools in the most food insecure areas.

TABLE 2. PVO SPONSORS CORE PROGRAM

SPONSOR PROGRAM	FY 1996				LOP TOTALS			
	BENES 1,000	% PVO	COMMODITY MT	COMMODITY US\$	TOTAL BENES	% PVO	IMMODI MT	COMMODITY US\$
ADRA								
MCH	109	48	6,968	6,292,353	364	45	21,606	19,511,210
SF	85	38	3,400	3,070,370	305	38	16,776	15,149,943
PI	21	9	2,700	2,438,235	121	15	12,056	6,307,786
GR	10	4	990	894,109	20	2	1,981	1,788,797
ADRA TOTAL	224	100	14,058	12,695,067	809	100	52,419	42,757,737
ADRA DA\$	3,920				15,370			
CARE								
MCH	12	4	771	695,928	192	17	9,399	8,487,800
SF	110	37	4,400	3,973,420	375	32	20,024	18,082,952
PI	0	0	0	0	175	15	16,942	7,112,885
GR	178	59	17,624	15,915,139	418	36	41,942	37,875,977
CARE TOTAL	300	100	22,794	20,584,487	1,160	100	88,308	71,559,613
CARE DA\$	5,250				22,099			
CRS								
MCH	43	19	2,761	2,493,744	208	26	11,695	10,561,225
SF	175	75	7,000	6,321,350	485	60	24,499	22,124,071
PI	0	0	0	0	95	12	9,201	2,198,462
GR	14	6	1,386	1,251,752	24	3	2,377	2,146,441
CRS TOTALS	232	100	11,148	10,066,846	812	100	47,773	37,030,199
CRS DA\$	4,060				15,409			
PROGRAM TOTALS								
MCH	164	22	10,500	9,482,025	764	27	42,700	38,560,235
SF	370	49	14,800	13,365,140	1,165	42	61,300	55,356,965
PI	21	3	2,700	2,438,235	391	14	38,200	15,619,133
GR	202	27	20,000	18,061,000	462	17	46,300	41,811,215
TOTALS	756	100	48,000	43,346,400	2,781	100	*****	151,347,548
DA \$	13,230				52,878			
MONETIZED PI				0				13,191,898
COST PER YEAR	13,230				39,686			

NOTES

1. Commodities/beneficiaries based on average 1994
2. Commodity mix varies among sponsors, but is a
3. Prices used are average 1994 CIF Haiti: SFB =
4. Sponsors actual commodity mix will vary and nu
5. PI begins monetization FY 1997, prices at wheat
6. DA\$ per beneficiary US\$19.75 in FY96, inflated i

Figure 4: EFS2 Beneficiary Levels versus Critical Political Events  
(Thousands of Beneficiaries)

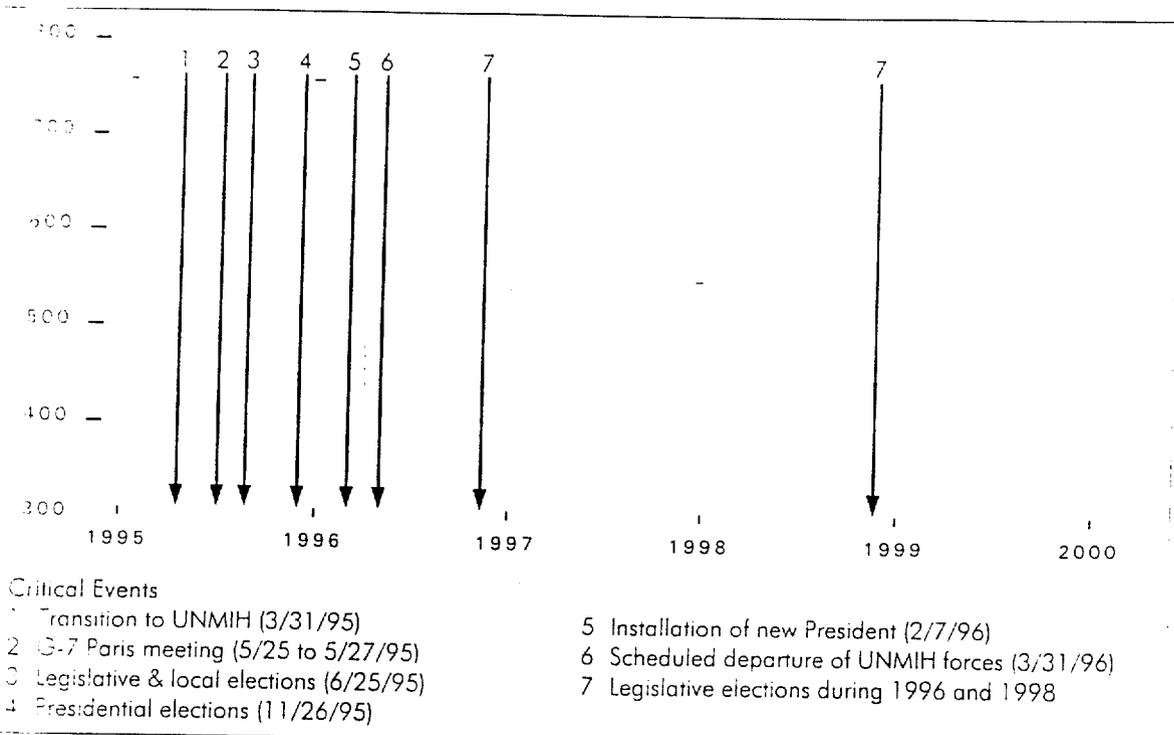
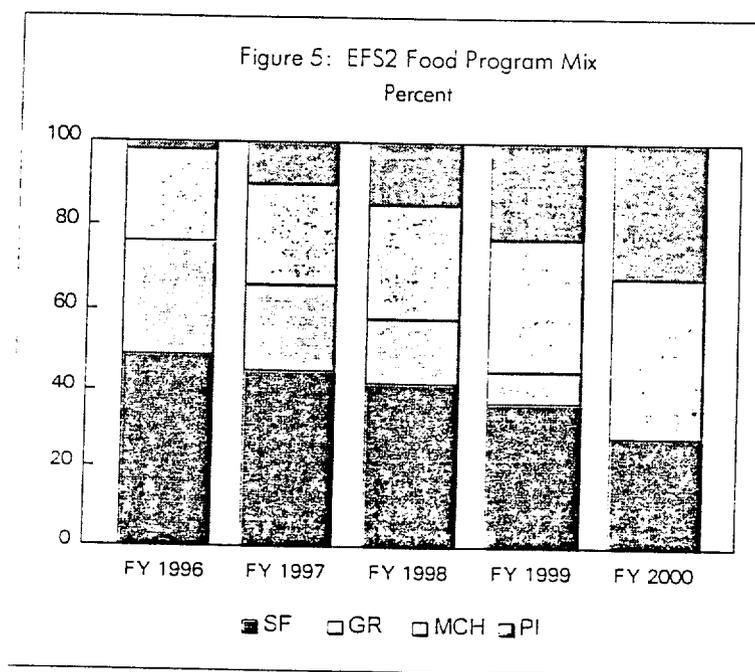


Figure 5: EFS2 Food Program Mix  
Percent



◆ By FY 1997, all PVO sponsors' MCH programs will be meeting the basic requirements of the MSPP/HS2004 package as reflected in Figure 6.

This will be accomplished with the combined resources of EFS2 and HS2004. It is emphasized that the food-assisted MCH programs will be undertaken within the MSPP "communal health unit" (UCS) structure. A UCS is defined by the MSPP as an administrative entity which coordinates various sectoral resources for the provision of a basic package of health services for a geographically and demographically defined population. The UCS may correspond to the geographic border of one commune, of several communes, or part of a commune, particularly in urban areas.

The requirement to meet the basic package standards within the UCS structure does not mean that PVO sponsors are expected to implement all facets of the basic package themselves with EFS2 funds. However, they must work with MSPP and other NGOs in the defined UCS to assure that beneficiaries have regular access to all services.

◆ By FY 2000, all sponsors will have explicitly demonstrated their ability to obtain self- and other donor financing, decreasing Haiti's dependence on U.S. government resources.

The PVO sponsors have developed preliminary targets for achievement of these parameters in draft DPPs, although targets are generally more ambitious than resources can support. The sponsors final DPPs will be submitted to USAID/W in June 1995 and, subject to revision and discussion, approved. Mission PHN staff will work with Washington staff to assure that mutual interests regarding the DPPs are addressed and met.

**Figure 6: BASIC HEALTH PACKAGE**

**CHILDHOOD IMMUNIZATIONS/ NUTRITION**

- DPT                    3 Doses
- Polio                   3 Doses
- Measles               1 dose
- BCG                    1 dose
- Identify low birth weight infants
- Weigh infants/children
- Distribute cups, spoons for breastmilk
- Identify growth faltering
- Distribute Vitamin A, 6 mos-7 yrs
- Food supplement, Nutrition rehab
- Deworming

**FAMILY PLANNING**

- Family Planning counselling and services
- Adolescent Family Life Education
- STD counseling and condom promotion/distribution

**PRE-NATAL, MATERNITY CARE, STDS**

- Pre-natal consultations, risk assessment and referral
- Tetanus Tox, 5 doses, for women 15-49 yrs
- Iron, folic acid, malaria prophylaxis, syphilis diagnosis/treatment
- Attended birth, maternity care
- Newborn resuscitation, postpartum care, vitamin A, physical assessment
- Post partum family planning, STD, child survival counseling

**TREATMENT OF THE SICK CHILD**

- Diagnose, refer or properly treat diarrhea, malaria, pneumonia, measles, and intestinal parasites using WHO algorithm and approved products.

USAID PHN staff will work closely with PVO sponsors over the next six months to ensure that EFS2 proposals and Cooperative Agreements provide more detail as to specific, realistic, and measurable results to be achieved beyond the simple number of beneficiaries.

The preliminary output for the MCH portion of the core program is that *M2/M3 malnutrition will be reduced by about 40 percent to under 10 percent for M2 and under 2.5 percent for M3 among a minimum of 230,000 chronically malnourished children under 5 years of age by year 5* through holistic food-assisted MCH, in concert with technical assistance provided under HS2004. More detail on how incomes will be increased through the new productive infrastructure component is found in section 2.1.2 below.

USAID will enter into new Cooperative Agreements with ADRA, CARE, and CRS in the first quarter of FY 1996 to provide for multi-year support for mutually agreed DPP programs. The estimated LOP cost of the core program is US\$39.7 million in DA funds over 5 years, with an equivalent US\$ 150 million in commodities CIF Haiti, and US\$13.1 in monetization proceeds from Title II sales added to this total. An additional US\$1.8 million equivalent in FY 1996 is programmed in Title III funding, and Title III funding for FY 1997 and out-years may be available. However, given cut-backs in Title III worldwide, the budget does not assume its availability beyond that which is already in Haiti.

### **2.1.2 Productive Infrastructure for Mitigation**

Table 2 and Figure 5 above demonstrate that core program mix will shift from only 2.7 percent productive infrastructure in FY 1996 to an estimated 32 percent in FY 2000. This is a new focus area for existing sponsors and one which will take careful mutual planning to implement successfully. DA funding is included in the overall US\$39.7 million core program. Beginning in FY 1997, monetization of some Title II commodities will be undertaken to supplement this, as necessary and appropriate, with generated local currency for complementary input needs.

As stated in section 1.1, lack of purchasing power, or poverty, is the root cause of hunger in Haiti. The root cause of poverty is low productivity which reflects inadequate investments in human and physical capital. The core activities of the PVO sponsors -- the MCH and SF programs -- are an important part of enhancing food security in Haiti because they represent an investment in the Country's human capital. Better educated and healthier children will be more productive, once they reach adulthood. However, it will take time before the impact of these programs will show up as higher levels of worker productivity. In the meantime, resources from food assistance programs will be used to increase the amount of investment in the country's productive infrastructure, which will have a more immediate impact on the productivity levels and incomes of the people living in the communities affected and result in more sustainable improvements in their food security.

The sub-component will be developed based on the positive experience of USAID and PVOs under the EFS1 Jobs Creation program (JOBS) and Productive Land Use Systems, or

PLUS. JOBS and PLUS implementing agencies and USAID engineers developed technical models and prototypes for a number of labor-intensive productive infrastructure and agricultural development activities that can be easily adopted by Title II PVO cooperating sponsors. Both projects promote community- and farmer-driven agendas which maximize participation in choice of activities.

The JOBS experience over the last year suggests that programs which employ people even temporarily are an essential part of any food security strategy in Haiti, both because of the extremely high levels of under and unemployment and because of the deplorable state of the country's infrastructure. These interventions are important in the short-run, because they are labor intensive and provide jobs and income to food insecure people. They also have important impacts on improved food security in the medium to longer-term, because they create physical infrastructure that, among other things, increases farmer productivity, and reduces transportation costs, thereby reducing food costs.

The JOBS evaluation is informative in terms of short- and long-term benefits. It examines the impact on short-term income and found that only 16 percent of those who received jobs had been previously employed in work other than farming. Of the individuals interviewed, 54 percent said they bought food with the money, 26 percent said they bought a radio, 14 percent purchased some medicine, 22 percent invested in animals, and 22 percent said they spend some of the money to pay for schooling. In terms of more lasting benefits, in rural areas JOBS efforts at irrigation rehabilitation opened 27,000 hectares of land with an estimated additional 21,000 MT of food per year produced. In urban areas, it was estimated that every US\$1.00 spent on garbage cleaning contributed US\$1.86 to the economy. (JOBS Evaluation, May 1995, p. 10 ff).

Figure 7 provides a set of recommended productive infrastructure modules for use in rural areas. The

**Figure 7: BASIC RURAL MODULES**

**SOIL & WATER CONSERVATION**

Hedgerows, rockwalls, checkdams, stubble barriers sited, constructed, maintained by communities according to MARNDR standards

**IRRIGATION REHABILITATION**

- communities clean, rehabilitate canals and undertake improved water management
- land opened to irrigation leveled, planted, and managed using appropriate cropping technologies

**MULTI-PURPOSE PLANTATIONS**

- 50% survival rate after 2 yrs on plantations comprising hardwood and fruit trees
- community nurseries established and meeting demand for seedlings without operating subsidies

**IMPROVED CROP YIELDS**

- 75% farmers in participating communities demonstrate ability to select improved seed, and 50% planting improved seeds
- 50% farmers in participating communities planting on contours or using other recommended technologies

**POST-HARVEST LOSSES**

- communities undertake pilot improved on-farm storage efforts

**ROAD REHABILITATION**

Key farm-to-market roads cleared to permit 5 T trucks

package serves as a "menu" of activities which have proven effective under JOBS and PLUS. Under EFS2, PVO Sponsors will be encouraged to choose and implement one or more of them in collaboration with participating communities. Operating of nurseries under "multi-purpose plantations," seed selection and multiplication micro-enterprise under "improved crop yields" and demonstrations for on-farm storage are activities particularly suited for women, and sponsors will be encouraged to assure their participation in these and other efforts.

The irrigation rehabilitation and road rehabilitation activities are modeled on JOBS, and PVO sponsors will be encouraged to use JOBS technical models should they undertake these activities. They will also be encouraged to maintain the minimum of 25 percent women workers that was successfully applied under JOBS. Of particular importance will be working with the USAID Environmental Staff to assure that such rehabilitation efforts meet USAID standards.

The farm level interventions were developed under the PLUS project to address natural resource degradation by coupling increased food crop production and farm family income to the adoption of sustainable agricultural practices which conserve the environment. Since 1993, 40,000 farm families have used these practices. USAID EG staff and MARNDR will develop a protocol that establishes broad outlines for intergovernmental collaboration providing the basis for the PLUS project and the Ministry to develop a plan of action for a progressive transfer of PLUS activities to the MARNDR. Prior to that integration, USAID will provide assistance to the MARNDR to help that Ministry rebuild its institutional capacity. This will include assistance to the Ministry and PVO Sponsors to collaborate on PLUS-type activities those areas designated "most food insecure."

Figure 8 provides a recommended set of modules for implementation in urban areas. The set is based on experience under the JOBS program and other urban initiatives. Many of the urban interventions proposed under EFS2 are actually drawn from the CARE DPP, and CARE is expected to be the leader in urban development under the project.

#### **Figure 8: BASIC URBAN MODULES**

##### **GARBAGE & SEWERAGE**

- households maintain and use covered garbage containers
- households construct and maintain pit latrines and other structures to isolate waste
- communities construct and maintain latrines and other structures for community use
- households and communities undertake regular removal of garbage and debris, including human and animal waste, from yards, streets and other locations

##### **POTABLE WATER**

- households maintain and use covered water containers
- communities construct and operate community potable water systems to appropriate technical and health standards

##### **WASTE WATER**

- households maintain and use waste water disposal systems
- communities clear drainage canals and remove sediment on regular basis to permit surplus and waste water evacuation

The JOBS evaluation demonstrated that although street cleaning had a very high short-term impact, its benefits have a short duration. A few days after the street is cleaned it can be filled with debris again as people continue to dispose of garbage. Because EFS2 is interested in short and long-term benefits, PVO sponsors will be required to work with communities to establish regular waste and sewerage disposal systems. This requirement should lead to a number of secondary benefits in group organization, and will contribute to community ownership and thus sustainability over time.

The technical and economic feasibility are not issues for this sub-component, based on JOBS and PLUS models and experience. The more important issues are: Title II sponsors capacity to adapt their food distribution apparatus to the more flexible needs of productive infrastructure; and the socio-cultural feasibility of Food For Work in Haiti, given its decidedly mixed history.

In terms of sponsors' capacities, in its draft DPP for FY 1996-FY 2000 CARE developed a comprehensive urban water, sewerage, and sanitation program for slum areas of Gonaives which meets the Miami and USAID policy precepts and the basic package in Figure 6 above. ADRA has proposed increasing Food For Work, which it has traditionally carried out as soil and water conservation efforts in its rural target areas, and which will be focused to meet the standards summarized in Figure 7. CRS has less experience with using food in productive infrastructure, and has expressed reservations about technical requirements. Given CRS' strong and proven capabilities in MCH, USAID and CRS might want to consider building on this with only modest water and sanitation PI activities directly related to its MCH work. In summary, the sponsors have expressed interest and capability in moving in to productive infrastructure but need to be better acquainted with the JOBS and PLUS technical and organizational models, and encouraged to go further.

In terms of socio-cultural feasibility, FFW has an historically negative image in Haiti. Among the criticisms leveled at prior efforts were: projects were poorly selected and frequently were not well designed technically and did not receive the necessary complementary support; participants/beneficiaries were not sufficiently motivated; some infrastructure was built that was not maintained by the community; programs were taken over by community elite and only those under their patronage benefitted; providing people with food for work performed in food promotes a feeling of dependency because participants were seen to be accepting a "handout" rather than receiving wages or cash payments; or worse, providing people with food instead of cash has negative overtones because that is how slaves were "paid" during colonial times.

But there is a more serious issue: is using food to pay for work performed culturally acceptable in Haiti given its history? The 1984 Pragma evaluation of Haiti's FFW efforts

was strongly positive.<sup>4</sup> It claimed that FFW problems were due to the perceptions of the PVO sponsors who tended to view their food for work projects as a feeding program for the rural poor -- rather than a jobs program -- and to base the amount of food provided to workers on the basis of nutritional needs rather than the minimum wage. The evaluators also found that the sponsors were confused as to whether the real thrust of their projects was to create jobs and public infrastructure or to build communities. In other words, FFW's bad reputation in Haiti may be more due to poor management than deep-seated cultural beliefs.

If using food in this manner is culturally acceptable, the other problems cited can be managed with better design and management systems, many of which have been developed under JOBS and PLUS. Given the guidelines with respect to the uses of "food as food" and the need for developmental impact, this is an issue that PVO Sponsors must address. Over the next two years, they will need to develop and undertake pilot programs to test: i) whether FFW programs can effectively operate, contrary to prevailing thinking; ii) whether FFW programs function better if the food is used alone or in combination with cash; and/or iii) whether FFW is more effective when used as an incentive for members of a community to work together on infrastructure improvements that will directly benefit their community, rather than paid to individuals alone.

The working assumption is that FFW or a combination of food and cash-for-work is a viable option, if projects are chosen carefully and are valued by the community. Drawing from the 1984 evaluation, guiding precepts for project selection include:

- ❖ FFW should concentrate on infrastructure development and training in the most food insecure urban and rural areas;
- ❖ Worker rations should be considered as a wage, and the sponsors should set a wage equivalent in commodities based on prevailing minimum wage rates;
- ❖ FFW projects should be based on models developed under JOBS or experience with PLUS and should be designed to incur minimal recurring costs, even if this means greater costs in the form of materials and technical assistance during implementation.

Within these precepts, sponsors will be encouraged to develop other activities designed to work with poor, food insecure households. Project funding is provided for a series of workshops with the sponsors over the late FY 1995-early FY 1996 to help them plan their PI sub-components more carefully. The plans will include careful pilot efforts at monetization to provide for higher cost supplemental inputs. Should one or more of the

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<sup>4</sup> Kenneth Ribyat, Kathrin Lauer and Jacqueline Nowak Smucker, "Haiti Food For Work Evaluation," prepared for USAID under Contract PDC-1406-I-01-4095-00 by The Pragma Corporation in October 1984.

PVOs be unable or unwilling to meet the challenge, the Mission is prepared to invite other registered sponsors to participate or to consolidate to fewer cooperating sponsors. Given policy and shortage of food and dollar resources, neither USAID, the sponsors nor Haiti can continue emphasis on unproductive short-term relief.

Beneficiaries are expected to comprise one-third urban and two-thirds rural as in the core program, but the actual incidence will be developed in more detail in Year One. The sub-component output is that *350,000 urban and rural families will have average increased real income of about 15 percent from direct food and/or cash wages and the benefits of the productive investments, and an additional 700,000 families will benefit from increased income of about 15 percent from the productive investments alone on a more sustained basis.*

This number is high because it is assumed that sponsors will move activities to different communities at least on an annual basis, instead of feeding the same individuals annually. It is explained in more detail in section 5.1.4, Project Beneficiaries. This benefit incidence and spread, coupled with assumed tangible income streams in participating communities for at least the medium term, provides much greater impact per unit invested than other options assessed.

### **2.1.3 Rapid Response Mechanisms**

In spite of the accepted need to shift resources from relief to development, it must be assumed that parts of Haiti will continue to suffer transitory food insecurity due to natural or man-made exigencies. For this reason, PVO sponsors must retain a "readiness" capability and must be prepared to undertake both mitigative and emergency programs when indicated.

Under EFS2, the FSIS will guide rapid responses to food insecurity that result in long term, positive food security impacts in areas identified as vulnerable or food insecure. Information provided by the FSIS will influence the use of resources by the system's clients - the PVOs, GOH, and other donors -- for achieving greater food security in Haiti. The functioning of the FSIS and its transition out of USAID and the PVOs to greater GOH ownership is discussed in section 2.2.2 below.

There are two basic types of rapid response mechanisms to be employed:

- i) As now carried out under the current emergency program, direct supplemental food distribution of some fixed periodicity to the most food insecure locations is the most obvious response. This type of response, when small and localized, can be handled within the regular program levels. If the event is of larger scale, such as a hurricane, OFDA funds will be sought.
- ii) More innovative mitigative efforts in select locations when a drought or other crop failure is known to be occurring, will be carried out under the productive infrastructure component described above. These types of activities might range from distribution of small ruminants or seeds and tools, such as carried out under

various NGO programs nationwide. They are covered in existing budgets under the core program above.

The driving forces behind these types of rapid responses are the FSIS, which is discussed in 2.2.2. below, and PVO readiness. This latter means maintaining personnel and storage areas in locations which are subject to periodic natural and/or man-made problems but which may not be targeted as "the most food insecure" in a chronic sense. Thus, the PVOs may maintain small SF or MCH programs in certain communes that do not suffer chronic vulnerability but are prone to periodic emergencies, in order to have some on-site presence when problems occur. This category would cover certain of the CRS sites in the South, which are particularly prone to hurricanes and floods; some of the urban sites of CARE, which are subject to urban unrest; and some ADRA communes in the Central Plateau, which suffer periodic drought.

There is no specific budget for rapid response beyond that provided in the FSIS under 2.2.2 below. Imputed costs beyond the FSIS for "readiness" are difficult to quantify, but include the maintenance of food delivery systems in areas that may not be chronically food insecure, and extraordinary costs incurred when shifting management for emergencies. The output derived from FSIS inputs, however, is that *"most food insecure areas" and "emergency prone areas" are identified by September 1997, and appropriate rapid response are options catalogued for each area by 1998.* These two actions, at least, should move Haiti's "readiness" to a least cost and thus more sustainable mode.

## 2.2 Support Services

### 2.2.1 Improved Collaborative Policy and Planning

By design, EFS1 did not work with the GOH due to FAA legal prohibitions, although solid professional collaborations have been built in the last year. Under EFS2, this imbalance will be addressed. The GOH is engaged in internal dialogue about the most appropriate locus for food security policy and planning, and USAID and other donors are assisting in that regard. Under EFS2, funds are allocated for short-term TA, training and limited commodity support to promote this dialogue. It is hoped that by the end of the project the GOH will have developed and made operational a food security policy in several dimensions.

As described above, officers of the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR) presented a summary of the Food Security and National

Agricultural Policy at a recent popular roundtable.<sup>5</sup> The presentation summarizes the strategy to implement a national food policy including:

- ◆ the establishment of a multisectoral coordinating mechanism to develop a food and nutrition policy at the highest level. The mechanism must stimulate participation of all involved, including the public sector, the private sector, cooperatives and popular organizations, and NGOs.
- ◆ the establishment of a unit for supervision and coordination for bilateral and multilateral assistance;
- ◆ the establishment of an efficient food and nutrition monitoring system which assesses both food security status and programs, be they public, private or community-based.
- ◆ the adoption of appropriate legislative measures (it is intriguing that this is included with no further explanation in the paper, although this may refer simply to an *Arrete*, or decree, to create an Intersectoral Commission.)

The MARNDR has personnel and offices to carry out part of the food and nutrition monitoring system, through its decentralized communal and departmental offices and its Agricultural Information and Statistics Unit at the center. This array is collaborating with USAID and PVO personnel under the FSIS, and is a logical locus for increased commodity production and market data collation and analysis as the system grows.

The MARNDR paper later proposes the creation of an Intersectoral Food Aid Commission, although it is not clear to the Design Team where this fits in the range from a food *security* policy development and coordination function to a food *aid* coordination unit as summarized early in the paper. The Intersectoral Food Aid Commission is to:

- ◆ elaborate a global framework for food security interventions;
- ◆ assure monitoring of all food aid activities and their impact on food security;
- ◆ mobilize a platform of dialogue and reflection on common intervention strategies, targeting, and indicators, and to obtain consensus on specific proposed strategies.

Subsequent discussions with the European Union (EU) revealed that there is a draft Terms of Reference for the Commission which would put it under the oversight of the MARNDR. There is concern, however, that if this function is housed at MARNDR, the

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<sup>5</sup> "Politique de Sécurité Alimentaire et Politique Agricole Nationale," synthèse préparée et présentée par Danielle AVIN et Philippe MATHIEU, Forum Libre de jeudi 9 février 1995.

critical health and nutrition aspects of food security may be overlooked. The participation of the health community is important, both in terms of the MSPP in policy and planning, and in terms of the wide network of capable NGO health care providers throughout the country that participate in surveillance and mitigative measures. There is further concern that some of the macroeconomic issues, particularly those involving food import licenses and tariffs, may not be well integrated in the whole. Simply put, the relationship between a Food Aid Commission, and food aid strategy, and a Food Security Commission, and food security strategy, is still not clear. The Mission was told that the GOH is debating these issues, and that resolution will occur in the coming months.

The EU will provide a consultant and funding beginning in September 1995 to help the MARNDR establish the Food Aid Commission and it is expected that relationships will become clearer at that time, if not before. The EFS2 budget includes approximately US\$1 million for 17 pm expatriate short-term TA and 35 pm local short-term TA, 20 pm short-term participant and 48 pm local training (including roundtables and consensus workshops), and limited commodity support to facilitate the work of such a unit. The funds will be provided within the institutional contract for the FSIS, to assure linkages among collectors, analyzers, and users of data. The policy and planning funds will be programmed collaboratively with the GOH and EU to assure that priority emphases receive attention. The proposed output for this component is that *the GOH will have developed and be implementing an operational food security policy and strategy by FY 1999.*

### **2.2.2 Improved Information for Decision Making**

This project will continue to support the development of the Food Security Information System (FSIS). An interim system was begun under the EFS1 to help the Mission and the PVO sponsors better understand food security problem(s) and to help better target and tailor programs to the more food insecure. The need for such a system was also driven by the desire to get early warning of situations that are likely to have a negative impact on the food security of particular populations, such as the drought that affected the Northwest for several years in the early 1990s. EFS2 will fund continued development of the system but will emphasize developing Haitian ownership and institutionalizing it in a Haitian organization.

The FSIS evolved from the MU system that was established within the USAID shortly after the coup. The system includes a number of indicators that have particular relevance to those interested in the state of the food security situation in Haiti, including information on food and agricultural production, food prices, and health and nutrition status.

Information from the FSIS will enable the PVO sponsors to better target their interventions, particularly in rural areas. Concessional distributions in rural areas can easily have disincentive effects on local food production as well as on the supply of labor if it is not carefully targeted seasonally and geographically to areas of need.

The information already being collected from sentinel posts on child malnutrition can also be used to target the MCH interventions to the areas of the country with the highest levels of malnourished children. Within these areas the individual children will be targeted through the program itself, through use of standard growth monitoring techniques. The FSIS will also have an important role to play helping to monitor and evaluate the impact of this project particularly at the purpose level and particularly with respect to the impact of project interventions on nutrition and household incomes.

The FSIS was designed in mid-1994 as a nine-month system to provide basic information gathering and analysis until such time as political resolution and new project funding made a full system feasible. Given conditions at the time, the original FSIS defined its primary clients as USAID and the PVO sponsors, with secondary clients among the GOH, other donors, and other NGOs. The MARNDR has been actively involved in FSIS development and supports it fully. The MSPP has not been involved, although the NGO CHI continues to provide all sentinel health, nutrition and price reporting, and has trained PVO sponsor personnel as well.

The FSIS will provide data and analyses useful for defining areas that are chronically "most food insecure" and those that are more vulnerable to transitory shortages. FSIS outputs consist of agricultural production estimates, household food security baselines and market indicators, and will be available by December 1995.

The first agricultural production survey was conducted under EFS1 financing in May-June 1995. The survey is based on the stratified random agricultural area sample frames developed in the early 1980s under the ADS project. Survey analyses will provide statistically valid agricultural production estimates at the national level and probably at the regional level. The surveys were being carried out by a U.S. institutional contractor using Haitian researchers.

The three PVO sponsors will complete household baseline surveys by December 1995. CARE's is complete and the report is in process. CRS's survey is in process and ADRA's is scheduled to follow. The baseline surveys are stratified by agro-ecological zones and will provide information on the structure of Haitian socio-economies.

Market-based indicators monitored by affiliate organizations such as CHI include farmgate, market and livestock prices, which are collected by FSIS staff working for the different PVO sponsors. Imports and exports are monitored at the ports by FSIS staff. CHI continues its sentinel surveillance of anthropometric indicators, including pre-school child malnutrition and morbidity and low birthweight. USAID has directly procured instruments to rehabilitate the MARNDR's rainfall measurement network. The PVO sponsors provide food aid delivery information.

The FSIS has been well planned in a participatory manner and appears to be close to providing its first reports. The enthusiasm and high degree of participation, and the potential

for the system to provide critical information for decision-making, indicate that it should be continued for the life of EFS2. However, now that USAID is able to work with the constitutional government, the system must be moved out of direct USAID management to attain more GOH ownership over time.

The system will eventually operate through three inter-related levels of effort:

◆ At the national level, the Intersectoral Food Aid/Security Commission is expected to designate a GOH office or institution to serve as key coordinator for FSIS efforts. This office will house a System Coordinator and other key staff and assure that: i) systems for data collection and collation at the communal and district levels are developed and functional; ii) systems for limited data analysis at the regional level are being developed; and, iii) systems for full analysis, synthesis and dissemination are functioning at the center. It is likely that agricultural and rainfall data will continue to be collected by decentralized MARNDR staff, its NGO collaborators in the field, and ANDAH, and that health and nutrition data will continue to be collected by CHI and its MSPP and NGO collaborators. "NGO collaborators" encompass a much wider group than Title II PVO sponsors alone. However, these data will be fed into a central point which will move from USAID and the Title II PVOs to a Haitian organization during the first 3 years of the project.

◆ At each Title II PVO Sponsor's level, staff will be devoted to Monitoring, Training, Information and Evaluation (MTIE) units to collect basic data at the project level which will feed into regional and national analyses above. The Baseline Studies to be completed by the end of CY 1995 are a key step in this process. The MTIE's will also undertake periodic special studies and focus group interviews to address specific problems as they occur. Of particular interest in the first year will be developing a better understanding of reasons for looting community warehouses, and of perceptions regarding Food For Work.

◆ On a periodic basis, central and regional staff and PVO/NGO collaborators will come together for workshops and roundtables to review findings and develop lists of topical surveys to be undertaken. These findings will feed directly into the policy and planning process outlined in 2.2.1 above.

Under the FSIS, the data collection efforts have been funded through the three PVO Cooperative Agreements, the CHI grant under VACS, an OFDA PASA, and a number of direct USAID commodity and service procurement instruments. Under EFS2, funding for these activities will be shifted from this wide array of instruments to two types: the three PVO sponsors will support the MTIE activities within their core program Cooperative Agreements; and, all other FSIS funding will be shifted to a competitively selected minority institutional contractor. While it is acknowledged that use of a contractor will add overhead costs to the effort, it will reduce significant USAID management time and, importantly, will

contribute to moving identification of FSIS as "USAID's system" toward more GOH ownership.

This process will be gradual. USAID will maintain close contact with MARNDR and EU as they move toward agreement on the new project and assignment of TA to the new Intersectoral Commission. Based on the outcome of the MARNDR (and other ministry) and EU negotiations, USAID will develop a final Scope of Work by September 1995. The contract will be competed in the first quarter FY 1996 among minority firms with experience in computer information systems and famine mitigation and is expected to be awarded by the second quarter FY 1996, when EFS1 funding for the various FSIS instruments ceases. It will include funding for long and short term TA and other support necessary to operate the FSIS, including funding for MARNDR/ANDAH and CHI, with decreasing staff as the GOH counterpart unit gears up. Funds are also provided for Port-au-Prince office rental and operations for the contractor; however, if the MARNDR has space available that can be upgraded, this option should be pursued.

The process of transition will also take into account the development of an environmental monitoring effort under the proposed new Environmental Assistance Package (EAP, No. 521-0257) proposed for an FY 1996 start. This project is being developed by USAID's EG office in collaboration with the Ministry of the Environment, and foresees a nationwide natural resource/environment monitoring unit. Project designers for EAP will collaborate closely with MARNDR personnel engaged in FSIS to assure complementarity of efforts.

A total LOP funding of US\$5.8 million is allotted to the institutional contract, of which US\$1 million is for the policy and planning efforts described above and approximately US\$4.8 million for technical assistance and support costs for the FSIS. A detailed budget is found in section 6. By the end of the project, the following output will be achieved: *improved collection, collation, analysis, dissemination and use of food security information for decision making by GOH. PVO sponsors, and international donors.*

### **2.2.3 USAID Logistic, Management and Oversight Support**

Project funding will be used to support personnel and personnel support costs of the PHN Food For Peace (FFP) management team at USAID Haiti and continued operation of the Central Warehouse. The USAID management team consists of the USDH Food For Peace (FFP) Officer in PHN, who is funded by Operating Expenses (OE), and 5 years each of 13 PSCs, including an international hire PSC-FFP, two senior FNPSCs -- the EFS Project Manager and the FFP Logistics Officer -- two FFP Monitors, one Nutrition Coordinator to promote integration with HS2004 activities, three Administrative Assistants/ Secretaries, and four Driver/Mechanics.

This management team will assure that the project follows all relevant requirements of both Regulation 11, which guides Title II food activities, and Handbooks 3 and 13 and new guidance, which guide DA-funded activities and management of Cooperative Agreements. On the Regulation 11 side, it will be responsible for assuring the secure and efficient ordering, receipt, and distribution of 188,500 MT of Title II commodities. On the HB 3 and 13 sides, it will have direct management oversight for the three PVO sponsor Cooperative Agreements, two major institutional contracts (FSIS and Central Warehouse), and policy dialogue and coordination with the GOH and other donors.

The Central Warehouse contract under EFS1 will be continued with the same contractor through August 1996, to avoid any possible disruption of services during the politically sensitive times. A new competitive invitation for bids will be prepared in March/April 1996 to provide adequate time for contracting and to mitigate disruptions to the extent practicable. The specifications will be developed by PHNO staff and will include decreasing space and support needs over time to accommodate the decreased program size.

Funding totalling US\$4.4 million over the 5 year LOP is provided for personnel and support costs for 13 staff positions, 13 pm of short-term expatriate and 61 pm of local short-term TA for topical support, evaluations and audits, and procurement of limited vehicles and office equipment by direct USAID instruments. Funding estimated at US\$1.8 million over the 5 year LOP is reserved for the central warehouse contract.

### **3. PLAN OF ACTION**

#### **3.1 Administrative Arrangements**

##### **3.1.1 Government of Haiti**

The project will be structured to include both a bilateral Project Grant Agreement (ProAg) for approximately US\$5.8 million with the GOH for the policy, planning, and FSIS component, and US\$4.2 million in direct USAID instruments for the remaining activities. Although the ProAg will be negotiated with the Office of the Prime Minister it will designate the Intersectoral Food Aid Commission as the lead implementing agency for the GOH. The Prime Minister will be encouraged to name a lead ministry or office to act as liaison while the Intersectoral Commission is formed. Given the time it will take to establish and staff up the Commission, it is likely that the MARNDR will serve as at least interim key GOH signatory under the grant.

The Intersectoral Commission will designate a Project Liaison Officer to serve as the key counterpart for the USAID Project Officer and the institutional contractor representative in Haiti. The Liaison Officer will maintain knowledge of activities under the project and will be able to brief the full Commission, and others, on progress and problems. The Liaison

Officer will help facilitate GOH support to project activities in Port-au-Prince and the provinces.

Facilitating linkages among all players is expected to become increasingly important as more donor projects come on stream and ministries gear up to implement them. Additionally, the June 1995 Parliamentary and local government elections will add a new and vibrant layer into all work at the local level. It is important that the coordination of policy, planning, and FSIS efforts under the ProAg and the PVO core programs under their grants be undertaken by the GOH, at an intersectoral level, and not by the donors and PVOs alone. If FSIS is to remain truly multi-dimensional, it must continue to obtain different points of view and different sectoral inputs.

As stated above, the budget for the institutional contractor includes rent and operating costs for a local office. USAID will continue to discuss options with the MARNDR and other players over the course of ProAg development to determine if upgrading existing space is preferable. USAID will also explore specific financial mechanisms for the contractor to provide punctual support to MARNDR teams for data collection and other FSIS activities.

### **3.1.2 PVO Cooperating Sponsors**

Justification for Non-Competitive Grants to PVOs will be submitted to the Contracting Office along with the related PIO/Ts. As stated earlier, if one or more of these sponsors chooses not to support the shift to more development impact, USAID will invite other registered sponsors to participate or consolidate to fewer players. This is not, however, anticipated, and it is likely the ADRA, CARE and CRS will remain the primary implementers of the Title II program in Haiti.

USAID will continue to work with these PVOs as this PP and their DPPs are finalized to ensure compatibility of efforts. All three sponsors have adequate dollar and local currency funding in existing EFS1 Cooperative Agreements to carry them through about December 1995. USAID PHN and Contracts Office staff will work with the sponsors in the fourth quarter FY 1995 to develop more detailed terms for the new EFS2 Cooperative Agreements, so that as soon as FY 1996 funds are available, they can be signed. The Agreements will be developed for the full five year LOP, with incremental funding provided as available.

As discussed in section 6, the PP budgets for the core program are based on an average per beneficiary per year unit cost. Sponsors will be instructed to stay within the ceilings established by these unit costs as they refine their DPPs. The desired "ratcheting down" of beneficiary levels, and thus budgets and staff, will be a difficult process for all involved, but a necessary one. The high cost of transporting food around Haiti must begin to yield more measurable results.

### 3.1.3 Other Contractors

The Scope of Work for the policy, planning and FSIS contractor will be developed in consultation with the MARNDR and other appropriate GOH offices during fourth quarter FY 1995 for an early FY 1996 start. Following USAID procurement policies, the preliminary parameters of the work suggest that it is appropriate for a small and disadvantaged business under the 8(a) program. PHN will work with the Contracts Office to develop an abstract of the SOW against which a short-list of qualified contractors can be drawn up. The Mission is aware of several 8(a) firms with experience in data systems and/or famine mitigation, of which at least three are Haitian-American firms.

The policy, planning and FSIS contractor includes one long-term expatriate position and several local staff positions for data entry and analysis. It additionally provides for short-term assistance in policy development. The scope of work will be results-oriented to the extent possible, and the request for proposals will encourage offerors to propose staff mixes they deem appropriate. In order to strengthen the results orientation, the Contracts Officer will explore use of a Cost Plus Award Fee contracting mode.

The policy, planning and FSIS contract also includes provision for an estimated 20 person months of short-term participant training. This training will be collaboratively programmed on an annual basis, and is expected to provide support for attendance at seminars and workshops on food security policy, as well as limited technical courses for GOH staff. Given the extreme paucity of GOH budgetary resources, the Project Authorization provides a waiver of the standard GOH payment for the participants international travel from Haiti.

Based on its designation as "USAID's Number One Warehouse" worldwide, the Central Warehouse contract is being extended through FY 1996 to prevent disruption in services during the politically sensitive period. Specifications for the new competitive bid will be developed by PHN during the second quarter FY 1996, so that the new contract can be signed prior to August 1996 when funding for the current one runs out. The specifications will take into account the planned sharp decrease in volume of commodities to encourage competitive pricing. The contract will be executed for a four year period, subject to availability of funds.

USAID PHN will continue to amend and execute a host of PSCs and personnel support procurements on a routine basis, following standard administrative procedures.

## 3.2 Implementation Schedule

An implementation schedule is found at Figure 9 overleaf.

FIGURE 9: IMPLEMENTATION SCHEDULE

	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5			
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00		
<b>PROJECT CYCLE EVENTS</b>																				
Project Start	X																			
Project Authorization																				
Contract and Notification Complete																				
Funds Obligated																				
Final Implementation Review																				
Final Report Complete																				
Final Audit and Market Funding																				
Close																				
<b>SPONSORING CORE PROGRAM</b>																				
Contract Approved/Revised																				
Contract Awarded/Revised																				
Contract Amendments Issued																				
Contract Deliverables																				
Contract Milestones																				
Contract Reporting																				
Contract Closeout																				
<b>PRODUCTIVE INFRASTRUCTURE</b>																				
Contract Start																				
Contract Milestones																				
Contract Reporting																				
Contract Closeout																				
<b>FINANCIAL PLANNING</b>																				
Contract Start																				
Contract Milestones																				
Contract Reporting																				
Contract Closeout																				
<b>OPERATIONAL SUPPORT</b>																				
Contract Start																				
Contract Milestones																				
Contract Reporting																				
Contract Closeout																				

## 4. DEFINITION OF SUCCESS

### 4.1 Intended Results

Within the 5 year LOP, the following purpose-level indicators will be achieved. More detail on calculations of relative income increases is found in section 5.2.5, Project Beneficiaries and Impact.

- ◆ One million Haitian families (roughly five million Haitians) will accrue increased income as follows:
  - ◆ in the short-term, SF programs over the LOP average 240,000 beneficiaries/year; each family is assumed to have 2-3 children in school, and the sponsors stay in the same school each year, so SF would yield 100,000 families benefiting from short-term income transfers equalling about 8 percent of annual income.
  - ◆ in the short-term, GR programs are targeted at 462,000 beneficiaries over the LOP: assuming some are from the same family, and dry rations are phased in beginning in FY 1996, a rough 100,000 families will accrue anywhere from the 8 percent benefit of one meal to a 30 percent benefit of a full family support. This is averaged at an estimated 10 percent increase in real income for those families involved.
  - ◆ in the medium-term, about 350,000 families will benefit from at least 4 months wages (food and/or cash) and the economic benefits of the infrastructure they improve over the LOP. The sustained impact on real income is estimated conservatively as 10 percent for urban households and 25 percent for rural households, for an average of 15 percent increase in real income for families involved.
  - ◆ in the long-term, productive infrastructure program indirect benefits are expected to have a ripple effect of 1:2, or 700,000 families benefiting from the efforts of 350,000 workers. The 700,000 families seems reasonable, indeed conservative, if one assumes multiple benefits from rehabilitated irrigation canals, roads, and soil conservation efforts. These families will receive an increase equal to about 15 percent in real income from the benefits of these investments.

Specific targets for percentage increases in income will be reviewed and revised following review of baseline data from the SLS further selection of productive infrastructure models.

- ◆ Improved nutrition will accrue to all children under 5 visiting MCH centers, which have a target beneficiary level of 768,500 over the LOP. The improvements will be most measurable among those that are chronically malnourished, which is estimated at 30 percent, or about 230,000 children. Within this group, incidence of M3 will

decrease to below 2.5 percent and of M2 to below 10 percent -- or about a 40 percent decrease from current levels.

## 4.2 Measuring Results

National nutritional baseline and surveillance exist and some sponsor programs are already well covered. As the "food" MCH centers integrate their activities into the broader HS2004/MSPP guidelines, they will be required to register populations and maintain detailed growth charts. Each sponsor's MTIE, combined with regular reporting under new MSPP guidelines, will provide timely and comprehensive measurement of the nutrition objective.

Baselines of income (expenditures) are being carried out by the sponsors under the FSIS and by the World Bank as part of its broader poverty reduction program. Both of these sources will provide the basis against which projections can be made. As the sponsors develop their productive infrastructure components they will be encouraged to undertake projected rate of return analyses to determine which have the highest benefits to poor families in the medium and long term.

## 5. ANALYSIS OF FEASIBILITY, KEY ASSUMPTIONS AND RELATED RISKS

### 5.1 The Issues

EFS2 is a strategic initiative that forces the integration of Title II program resources with other USAID activities in health and population, environment and natural resources, and economic growth. It marks the renewal of USAID's formal relationship with the GOH in the food security sector after a significant hiatus, and will forge greater linkages between operational, technical and policy stakeholders. The project builds on 40 years of experience with Title II food in Haiti, replicating successes and phasing out of unproductive endeavors. The Mission believes the project to be technically feasible and responsive to the challenges facing Haiti in the next 5 years.

Project designers have worked closely with public and private sector institutions in the preparation of the document. Several workshops and consensus-building meetings were held. The final product reflects the views of most involved.

During the course of design a number of assumptions have been made concerning political stability, commitment and ability of the GOH to engage in food security dialogue, and food management concerns. These are summarized below.

**Political Imperatives vs "Ratcheting Down"**: There are a number of exogenous factors that will affect the pace of decreasing beneficiaries, with four assumptions that are particularly critical to project success:

- ◆ The rate of investment and economic growth is expected to become positive in real terms in 1995 and increase thereafter, creating a favorable macroeconomic environment and fostering increased employment and income. This economic expansion will create a supportive climate for decreasing beneficiary levels. Conversely, if positive growth does not accrue, it may be more difficult for USAID to decrease levels as planned.
- ◆ The key political transitions are expected to occur without major disruptions to the economic revitalization (ref. Figure 4). Any major disruptions might require a humanitarian response of increased beneficiary levels to accommodate victims of strife.
- ◆ USAID's budget will not decrease beyond levels required to provide meaningful support to social welfare and economic revitalization during the political transitions. The DA budget is of most concern. If the new Farm Bill continues to provide significant amounts of food commodities, and there are no DA funds to move them, the project cannot be implemented as planned. Section 6, Financial Plan, includes some alternative scenarios in this regard.
- ◆ The GOH and its private sector associates (NGO and commercial) will be able to respond to natural and man-made disasters that occur during the 5 year period without extraordinary external management assistance. Although laws of probability dictate at least one Tropical Storm and associated floods, and at least one major drought in the Northwest, the assumption is that Haiti will not be in the eye of a major hurricane in the next five years.

Each of these is critical in terms of USAID's ability to "ratchet down" the beneficiary levels without undue political or humanitarian fall-out. The Mission will monitor each through existing PCPS, FSIS, and other systems, and be prepared to request emergency funding if deteriorating conditions so indicate. At this time, however, the assumptions appear reasonable and the phase-down politically feasible.

**Establishing Haitian Ownership:** With the exception of President Aristide's brief tenure in 1991, bilateral relations may be characterized as "strained-to-non-existent" through most of the period between November 1987 and October 1995, and most Title II efforts were planned and implemented by USAID and the PVO sponsors. The GOH is now actively reconstituting its key offices and taking an increasing role in food security issues. The next two-to-three years will be a time of transition, of letting go by USAID and the Sponsors, as GOH and citizen groups expand their capacities to manage their own development programs. The program must adopt a community- or farmer-driven agenda if it is to succeed. Perceived dependencies and entitlements must cease, at the citizen-NGO level and at the NGO/PVO-donor level. Each project component will move at a different pace, and progress will be slow and not always even. This must be expected, and USAID must maintain the pressure to promote Haitian ownership in spite of occasional delays as experience is gained.

Simply, if sustainable food security is to be achieved in the next 10 to 20 years, it can only be accomplished by Haitians. The process must be started now.

**Working for Measurable Results:** Title II program management must meet the relevant requirements of both Regulation 11, which guides Title II food activities, and Handbooks 3 and 13 and new guidance, which guide DA-funded activities and management of Cooperative Agreements. Regulation 11 in particular focuses on accountability and the secure and efficient ordering, receipt, and distribution of Title II commodities. PVO sponsor staff in Haiti and U.S. headquarters are most familiar with "Reg 11," and tend to focus on following its guidance.

This bifurcated set of responsibilities between the input-driven Regulation 11 and the results-oriented HBs 3 and 13 and new guidance bears some discussion, as balance will be difficult to maintain. Because of the high visibility of the food distribution program and the extreme vulnerability to theft and pillage, most of PHN/FFP actions have been necessarily directed at ensuring the Regulation 11 requirements are met. This emphasis has served the Mission well, as it has sustained Inspector General (IG) audits with minimal recommendations on three occasions. However, it is time for management and staff to move beyond Regulation 11 accountability requirements as a primary focus and into managing for development results. This implies much more core management team focus on the DA (Handbooks 3 and 13 and the new guidance) side of the project, so that PVOs can begin to understand what managing for results is all about.

Achievement of measurable development results requires that USAID and PVO sponsors engage in meaningful policy dialogue and coordination with the GOH and other donors on macroeconomic policy, socioeconomic, and local organizational issues well beyond the nuts and bolts of *franchises*, police escorts, and loss reports. This discussion is not meant to minimize the latter, but to point out that USAID and the PVO sponsors must increase attention to the former if measurable results are to be obtained. PHN and other USAID staff will host facilitated workshops over FY 1995-FY 1996 to foster creative approaches to the new focus and help all stakeholders make the transition easily.

**Pillage and The High Cost of Doing Food in Haiti:** With reference to section 6, Financial Plan, the EFS2 budget projects US\$17.50 in DA funds per beneficiary per year in addition to at least an equivalent amount in Title II commodities CIF Haiti, resulting in a very high cost-per-beneficiary in relation to other USAID projects. The unit cost of commodities is regulated by the Farm Bill and the exigencies of container shipping to Haiti, and is outside of the Mission and PVO sponsors' manageable interests. The Mission, sponsors, and GOH can work to decrease the cost when in Haiti, and to increase the benefits in relation to costs, to make the program more effective overall.

The major cost component for food management in Haiti is staff and equipment devoted to commodity security and accountability. In terms of a commodities-to-beneficiaries cost ratio, each metric ton of pillage decreases the number of beneficiaries that

can be served, thus decreasing the denominator and increasing the cost overall. In terms of decreasing costs, a major concern is thus pillage and how to minimize it. One successful mechanism has been the Central Warehouse, which has decreased port time and thus port loss, and will be continued under EFS2. Other mechanisms are discussed below.

All organizations involved in the Title II feeding program clearly recognize the importance of safeguarding food commodities and other program assets during periods of political instability. The history of Haiti suggests that civil disorders are likely to occur again, therefore the threat of pillage of the Title II program assets remains real.

As a result of security problems associated with the return of President Aristide in October 1994, the Title II sponsors established excellent working relationships with the U.S. and UNMIH military forces in protecting Title II assets. As security problems occur, the PVO Sponsors notify the appropriate authorities for additional support to ensure that the food reaches the intended beneficiaries. Also, the PVO Sponsors have developed a general policy wherein deliveries are suspended in areas where either delivery trucks or actual feeding centers are looted. Only after the security in that particular area has stabilized are programs restarted.

Additionally, USAID Haiti initiated contact with the civilian police elements (CIVPOL) of UNMIH in early April 1995 to discuss the importance of developing a plan to seize Title II commodities that have been stolen and are for sale from illegal wholesalers. CIVPOL responded positively and planning began almost immediately. Relevant GOH officials will participate in the development of this plan. A key feature will be incorporating a system of security for Title II program assets for the period after the UNMIH mission ends in March 1996.

During periods of political stability, USAID will keep Washington up to date on the overall security situation through reporting cables on the status of Title II program assets.

**FFW and Monetization:** The productive infrastructure component proposes reassessing the possibility implementing of Food-For-Work (FFW) on a broader scale. Section 2.1.2 examines the issues and prior analyses, and posits that FFW's bad reputation in Haiti may be more due to poor management than deep-seated cultural beliefs. It concludes that given the guidelines with respect to the uses of "food as food" and the need for developmental impact, this is an issue that PVO Sponsors must address. Over the next two years, they will need to develop and undertake pilot programs to test: i) whether FFW programs can effectively operate, contrary to prevailing thinking; ii) whether FFW programs function better if the food is used alone or in combination with cash; and/or iii) whether FFW is more effective when used as an incentive for members of a community to work together on infrastructure improvements that will directly benefit their community, rather than paid to individuals alone.

Project funding is provided for a series of workshops with the sponsors over the late FY 1995-early FY 1996 to help them plan their PI sub-components more carefully. The plans will include careful pilot efforts at monetization to provide for higher cost supplemental inputs. Should one or more of the PVOs be unable or unwilling to meet the challenge, the Mission is prepared to invite other registered sponsors to participate or to consolidate to fewer cooperating sponsors. Given policy and shortage of food and dollar resources, neither USAID, the sponsors nor Haiti can continue emphasis on unproductive short-term relief.

## 5.2 Social Soundness Analysis

### 5.2.1 Summary Demographics

The 1982 census was the last full census in Haiti, and it was never fully analyzed. Data from the Contraceptive Prevalence Survey of 1983 and the Demographic Health Surveys of 1987 and 1994 are of help, but given population movement and internal disruption in the last ten years, most national statistics must be considered rough estimates. The following are national estimates for 1995 from an analysis by The Futures Group in June 1990.

<u>Location</u>	<u>Number</u>	<u>Percent</u>
Port-au-Prince Metropolitan area	1,268,084	18.28
Cities greater than 20,000	232,390	3.35
Towns of 5,000 - 20,000	227,534	3.28
Rural	5,208,993	75.09
Totals	6,937,000	100.00

Average household size is approximately 5, so there are approximately 1.4 million households in Haiti, of which about 250,000 families are in Port-au-Prince, 46,400 families are in other urban areas (greater than 20,000) of Cap Haitien, Gonaives and Les Cayes, and 1.042 million families in rural areas and small towns. Data from the 1987 Household Expenditure and Consumption Survey indicate that 80 percent of these households are very poor. Current estimates are that per capita GDP is only about US\$225 - US\$250, so average household income is under US\$1250 per year. As discussed in section 5.1.3 below, this is possibly understated. For purposes of this analysis, however, the poor are assumed to have a household income of US\$100/month or US\$1200/year.

The 1978 National Nutrition Survey and a follow on nutritional survey in 1991 identified a number of chronically undernourished areas, with particular concern for eight drought prone districts north of Port-au-Prince. Analysis of 1991 data in the EFS1 PP revealed a "theoretically vulnerable" population of about 1.3 million persons. This number has not gotten smaller since then, and is likely much larger. However, given population movement and other variables, trying to estimate locations of the "most food insecure"

populations based on 15 year old data is not particularly useful. Rather, the combination of the 1994 DHS full analysis due out soon; the FSIS baseline surveys, all of which will be complete by December 1995; and the World Bank Standard of Living Survey, to be completed in 1996, should provide a strong baseline against which to make plans and measure achievements.

### 5.2.2 Nutrition

The average caloric intake for Haitians in "normal" times is estimated at only 1900-2100 calories/day, or about 85 percent of the RDA for a healthy adult. This average is calculated based on available domestic agricultural production data, in which estimates frequently vary by 30 or more percent, plus available data on concessional and commercial imports. The calculations frequently do not take into account unrecorded contraband imports, and are hampered by unreliable demographic data, which are discussed further below. The 1900-2100 calories/day figure is thus a rough estimate, and should be considered as indicative.

The 1978 National Nutritional Survey, the only nationwide assessment in Haiti, revealed that almost three-quarters of children under five years of age were undernourished, with approximately 30 percent suffering from moderate or severe malnutrition (second and third degree Gomez classification). Furthermore, 6.4 percent of children examined were wasted (weight for height less than 80 percent of the NCHS/CDC reference median) and 23.6 percent were stunted (height for age value less than 90 percent of the reference median). Though there were only slight variations in malnutrition rates between regions, there were marked urban-rural differences with urban children, on the average, doing better. It is important to disaggregate urban areas into marginal and non-compromised areas because children living in marginal urban zones were nutritionally more similar to rural areas and at times significantly worse.

The 1990 CDC-MSPP survey assessed the drought-prone areas of Haiti (eight districts north of Port-au-Prince). Of the approximately 1000 children surveyed, the prevalence of low height/age (an indicator of chronic malnutrition) was 40.6 percent, and the prevalence of low weight/height (an indicator of acute malnutrition) was 4.2 percent. Approximately 34 percent of all children surveyed had low weight/age (an indicator of undernourished children). A cut-off point of  $< -2$  standard deviation units of the reference median (z-score  $< -2$ , or the 2.3rd percentile) was used to classify low Ht/Age, low Wt/Ht, and low Wt/Age.

As summarized in section 1.1 of this PP, malnutrition increased significantly in 1994, and mortality among children from 1 to 5 years of age has returned to levels of 10 to 15 years ago. The full analysis of 1994 DHS data will provide more detail on specific pockets and population groups who may be most vulnerable.

### 5.2.3 Employment & Income

An indeterminate proportion of a poor Haitian's income comes from the informal sector and migrant remittances, and is simply not captured by such standard measures as GDP. In 1987, for example, GDP was reported as 10,803 million Gourdes and the population was approximately 6.1 million, for a per capita GDP of 1,770 Gdes (US\$354). During that same period, the Household Expenditure and Consumption Survey (HECS) undertaken by the Haitian Institute of Statistics and Information (IHSI), with USAID funding, recorded that the total mean annual household expenditures were 11,486.30 Gdes for a mean family size of 4.87, or average per capita expenditures of 2,359 (US\$472). This means **that documented expenditures from the household survey were 33 percent more than the income derived through the macroeconomic data.** The macroeconomic data simply do not capture all income. This phenomenon renders household survey information such as that being obtained by the FSIS and SLS all the more valuable.

The 1986/87 HECS data are broken out by rural and urban households, with weighted percentages being 71.9 percent rural respondents, and about 28 percent urban. The study found that the mean rural household expenditures were 8,118.20 Gdes (US\$1,624), or only 40 percent of the mean urban household expenditures of 20,094.18 Gdes (US\$4,019). The mean rural household size was slightly smaller than the urban, at 4.77 persons compared to 5.11 persons. The per capita expenditures were thus 1,702 Gdes (US\$340) for rural areas as compared to 3,932 Gdes (US\$786) for urban areas. Analysis in progress of newer UNICEF urban data, plus the FSIS and SLS information when available, will provide time series updates of these variables, and discuss possible changes over time.

In 1986/1987, food was by far the largest single category of expenditures, at an average of 56 percent of the total. **For households in rural areas, 62 percent of total expenditures went towards food, whereas in urban areas the figure was only 40 percent.** In the urban areas, as might be expected, 93 percent of the total food expenditures were for purchased food, and only 7 percent were calculated as the value of harvested or gift food (which was split about evenly). In the rural areas, however, 76 percent of total food expenditure was for purchased food, with only 18 percent for harvested, and about 6 percent for gift food. **This means that due to lack of adequate on-farm storage, most farm households generally sell what they produce and buy it back later for consumption, rather than storing it on site.** Harvested and gift sources were relatively more important for small, low income rural households, particularly in the north and south regions. Overall, however, the expenditures on food purchase were higher than the value of harvest or gift food.

Given the high percentage of total household expenditures going towards food reported in the HECS work, and the increases in retail food prices for the Port-au-Prince and some secondary city markets reported by the USAID/CHI Monitoring Unit, **it is fairly certain that the poor must spend a much greater proportion of their total expenditures**

**on purchased food, just to survive, and must need to curtail other expenditures to do so.** It is not surprising that malnutrition has increased.

The demographic situation in Haiti has always been quite fluid, and only understood in its larger parameters. It is clear from field visits, discussions with knowledgeable individuals, and a few local-level studies of varying quality, however, that population movement is a key strategy for economic survival in Haiti, particularly by the agriculturally-based population. That is, seasonal, short-term, or longer-term temporary or permanent emigration decreases the household's overall risk by providing more diverse sources of income than only agriculture or artisanal production might provide. It can also provide for periodic infusions of larger capital to undertake important investments, i.e. house construction, land clearing, etc.

In general, there have been three kinds of population movement during "normal" periods: rural-rural, rural-urban (primarily to Port-au-Prince), and international. These three basic types of population movement have been both seasonal and short-term, long-term but still temporary, and permanent.

These types of migration have produced various income streams which have an impact at the level of the individual, the household, and the nation, and are summarized below:

- ◆ regularized, seasonal employment income, most typically from agricultural labor (local, national, or international) or artisanal manufacturing and sale during off-season months;
- ◆ regularized remittances to rural households from urban or international migrants;
- ◆ crisis remittances to rural households from urban and international migrants, i.e., set sums sent for specific events, such as funerals, education costs, marriages, illness.;
- ◆ returning migrants' investment monies, specifically designated for a particular transaction, e.g. land or livestock purchase, house construction.; and,
- ◆ negative flow, i.e. rural to urban, for "social investment" in the younger generation, i.e., sending a child to Port-au-Prince for education or training purposes.

It is not certain what effect the recent crisis has had on mobility, and thus income, patterns. Excluding the mass exodus from Port-au-Prince following the coup, people were in general much less mobile than normal due to security considerations and prohibitions on normal emigration channels (e.g. to the Dominican Republic or the U.S.). This decreased population mobility has very likely had a significant dampening effect on household income and well-being.

It is certain that the vast majority of Haitians, and particularly the poor, rely on a number of income sources rather than just agriculture or wage labor. There are a number of reliable reports which indicate that income from the primary sources of income (agriculture and wage labor) and other sources (migration, remittances) decreased substantially during the crisis, and that basic expenditures for food greatly increased. In agriculture, decreases were due to a combination of drought with the increased cost, or in some cases absolute lack, of inputs for agricultural production, although farmgate prices have not been recorded so relative decreases are not known. Wage employment in Port-au-Prince greatly decreased, which had a "ripple effect" into the informal sector which has constrained the overall job market, both full-time and casual laborers coming in from rural areas. Remittances from international emigrants decreased considerably in the six months immediately following the coup, moved to 80-90 percent of pre-coup levels for most of 1992 and 1993, and decreased sharply again following the new sanctions in 1994. The massive devaluation of the gourde, and the major increases in basic food prices, have probably had the greatest impact on the poor, in terms of increasing the proportion of income they must spend on food to survive.

#### 5.2.4 Socio-Cultural Feasibility

The independent quick impact, cash for work of JOBS under EFS1 was designed to help the Country cope with the extraordinary job losses and poverty created over the last three years by the coup and the subsequent embargo. If one assumes that the political changes scheduled to take place in the next year occur peacefully and the economy begins to improve, the donors will be able to phase out of this cash-based program.

However, poverty will still be endemic and there will still be significant needs in the Country, especially in rural areas, for community and household capital formation, job creation and sustained increases in productivity and income generation. These are the conditions that underlie the problem of chronic food insecurity in the Country. All of the objectives mentioned, however, can be achieved through using food or food and cash instead of cash alone to work on the rehabilitation as well as creation of productive and social infrastructure.

The Title II food resources will function as an income supplement to the beneficiary families. This is the case whether the food is made available in the form of food or whether it is transformed into cash and transferred in the form of a cash wage. When food is made available as food, it also has the potential to function as a nutritional supplement to the individual that receives the food -- the pre-school child that is being targeted in the MCH program, for example, or the child that receives a meal at school or in the *cantine populaire*. The word "potential" is used, however, because there is no guarantee in any of these cases that the total amount of food made available to these children will increase as a result of the intervention.

In terms of socio-cultural feasibility issues, use of food in MCH and SF has proven acceptability throughout Haiti and is not viewed as a problem. Indeed, PVO sponsors view

these two programs as particularly appropriate for women in development foci, and both CARE and CRS target increasing girls attendance as objectives in their SF work.

A potentially difficult issue will be phasing out of the large general relief program (the *cantines populaire*, in particular). However, the phase-out has to occur, given the increasing scarce nature of the food resource, on the one hand, and the growing emphasis on better targeting food resources and increasing their developmental impact on the other. These programs are not well targeted to the poorest households or to the most nutritionally vulnerable within these households and there is no sustainable impact on either the productivity or income of these households or on their nutrition. The phase-out should be carefully planned and executed. Initiating a time-limited work program that would begin when a canteen is to be closed could help facilitate the phase-out. Moving from the *cantines* to a time-limited dry feeding program and then to a work program might be another option.

The issue of Food For Work is discussed in section 2.1.2 and specific strategies are posited to overcome problems. PVO sponsors will undertake careful pilot activities to assure that major resources are not committed without some pre-tests. In general, temporary employment programs that pay around the minimum wage (whether paid in cash or food) are self-targeted to the poor. This is an important advantage in countries such as Haiti where income-based means tests are difficult, if not impossible, to administer. In fact, these types of program are often better targeted to food insecure households than many direct feeding programs. From a developmental perspective, this is a much better way to assist food insecure households with one or more able bodied adults than to provide them with free food, as is being done through the *Cantines Populaire* and the dry ration distribution program now.

### 5.2.5 Project Beneficiaries and Impact

The data at Table 2 provide annual totals by PVO sponsor by program for beneficiary levels. These serve as the basis for the following projections:

- ◆ Increased income will accrue in the short, medium, and long term as follows:
  - ◆ in the short-term, SF programs over the LOP average 240,000 beneficiaries/year; each family is assumed to have 2-3 children in school, and the sponsors stay in the same school each year, so SF would yield 100,000 families benefiting from short-term income transfers of 2-3 meals a day, or the equivalent of about US\$0.5 per day (2-3 meals @ 15-20 US cents) or about US\$100/year (200 attendance days/year), afforded by school feeding;

Accepting the estimate of US\$1200 for annual household income for a family of 5, this represents a theoretical substitution to achieve an 8 percent increase in annual income for as long as the SF program continues.

◆ in the short-term, GR programs are targeted at 462,000 beneficiaries over the LOP: assuming some are from the same family, and dry rations are phased in during FY 1996, a rough 100,000 families benefiting from this short-term income transfer is projected.

Using the estimate of 15-20 US cents/meal, or US\$1/day for a family of 5 on dry rations, this represents US\$30/month for a poor family with an income of US\$100/month, or about a 30 percent increase in monthly household income for as long as the GR program continues.

Because the actual mix of wet and dry feeding under general relief cannot be predicted with any certainty, the project will use *the conservative assumption that income transfer will equal an increase in real income of 10 percent for those families involved.*

◆ in the medium-term, productive infrastructure programs expect to work with 391,000 "beneficiaries" (or "beneficiary-days") over the LOP; in this case, a "beneficiary-day" represents a ration for one person, and are given to participants on the basis of a family of five persons. Therefore the total of 391,000 "beneficiaries" is actually about 80,000 participants (391,000 divided by 5, rounded) receiving rations for their families. This translates on an annual basis to about 4,000 workers/day in Year 1; 14,000 in Year 2; 16,000 in Year 3; 21,000 in Year 4; and 25,000 in Year 5. With worker rotation as a principal to assure equity, and specific, time-limited projects chosen, it is assumed that each worker only works two months, so a total of about 480,000 workers will be involved. Assuming that about 25-30 percent of the projects are in the same village with the same workers, the resulting approximately 350,000 workers are assumed to be from separate families, so about 350,000 families will benefit over the LOP.

Approximately one-third of these families, or 100,000 households, are expected to be urban based and to benefit from the basic urban modules at Figure 8. Wage or wage equivalent income for these families would equal about 750 gdes/month at minimum wage, or about 3000 gdes for a four month project. At current exchange rates, this is equal to about US\$200, or a 16 percent in annual family income. If one-third of these families work on a second consecutive project, this increase could be pro-rated over a second (or even third year). Assuming some reinvestment in productive assets such as micro-enterprise, animals, etc., and some decrease in expenses due to a cleaner environment and healthier children, *a conservative estimate would provide for 10 percent increase in urban participants income on a more sustainable basis.*

Approximately two-thirds of these families, or about 250,000 households, are rural based and will accrue the same 10 percent increase in sustainable income due to expenditure and some productive investment of two months of wages. Importantly, they will also accrue higher longer-term benefits from infrastructure investments

outlined in Figure 7. The JOBS evaluation found the internal rate of return for irrigation rehabilitation to be 88 percent, for roads improvement 40 percent, and for soil and water conservation 29 percent, all exclusive of overhead. Although individual farm families will not reap these benefits on an exclusive basis, a conservative estimate would provide each a 15 percent increase in real income from long term agricultural production, marketing, or soil and water management benefits.

*The total for 250,000 rural families is thus a 25 percent increase in real household income on a more sustainable basis.*

◆ in the long-term, PI program indirect benefits are expected to have a ripple effect of 1:2, or 700,000 families benefiting from the efforts of 350,000 workers. This total of 700,000 families seems reasonable, indeed conservative, if one assumes multiple benefits from rehabilitated irrigation canals, roads, and soil conservation efforts.

*The 700,000 rural indirect beneficiary households would accrue the same 15 percent increase in real income from the benefits of the productive infrastructure activities, but no wage benefits.*

◆ Improved nutrition will accrue to all children under 5 visiting MCH centers, which have a target beneficiary level of 768,500 over the LOP. The improvements will be most measurable among those who are chronically malnourished, estimated at 30 percent, or about 230,000 children. Within this group, incidence of M3 will decrease to below 2.5 percent and of M2 to below 10 percent -- or about a 40 percent decrease from current levels.

Total direct project beneficiaries are thus 100,000 families from SF and 400,000 families from GR, for a total of 500,000 families accruing short-term, non-sustainable increases in real income averaging about 10 percent; 350,000 urban and rural families accruing medium-term income benefits averaging 15 percent increase in real income from PI wages and investments; and 230,000 children (say families) benefiting from measurable decreased malnutrition, for a total of about 1.2 million families directly benefiting.

Indirect beneficiaries include the 700,000 families expected to accrue medium and long term 15 percent increase in income from the results of productive infrastructure, even though they did not receive wages for work, and another about 500,000 families whose children attend MCH clinics but who will accrue less-easily-measurable benefits of improved health and nutrition.

These estimates will be adjusted when baseline data from the SLS are available in FY 1996.

Assuming some double-counting for focused programs with SF, PI, and MCH in one community, it can be safely assumed that no less than 750,000 Haitian families, or about 66

percent of the 80 percent poor Haiti population, will benefit from EFS2, and an additional 500,000 will benefit indirectly. This represents 100 percent of the total vulnerable population, and, if well targeted, should contribute greatly to the project goal of healthier, smaller, better educated families over the long term.

### 5.3 Sustainability Analysis

Haiti's absolute poverty is unmatched in the Western Hemisphere. In the 1980s, Haiti's economic position fell even further behind other least developed countries. The country is caught in a vicious downward spiral characterized by a high population growth rate (just under 2 percent per annum), high infant and child mortality, high adult illiteracy, low school enrollment rate, an acute shortage of cultivable land, and dismal economic performance with declining GDP, rising prices, negative net investment and an unemployment rate in excess of 40 percent. It is further constrained by weak management capability and an acute shortage of financial resources.

The series of political crises have resulted in repeated setbacks, canceling even the modest gains realized from wide-ranging economic reforms adopted in 1986-87. A 1992 analysis by USAID characterized the economy as "in freefall," and it did not improve during the two years prior to restoration of President Aristide. He returned to a bankrupt treasury and a civil service bereft of some of its most competent individuals. While the situation has improved since that time, investor confidence remains low and gains may be characterized as fragile at best.

As a consequence of the generally unfavorable economic situation which has persisted for many years, the financial constraints for public sector programs are severe. Simply stated, Haiti does not have the necessary financial resources to mount an operational national food security program without substantial external financing.

Per capita income in Haiti is currently between \$225 and \$250. Given this low income level and the relatively high prices of basic subsistence needs of food and shelter, the average Haitian has virtually no disposable income for productive investment.

Although the recent JOBS evaluation developed preliminary internal rates of return for different types of PI activities that could be used as a basis for a more classic economic analysis, given the preliminary state of planning of that component such an exercise is not viewed as useful. Rather, prospects for sustainability of program benefits must be assessed in a three phase timeframe:

Present - September 1996: In the context of the 12-15 months of the Emergency Economic Recovery Program (EERP) and key political transitions, the emphasis is on restoring essential human and capital infrastructure so that the most basic functions can be implemented. That is, most donors and Haitians agree that replenishment of a bankrupt treasury and regeneration of public revenues is going to take two-to-three years at the outset.

and the GOH will be hard pressed to pay many social sector costs until some revenue generation accrues. Outside of realigning civil services levels and salary scales, public investment is apt to be limited to law and order and fiscal measures such as customs and taxes. The donors, the NGOs, and the Haitian citizens will have to look to themselves for food security financing.

This first year of EFS2 will overlap with final activities under EFS1, serving as an administrative and conceptual transition. It is during this year that PHN/FFP management must begin the push with PVO sponsors toward more developmental programming, phasing them out of emergency distribution as soon as humanitarian and political conditions warrant. It is also during this year the PHN/FFP management increase its efforts at dialogue with the GOH, not just on *franchises* and local currency but on more strategic issues overall. The political space that is being created through elections and government restructuring provides a window of opportunity to help influence policy toward food security concerns.

The project will assist the GOH to determine the best structure and process to develop a food security policy and strategy, including provision of TA, training, and necessary commodities for essential data collection and analysis. It is likely that all but GOH staff and the most basic operating costs will be covered by donor financing, e.g. EU, UNDP, USAID.

In the field, PVO sponsors will phase out of emergency feeding, with some residual efforts in the Northwest by CARE, and will aggressively seek assistance from new donors entering Haiti. Sponsors will shift away from relief and into more developmental programming modes over the medium term.

It should be emphasized that JOBS, PLUS and numerous other NGO projects have already demonstrated the technical and organizational efficacy of small or medium scale labor intensive works as a way to both increase income in the short term and create benefit streams in the medium and long term. These activities have generally been managed by an NGO, with donor financing and GOH collaboration and support. There are numerous examples of this public/private collaboration around the country, and they have generally proven effective and useful. The project will continue to foster such collaboration and highlight the different partners' comparative advantages where possible.

October 1996 - September 2000: This is the medium term recovery period. During this period the GOH and supporting donors will focus on economic growth to generate revenues to move beyond recovery to development. In terms of food security issues, it will be the time when the transition to developmental programming is in full implementation, and impact due to the emphasis on results should become evident. PHN/FFP staff will pursue a "least cost" strategy and work with the PVO sponsors, the Central Warehouse, and the GOH to identify ways to streamline food distribution expenditures. Short term TA will also be provided to PVOs to assess means of expanding revenue sources to decrease dependency on USAID financing. Importantly, sponsors will undertake some monetization efforts to determine optimal developmental mixes for food and cash inputs, and will assess which

productive infrastructure investments maximize sustainable and positive income benefits to communities.

Depending on recovery of the economy in general, some additional mitigation interventions may be developed and implemented. However, the emphasis will clearly remain on cost-minimization and cost-effectiveness, that is "managing for results," in the medium term.

Post-September 2000: Subject to the availability of funds and directions of U.S. foreign policy at that time, this period would constitute EFS3. If economic recovery and political stability are achieved, and a coherent food security policy is in place that balances agricultural production realities with import licensing, tariffs, and revenue allocations, the project could begin to examine more creative food assistance strategies, including increased monetization for productive infrastructure investment and broader use of food supplements in the health care system. Alternatively, food assistance could be phased out completely although this seems unlikely. It is assumed that an effective partnership of shared responsibilities between the public and private sectors will be established.

The project does not, nor can it responsibly define "sustainability" in terms of the absence of donor assistance. Rather, the project defines sustainability by a state whereby all Haitians are "food secure," that is they have regular access (either through production or purchasing power) to sufficient food for a productive and healthy life, produced to the extent possible in Haiti and/or paid for to the extent possible by Haitian consumers and tax revenues.

## 6. FINANCIAL PLAN

### 6.1 Budget

The project is an LOP total of US\$215 million, of which US\$50 million is DA and/or ESF funding, US\$150 million represents the cost of 188,500 MT of Title II commodities CIF Haiti, US\$1.8 million from Title III generated local currency in FY 1996, and US\$13.2 million represents the local currency generated from Title II monetization and reapplied to the project. A more precise estimate of PVO sponsor and GOH contributions will be developed when the monetization plans are developed and when the FY 1996 Title III agreement is signed. As Haiti has been classified as a relatively least developed country by USAID Washington, the project authorization will include a waiver of the requirements of FAA Section 110(a) for a standard 25 percent. In recognition of GOH budget constraints, the authorization will also include a waiver, pursuant to USAID Handbook 10, Chapter 16, of the requirement for host country financing of international travel costs for participant trainees under the project.

Table 3 provides a summary of the LOP DA costs by component for the project, and serves as a basis for LOP obligations. Tables 4, 5, and 6 provide detail by funding source for each component.

#### 6.1.1 Basis of Cost Estimates

The DA cost estimates in Table 4 are based on an initial per beneficiary cost of US\$17.50 per year, with five percent per annum compounded inflation over the LOP. The US\$17.50 represents an average cost-per-beneficiary among the 4 types of programs and 3 sponsors involved. The figure is derived from the last detailed analysis of unit costs made for the program, which was performed in 1988 by Louis Berger International, Inc. as part of the Title II evaluation. The Berger team found that the average cost-per-beneficiary among the three sponsors did not vary widely, from US\$26 to US\$31 including commodities and freight. Subtracting for commodities and freight results in a range of US\$13-US\$15, in 1988 dollars. Given: that U.S. dollar inflation has averaged around 3 percent per year in the period; that at least 75 percent of expenditures are in local currency which has depreciated significantly against the dollar; that USAID now funds the central warehouse directly and sponsors' inland freight/storage costs have thus decreased; and that both CARE and CRS have increased their use of through bills of lading for cargo; the use of US\$17.50 as a base unit cost is believed appropriate and realistic. The division of 75 percent LC and 25 percent FX is a rough estimate based on past expenditure patterns.

Tables 5 and 6 for the Policy, Planning, and FSIS component (Table 5) and the USAID Logistics, Management and Oversight component (Table 6) use standard unit costs that have proven appropriate in other recent USAID Haiti project designs.

### 6.1.2 Decreased Budget Scenarios

The Mission recognizes that debate on overall foreign assistance levels is such that full DA funding requested herein may not be available over the life of the project. Following is a summary of potential budget shortfalls on project components and budget elements.

◆ *A 10 percent budget shortfall* would mean a decrease in US\$5 million, and would be absorbed primarily by the US\$4.8 million FSIS (Table 5), with additional direct USAID short-term TA absorbing the rest (Table 6). The Mission would not enter into a contract with an 8(a) firm for the FSIS and GOH policy and planning efforts as provided in Table 5. Instead, based on the assumption that the FSIS has become a highly valued system by the GOH, it would work with the GOH to attract other donor financing. The remaining GOH policy and planning component of about US\$1 million would be implemented through IQCs, buy-ins, or other direct USAID mechanisms. Other project components would remain as presented in the detailed budgets.

◆ *A 20 percent budget shortfall* would mean a decrease in US\$10 million, and would be absorbed by moving the US\$4.8 million FSIS to other donor financing, as summarized above, and by eliminating the Productive Infrastructure (PI) component of two of the three PVOs and eliminating monetization. PI is the most expensive of the Sponsors' core programs in terms of complementary inputs, and the most management intensive. And although monetization generates currency, it is considered management-intensive and high risk, and would be dropped. The US\$5 million cut from the PI component would imply a decrease in about 285,000 beneficiary-days out of the theoretical 391,000 beneficiary-days, implying that only one PVO should gear up management and technical expertise for the phase over. The decrease in commodity levels by about 25,000 MT of wheat flour equivalents implies equivalent savings of about US\$10 million over the LOP.

◆ *A 40 percent budget shortfall* would mean a decrease in US\$20 million down to a total LOP budget of US\$30 million. This would imply other donor financing for the FSIS (saving US\$4.8 million), no PI component and no monetization, a decreased MCH program (assuming School Feeding is already decreasing to minimum levels), and decreased USAID monitoring and oversight. The decrease in DA funds would require a decrease in commodity levels by about 38,000 MT in wheat flour equivalents and about 12,000 MT in other commodities, with a savings of about US\$25-30 million in commodities for the LOP.

TABLE 3 EFS2 LOP OBLIGATIONS BY YEAR BY COMPONENT  
(US\$1,000)

Line Item	FY 1995			FY 1996			FY 1997			FY 1998			FY 1999			FY 2000			TOTALS		
	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC
PVO SPONSORS CORE & PI PROGRAM	0	0	0	3,308	9,923	0	2,505	7,514	1,925	1,903	5,709	3,000	1,242	3,725	4,200	978	2,933	4,000	9,934	29,803	13,125
POLICY, PLANNING & FSIS	80	20	0	316	357	0	778	742	0	667	777	0	664	748	0	299	372	0	2,802	2,996	0
USAID LOGISTICS, MGMT. O'SIGHT	0	0	0	185	573	0	92	960	0	152	864	0	20	852	0	46	693	0	495	3,942	0
TOTALS	80	20	0	3,809	10,853	0	3,374	9,216	1,925	2,722	7,350	3,000	1,925	5,325	4,200	1,322	3,997	4,000	13,231	36,741	13,125
DA/ESF REQUIREMENTS PER YEAR	100			14,661			12,591			10,072			7,250			5,319			49,972		
ROUNDED TO	100			14,900			12,500			10,000			7,250			5,250			50,000		

TABLE 4 PVO SPONSORS CORE PRO

SPONSOR PROGRAM	FY 1996				LOP TOTALS			
	BENES 1.000	% PVO	COMMOD: MT	COMMOD: US\$	TOTAL ENES	% PVO	IMMOD: MT	COMMODITY US\$
MCH	109	48	6,968	6,292.35	364	45	21,606	19,511,210
SF	85	38	3,400	3,070.37	305	38	16,776	15,149,943
PI	21	9	2,700	2,438.23	121	15	12,056	6,307,786
GR	10	4	990	894.109	20	2	1,981	1,788,797
ADRA TOTAL	224	100	14,058	12,695.06	809	100	52,419	42,757,737
ADRA DA\$	3,920			5,370				
CARE								
MCH	12	4	771	695.928	192	17	9,399	8,487,800
SF	110	37	4,400	3,973.42	375	32	20,024	18,082,952
PI	0	0	0	0	175	15	16,942	7,112,885
GR	178	59	17,624	15,915.13	418	36	41,942	37,875,977
CARE TOTAL	300	100	22,794	20,584.48	1,160	100	88,308	71,559,613
CARE DA\$	5,250			2,099				
CRS								
MCH	43	19	2,761	2,493.744	208	26	11,695	10,561,225
SF	175	75	7,000	6,321.350	485	60	24,499	22,124,071
PI	0	0	0	0	95	12	9,201	2,198,462
GR	14	6	1,386	1,251.752	24	3	2,377	2,146,441
CRS TOTALS	232	100	11,148	10,066.846	812	100	47,773	37,030,199
CRS DA\$	4,060			5,409				
PROGRAM TOTALS								
MCH	164	22	10,500	9,482.025	764	27	42,700	38,560,235
SF	370	49	14,800	13,365.140	1,165	42	61,300	55,356,965
PI	21	3	2,700	2,438.235	391	14	38,200	15,619,133
GR	202	27	20,000	18,061.000	1,162	17	46,300	41,811,215
TOTALS	756	100	48,000	43,346.400	2,781	100	####	151,347,548
DA \$	13,230			1,878				
MONETIZED PI				0				13,191,898
COST PER YEAR	13,230			686				

NOTES

1. Commodities/beneficiaries based on average
2. Commodity mix varies among sponsors, but i
3. Prices used are average 1994 CIF Haiti: SFB
4. Sponsors actual commodity mix will vary and
5. PI begins monetization FY 1997, prices at wht
6. DA\$ per beneficiary US\$19.75 in FY96, inflate

TABLE 5 ANNUAL EXPENDITURES INSTITUTIONAL CONTRACTOR POLICY AND PLANNING AND FSIS  
(US\$ 1,000)

Line Item	Unit	Unit Cost	FY 1996			FY 1997			FY 1998			FY 1999			FY 2000			LIFE OF PROJECT TOTALS								
			U.S.A.I.D.		HAITI	U.S.A.I.D.		HAITI	U.S.A.I.D.		HAITI	U.S.A.I.D.		HAITI	U.S.A.I.D.		HAITI	U.S.A.I.D.		HAITI						
			No	Units	FX	LC	No	Units	FX	LC	No	Units	FX	LC	No	Units	FX	LC	No	Units	FX	LC				
<b>I PERSONNEL FULLY LOADED</b>																										
<b>LONG TERM TA</b>																										
FSIS Manager	py	300	0.5	150	0	0	1	300	0	0	1	300	0	0	0.5	150	0	0	0	0	4	1200	0	0		
System Analyst (inc GIS)	py	36	0.5	0	18	0	1	0	36	0	1	0	36	0	0.5	0	18	0	0	0	4	0	144	0		
Team Leader	py	20	1.5	0	45	0	3	0	90	0	3	0	90	0	1.5	0	45	0	0	0	12	0	360	0		
Data Analyst	py	24	1.5	0	36	0	3	0	72	0	3	0	72	0	1.5	0	36	0	0	0	12	0	288	0		
Data Collection Assistant	py	20	1.5	0	30	0	3	0	60	0	3	0	60	0	1.5	0	30	0	0	0	12	0	240	0		
Secretary	py	25	0.5	0	12.5	0	1	0	25	0	1	0	25	0	0.5	0	12.5	0	0	0	4	0	100	0		
Driver	py	20	0.5	0	10	0	1	0	20	0	1	0	20	0	0.5	0	10	0	0	0	4	0	80	0		
<b>SHORT TERM TA</b>																										
EXP Policy Analyst	pm	20	3	60	0	0	3	60	0	0	3	60	0	0	0	0	0	0	0	0	12	240	0	0		
EXP Trade Analyst	pm	20	0	0	0	0	1	20	0	0	0	0	0	0	0	0	0	0	0	0	2	40	0	0		
EXP IRD	pm	20	1	20	0	0	0	0	0	0	1	20	0	0	0	0	0	0	0	0	3	60	0	0		
LOCAL Economist	pm	6	3	0	18	0	1	0	6	0	2	0	12	0	0	0	0	0	0	0	9	0	54	0		
LOCAL Systems Analyst	pm	6	0	0	0	0	3	0	18	0	3	0	18	0	1	0	6	0	0	0	10	0	60	0		
LOCAL Demographer	pm	6	1	0	6	0	1	0	6	0	1	0	6	0	0	0	0	0	0	0	4	0	24	0		
LOCAL IRD	pm	6	0	0	0	0	4	0	24	0	4	0	24	0	0	0	0	0	0	0	12	0	72	0		
Sub total TA				230	176	0		400	357	0		380	357	0		380	363	0		150	169.5	0		1540	1422	0
<b>II ACTIVITIES/STUDIES</b>																										
Agri Production Estimates	30	1.25	0	37.5	0	2.5	0	75	0	75	0	75	0	1.25	0	37.5	0	0	0	10	0	300	0	0		
Health Collection	75	0.5	0	37.5	0	1	0	75	0	75	0	75	0	0.5	0	37.5	0	0	0	4	0	300	0	0		
Health Surveillance	75	0.75	0	56.3	0	1	0	75	0	75	0	75	0	0.75	0	56.3	0	0	0	4.25	0	318.8	0	0		
Data Analysis	15	3	45	0	0	6	90	0	0	6	90	0	0	3	45	0	0	0	0	24	360	0	0	0		
Reporting (in monthly)	81	0.5	0	40.5	0	1	0	81	0	81	0	81	0	0.5	0	40.5	0	0	0	4	0	32.4	0	0		
HH Vulnerability Update	80	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Area Sample Update	50	0	0	0	0	1	30	20	0	0	1	30	20	0	0	0	0	0	0	0	0	0	0	0		
Policy Workshops	3	3	0	9	0	6	0	18	0	6	0	18	0	3	0	9	0	0	0	24	0	72	0	0		
Sub total ACTIVITIES/STUDIES				45	144	0		120	271	0		115	306	0		120	271	0		45	125.6	0		445	1118	0
<b>III COMMODITIES (FSIS &amp; GOR POLICY)</b>																										
Vehicles	27	0	0	0	0	2	54	0	0	0	0	0	0	0	0	0	0	0	0	0	2	54	0	0	0	
Hardware/Software	4	6	24	0	0	6	24	0	0	4	16	0	0	2	8	0	0	0	0	20	80	0	0	0		
Photocopy Machine/Other Equip	3	1	3	0	0	0.5	1.5	0	0	0.5	1.5	0	0	0.5	1.5	0	0	0	0	3	9	1.5	0	0		
Reference Materials/Software	10	1	10	0	0	1	10	0	0	1	10	0	0	1	10	0	0	0	0	5	50	10	0	0		
Vehicles Maintenance	6.5	2	13	0	0	4	26	0	0	4	26	0	0	2	13	0	0	0	0	16	104	0	0	0		
Sub total Commodities				10	50	0		115.5	0		9.5	53.5	0		7.5	45.5	0			5.5	32.5	19.5	0			
<b>IV TRAINING</b>																										
Short Term Participant	pm	12	3	36	0	6	72	0	0	4	48	0	0	4	48	0	0	0	0	3	36	0	0	0	0	
In country	pm	2	6	0	12	0	24	0	24	0	24	0	24	0	6	0	17	0	0	48	0	96	0	0		
Sub total Training				36	12	0		72	24	0		48	24	0		36	12	0								
<b>V OTHER COSTS</b>																										
Home Office Direct	yt	40	0.5	20	0	1	40	0	0	1	40	0	0	1	40	0	0	0	0	0.5	20	0	0	0	0	
PAP office rental	yt	30	0.5	15	0	1	30	0	0	1	30	0	0	1	30	0	0	0	0	0.5	15	0	0	0	0	
PAP office ops costs	yt	90	0.5	0	45	0	1	0	90	0	1	0	90	0	0.5	0	45	0	0	4	170	0	0	0	0	
Sub total Other Costs				35	45	0		70	90	0		70	90	0		35	45	0								
TOTAL POLICY PLANNING & FSIS ANNUAL TOTALS US\$				396	377	0		777.5	742	0		666.5	777	0		663.5	748	0		298.5	371.6	0		2802	3016	0
				772	0			1520				1444				1412				670					5818	

TABLE 6 USAID LOGISTICS, MANAGEMENT AND OVERSIGHT BUDGET  
(US\$ 1 000)

Line Item	FY 1996				FY 1997				FY 1998				FY 1999				FY 2000				LIFE OF PROJECT TOTALS					
	Unit	No	USAID	HAITI	No	USAID	HAITI	No	USAID	HAITI	No	USAID	HAITI	No	USAID	HAITI	No	USAID	HAITI	No	USAID	HAITI				
	Unit	Cost	Units	FX	LC	Units	FX	LC	Units	FX	LC	Units	FX	LC	Units	FX	LC	Units	FX	LC	Units	FX	LC			
<b>I PERSONNEL</b>																										
<b>PHN STAFF</b>																										
FFP Program Manager (vice C	py	130	03	0	33	0	1	0	130	0	1	0	130	0	1	0	130	0	0 75	0	97 5	0	4	0	520	0
FFP Project Mgr (F Cadet)	py	46	03	0	12	0	1	0	46	0	1	0	46	0	1	0	46	0	0 75	0	34 5	0	4	0	184	0
FFP Logistics Officer (Biamby	py	42	03	0	11	0	1	0	42	0	1	0	42	0	1	0	42	0	0 75	0	31 5	0	4	0	168	0
Food Monitor (Kernisan)	py	39	03	0	9 8	0	1	0	39	0	1	0	39	0	1	0	39	0	0 75	0	29 3	0	4	0	166	0
Food Monitor (Villedrouin)	py	32	03	0	8	0	1	0	32	0	1	0	32	0	1	0	32	0	0 75	0	24	0	4	0	128	0
Nutrition Coordinator (new)	py	42	03	0	11	0	1	0	42	0	1	0	42	0	1	0	42	0	0 75	0	31 5	0	4	0	168	0
Office Mgr/Lead Secretary (L.	py	22	03	0	6 5	0	1	0	22	0	1	0	22	0	1	0	22	0	0 75	0	16 5	0	4	0	88	0
FFP Administrative Assistant	py	23	03	0	6 8	0	1	0	23	0	1	0	23	0	1	0	23	0	0 75	0	17 3	0	4	0	92	0
FFP Secretary (Annual)	py	17	03	0	4 3	0	1	0	17	0	1	0	17	0	1	0	17	0	0 75	0	12 8	0	4	0	68	0
FFP Driver (Lovinsky)	py	14	03	0	3 5	0	1	0	14	0	1	0	14	0	1	0	14	0	0 75	0	10 5	0	4	0	56	0
FFP Driver (Metellus)	py	14	03	0	3 5	0	1	0	14	0	1	0	14	0	1	0	14	0	0 75	0	10 5	0	4	0	56	0
FFP Driver (new)	py	13	05	0	6 5	0	1	0	13	0	1	0	13	0	1	0	13	0	0 75	0	9 7 5	0	4 2 5	0	56 3	0
FFP Mechanic (new)	py	10	05	0	6	0	1	0	10	0	1	0	10	0	1	0	10	0	0 75	0	7 5	0	4 2 5	0	42 5	0
Sub total PHN STAFF				0	117	0		0	444	0		0	444	0		0	444	0		0	333	0	0	0	1782	0
<b>II SHORT TERM TA</b>																										
Exp Commodity Management	pm	20	1	20	0	0	0	0	0	0	1	20	0	0	0	0	0	0	1	20	20	0	3	60	20	0
Exp Monetization	pm	20	2	40	0	0	2	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	80	0	0
Exp Mid Term Evaluation	pm	20	0	0	0	0	0	0	0	0	4	80	0	0	0	0	0	0	0	0	0	0	4	80	0	0
Exp Other TBD	pm	20	0	0	0	0	1	20	0	0	1	20	0	0	0	0	0	0	0	0	0	0	2	40	0	0
Local Commodity Management	pm	6	1	6	0	0	2	12	0	0	2	12	0	0	2	0	12	0	1	6	0	0	8	36	12	0
Local Mid Term Evaluation	pm	6	1	0	6	0	0	0	0	0	4	0	24	0	0	0	0	0	0	0	0	0	6	0	30	0
Local Workshop Facilitators	pm	6	4	0	24	0	2	0	12	0	2	0	12	0	2	0	12	0	1	0	6	0	11	0	66	0
Local Financial Mgmt/Audits	pm	6	10	0	60	0	10	0	60	0	0	0	0	0	6	0	36	0	6	0	36	0	32	0	192	0
Others TBD	pm	6	1	0	6	0	2	0	12	0	0	0	0	0	2	0	12	0	0	0	0	0	6	0	30	0
Sub total ST TA			20	66	96	0	19	72	84	0	14	132	36	0	12	0	72	0	9	26	62	0	74	296	360	0
<b>III COMMODITIES</b>																										
Vehicles	car	27	3	81	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	81	0	0
Computers/Peripherals	unit	4	4	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	16	0	0
Photocopy Machine	unit	2	1	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	2	0	0
Reference Materials/Softwa	lot	10	1	10	0	0	1	10	0	0	1	10	0	0	1	10	0	0	1	10	10	0	5	50	10	0
Vehicles Maintenance	car	10	1	10	0	0	1	10	0	0	1	10	0	0	1	10	0	0	1	10	0	0	5	50	0	0
Sub total Commodities			10	119	0	0	2	20	0	0	2	20	0	0	2	20	0	0	2	20	10	0	0	0	0	0
IV CENTRAL WAREHOUSE	yr	480	0 8	0	360	0	0 9	0	432	0	0 8	0	384	0	0 7	0	336	0	0 6	0	288	0	3 7 5	0	1800	0
	VAR																									
TOTAL USAID PHN DIRECT OVERSIGHT			185	573	0		92	960	0		152	864	0		20	852	0		46	693	0	0	496	3942	0	
ANNUAL TOTALS US\$			758				1052				1016			872					739				4437			

FECS DP 27 July 2005 Data AD

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## 6.2 Methods of Implementation and Financing

Table 7, Methods of Implementation and Financing, reflects the primary project procurements from DA funds and means of disbursement over the LOP. There will be five primary procurements -- the three Cooperative Agreements with the PVO sponsors, the 8(a) institutional contract for policy, planning and FSIS, and the central warehouse -- in addition to the standard USAID management requirements. Following USAID policies to decrease management units per project and per office, with the consolidation of the FSIS funding instruments, this represents a significant decrease in the number of management units for the PHN portfolio.

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**Table 7: EFS2**  
**Methods of Implementation and Financing**  
**(US\$ 1,000)**

<u>Component/ Activity</u>	<u>Method of Implementation</u>	<u>Financing Method</u>	<u>Amount</u>
Title II Food Core Program	Cooperative Agreements with ADRA, CARE, CRS	FRLC	39,737
TA, Trng, Data Anal.	Competitive 8(a) contract	Dir. Reimb.	5,818
Central Warehouse	Direct Contract	Dir. Payment	1,800
USAID Mgmt Evaluation, Audit	PSCs, POs, etc.	Dir. Payment	2,645

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The methods of implementation and financing are appropriate and are within the preferred methods as defined by the payment verification policy. On the basis of the above, the Mission Controller has approved the methods of implementation and financing under the auspices of the payment verification policy.

## 7. MANAGEMENT PROCEDURES

Overall responsibility for the project rests with the Chief of the USAID Population Health and Nutrition (PHN) office. This has not been the case under EFS1, with large portions of the project managed by first HRD, then EG (for JOBS) and PCPS (for MU/FSIS). This fragmentation has led to a number of administrative problems and a lack of synergy of various project elements which will be corrected under EFS2. Project management will continue to benefit from the technical advice and assistance of other offices through the Project Committee/Strategic Objective Team system, but day-to-day management and all financial and administrative decisions will rest with PHN/FFP.

The USDH Food For Peace Officer of PHN will serve as the Project Officer and will be responsible for management of the overall project. Day-to-day operational management will be handled by a core management team, consisting of the USDH FFPO, an international hire PSC-FFP, two senior FNPSCs--the EFS Project manager and the FFP Logistics Officer--and one-half time of the PHN Senior Health Nutrition Advisor. This core management team will assure that the project follows all relevant requirements of both Regulation 11, which guides Title II food activities, and Handbooks 3 and 13 and the new guidance, which guide DA-funded activities and management of Cooperative Agreements.

The core management team will supervise and be directly assisted by a number of project-funded personnel, including two FFP Monitors (with a third Monitor funded through OE), one Nutrition Coordinator to promote integration with HS2004 activities, three Administrative Assistants/ Secretaries, and four Driver/Mechanics.

This management team will assure that the project follows all relevant requirements of both Regulation 11, which guides Title II food activities, and Handbooks 3 and 13 and new guidance, which guide DA-funded activities and management of Cooperative Agreements. On the Regulation 11 side, it will be responsible for assuring the secure and efficient ordering, receipt, and distribution of 188,500 MT of Title II commodities. On the HB 3 and 13 sides, it will have direct management oversight for the three PVO sponsor Cooperative Agreements, two major institutional contracts (FSIS and Central Warehouse), and policy dialogue and coordination with the GOH and other donors.

This bifurcated set of responsibilities between the input-driven Regulation 11 and the results-oriented HBs 3 and 13 bears some discussion, as balance will be difficult to maintain. Because of the high visibility of the food distribution program and the extreme vulnerability to theft and pillage, most of PHN/FFP actions have been necessarily directed at ensuring the Regulation 11 requirements are met. This emphasis has served the Mission well, as it has sustained Inspector General (IG) audits with no major recommendations on three occasions. However, it is time for management and staff to move beyond Regulation 11 accountability requirements as a primary focus and into managing for development results. This implies much more core management team focus on the DA (Handbooks 3 and 13 and the new

**ANNEX A**  
**LOGICAL FRAMEWORK**

Annex A: Logical Framework Enhancing Food Security II Project No. 521-0258

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<u>Goal</u>	<u>Population-Based Indicators</u>	<u>Means of Verification</u>	<u>Critical Assumptions</u>
Healthy, smaller, better educated families.	<p>Increased income of Haitian families in lower income cohorts.</p> <p>Decreased M2/M3 malnutrition among children under 5 years of age.</p>	<p>USAID Haiti Economic Unit reports and periodic special surveys.</p> <p>MSPD Health Information System (when rebuilt), Monitoring Unit data and periodic special surveys.</p>	<p>The constitutional government will endure and security issues will not impede attainment of objectives.</p> <p>Cooperating sponsors' and USAID's preoccupation with security and operational issues can decrease in favor of time devoted to managing for developmental results (beyond simple number of beneficiaries).</p>

<u>Purpose</u>	<u>End of Project Status</u>	<u>Means of Verification</u>	<u>Critical Assumptions</u>
Increased food security among poor families in the most food insecure areas of Haiti in the short-, medium- and longer term.	<p>1) Approximately 1 million Haitian families in the most food insecure areas will have increased real income by approximately 15 percent on a more sustainable basis, and an additional 200,000 will have received short-term income transfers equivalent to 10 percent of annual income.</p> <p>2) M2/M3 malnutrition will be reduced by about 40 percent to under 10 percent for M2 and under 2.5 percent for M3 among a minimum of 230,000 chronically malnourished children under 5 years of age participating in the program.</p> <p>3) USAID will be paying a decreased percentage of Haiti's concessional food program costs.</p>	<p>1) Project information systems: cooperating sponsor MTIE reports, special Rapid Rural Appraisals by FSIS, and special surveys.</p> <p>2) Cooperating sponsor MTIE reports, MU Data, MSPD reports.</p> <p>3) USAID/PHN monitoring and project evaluations.</p>	<p>Rural and urban families are net consumers rather than producers of food, so increasing household purchasing power (income) is a critical component of any longer-term food security strategy in Haiti.</p> <p>USAID's Economic Growth Office and other donor projects will stimulate agricultural production.</p> <p>School feeding serves as income transfer to students' families.</p> <p>Food for work provides income in the short-term, and productive infrastructure investments create medium and long term returns.</p> <p>Poor Haitian families will invest non-food income in the purchase of food.</p> <p>Other donors will be interested in financing food programs that have demonstrated results.</p>

<u>Outputs</u>	<u>Objectively Verifiable Indicators</u>	<u>Means of Verification</u>	<u>Critical Assumptions</u>
<b>COMPONENT ONE: DIRECT ACTIVITIES</b>			
<p>1.1 Sponsors' Core Programs: M2/M3 malnutrition will be reduced by about 40 percent to under 10 percent for M2 and under 2.5 percent for M3 among a minimum of 230,000 chronically malnourished children under 5 years of age by year 5.</p>	<p>1.1. All sponsors' MCH programs meeting requirements of MSPP/HS2004 basic package by FY 1997.</p> <p>By FY 2000 program mix will be: 0 percent General Relief (GR), 40 percent MCH, 32 percent Productive Infrastructure (PI), some of which may be Food for Work (FFW) and but most of which is monetization, and 28 percent carefully targeted School Feeding (SF) with complementary activities.</p> <p>All sponsors' SF programs decrease to serve only those schools in the most food insecure areas by end of project.</p>	<p>1.1 Sponsors annual progress reports under EFS2, FSIS nutritional surveillance, FY 1998 DHSIII</p>	<p>MSPP will obtain and allocate operating budget for decentralized facilities to function.</p> <p>MSPP will work with "food" PVOs to help the fit into UCS structures.</p> <p>When fully implemented, MSPP/HS2004 basic package will mitigate malnutrition.</p> <p>School feeding provides short-term income transfer to students' families.</p> <p>Other support for GR institutions can be found.</p>
<p>1.2 Productive Infrastructure for Mitigation: 350,000 urban and rural families will have average increased real income of about 15 percent from direct food and/or cash wages and the benefits of the productive investments, and an additional 700,000 families will benefit from increased income of about 15 percent from the productive investments alone on a more sustained basis.</p>	<p>1.2.a) GOH, sponsors, donors using FSIS information define criteria for "most food insecure" areas by 9/96;</p> <p>b) Productive Infrastructure Program Design, including Monetization design, completed by 3/96, under implementation by 10/97.</p>	<p>1.2 World Bank SLS baseline, Semi-annual Project Reviews, USAID monitoring, project evaluations and special studies, sponsors' MTIE reports.</p>	<p>Sponsors are willing and able to increase technical and management resources to productive infrastructure activities.</p> <p>Communities will work for food and/or cash when projects they value are implemented.</p>

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Outputs - Continued

COMPONENT ONE CONTINUED

1.3 "Most food insecure areas" and "emergency prone areas" are identified by September 1997, and appropriate rapid response are options catalogued for each area by 1998.

Objectively Verifiable Indicators

1.3.a) Vulnerability assessments completed by 3/97; b) "most food insecure areas" and emergency response mechanisms up-dated by 9/97 and regularly thereafter.

Means of Verification

1.3 Semi-annual reviews, sponsors' reports.

Critical Assumptions

Even in a stable political environment, Haiti will continue to have natural and man-made emergencies to which the sponsors must be ready to respond.

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Outputs - Continued

COMPONENT TWO: SUPPORT SERVICES

2.1 The GOH will have developed and be implementing an operational food security policy and strategy by FY 1999.

2.2 Improved collection, collation, analysis, dissemination and use of food security information for decision making by GOH, Sponsors and interested donors.

2.3 More efficient logistic support to sponsors by USAID.

Indicators

2.1.a) GOH coordinating unit identified, staffed, equipped by 12/95; b) First Consensus Workshop held by 3/96; c) Plan of Action developed by 9/96; d) Policy studies complete by 9/98; e) Policy drafted by 9/99.

2.2. GOH coordinating unit identified, staffed, functioning by 9/95; FSIS contractor on-board by 1/96, transfer of staff and functions from USAID/PVOs to contractor completed by 3/96; transfer of functions from contractor to GOH unit completed by 3/99.

2.3.a) Central Warehouse contract extended by 12/95 thru 9/96; new specifications developed by 3/96, contract rebid by 6/96 and awarded by 9/96.  
b) USAID/PHN oversight & management costs reassessed by 3/98, positions/cost realigned by 3/99.

Means of Verification

2.1 Semi Annual Project Reviews, contractor reports.

2.2 Semi Annual Project Reviews, contractor reports

2.3 Semi-Annual Project Reviews

Critical Assumptions

European Union places Advisor with Intersectoral Food Aid Commission no later than 12/95 and continues to support commission's work.

French aid and ANDAH collaborate with European Union and USAID in regularizing data flow and policy.

MSPP, MARNDR, and other technical ministries and offices will work together for common objectives.

Port and transit liberalization measures enacted by GOH will stimulate competition and efficiency in warehousing and transport.

As program commodities and beneficiaries decrease, USAID management and oversight staff can decrease.

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TABLE 3: EFS2 LOP BUDGET BY COMPONENT

(US\$1,000)

Line Item	FY 1996			FY 1997			FY 1998			FY 1999			FY 2000			TOTALS		
	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC	USAID FX	LC	HAITI LC
P/O SPONSORS CORE & PI PROGRAM	3,308	9,923	0	2,505	7,514	1,925	1,903	5,709	3,000	1,242	3,725	4,200	978	2,933	4,000	9,934	29,803	13,125
POLICY PLANNING & FSIS	396	377	0	778	742	0	667	777	0	664	748	0	299	372	0	2,802	3,016	0
USAID LOGISTICS, MGMT. O'SIGHT	185	573	0	92	960	0	152	864	0	20	852	0	46	693	0	495	3,942	0
TOTALS	3,889	10,872	0	3,374	9,216	1,925	2,722	7,350	3,000	1,925	5,325	4,200	1,322	3,997	4,000	13,231	36,760	13,125
DA EXPENDITURES PER YEAR	14,761			12,691			10,072			7,250			5,319			49,992		
ROUNDED TO	15,000			12,500			10,000			7,250			5,250			50,000		

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**ANNEX B**  
**ANNOTATED NAD APPROVAL CABLE**

APPR: MS ( )

DRAFT: JN ( )

CLEAR: NJP ( )

UNCLASSIFIED STATE 137321 DTD. 7 JUNE 1995

CLEAR: JW ( )

CLEAR: ER ( )

AID/LAC/DR:JNINDEL:JN:FOODNAD  
05/24/95 647-5648

CLEAR: ( )

AID/AA/LAC:MSCHNEIDER

CLEAR: ( )

DAA/LAC:NJPARKER

LAC/SPM:JWEBER

LAC/SPM:ERUPPRECHT

LAC/CAR:DECKERSON (DRAFT)

BHR/FFP:JPAZ-CASTILLO (DRAFT)

LAC/RSD:RVANHAEFTEN (DRAFT)

M/B: BGREENE (INFO)

PRIORITY PORT AU PRINCE

AIDAC

E.O. 12356: N/A

TAGS:

SUBJECT: ENHANCING FOOD SECURITY - NAD REVIEW

1. USAID/HAITI'S NEW ACTIVITY DESCRIPTION FOR THE ENHANCING FOOD SECURITY (EFS) II PROJECT WAS REVIEWED ON MAY 24, 1995 AT A MEETING CHAIRED BY LAC/SPM. ATTENDEES INCLUDED REPRESENTATIVES FROM LAC (DPB, RSD, CAR, HTF AND SPM), PPC, BHR/FFP AND G/PHN. MISSION IS REQUESTED TO INCORPORATE GUIDANCE PROVIDED BELOW IN THE PROJECT DESIGN.

2. THE FOLLOWING ISSUES PERTAINING TO THE SUBJECT NAD WERE DISCUSSED AT THE REVIEW:

A. ADEQUATE LINKAGES BETWEEN THE PROJECT AND THE ECONOMIC SIDE OF THE MISSION'S PORTFOLIO: CONCERN WAS EXPRESSED THAT THE NAD CASTS THE PROJECT PRIMARILY IN HEALTH TERMS. WHILE IMPROVING THE LINKS BETWEEN FOOD PROGRAMS AND THE MISSION'S HEALTH ACTIVITIES IS IMPORTANT FOR ACHIEVING SUSTAINABLE FOOD SECURITY, ESPECIALLY IN THE MEDIUM TO LONGER TERM, IT IS GOING TO REQUIRE INCREASES IN PRODUCTIVITY AND INCOMES PARTICULARLY OF THE POOREST HOUSEHOLDS. LAC/W RECOGNIZES THAT THE MISSION IS STILL IN THE PROCESS OF DEVELOPING ITS STRATEGIC PLAN. HOWEVER. THE PROJECT PAPER SHOULD INDICATE HOW THE EFS II PROJECT, PARTICULARLY THE PRODUCTIVE INFRASTRUCTURE COMPONENT, RELATES TO THE MISSION'S ECONOMIC STRATEGIC OBJECTIVE AND PROGRAM OUTCOMES AND EXPLAIN LINKAGES WITH ACTIVITIES SUCH AS EDUCATION AND MICROENTERPRISE DEVELOPMENT. THE LATTER IS PARTICULARLY IMPORTANT SO THAT WOMEN HAVE EFFECTIVE AND EQUAL ACCESS TO SUSTAINABLE INCOME-EARNING OPPORTUNITIES. IT WAS NOTED THAT ACTIVITIES SPECIFICALLY TARGETED TOWARD

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WOMEN SHOULD BE CONSIDERED, SINCE THE PROPOSED INFRASTRUCTURE AND AGRICULTURAL ACTIVITIES ARE LIKELY TO ATTRACT MANY MORE MEN THAN WOMEN.

*MISSION COMMENTS:* Linkages with the Mission's strategic objectives are discussed in detail in section 1.2.4, Conformance with USAID Strategy and Programs, with attention to SO#3 and SO#1. More detailed linkages with health (SO#3) are found in section 2.1.1, with a specific requirement that Title II MCH programs link up with USAID/MSPP HS2004 norms and standards by FY 1997.

Linkage with Economic Growth activities (SO#1) is discussed in section 2.1.2, with integration fostered through provision of basic urban and rural "modules" of activities. These modules are based on technical packages developed under PLUS and JOBS, and EG staff are committed to working with PVOs to adopt them. Section 2.1.2 also notes specific activities most appropriate for women in the income-earning spheres.

The relative increases in income to be gained are discussed in section 5.2.5, Project Beneficiaries and Impact, with the caveat that these will be reviewed and revised when more current and accurate data are available from the World Bank Standard of Living Survey in 1996.

B. PROJECT OBJECTIVES WITH RESPECT TO POLICY DIALOGUE: A CONCERN WAS EXPRESSED THAT THE NAD SECTIONS ON THE DIALOGUE AGENDA DID NOT PROVIDE SUFFICIENT INFORMATION ON A SUBSTANTIVE POLICY AGENDA OR INSTITUTIONAL OBJECTIVES THAT THE MISSION WISHES TO CARRY OUT UNDER THE PROJECT OR THE RELATIONSHIP OF THIS PROJECT TO OTHER PROJECTS WITH POLICY REFORM AGENDAS.

THERE WAS CONSENSUS IN THE REVIEW MEETING THAT THE MISSION SHOULD USE THIS PROJECT TO HELP THE GOVERNMENT OF HAITI DEVELOP A FOOD SECURITY STRATEGY FOR THE COUNTRY AS A WHOLE. THIS WOULD GO BEYOND THE QUESTION OF FOOD ASSISTANCE TO TAKE A BROAD LOOK AT THE CONSTRAINTS TO IMPROVING FOOD SECURITY AT THE MACRO LEVEL AS WELL AS IN KEY SECTORS SUCH AS AGRICULTURE AND HEALTH, AND IT SHOULD BE UNDERTAKEN WITH BROAD PARTICIPATION FROM WITHIN THE GOH, OTHER DONORS AND US AND HAITIAN PVOS. THE TITLE III PROGRAM COULD BE ANOTHER VEHICLE FOR WORKING WITH THE GOH ON A FOOD SECURITY STRATEGY, HOWEVER, GIVEN THE UNCERTAINTIES REGARDING FUTURE TITLE III FUNDING, THE EFS

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II PROJECT MAY BE A BETTER MECHANISM TO PURSUE A FOOD SECURITY STRATEGY. THE MISSION WAS ENCOURAGED TO WORK WITH THE GOH TO HELP IT ESTABLISH A MECHANISM FOR COORDINATING THE FOOD ASSISTANCE MADE AVAILABLE TO THE COUNTRY. THE MISSION SHOULD ALSO CLARIFY THE 99RELATIONSHIPS BETWEEN THIS PROJECT AND THE POLICY OBJECTIVES THAT THE MISSION HAS IN THE THREE SECTORS IN WHICH EFS II RESOURCES WILL BE USED, I.E. AGRICULTURE, HEALTH AND EDUCATION. DOES THE MISSION INTEND TO USE THIS PROJECT TO HELP FURTHER ITS POLICY OBJECTIVES IN THESE THREE SECTORS? AND IF SO, HOW DOES THE MISSION PLAN TO ORGANIZE AND MANAGE THIS PROCESS?

*MISSION COMMENTS: The Mission's intent with regard to fostering dialogue and elaboration of a policy with the GOH on food security is discussed in section 2.2.1, Improved Collaborative Policy and Planning, with the proposed output for this component that the GOH will have developed and be implementing an operational food security policy and strategy by FY 1999.*

*The Mission's intent to work with the GOH to help it establish a mechanism for coordinating food assistance is discussed in 2.2.1 and was communicated in a written note to the Prime Minister on 2 June 1995. The note, entitled "Food Security Policy and Planning," is attached to this annotated cable for reference. It requests the Prime Minister's guidance as to with which entity it should work on the coordination function, and with which entity it should sign the ProAg. The Prime Minister expressed interest in the subject and advised the Mission Director he would respond soon.*

*The detailed policy agenda will be developed collaboratively with the GOH entity when it is named. At this time, given the Mission's stated intent to decrease school feeding to fewer schools in areas of greatest need, and the Ministry of Education's more urgent priorities, policy efforts are expected to focus less on education and more on agriculture, trade (food imports, tariffs, and non-tariff barriers), and health/nutrition issues. The Mission is committed to pursuing a collaboratively defined agenda so is reluctant to commit to more until partners are on board.*

C. TRANSITION TO A MORE TARGETED AND DEVELOPMENTAL FOOD PROGRAM: THE BUREAU AND BHR SUPPORTED THE PROPOSED TRANSITION FROM THE CURRENT SHORT-TERM RELIEF AND

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HUMANITARIAN FOOD ASSISTANCE PROGRAM TO ONE THAT IS MORE TARGETED AND DEVELOPMENTAL. SEVERAL CONCERNS WERE RAISED WITH RESPECT TO HOW THE MISSION PLANS TO IMPLEMENT THIS SHIFT; SPECIFICALLY, THE QUESTION WAS RAISED AS TO HOW THE MISSION PLANS TO GET THE FOOD COOPERATING SPONSORS TO PLACE MORE EMPHASIS ON PRODUCTIVE INFRASTRUCTURE AND REDUCE THEIR EMPHASIS ON SCHOOL FEEDING PROGRAMS WHICH ARE LESS WELL-TARGETED TO THE FOOD INSECURE AND HAVE LESS IMPACT. THE MISSION IS ENCOURAGED TO WORK WITH THE FOOD COOPERATING SPONSORS TO ASSIST THEM IN PLACING MORE EMPHASIS ON FOOD (OR CASH) FOR WORK PROGRAMS AND TO REDUCE THE AMOUNT OF RESOURCES DEVOTED TO PROGRAMS THAT CURRENTLY ARE NOT WELL-TARGETED SUCH AS SCHOOL FEEDING. PVO PROGRAMS SHOULD PUT MORE EMPHASIS ON HEALTH/NUTRITION INTERVENTIONS FOCUSED ON THE HIGH RISK GROUP OF UNDER-FIVE CHILDREN AND ON THE DEVELOPMENT OF PRODUCTIVE INFRASTRUCTURE AND OTHER MORE INNOVATIVE PRODUCTIVITY ENHANCING ACTIVITIES.

CONCERN WAS EXPRESSED ON HOW TO OBTAIN STAKEHOLDER AGREEMENT ON THESE CHANGES. IT WAS NOTED THAT PVOS, NGOS AND THE GOH ARE ACCUSTOMED TO THE CURRENT PROGRAM FOCUS AND WILL NEED CLEAR GUIDANCE ON THE TRANSITION FROM RELIEF TO A MORE DEVELOPMENTAL FOOD ASSISTANCE PROGRAM FOCUS. THE GOH, PVOS, AND LOWER LEVEL HAITIAN NGOS MUST PARTICIPATE IN THE PROCESS. THE PROPOSED GOH COORDINATING UNIT OR SIMILAR MECHANISM INVOLVING THESE STAKEHOLDERS SHOULD DEAL WITH THIS TRANSITION. THE PP AND/OR SUBSEQUENT IMPLEMENTATION PLANS SHOULD CLEARLY IDENTIFY EXPECTED BENCHMARKS AND TIMING FOR THIS TRANSITION TO OCCUR. FURTHER, CRITERIA FOR TARGETING OF PROGRAMS AND EXPECTED INPUTS SHOULD BE CLEARLY ESTABLISHED SO THAT STAKEHOLDERS CAN AFFECT CHANGES IN THEIR PROGRAMS. WITH A TRANSPARENT PROCESS AND CLEAR CRITERIA ESTABLISHED, IT WILL BE EASIER TO SUPPORT PVO, NGO, AND GOH ACTIVITIES THAT ARE APPROPRIATELY TARGETED AND PHASE OUT THOSE THAT ARE NOT.

***MISSION COMMENTS:** Detailed expectations for decreases in beneficiary levels, commodities, and cost by Sponsor and by program type are provided in section 2.1.1 in the narrative and particularly at Table 2 and Figures 4 and 5. Section 2.1.1 in particular addresses very specific numeric and anthropometric targets for the population under 5 years of age.*

*These numeric and program mix targets were discussed in a two hour meeting with PVO Sponsors on June 6, and Table 2 and Figures 4, 5, 6, 7, and 8 from the PP were*

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provided to them. Follow-up meetings were scheduled with PVOs on a weekly basis to discuss implementation planning. Mission's sense is that they appreciate the clear, written guidance and are ready to tackle the difficult task of "ratcheting down" the program.

Table 2 includes annual numeric benchmarks and the Logical Framework includes more substantive technical benchmarks in terms of integration of food programs with health and economic growth activities. The FSIS (and new World Bank SLS) will continue to provide information to improve targeting to the "most food insecure areas."

D. MANAGEMENT: EVALUATIONS OF THE MANAGEMENT STRUCTURE SHOULD BE BUILT INTO THE PROJECT BECAUSE OF THE INTENSE MISSION MANAGEMENT AND DOLLAR COSTS OF THE CURRENT PROJECT. EXPECTATIONS ARE THAT BOTH COULD COME DOWN OVER THE LIFE OF THE PROJECT.

**MISSION COMMENT:** Evaluation of the management structure will be included in the FY 1998 mid-term evaluation. As beneficiary levels fall and the food program is integrated with other technical areas, staff is expected to decrease.

E. FUNDING AND DELEGATION OF AUTHORITY: THE PP SHOULD ALSO ADDRESS WHAT THE TRANSITION WOULD MEAN IN TERMS OF THE TOTAL QUANTITIES OF COMMODITIES NEEDED TO DETERMINE THE TOTAL VALUE OF THE TITLE II PROGRAM. THE MISSION INITIALLY PROPOSED THIS PROJECT AS AN FY 95 START; HOWEVER, WE NOW UNDERSTAND THAT THIS PROJECT WILL BE FUNDED IN EARLY FY 96. GIVEN RECENT COMMUNICATIONS ON EFS I SHORTFALLS, MISSION SHOULD CAREFULLY ASSESS TIMING OF EFS II SO THAT NO GAPS OCCUR IN SUPPORTING THE FEEDING PROGRAMS. WHILE MISSION IS HEREBY DELEGATED AUTHORITY TO AUTHORIZE PROJECT, CONGRESSIONAL NOTIFICATION PROCESS CANNOT BE INITIATED UNTIL FY 96 BUDGET LEVELS ARE ESTABLISHED. OBLIGATION CANNOT BE INCURRED UNTIL THE CN PROCESS IS COMPLETED.

**MISSION COMMENT:** Commodity levels and costs for new decreasing beneficiary levels and program mix are presented in detail in Figure 2. Shortfalls under EFS1 have been addressed in a supplemental request. Project is cast as an FY 1996 start, although Mission reserves

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the possibility of a small "token" obligation to obtain bilateral concurrence for the proposed bilateral portion of the project (US\$5.8 million) under the current Aristide Government. Concern is that a delay until first quarter FY 1996 would coincide with November 1996 Presidential elections, and could mean a delay until after the new President takes office and forms a government -- which would delay the bilateral portion of the project until third quarter. Mission will maintain dialogue with the Prime Minister and with USAID/W and will advise.

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Submitted to the Prime Minister 2 June 1995 by Director

## FOOD SECURITY POLICY AND PLANNING

Background: The Mission is in the process of developing its food aid and food security program for the next five years. As currently conceived the project calls for a US\$ 50 million development assistance budget, US\$ 150 million in Title II commodity resources and US\$ 13 million in monetized commodities. A major thrust of the program is to move away from short-term use of food aid for emergency feeding toward the use of food aid to contribute to long-term food security. This shift implies strong collaboration with the Government of Haiti in terms of developing and implementing food security policy and strategy on an intersectoral basis. The key technical ministries involved are the Ministry of Agriculture, Natural Resources, and Rural Development, for food production and marketing analyses and programs, and the Ministry of Public Health and Population for nutritional surveillance and programs. The office of the Prime Minister has also been investigating food security interventions and options.

The Government of Haiti is in the process of establishing an InterSectoral Commission for Food Aid with assistance from the European Union. The Commission's primary role will be to coordinate food aid from various sources and to ensure that it does not provide disincentives to food production. The preliminary terms of reference for this Commission suggest that it will be under the oversight of the Ministry of Agriculture, Natural Resources, and Rural Development. One of the mandates of the Commission is to contribute to a better integration of food aid with the National Plan for Food Security.

Problem: USAID's new food security project will complement the efforts of the Ministry of Agriculture, Natural Resources, and Rural Development and European Union by providing assistance for further development of the National Plan for Food Security. In this regard, USAID would like to sign a bilateral agreement for this component of the new project with an entity in the Government that will take responsibility for food security policy and strategy development and implementation.

Options: USAID has discussed placement of this component with a number of officers of the Government. The consensus is that this overall policy and strategy development role must be carried out by a central ministry or office that can balance the differing biases of the technical ministries involved in sectoral analyses and

programs. There is also consensus that this important role must be institutionalized within an existing Government body and not carried out on an ad hoc basis. Options discussed include the Ministry of Planning or one of its units; the Ministry of Finance through the Haitian Information and Statistics Institute, as a central coordinating body; and the Prime Minister's Office.

Action: USAID seeks the Prime Minister's guidance as to which ministry or office is most appropriate for this role.

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BHTI PFCO PPMK PFDK AAG CAPS PPSF KEAL  
FMAD PVC OFE OPB OPOD STM GPP FMCA

INFO LOG-00 ACRE-00 ARA-01 DEAE-00 TEDE-00 INSE-00 SSAH-00  
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DRAFTED BY: AID/LAC/DR:JNINDEL:JN:FOODMAD  
APPROVED BY: AID/AA/LAC:MSCHNEIDER  
AID/DAA/LAC:NIJPKER AID/LAC/SPM:JWEER  
AID/LAC/SPM:ERUPP CMT AID/LAC/CAR:DECKERSON (DRAFT)  
AID/BHR/FFP:JFAR-STILLO (DRAFT) AID/LAC/RSD:RVANFAETTEN (DRAFT)  
AID/H/B: EGREENE (INFO) AID/LAC/DPB:RMEETAN (DRAFT)  
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TAGS:

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A. ADEQUATE LINKAGES BETWEEN THE PROJECT AND THE ECONOMIC  
SIDE OF THE MISSION'S PORTFOLIO: CONCERN WAS EXPRESSED  
THAT THE NAD DID NOT PROVIDE AN APPROPRIATE BALANCE  
BETWEEN HEALTH AND ECONOMIC ASPECTS OF FOOD SECURITY  
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B. PROJECT OBJECTIVES WITH RESPECT TO POLICY DIALOGUE: A CONCERN WAS EXPRESSED THAT THE SUB-SECTIONS ON THE DIALOGUE AGENDA DID NOT PROVIDE SUFFICIENT INFORMATION ON A SUBSTANTIVE POLICY AGENDA OR INSTITUTIONAL OBJECTIVES THAT THE MISSION WISHES TO CARRY OUT UNDER THE PROJECT OR THE RELATIONSHIP OF THIS PROJECT TO OTHER PROJECTS WITH POLICY REFORM AGENDAS.

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PROJECT TO HELP FURTHER ITS POLICY OBJECTIVES IN THESE THREE SECTORS? AND IF NO, HOW DOES THE MISSION PLAN TO ORGANIZE AND MANAGE THIS PROCESS?

C. TRANSITION TO A MORE TARGETED AND DEVELOPMENTAL FOOD PROGRAM: THE BUREAU AND EPE SUPPORTED THE PROPOSED TRANSITION FROM THE CURRENT SHORT-TERM RELIEF AND HUMANITARIAN FOOD ASSISTANCE PROGRAM TO ONE THAT IS MORE TARGETED AND DEVELOPMENTAL. SEVERAL CONCERNS WERE RAISED

WITH RESPECT TO HOW THE MISSION PLANS TO IMPLEMENT THIS SHIFT; SPECIFICALLY, THE QUESTION WAS RAISED AS TO HOW THE MISSION PLANS TO GET THE FOOD COOPERATING SPONSORS TO PLACE MORE EMPHASIS ON PRODUCTIVE INFRASTRUCTURE AND REDUCE THEIR EMPHASIS ON SCHOOL FEEDING PROGRAMS WHICH ARE LESS WELL-TARGETED TO THE FOOD INSECURE AND HAVE LESS IMPACT. THE MISSION IS ENCOURAGED TO WORK WITH THE FOOD COOPERATING SPONSORS TO ASSIST THEM IN PLACING MORE EMPHASIS ON FOOD (OR CASH) FOR WORK PROGRAMS AND TO REDUCE THE AMOUNT OF RESOURCES DEVOTED TO PROGRAMS THAT CURRENTLY ARE NOT WELL-TARGETED SUCH AS SCHOOL FEEDING. PVO PROGRAMS SHOULD PUT MORE EMPHASIS ON HEALTH/NUTRITION INTERVENTIONS FOCUSED ON THE HIGH RISK GROUP OF UNDER-FIVE CHILDREN AND ON THE DEVELOPMENT OF PRODUCTIVE INFRASTRUCTURE AND OTHER MORE INNOVATIVE PRODUCTIVITY ENHANCING ACTIVITIES.

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IF CLEAR CRITERIA ESTABLISHED, IT WILL BE EASIER TO SUPPORT  
 PPO, MCO, AND COB ACTIVITIES THAT ARE APPROPRIATELY  
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D. MANAGEMENT: EVALUATIONS OF THE MANAGEMENT STRUCTURE  
 SHOULD BE BUILT INTO THE PROJECT BECAUSE OF THE INTENSE  
 MISSION MANAGEMENT AND DOLLAR COSTS OF THE CURRENT  
 WHICH COULD COME DOWN OVER  
 THE LIFE OF THE PROJECT.

E. FUNDING AND DELEGATION OF AUTHORITY: THE PP SHOULD ALSO  
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 TOTAL QUANTITIES OF COMMODITIES NEEDED TO DETERMINE THE  
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 FUNDED IN EARLY FY 96. GIVEN RECENT COMMUNICATIONS ON ERS  
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 I SHORTFALLS, MISSION SHOULD CAREFULLY ASSESS TIMING OF  
 ERS II SO THAT NO GAPS OCCUR IN SUPPORTING THE FEEDING

PROGRAMS. IT IS LIKELY THAT FIRST QUARTER FY96 FUNDS  
 WILL NOT BE AVAILABLE PRIOR TO OCTOBER 20. MISSION IS  
 HEREBY DELEGATED AUTHORITY TO AUTHORIZE PROJECT.  
 CONGRESSIONAL NOTIFICATION SHOULD BE DRAFTED SO THAT IT  
 CAN GO TO THE HILL IN THE FIRST WEEK OF OCTOBER.

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**ANNEX C**  
**BACKGROUND TECHNICAL ANALYSIS**

Prepared for USAID Haiti January - April 1995

by Dr. Roberta van Haften

## ANNEX C BACKGROUND TECHNICAL ANALYSIS

Note: This paper was written before the Mission finalized its FY 1996-Fy 1997 Action Plan. Some references to Strategic Objectives and Program Outcomes are thus out-dated. The analysis also refers to an earlier version of the Logical Framework in which education plays a more prominent role. In spite of these differences with the final design, the depth of analysis remains an important background piece for the project.

### 1. Types of Interventions Proposed

The types of interventions that have been selected are consistent with the purpose of the project which is to continue to provide a safety net for the food insecure in the short-run at the same time that the activities undertaken are better targeted and also contribute to a sustainable improvement in food security over the longer-term. Interventions, to be eligible for support under this project, therefore, will have to be targeted to poor and food insecure households and/or children -- primarily to malnourished pre-school children and secondarily to school-aged children from poor households. Interventions will also have to be able to make a measurable impact in one of the following three areas:

Increasing food security at the household level through activities that increase household productivity (especially agricultural productivity) and incomes,

Improving household nutrition, and in particular the nutrition of pre-school children and their mothers,

Improving basic education, including the primary education system and/or the educational attainment of children, especially those from poorer households.

Preference will be given to making resources available through cash and/or food for work activities, which are self-targeting to the poorest households and through Maternal Child Health/Nutrition Activities, which are targeted to the most nutritionally vulnerable groups in the country. The Cantines Populaire and other general relief activities, which are included in the current project, will be phased out. This is because they are not well-targeted (Cantines Populaire) and they are non-developmental (Cantines Populaire and other general relief activities). School feeding activities will also be phased down, since they are not directed to the most nutritionally vulnerable groups in the country and have not been developmental. Proposals from the Cooperating Sponsors that look like they will be able to make a real impact on the basic education system in the country, and/or the educational attainment of primary school children, especially those from poorer households, will be supported.

The numbers of participants in the productive infrastructure programs (whether cash and/or food) are expected to vary both seasonally and cyclically, as a reflection of the seasonal and cyclical variations in food availability in rural areas in Haiti and the debilitating impact that these shortfalls have on household food security. The beauty of many of these infrastructure programs (the irrigation canals and soil conservation structures, in particular) is that they put in place investments that will help mitigate the negative food security impact of these seasonal and cyclical weather patterns over the longer-term at the same time that they increase the access of poor households to food in the short-run. The numbers of beneficiaries of the Maternal Child Health/Nutrition and primary education interventions, on the other hand, are expected to be more stable and to reflect a more stable balance between the size and needs of the target groups and the costs and likely benefits of the interventions.

### **1.1 Interventions Directed to Improving Household Food Security and Agricultural Productivity**

Three possible types of interventions were identified under this category: (1) the creation of temporary jobs on medium-scale civil works, particularly those that add to the productive infrastructure in rural areas and health related social infrastructure, (2) support to small, resource poor farmers designed to increase their agricultural productivity and incomes, and (3) other activities that help poor, food insecure households increase their incomes and improve their diets. The target of these interventions is poor, food insecure households. And the objective of these interventions is to increase agricultural productivity and household incomes so that poor, food insecure households will have the where-with-all to improve their food intake.

#### **1.1.1 Employment on Productive Infrastructure**

The creation of temporary jobs which employ people to repair and rehabilitate the country's productive infrastructure will be one of the most important of the interventions supported under this project. Programs that employ people on productive infrastructure, even temporarily are an essential part of a food security strategy for Haiti, both because of the extremely high levels of under and unemployment in the country now and because of the terrible state of the country's productive and social infrastructure. These types of interventions are important in the short-run, because they are labor intensive and provide jobs and income to food insecure people. They also have important impacts on improved food security in the medium to longer-term, because they create physical infrastructure that, among other things, increases farmer productivity, and reduces transportation costs, thereby reducing food costs. These programs, in fact, will make an important contribution to increased agricultural productivity in Haiti, which is one of the thrusts of the new USAID "Food Aid and Food Security Policy" paper, directly through the rehabilitation/expansion of irrigation systems and soil conservation structures, and indirectly, through improvements in farm to market roads.

Temporary employment programs that pay around the minimum wage (whether paid in cash or food) are self-targeted to the poor. This is an important advantage in countries such as Haiti where income-based means tests are difficult, if not impossible, to administer. In fact, these types of program are often better targeted to food insecure households than many direct feeding programs. From a developmental perspective, this is a much better way to assist food insecure households with one or more able bodied adults than to provide them with free food, as is being done through the Cantines Populaire and the dry ration distribution program now. Temporary employment programs that provide jobs on productive infrastructure are also much less likely than the Cantine Populaire program to create a sense of entitlement among their beneficiaries and/or to encourage a dependency relationship to build up between the program and the beneficiary households.

Programs which focus on the creation of jobs -- even temporary ones -- on productive infrastructure, in other words, are consistent with the guiding principles adopted in Miami, especially the principles of improving the targeting and food security impact of the project. These activities are also consistent with the emphasis in the new USAID "Food Aid and Food Security Policy" paper on improving agricultural productivity. And they link to the Mission's second Strategic Objective which is to promote *Sustainable Private Sector-led Economic Growth* and the first Program Outcome which is to *Increase Agricultural Production*.

#### **1.1.2 Continuation of the Emergency Jobs Creation Initiative (later adopted by World Bank)**

The emergency Jobs Creation Initiative, which was added to the current project in July 1993, will be extended for another two years under the new project. This Initiative, which was designed to have a quick impact through creating jobs on productive infrastructure, was originally justified on the grounds that the additional employment created would make a critical contribution to the effort of the United States to support the restoration of democratic rule in Haiti. This program, it was argued, was needed to provide "some relief to many of Haiti's poorest groups that suffered economically and nutritionally after the coup," and it was expected that "this employment creation effort will help restore confidence and hope, and create a political climate conducive to national healing and economic recovery."

A similar economic and political argument can be made for keeping a quick impacting, cash-based productive employment component in the new project. Poverty and lack of jobs is just as much a problem now as it was after the coup, and the role of jobs in creating a political and economic climate that will help facilitate the up-coming political transitions is just as important. It is true that there will be some additional sources of funds for employment creation activities that will be soon coming on stream that did not exist when the Jobs Creation Initiative was initiated. One is the \$23.9 million Economic and Social Fund project (FAES) supported by the World Bank and the Inter-American Development Bank that will fund small-scale PVO and community projects aimed at improving health, education and related infrastructure services for the poorer population. The Ministry of Agriculture is also

scheduled to receive local currencies from the Title III program to use to develop its own employment generation program. The USAID Jobs program, in fact, was initially viewed as bridge until these other longer-term programs could be resumed.

It is not clear, however, how long it will take for these programs to get underway. Implementation schedules are already slipping. It also seems unlikely that these programs will replace the jobs that will be lost if the USAID ends this program this April as currently planned. World Bank supported Social Investment Funds, for example, tend to be much less labor intensive than the USAID Jobs Initiative has been. It has also become much clearer that it is going to take much longer for the economy to recover and for sufficient jobs to be generated in the private sector. The basic infrastructure in the country has deteriorated so much that new investment is going to be harder to attract than originally anticipated and the benefits of this investment will take longer to materialize in the form of jobs and sustainable economic growth.

From the perspective of U.S. foreign policy objectives in Haiti, as well as in terms of the food security of poor households, it seems only prudent, therefore, that the USAID maintain the ability to play a role with respect to the creation of temporary employment opportunities during the remainder of this year and well into next year. The type of cash for work programs that have been developed under the current Enhancing Food Security project are among the most flexible and best targeted of the safety-net interventions that the Mission has available to it. They can be geared up quickly, if the other donor programs are slow to get started, for example, and they can be phased down relatively quickly. They can also be easily targeted to specific areas of the country, if particular needs are identified that the other programs are not meeting. And they can be targeted in a way that will help make it easier for the Cooperating Sponsors to phase out of their emergency programs, which is now scheduled for the end of FY 1995, and other non-developmental feeding programs, which is an objective for the regular Title II food assistance program -- without de-stabilizing local economies and/or adding fuel to any political dissent. And of course, the fact that this type of program also contributes to a desperately needed improvement in the country's productive infrastructure is an important secondary benefit.

### **1.1.3 Employment on Productive and Social Infrastructure Over the Longer-Term**

The independent quick impact, cash for work on productive infrastructure or Jobs Creation Initiative was designed to help the country cope with the extraordinary job losses and poverty created over the last three years by the coup and the subsequent embargo. If one assumes that the political changes that are scheduled to take place before the end of the year occur peacefully and the economy begins to improve, this means that the USAID will be able to phase out of this cash-based program.

However, poverty will still be endemic in Haiti and there will still be significant needs in the country, especially in rural areas, for community and household capital formation, job creation and sustained increases in productivity and income generation. down as planned.

These are the conditions that underlie the problem of chronic food insecurity in the country. All of the objectives mentioned, however, can be achieved through using food or food and cash instead of cash alone to work on the rehabilitation as well as creation of productive and social infrastructure. There is no alternative resource other than food to support the size of the program needed given the paucity of infrastructure (and the poor condition of what little there is) in the rural areas of the country. The question is one of feasibility, but from a cultural not a technical point of view (see discussion in Section 5.1.2).

The assumption made in this paper is that food for work (alone or in combination with cash) is a viable (again see discussion in Section 5.1.2) and necessary option in Haiti. This longer-term effort will differ from the Jobs Creation Initiative in several other ways. Work on social infrastructure, especially activities related to improving poor people's access to water and sanitation facilities will be added to the list of project types in recognition of the importance of these factors to improved health and the importance of improved health to improved nutrition. More attention will also be paid to the issue of sustainability (who will have responsibility for maintaining the road that is repaired with food for work, for example, and how will that be done) and community development.

Also, a greater percentage of the resources will be directed to rural areas where the largest numbers of poor, food insecure households live. Additional jobs and the income they bring (whether in cash or food) are important to the people living in rural areas; rural households are among the poorest in the country and the need to expand the productive and social infrastructure in rural areas and to repair what little is already there is tremendous. These programs will have to be carefully tailored to the seasonal availability of food (a factor which all food programs of any size need to be sensitive to) as well as the cyclical demand for labor in farm production and marketing at the level of the region and the community. The timing and location of the jobs created in rural areas matters, especially in Haiti where bad or almost non-existent roads mean that markets do not function very effectively and large quantities of food introduced at the time that local crops are being harvested can drive down prices and create disincentives to domestic production. The large seasonal and cyclical (due to drought) variations in food availability in rural areas increases the likelihood of the utility of food for work interventions in Haiti. The Food Security Information System (FSIS) is expected to be able to assist with this type of locational and seasonal targeting (see discussion in Section 4.3). The beauty of many of these infrastructure programs (the irrigation canals and the soil conservation structures, in particular) is that they put in place investments that will help mitigate the negative food security impact of these seasonal and cyclical weather patterns over the longer-term at the same time that they improve the access of poor households to food in the short-run.

#### **1.1.4 Increasing Individual Farmer Productivity and Household Incomes**

If the new USAID "Food Aid and Food Security Policy" allowed Missions/Cooperating Sponsors to focus their food assistance programs first on the major groups of food insecure and then to tailor the interventions to the specific problems affecting each of these groups,

this project would have been designed in a way that would have directed more of the resources to households farming on Haiti's degraded hillsides. This is a fairly large group of households, considering the fact that 70 percent of the country's population still living in rural areas and two out of every three hectares cultivated are lands with steep slopes.

The Mission has had some success in working through several PVOS (including CARE) with some of the poorer and more food insecure hillside farmers under its PLUS (Productive Land Use Systems) project. As a group, the hillside farmers that the PLUS project focusses on are among the poorest in the country, although the individual farmers that are being helped, especially those that are early adopters, may be among the better off farmers in a given area. The PLUS model, which has evolved over a number of years, provides technical assistance and training to farmers (individually or as part of a group) in a number of areas, including construction techniques for several different types of soil conservation structures; planing and implementing bio-intensive gardens; and planting/grafting fruit trees. Because these are some of the poorest and most food insecure households in the country, using some of the resources available under this project to help increase the productivity of these lands and the income of the households living off them would seem to make sense as a means of increasing national as well as household food security. However, the question is whether food can be used effectively for these purposes (see discussion in Section 5.1.2).

Project Cooperating Sponsors will be given the flexibility under this project to propose other activities designed to work with poor, food insecure rural households. These activities could be in agriculture (working with individual farmers to increase their productivity and incomes) or based on agriculture (related to improvements in food storage, marketing, processing, or other income generating micro-enterprise activities, for example). Additional sources of incomes are important for most poor households, to reduce risk as well as to increase income. An increase in opportunities to earn off-farm income is particularly important to Haiti's farmers, given the small size and low levels of productivity of many farm plots. Again, the real question is whether food can be used effectively for these purposes. Such activities would be initiated on a pilot basis and expanded only if their impact (which will have to be carefully defined, monitored and assessed) warrants.

## **1.2 Interventions Directed to Improving Household Nutrition and in particular the Nutrition of Pre-school Children and Their Mothers**

The Maternal Child Health/Nutrition interventions that are being supported under the current Enhancing Food Security project will be expanded under this project and better integrated with the Mission's health activities. Although one of the stated purposes of the project is to improve household nutrition (which is consistent with the focus of the AID/W "Food Aid and Food Security Policy" paper), the primary focus of the project and its interventions is on improving the nutrition of pre-school children. There are several reasons why the decision was made to focus project interventions on this target group. First, in Haiti, as elsewhere in the world, pre-school children are among the most nutritionally vulnerable groups in the society. Second, it is during the first three years of a child's life when growth retardation is

the most intense and when nutritional interventions can have the greatest positive impact on the growth of the child and its ability to lead a productive and healthier life later on. And third, we have evidence from experience, including from the current program in Haiti, that food can be used effectively in Haiti in combination with other inputs to help improve the nutrition levels of Haiti's pre-school children.

Integrated Maternal Child Health/Nutrition programs will be the primary intervention under this category. We have learned, after many years of trying, that food supplements, used by themselves, have little or no impact on the nutrition of pre-school children. Additional food, we now understand, is not likely to result in improved nutrition of the child if nothing is done to improve the health of the child (additional food will not lead to improved nutrition if children are too sick to absorb the nutrients, for example) or the caring that the child receives. On the other hand, food supplements have been shown to have a measurable impact on the reduction of malnutrition among pre-school children when used in an integrated health/nutrition program in combination with the delivery of a package of health services such as vaccinations, vitamin A tablets and health and nutrition education. Nutrition education, particularly information on the importance of proper breast feeding and weaning practices, is another important component of these programs, because it is at the time of weaning (3-5 months to 12-23 months) that the percentage of acute and chronically malnourished children increases most dramatically. Growth monitoring is also an important component of these interventions, because it provides the information on the nutritional status of individual children that is needed to target the food resources and to monitor and evaluate the impact of the program on program beneficiaries. The information on the nutritional status of malnourished children is also used as an education device in working with the child's care giver.

Like the temporary employment programs, Maternal Child Health interventions are well targeted to the most nutritionally vulnerable -- pregnant and lactating women and children under five. In most programs, the food supplements are even more narrowly targeted -- to the children under five in the program that are malnourished. Because children are selected into the program on the basis of their degree of malnutrition and they are graduated when their weight returns to normal levels for their age, these programs manage to avoid creating dependency among their beneficiaries or the perception of the program being an entitlement. The reasons for inadequate weight gains within a reasonable time period can be investigated and additional measures taken, or if the family is uncooperative, the child dropped from the program.

Increasing the emphasis given to Maternal Child Health/Nutrition interventions is consistent with the guiding principles approved in Miami, especially with the principles of improving the targeting and food security impact of the project. By providing food and health services to children when they are most vulnerable, Maternal Child Health interventions also contribute to a sustainable improvement in Haiti's human capital base -- healthier, more productive Haitians. They meet the development criteria, in other words. These interventions are also consistent with the emphasis in the new USAID "Food Aid and Food

Security Policy" paper on "improving household nutrition." And, they are supportive of the Mission's Third Strategic Objective which is to *Protect and Develop the Human Resource Base*.

Because of the lessons learned in Haiti as well as elsewhere in the world, the food supplements that are directed to pre-school children in the future will only be made available as part of an integrated Maternal Child Health/Nutrition program. Again this means phasing out of the Cantines Populaire program. And food will only be made available in programs in which other important complementary inputs are also available, such as growth monitoring, immunizations, Vitamin A capsules, oral rehydration, and health and nutrition education (including strong components on appropriate breast feeding and weaning practices). The food supplement part of the program, which represents an income transfer as well as an incentive for poor household to participate in the program, will be limited to the neediest households as it is now in both the CRS and ADRA programs. That is, the food supplements will be limited to households with malnourished children.

The two biggest constraints to expanding these programs are the lack of health infrastructure (both public and private) in many areas of the country and the lack of the cash resources needed to insure the availability of the necessary complementary inputs such as vaccinations, deworming medicine, Vitamin A tablets, etc. Ideally, in order for the Cooperating Sponsors to expand their Maternal Child Health interventions into a new area, there would be a health facility available to work with (either private or public) which had some minimum level of technical capacity. Absent this, the Cooperating Sponsors will have to create some of the basic infrastructure themselves, increasing the complexity and cost of the intervention. Expanding the coverage of the Maternal Child Health/Nutrition interventions, in other words, is linked to additional cash resources becoming available and ultimately to improvements in the country's basic health infrastructure. Some of the additional cash resources could come from the new/amended Enhancing Food Security project, through DA and/or monetized Title II. Another potential source of support is the Mission's recently designed Health Services 2004 project, one of the objectives of which is to strengthen the country's primary health care system.

Cooperating Sponsors will also be given the flexibility under this project to propose activities, complementary to those designed to improve the nutrition of pre-school children, which use food as a component of a programs focused on improving maternal nutrition. These activities would have to be initiated on a pilot basis, however, and expanded only if their impact (which will have to be carefully defined, monitored and assessed) warrants. Programs which are designed to expand the availability and improve the access of poor households to potable water and sanitation services will also be eligible under this and the employment on productive and social sector infrastructure categories of interventions. Additional investments in water and sanitation are important, because of the extremely low level of coverage, especially in rural areas, and the important linkages from improved water and sanitation to improved health and from improved health to improved nutrition.

### 1.3 Interventions Directed Toward Improving Basic Education, Including the Primary Education System and/or the Educational Attainment of Children, Especially Those from Poorer Households.

The final set of interventions are included in the project as an acknowledgement of the essential role that basic education can play in bringing about sustainable improvements in the productivity of the Haitian population and in their health and nutrition. The use of food to promote primary education is particularly important in Haiti, which has the lowest enrollment rates and lowest level of literacy in the Western Hemisphere. Less than 50 percent of the population can read and write and less than percent of primary age children are enrolled in school. Also, in contrast with most countries, the education system is predominantly private (90 percent of primary and secondary enrollment) which reflects the low priority that past governments have given to education.

Such improvements food security and nutrition produced by these education-based interventions may be longer in coming than the improvements produced by the first two sets of interventions, but a growing body of international evidence suggests that, once attained, they may be more permanent. In the final analysis, an improvement in Haiti's human capital base is arguably one of the most necessary and effective ways of ensuring that Haiti's future growth is both broad-based and sustainable. To achieve this purpose, however, food has to be linked to improvements in Haiti's primary schools as well as improvements in the educational attainment of the children.

School feeding activities, as they are currently being implemented in Haiti, are not targeted to the most food insecure groups in the country,. Nor is there any evidence that these programs have had any impact on the nutrition of the children participating in these programs or on their learning. This means that these interventions, as currently implemented, are not consistent with the principles agreed upon in Miami, with the USAID "Food Aid and Food Security Policy" paper, or with the Mission's third Strategic Objective which is to *Protect and Develop the Human Resource Base* and with one of its Program Outcomes -- *Improved Access to Education and Training*.

If redesigned, however, these interventions could make a contribution to improving food security in the country. Basic education plays an essential role in improving people's access to food (by increasing their productivity and income earning potential) and utilization of food (education, along with the additional income that it brings, enables people to make better food choices and to access health services, both of which improve food utilization).

Several options are available for using food in a more developmental way in Haiti. One option is to use the food to support improvements in the primary education system in Haiti: to only make food available to those schools that are part of an accreditation system first, and then only to those schools that adopt a specified set of reforms, which could include an approved curriculum, for example, minimum standards for teachers, an in-service training program to up-grade teachers. (To participate in the current school feeding programs, schools only have to be able to provide a secure place to store the food and a place to cook

the food). If the Cooperating Sponsors selected this option, they would have to work in close coordination with the Mission's other efforts to improve/reform the Haitian educational system. Other criteria would also have to be used for selecting schools (in addition to the adoption of specified educational reforms), such as location in poor urban and rural areas, in order to avoid having these resources become even more concentrated on the better-off schools and families than they are now.

This is also still an interim approach, although a very important approach given the sorry state of the country's primary education system. Eventually, school feeding programs, to be justifiable, will have to be able to demonstrate impact on learning. Designing an intervention that could have a positive and measurable impact on learning, of course, is another option that one or more of the Cooperating Sponsors could opt for right from the beginning. If this option were selected, the Cooperating Sponsors would also have to develop a strategy for changing the mechanism for delivering the food (converting over to the use of specially fortified cookies or biscuits and/or drinks and/or other types of culturally acceptable prepared foods, instead of continuing to cook the food in the schools) and the delivery time (making the food available to students earlier in the day to enhance its learning impact). Such a strategy would also help improve the cost effectiveness of the first option. ALSO  
IMPROVED NUTRITION

Another option could be to use food as an income supplement to poor families (who have not been able to afford to send their children to school) in exchange for them agreeing to send their children, especially girl children, to primary school and keep them there over several years.

## **2. Making the Transition from Relief to Development**

Food resources in the current program are made available through school feeding activities (over half of the regular program beneficiaries are school children who receive their food assistance in the form of cooked meals at school), Cantines Populaire (over 27 percent of the regular program beneficiaries receive their food through these community kitchens), Maternal Child Health programs (14 percent), general relief (3 percent of the beneficiaries include orphans, the elderly and others unable to care for themselves), and food for work (3 percent). Another beneficiaries have benefitted from the temporary employment provided to date under the Mission's Jobs Initiative.

The number of beneficiaries is expected to change over the life-of-the-project. A large number of people continue to need immediate help. This has not changed much since the return of Aristide. However, the numbers of people needing a safety net are expected to decline over the life of the project as the economy begins to recover, the private sector begins to generate more jobs, and farmers are able to recapitalize and increase their productive infrastructure.

The mix of activities supported under this project will also change, in order to better target support to the poorer, more food insecure populations (see Table 1 for one possible scenario). Preference will be given, therefore, to making resources available through Maternal Child Health activities, which are targeted to the most nutritionally vulnerable groups in the country, and through cash and/or food for work activities, which are self-targeting to the poorest households. The Cantines Populaire and other general relief activities will be phased out, because they are not well-targeted (Cantines Populaire) and they are non-developmental (Cantines Populaire and other general relief activities). School feeding activities will also be phased down, since they are not directed to the most nutritionally vulnerable groups in the country, and have not been developmental.

### **3. Coordination Mechanisms**

#### **3.1 Within the Mission**

Coordination will take place in the Mission through the mechanism of the project committee. Given the new developmental focus of the project and the need to better integrate the interventions that will be supported with food assistance in the economic (primarily agriculture), health and education sectors with the activities in these sectors that are being supported by other Mission activities, the Food Office will be expected to make active use of the project committee for the new project to make sure that sufficient coordination occurs on substantive as well as management issues. Members of the Food Office will also be expected to participate actively as members of the project committees for the other relevant projects in the Mission's portfolio -- the new Health 2004 and the Incentives to Improve Basic Education projects, for example.

#### **3.2 With Other Donors**

A number of mechanism exist by which the donors involved with food programs are able to coordinate their activities. The World Food Programme Representative chairs monthly meetings of the food implementing agencies, for example, which the Mission food staff attend. The Mission also has separate bi-monthly meetings with its cooperating sponsors, to which representatives of the European Community and the World Food Programme are also invited. The other important food donors for Haiti are the European Community, which provided            metric tons of food with an estimated value of            last year, and the World Food Programme, which provided            metric tons of food with an estimated value of            .

Coordination with other donors also takes place at other levels. At the level of the Mission Director, for example, a series of monthly meetings are held organized and chaired by the UNDP Resident Representative. Donor coordination meetings are also organized by sector. The FAO Director, for example, chairs monthly meetings of the donors involved in agricultural programs, which Mission staff from the Economic Growth office attend. Since

sectoral coordination may become more important as the food assistance programs become more developmental, Mission participation at these meetings (or background work done in advance) may need to be adjusted.

### 3.3 With the Government of Haiti

The Ministry of Plan has had the responsibility for coordinating all foreign assistance, including food assistance, but has not played an active role for a number of years, particularly in the food assistance area. This is in contrast to the situation found in many other countries where governments have created separate entities to coordinate food assistance and these entities play an active role in establishing policy with respect to the uses of food assistance and in coordinating the activities of the various food assistance donors.

The Aristide government, however, has not yet taken a clear stand with respect to this issue. The Ministry of Agriculture and Natural Resources (MANDR) has proposed in a recent document that it be given responsibility for coordinating the food assistance coming into Haiti and that the Ministry of Plan retain responsibility for coordinating the Government's policies and programs with respect to the broader issues of food security. Another option that is being discussed is to expand the functions of the special unit that was created in the Prime Minister's Office to coordinate the activities to be carried out under the Emergency Economic Recovery Program to include all foreign assistance, including food aid. One option that should not be supported is the creation of a separate entity, although project resources could be used to augment the capacity of an existing entity so that it could carry out the food assistance coordinating function more effectively.

This issue needs to be taken up with the Prime Minister's office and resolved prior to final approval of this project. Working with and supporting the new Haitian government is an important component of U.S. policy in Haiti and the resolution of this issue is important to the successful implementation of this project.

## 4. DEFINITION OF SUCCESS

### 4.1 Measuring Success

This project has been designed to contribute to an improvement in the food security situation in Haiti in the short and longer run. A number of other Mission activities also contribute to this over-arching goal, including activities that contribute to the Mission's Strategic Objective in the economic area -- *Sustainable Private Sector-led Economic Growth* -- and its Strategic Objective in the human resource area -- *Protect and Develop the Human Resource* (see Figure which shows in a graphic format the relationships between this project, the Mission's current strategic objectives, the Agency's goals and "Improved Food Security" as an over-arching goal of the Mission and the Agency.

The best indicator to use to measure whether there has been an overall improvement in food security in the country is the change in the percentage of malnourished children. Chronic malnutrition (children too short-for-their-age) is the preferred summary indicator for this project, as well as the Mission's program as a whole. Chronic malnutrition is the really serious nutritional problem in the country, and reductions in the percent of chronically malnourished children is an indicator that the right things are happening in a number of sectors -- improvements in health as well as in food availability and access (i.e., in the economy). Information on stunting is not usually available on an annual basis, but this should not be a problem because one would not expect to see changes in this indicator that quickly anyway. The most recent information on the percent of stunted children was collected in a nation-wide survey in 1991. This can be used as a baseline, with the next effort to collect nutrition status data on a nation-wide basis undertaken close to the end of the project.

Assessing progress at the outcome level will be done at two levels -- one quantitative and one more qualitative. The numbers of beneficiaries participating in the safety-net interventions will continue to be monitored and reported on as one of the first indicators of program outputs. Changes in the total numbers of beneficiaries will be tracked as well as the numbers participating in the different types of interventions. Categories of interventions that will be reported on include: (1) cash for work, (2) food for work, (3) other income/productivity-based household food security activities, (4) Maternal Child Health/Nutrition, (5) regular school feeding, (6) developmental school feeding, (7) Cantines Populaire, and (8) other general relief. The individual Cooperating Sponsors will collect these numbers and pass them on to the USAID Title II Unit which will have responsibility for aggregating them and reporting on them for the project as a whole.

New/more developmental interventions, including in the area of food for work on productive and social infrastructure, maternal child health/nutrition and school feeding, are another one of the expected outputs of the project. The Cooperating Sponsors will assess/evaluate progress toward the accomplishment of these outputs through the conduct of periodic assessments. The Cooperating Sponsors/contractors with cash or food for work programs will also be required to measure and report on the amount of physical infrastructure built/rehabilitated (kilometers of roads rehabilitated, irrigation canals cleaned, erosion control structures constructed) under their programs as an indicator of whether their activities are resulting in an increase in investment in public and private productive infrastructure in the agricultural and social sectors. Cooperating Sponsors, in their individual Project Development Proposals, may propose other indicators of successful project outcome for individual project components.

Assessing progress at the purpose level will be more complex. Because one of the purposes of the project is to better target the safety-net program, changes in the distribution of beneficiaries among the different types of interventions will be tracked to determine whether resources are being shifted to the better targeted programs (maternal child health/nutrition and food and/or cash for work) and withdrawn from the poorly targeted, non-developmental

programs (general relief, including the Cantines Populaire, and the regular school feeding programs). This is relatively simple.

Changes in the nutritional levels of children participating in the Maternal Child Health/Nutrition programs of the Cooperating Sponsors will be used to get an indication of how well this particular intervention is doing with respect to the project's second purpose -- improving the nutrition levels of pre-school children. These indicators will be collected by the Cooperating Sponsors through the normal operations of their Maternal Child Health programs and reported on as part of their normal monitoring and evaluation activities.

Assessing the impact of the project on its third purpose, which is to increase food availability and household food consumption in the medium to longer-term through increases in agricultural productivity and household incomes, will be more complex. A number of different types of interventions will be directed to this end, including cash and food for work as well as activities directed to individual farm households (a possibility) and the relationships between the interventions and the expected outcomes are numerous and complex. It is expected, however, that rapid assessments (which include some quantitative as well as qualitative data) on the impacts of the various activities financed under the household security component of the project on participating households and communities will be possible. Indicator which may be used include household incomes, household dietary patterns, productivity of specified crops, market sales, food prices, costs of marketing food and other agricultural crops, etc. Cooperating Sponsors, in their individual Project Development Proposals, may propose other indicators of successful project outcomes for individual project components.

The fourth purpose statement was left quite broad to enable the cooperating sponsors some room to be creative in seeing whether and how food can be used to contribute to an improvement in basic education in Haiti. The Cooperating Sponsors that want to develop a program in this area will be expected to narrow this purpose down in their individual Project Development Proposals. One possible purpose statement might be "to contribute to an improvement in the primary education system in Haiti, including through curriculum development and teacher training." Another could be "to contribute to the educational attainment of primary school children, especially those from poorer households." Depending on how the specific purpose selected by the cooperating sponsor is stated, the indicator could be (a) number of schools meeting the norms and standards established by the Ministry of Education and/or FONEP, (b) numbers of teachers trained in new health/nutrition curriculum, (c) increases in the educational attainment of children enrolled in schools with feeding programs.

#### **4.2 The Role of the Food Security Information System**

This project will continue to support the development of the Food Security Information System (FSIS). This system was begun under the previous Enhancing Food Security project in order to help the Mission and the Cooperating Sponsors better understand the food

security problem(s) in the country and to help better target and tailor their programs to the more food insecure. The need for such a system was also driven by people's desire to get early warning of situations that are likely to impact negatively on the food security of particular populations, such as the drought that affected the Northwest for several years in the early 1990s.

The Food Security Information System is an outgrowth of and will build upon the monitoring system that was established within the USAID to provide the Mission and other donors and interested parties with regular and reliable trend information on social and economic indicators that provide insight into the state of the economy and, in particular, into the welfare of the Haitian poor. The system, which was initiated in November 1991, originally focussed on Port-au-Prince but was expanded to include nation-wide data in February 1992. The system includes a number of indicators that have particular relevance to those interested in the state of the food security situation in Haiti, including information on food and agricultural production, food prices, and health and nutrition status.

Information from the Food Security Information System will be of most use in assisting the Cooperating Sponsors target their interventions that are directed to improving household food security and agricultural productivity. Using food for these purposes in rural areas can easily have disincentive effects on local food production as well as on the supply of labor if it is not carefully targeted seasonally and geographically to the areas of need (see discussion in Section ). The information that is already being collected from sentinel posts on child malnutrition can also be used to target the Maternal Child Health/Nutrition interventions to the areas of the country with the highest levels of malnourished children. Within these areas, of course, the individual children will be targeted through the program itself. That is, through the growth monitoring system. The Food Security Information System will also have an important role to play helping to monitor and evaluate the impact of this project particularly at the purpose level and particularly with respect to the impact of project interventions on agricultural production and household incomes.

## **5. Major Issues**

### **5.1 Can Food Be Effectively Used As Food in Promoting Increased Agricultural Productivity**

Title II food resources will be used as food in both the Maternal and Child Health/Nutrition and Primary Education activities. In both of these programs, the food functions as an incentive for households to participate in the program -- as an income supplement to the family -- as well as a potential nutritional supplement to the targeted child. The term "potential" is used, because in neither case is there any guarantee that the total amount of food made available to the child will increase as a result of the intervention. In Maternal Child Health/Nutrition programs, it is all the other complementary inputs, and not just the food, that help insure there is a positive nutritional impact. In the case of schools, if provided early enough in the day, it is possible that the food could also contribute to

improved attention and learning. As the school feeding programs are being currently operated, with the food being provided shortly before the students leave for the day, there is little chance that this is happening now.

The real question is whether food can be used effectively as food as part of the interventions needed to increase agricultural productivity and household food security. Three types of interventions were identified under this category: (1) the creation of temporary public sector type jobs, particularly those that add to the productive infrastructure in rural area and health related social infrastructure, (2) support to small, resources poor farmers designed to increase their agricultural productivity and incomes, and (3) other activities that help poor, food insecure households increase their incomes and improve their diets.

### **5.1.1 In Productive and Social Infrastructure Projects**

Using food in the first set of interventions -- the creation of temporary public sector type jobs that create/rehabilitate productive and social infrastructure -- would appear to be ideal for Haiti. The country desperately needs food; considerable numbers of people are likely to continue to need jobs over at least the next several years until the private sector is able to respond to the new political and economic policy environment; and the country and its people would significantly benefit from the capital formation that can occur under food for work programs. The fact that food for work interventions are well targeted (self-targeted) to the poor (as past experience in Haiti and elsewhere has demonstrated) increases its attraction as a food security intervention. Food for work has even been found to be an efficient mode for delivering food commodities in emergencies to able bodied individuals who can work.

Unfortunately food for work still has a very negative image in Haiti. Among the criticisms leveled at the previous food for work program were the following: projects were poorly selected; projects frequently were not well designed technically and did not receive the necessary complementary support; participants/beneficiaries were not sufficiently motivated; some infrastructure was built that was not maintained by the community; programs were taken over by community elite and only those under their patronage benefitted; providing people with food for work performed in food promotes a feeling of dependency because participants are seen to be accepting a "handout" rather than receiving wages or cash payments; or worse, providing people with food instead of cash for work performed has overtones of slavery, because that is how slaves were "paid" during colonial times.

The most serious issue is the last one -- is using food to pay for work performed culturally acceptable in Haiti given its history? If using food in this manner is culturally acceptable, the rest of the problems cited can be managed with better designs and management systems. In the short-run, in particular, the biggest problem may be trying to implement food for work Programs in the same areas in which major cash for work programs are underway.

Given the new directions that are coming from USAID/W with respect to the uses of food as food and to have a more developmental impact, this is an issue that the Cooperating Sponsors

are going to have to deal with. For the Cooperating Sponsors this means quickly beginning to develop several pilot programs to test whether food for work can be a viable approach in Haiti, contrary to the reports provided on past experiences, and to test whether food for work programs function better if the food is used alone or in combination with cash as payment for work performed and/or whether it is more effective when used as an incentive for members of a community to work together on infrastructure improvements that will directly benefit their community.

The assumption made in this project paper is that food for work is a viable option, an assumption which is supported by a 1984 evaluation of the Haiti program. Part of the problem with the food for work programs in Haiti, according to this evaluation, was due to the perceptions of the Cooperating Sponsors who tended to view their food for work projects as a feeding program for the rural poor -- rather than a jobs program -- and to base the amount of food provided to workers on the basis of nutritional needs rather than the minimum wage. The evaluators also found that the Cooperating Sponsors were confused as to whether the real thrust of their projects was to create jobs and public infrastructure build public works and jobs or to build communities.

The evaluation, in fact, was quite positive, with the team concluding that food for work activities had the potential to be a viable instrument for implementing development projects at the community level in Haiti. The evaluation found that food for work activities in Haiti, like elsewhere in the world, were well targeted. That is, they were successful in providing employment to the poorer members of Haiti's population. The recommendations of the evaluation team were also quite sound and need to be considered by the current Cooperating Sponsors as they begin experiment with the reintroduction and expansion of food for work activities in Haiti:

- ◆ The Food for Work program should concentrate on infrastructure development and training;
- ◆ Worker rations should be considered as a wage, and the Cooperating Sponsors should set a wage equivalent in commodities based on prevailing minimum wage rates;
- ◆ Food for work projects require greater technical input and should be designed to incur minimal recurring costs, even if this means greater costs in the form of materials and technical assistance during implementation.

### **5.1.2 To Work with Individual Farmers**

From a food security perspective, it would be desirable if the project were able to work with resource poor, hillside farmers, either individually or as members of groups to help them increase their productivity and incomes. This would be consistent with the principles of improving the targeting and food security impacts of Title II, since these are some of the poorest and most food insecure farmers in the country the intervention would seek to help

them increase their agricultural productivity and incomes. USAID staff and others that work with these types of farmers under an existing USAID Project, however, are concerned that using food (or even cash payments) would be destructive, since farmers are willing to do this work now without any incentive other than the increases in productivity and incomes that they get as a result of their work. Cash or food payments, in other words, would be a disincentive to individual initiative. Paying farmers to build soil conservation structures on their own land, for example, that they would not build if left to their own devices, it is argued, is also non-sustainable. That is, if farmers are only doing the work, because someone is paying them to do it, they will not maintain the infrastructure.

Another option is to monetize some of the Title II resources and for the Cooperating Sponsors to use the local currencies to help pay for the costs of working with resource poor, hillside farmers in areas that are not being covered by the existing USAID project. This would be consistent with the principles of improving the targeting and food security impacts of Title II and using the program to help increase the physical capital in the country. It would also avoid the potential problem that food or cash for work would act as a disincentive and it would avoid any possibility of farmers becoming dependent on food and/or cash payments continuing. This option may not be viewed as being consistent with the new concern of using "food as food" that is expressed in the new USAID "Food Aid and Food Security Policy" paper, however.

### **5.1.3 Does Title II Have a Disincentive Effect**

A number of arguments are made as to why food programs can have disincentive effects in a country. Given the large food gap at the national level, there is little possibility that the food program will have a disincentive effect at the national level as long as commodities are selected the demand for which is large relative to the proposed level of imports. At least four examples of different types of potential disincentive impacts (several of which have already been discussed in the previous section) merit some consideration in the process of designing food interventions. These include the following: (1) introducing additional food into small, price sensitive regional markets may substitute for locally produced food in the short-run, reducing farmers' incomes and incentives to continue to produce food for sale over the longer-run; (2) in the medium and longer-run, altering consumption patterns in favor of imported Title II foods could lower the demand permanently for traditional, locally produced foods; (3) using food in activities, such as school feeding and Cantines Populaire, that do not have built-in termination/graduation points, fosters feelings of dependency and entitlement rather than self-reliance; and (4) in rural areas using food (the same argument is made with respect to cash) payments in agricultural development projects can undercut farmers willingness to do the work themselves and thereby foster dependency rather than self-reliance.

### **5.1.4 Rationale and Potential for Title II Monetization**

Monetization is the term that is used to describe the sale of Title II donated foods for local currencies. Monetization is supposed to be an option when local currency is needed to achieve objectives of the program that can not be reached with food alone. There are three questions with respect to monetization as it applies to this program: (1) Is it needed? (2) What can the resources be used for? and (3) Can a successful monetization program be implemented in Haiti?

#### **5.1.4.1 Is Monetization Needed**

The answer to this is a clear yes. Monetization is going to be needed because the costs of the program (which need to be paid in dollars as well as local currencies) are going to increase and the amount of cash available from other resources is going to decline. This is why one of the conclusions at the Miami meeting (see discussion in section 1.2.2) was that monetization was one of the tools that would be needed to implement a new, more developmental program.

The costs of running the Title II food assistance program in Haiti are very high. The embargo complicated the logistics of importing and distributing the food and drove up the costs of running the program. However, many problems still remain and are likely to keep expenses high into the medium-term. These include the dilapidated condition of the port and the roads, the primary road system as well as rural roads. Reorienting the program to make it more developmental is also going to cost more. Running a successful, more development oriented food intervention requires complementary inputs in addition to food. And these cost money. A successful food for work program, even labor intensive programs, requires engineering designs, the inputs of technical supervisors and materials and equipment, for example. At the same time, the cash available from other sources to support the Title II program is declining. DA resources, which are also scarce, are declining, and Title III local currencies may only be available to support the program for its first year.

#### **5.1.4.2 What Can Title II Monetization Resources Be Used For**

Here there are also three questions. Can the local currencies obtained from selling Title II food be used to pay for: (1) the logistics costs associated with importing, storing, transporting the food, (2) the costs of complementary inputs in programs where food is also being used as food (the costs of cement and wheel barrows in food for work programs, for example, or Vitamin A tablets and immunizations in Maternal Child Health/Nutrition programs), and (3) the costs associated with interventions that are consistent with the objectives of the legislation and the new USAID "Food Aid and Food Security Policy" paper (i.e., they are designed to enhance agricultural productivity and/or household nutrition), but they do not use food.

It is clear from reading the legislation and the new USAID "Food Aid and Food Security Policy" paper that the local currencies obtained from monetizing Title II food can be used for the first two purposes -- to pay logistics costs and the costs of inputs that will be used in

programs as a complement to food. What is not clear is whether Title II monetized resources can be used to support development activities which are consistent with the food security objectives of the legislation and the Agency but which do not make use of food as food. The new USAID Policy paper, which is still in draft, seems to allow this use, but in discussions with staff from the Bureau for Humanitarian Assistance such uses seem to be precluded.

The new USAID "Food Aid and Food Security Policy" paper puts special emphasis on "programming food where it has an intrinsic value as food, for example." However, the paper also recognizes that food programs are not likely to be successful unless adequate [non-food] resources are made available to fund [the] complementary activities necessary to assure maximum impact. The paper goes on to state that:

These resources can come from dollar appropriations, Title III local currency generations or Title II monetization (p.28).

Elsewhere the paper also states that:

Food aid should be integrated to a greater extent with other USAID resources. Proceeds from monetization of food should complement direct feeding programs or should be used to enhance agricultural productivity and improve household nutrition.

The strategy that is adopted here is to concentrate on trying to find interventions which are developmental, which can make a sustainable impact on improved food security in the country, including agricultural productivity, and which make use of food. However, this issue may be revisited again, if after several years of trying this option it is found wanting.

#### **5.1.4.3 Can a Title II Monetization Program Succeed in Haiti**

This is raised as an issue because there have been several attempts to develop Title II Monetization programs in Haiti which have not succeeded. People often cite commodity cartels as one of the reasons why these programs have not worked. At the same time, Title I and III wheat and then wheat flour has been brought into the country and sold for local currencies -- in other words, monetized.

## Disincentive Analysis

### Background on the Economy and Agricultural Sector

The commodities that will be imported in conjunction with the Enhancing Food Security II project will not have a disincentive effect on domestic production at the national level. Haiti has not been able to produce enough food to feed itself for many years, per capita food production has been declining, and the country has become more dependent on food imports. Although total food production remained fairly steady during the 1980s, the amount of food produced per person declined by over ten percent. Both have declined during the 1990s, total food production by 14 percent between 1989 and 1993 and per capita food production by 18 percent.

One result of these production trends has been an increased reliance by the country on imports to meet domestic food needs. Food imports increased by 90 percent in volume terms and 100 percent in value terms during the 1980s to make up part of the country's calorie gap. Food imports during the 1990s have grown much more slowly, constrained first by the embargo and now by a shortage of foreign exchange. Concessional food imports have made up some of the difference, but not enough to prevent per capita calories falling from the approximately 2,000 calories per person per day during the 1998s, which was already below the nutritional minimum, to 1,700 calories per person per day in 1992.

The agricultural sector, which is the main source of livelihood for over 60 percent of the population, was seriously affected by the economic sanctions imposed by the United Nations after the 1991 coup. The effects of the embargo on the economy were devastating. Agricultural productivity was already low, due to a combination of factors including small farm sizes, mountainous terrain, poor irrigation and access roads, and limited services for farmers (extension, input supply and product marketing and distribution). The embargo exacerbated these problems. Less maintenance was done on the country's irrigation facilities and primary road system, although both types of infrastructure were already in terrible condition. This contributed to the decline in agricultural production and made it more difficult to move farm inputs and outputs (both food and nonfood) as well as food imports around the country. Agricultural production also dropped because farmers were unable to get access to critical imported inputs and credit.

Reversing these trends will be difficult and require considerable time and investment in the agricultural sector. In the mean time, the country will have to continue to rely on food imports to make up its considerable calorie gap. A significant percentage of these food imports are going to continue to have to come from donors. Given the devastation of the country's economy and the export sector in particular, it is going to be a number of years before the Haitian economy is going to be able to generate enough foreign exchange to buy its food needs in international markets.

### Commodity By Commodity Analysis

Four commodities will be imported in conjunction with this project: soy fortified Bulgur (SFB), wheat soya blend (WSB) vegetable oil, and dried green peas. Estimated volumes of imports for FY 1996 are provided in Table 1.

Table 1: Haiti -- Title II Imports for FY 1996 -- Commodities and Quantities

Commodity	Quantity (Metric Tons)
Soy Fortified Bulgur (SFB)	26,282
Wheat Soya Blend (WSB)	9,113
Vegetable oil	4,313
Dried Green Peas	9,329

**Soy-Fortified Bulgur/Wheat Flour Blend** -- These commodities are used as substitutes for other grains in the diet, such as wheat, rice, corn and sorghum. Rice, corn and sorghum are produced domestically, wheat is not. Title II imports of SFB and WSB will not have a negative impact on domestic grain production, because they are basically replacing the imports which would occur on a commercial basis if the country's economy were healthier. Grain imports grew rapidly, beginning in the mid 1970s, to fill the gap not being supplied by domestic production, and by the beginning of the 1990s supplied almost 60 percent of the country's total grain supplies. Since these commodities will be used primarily in food deficit areas and other poor urban areas where the purchasing power of families is very low, some of this consumption also represents an addition to the total demand for grains in the country. Distribution of dried green peas and vegetable oil through the Title II program, because it is targeted to some of the poorest and most food insecure households in Haiti, also adds to the demand for these commodities as well as their supply.

According to USDA's estimates, Haiti will need to import over 350 thousand metric tons of grain in FY 1995/96 just to maintain per capita consumption levels attained during the late 1980s. Most of this will have to come from foreign donors (USDA estimated 260 thousand metric tons) because the Haitian economy is unable now -- and will not be able for a number of years in the future -- to generate enough foreign exchange to buy these quantities of grain in international markets. The imports of SFB and WSB that are projected for FY 1996 total 35,395 metric tons, which equals approximately 48,845 metric tons in wheat equivalents or approximately 18 percent of the country's concessional grain import

requirements. Assuming that approximately \$10 million in Title III resources will be available for Haiti in FY 1996, USAID would also be responsible for the importation of approximately 30 thousand metric tons of wheat flour. Converting the wheat flour import to their grain equivalents and adding them to the Title II imports, total U.S. sponsored grain imports would still only account for approximately 34 percent of the country's food assistance grain import needs and only 26 percent of its total grain import needs.

Table 2: Haiti -- Supply and Demand for Grains and Estimates of Food Aid Needs for FY 1994/95 and 1995/96

Year	Grain Supplies			Grain Availability			Food Aid Needed
	Production	Commercial Imports	Food Aid	Availability Net of Food Aid	Food Use	Per Capita Food Use	
	(000 MT)						
1989/90	350	56	179	340	519	6	-
1990/91	350	145	113	436	549	6	-
1991/92	330	160	43	427	470	6	-
1992/93	320	214	79	479	558	6	-
1993/94	340	218	105	495	600	7	-
1994/95	330	89	-	358	577	7	218
1995/96	293	86	-	325	589	7	264

Source: USDA/ERS, Food Needs Assessment, Washington, D.C. November 1994.

**Cooking oil** -- Haiti is a net importer of cooking oil. The oil plant built during the early 1980s to produce oil from locally produced oil crops is closed now because of management problems. This means that imports of vegetable oil under the Title II program will have no impact on domestic production. Annual consumption, which is estimated at around 90 to 100 thousand metric tons, will continue to grow because of a growing population. If there is some growth in household incomes, especially among the lower income population, demand will grow even faster. The imports planned under the Title II program for FY 1996 only represent 4 to 5 percent of total demand.

**Dried Green Peas** -- Beans are the nearest substitute for the dried green peas which will be imported under the Title II program. Beans are produced in Haiti and represent an important staple in the diets of poor people and an important crop for small farmers. Domestic production, which averaged over 50 thousand metric tons during the second half of the 1980s, traditionally covered almost 90 percent of domestic consumption. Production has dropped in recent years, however, due to a lack of seed and to a shortage of

rain in some parts of the country. As a result, the prices of beans skyrocketed and commercial imports of beans increased substantially reaching 20 thousand metric tons in 1991. Although the Ministry of Agriculture has been working with local NGOs to increase production, supply continues to be tight and more imports will be needed in the short term. The projected gap for 1995 is 19,000 metric tons. The amount of green peas imported under the Title II program represents only a small portion of total demand for beans (16 percent) but almost half of the projected gap between supply and demand.

### **Possible Disincentives at the National Versus Local Levels**

USAID Haiti commissioned an in-depth of the potential disincentive effects of food aid imports as part of background analysis done for the Title III program developed in 1991. The study conducted a number of statistical analyses to determine how different amounts of food assistance might affect prices but found no evidence of any price disincentive effects on domestic producers at the macro level. They did not, however, rule out the possibility that food aid distributions could have a negative impact on producer prices in small local markets.

First, the quantity of grain food aid has a consistent positive effect on retail grain prices. This positive effect is statistically significant in all but the rice equation. This, consistent with the results of Deaton, et.al., provides evidence of no price disincentive effect for domestic producers. This result, combined with the negative sign on income, suggests that variations in imports, rather than variations in domestic production or large income effects from Title II type programs [the addition to demand discussed above], is dampening the theoretical impact on prices. .

The lack of significant negative impact of food aid on prices is important in that it shows that food aid should not produce disincentives for local production of food grains. In addition, it seems to be benefitting rather than hurting Haitian farmers. By the same token, arguments that food aid is having a significant income and dampening inflationary pressures are not supported by this evidence. Thus, from a macro perspective, the only impacts of food aid are through its impact on foreign exchange availability and on the government budget [for Title III]. In addition, in local areas, quantities of food aid might be lowering prices; these local impacts could be washed out in the national average data. Because of the lack of price response, to find benefits to consumers from food assistance programs, one needs to look at individual outcomes (income, consumption or nutritional status), or program outputs (e.g., infrastructure created by food for work programs). (Duverger and Alwang, p.98).

The possibility that food aid distributions could have a negative price impact in small, local markets will be carefully monitored by the Cooperating Sponsors during the implementation of the Enhancing

Food Security II project. This has not appeared to be a problem in the past, however. The possibility of these impacts occurring should be further reduced once the Food Security Information Systems (FSIS) is fully operational because it will enable the Cooperating Sponsors to better target their food assistance to those areas and during those times where and when households in those areas are facing food gaps.

### **Warehouses**

PVO field operations in general are regionalized. CARE operates exclusively in the Northwest and Artibonite, CRS operates in the South and ADRA the North and Central Plateau.

All PVO shipments to Haiti are containerized. 100% of CARE's containers move on a thru bill of lading to the city of Gonaives where they are received at three adjoining warehouses of combined capacity 9,000 MT.

About half of CRS's containers move on a thru bill of lading to Les Cayes and the balance are received in Port-au-Prince. All of ADRA containers are received at Port-au-Prince.

CRS and ADRA operate from a central warehouse complex (SHODECOSA - 8,000 MT) at Port-au-Prince. The complex is managed by a private contractor, International Maritime Terminal (IMT), and the contract is renewed annually.

**ANNEX D**

**JUSTIFICATION FOR NON-COMPETITIVE AWARDS  
TO ADRA, CARE AND CRS**

ANNEX D

Justification for Noncompetitive Grants to PVOs will be submitted to the contracting officer along with the related PIO/Ts.



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

LAC-IEE-95-26

**ENVIRONMENTAL THRESHOLD DECISION**

Project Location : Haiti

Project Title : Enhancing Food Security II

Project Number : 521-0258

Funding : \$50 million

Life of Project : FY 96-2000

IEE Prepared by : Melissa Knight  
Pierre Cam Milfort  
USAID/Haiti

Recommended Threshold Decision: Categorical Exclusion/  
Conditional Negative  
Determination

Bureau Threshold Decision : Concur with Recommendation

**Comments:**

Categorical Exclusions are issued as stated in attached IEE for components 1.a and c and 2.a and b.

A Negative Determination is issued with the condition that "Best Management Practices" be developed by the Mission for adaptation by cooperating sponsors to their site-specific conditions. The Mission's generic BMPs shall be submitted to LAC Chief Environmental Officer (CEO) for approval prior to use.

As the IEE states, no major construction is planned at this time for the EFS II project. However, if the project is revised to include major construction, an amended IEE shall be submitted for LAC CEO approval.

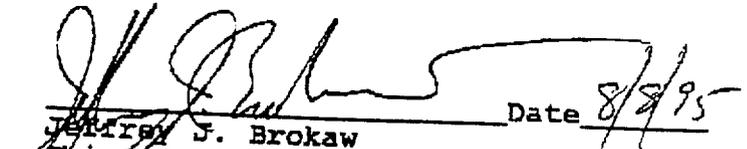
An amended IEE shall be submitted to LAC CEO if the project will be funding solid waste collection activities. Environmental Assessments conducted by the mission (Environmental Assessment for the Proposed Collection and Disposal of Solid Waste in Cap-Haitien, March 1994, and Environmental Assessment of Solid Waste Emergency Program for Port-Au-Prince, Haiti, August 1993, and corresponding LAC/DR/E approval cables) may be used to design

ENVIRONMENTAL THRESHOLD  
DECISION (cont'd.)

LAC-IEE-95-26

mitigation measures and Best Management Practices for solid waste collection activities funded under ESF II.

Funds shall not be used to support timber extraction, significant deforestation, nor the procurement of equipment that could lead to deforestation, without an EA approved by the LAC CEO. Funds shall also not be used for the procurement nor use of pesticides outside the scope of the 1994 EA (Environmental Assessment for the Use of Pesticides to Fumigate the Enhancing Food Security Project Warehouses, February 25, 1994 and LAC/DR/E approval cable, State 068540) without submittal of an amended IEE for approval by the LAC CEO, as required by 22 CFR 216.3(b). These conditions shall be included, as applicable, in site-specific BMPs.

  
Date 8/8/95  
Jeffrey J. Brokaw  
Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean

Copy to : Mr. Larry Crandall, USAID/Haiti  
Mission Director

Copy to : Pierre Cam Milfort, MEO  
USAID/Haiti

Copy to : Melissa Knight, USAID/Haiti

Copy to : Betsy Brown, USAID/Haiti

Copy to : Daniel Riley, LAC/CAR

Copy to : Jean Meadowcroft, LAC/SPM-CAC

Copy to : IEE File

**ANNEX F**

**STATUTORY CHECKLIST**

## A.I.D. PROJECT STATUTORY CHECKLIST

### Introduction

The statutory checklist is divided into two parts: 5C(1) - Country Checklist; and 5C(2) - Assistance Checklist.

The Country Checklist, composed of items affecting the eligibility for foreign assistance of a country as a whole, is to be reviewed and completed by AID/W at the beginning of each fiscal year. In most cases responsibility for preparation of responses to the Country Checklist is assigned to the desk officers, who would work with the Assistant General Counsel for their region. The responsible officer should ensure that this part of the Checklist is updated periodically. The Checklist should be attached to the first PP of the fiscal year and then referenced in subsequent PPs.

The Assistance Checklist focuses on statutory items that directly concern assistance resources. The Assistance Checklist should be reviewed and completed in the field, but information should be requested from Washington whenever necessary. A completed Assistance Checklist should be included with each PP; however, the list should also be reviewed at the time a PID is prepared so that legal issues that bear on project design are identified early.

The Country and Assistance Checklists are organized according to categories of items relating to Development Assistance, the Economic Support Fund, or both.

These Checklists include the applicable statutory criteria from the Foreign Assistance Act of 1961 ("FAA"); various foreign assistance, foreign relations, anti-narcotics and international trade authorization enactments; and the FY 1995 Foreign Assistance Appropriations Act ("FY 1995 Appropriations Act").

These Checklists do not list every statutory provision that might be relevant. For example, they do not include country-specific limitations enacted, usually for a single year, in a foreign assistance appropriations act. Instead, the Checklists are intended to provide a convenient reference for provisions of relatively great importance and general applicability.

Prior to an actual obligation of funds, Missions are encouraged to review any Checklist completed at an earlier phase in a project or program cycle to determine whether more recently enacted provisions of law included on the most recent Checklist may now apply. Because of the reorganization and consolidation of checklists reflected here, such review may be particularly important this year. Space has been provided at the right of the Checklist questions for responses and notes.

## 5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable to the eligibility of countries to receive the following categories of assistance: (A) both Development Assistance and Economic Support Funds; (B) Development Assistance funds only; or (C) Economic Support Funds only.

### A. COUNTRY ELIGIBILITY CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUND ASSISTANCE

#### 1. Narcotics Certification

(FAA Sec. 490): (This provision applies to assistance provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance relating to international narcotics control, disaster and refugee relief assistance, narcotics related assistance, or the provision of food (including the monetization of food) or medicine, and the provision of nonagricultural commodities under P.L. 480. This provision also does not apply to assistance for child survival and AIDS programs which can, under section 522 of the FY 1995 Appropriations Act, be made available notwithstanding any provision of law that restricts assistance to foreign countries, and programs identified in section 547 of that Act and other provisions of law that have similar notwithstanding authority.) If the recipient is a "major illicit drug producing country" (defined as a country in which during a year at least 1,000 hectares of illicit opium poppy is cultivated or harvested, or at least 1,000 hectares of illicit coca is cultivated or harvested, or at least 5,000 hectares of illicit cannabis is cultivated or harvested) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government):

(1) has the President in the March 1 International Narcotics Control Strategy Report (INCSR) determined and certified to the Congress (without Congressional enactment, within 30 calendar days, of a resolution disapproving such a certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals and objectives established by the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, or that (b) the vital national interests of the United States require the provision of such assistance?

(2) with regard to a major illicit drug producing or drug-transit country for which the President has not certified on March 1, has the President determined and certified to Congress on any other date (with enactment by Congress of a resolution approving such certification) that the vital national interests of the United States require the provision of assistance, and has also certified that (a) the country has undergone a fundamental change in government, or (b) there has been a fundamental change in the conditions that were the reason why the President had not made a "fully cooperating" certification.

2. **Indebtedness to U.S. citizens** (FAA Sec. 620(c): If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity?

3. **Seizure of U.S. Property** (Foreign Relations Authorization Act, Fiscal Years 1994 and 1995, Sec. 527): If assistance is to a government, has it (including any government agencies or instrumentalities) taken any action on or after January 1, 1956 which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without (during the period specified in subsection (c) of this section) either returning the property, providing adequate and effective compensation for the property, offering a domestic procedure providing prompt, adequate, and effective compensation for the property, or submitting the dispute to international arbitration? If the actions of the government would otherwise prohibit assistance, has the President waived this prohibition and so notified Congress that it was in the national interest to do so?

4. **Communist and other countries** (FAA Secs. 620(a), 620(f), 620D; FY 1995 Appropriations Act Secs. 507, 523): Is recipient country a Communist country? If so, has the President: (a) determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided directly to Cuba, Iraq, Libya,

North Korea, Iran, Serbia, Sudan or Syria? Will assistance be provided indirectly to Cuba, Iraq, Libya, Iran, Syria, North Korea, or the People's Republic of China? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?

5. **Mob Action** (FAA Sec. 620(j)): Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property?

6. **OPIC Investment Guaranty** (FAA Sec. 620(l)): Has the country failed to enter into an investment guaranty agreement with OPIC?

7. **Seizure of U.S. Fishing Vessels** (FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5): (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?

8. **Loan Default** (FAA Sec. 620(q); FY 1995 Appropriations Act Sec. 512 (Brooke Amendment)): (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1995 Appropriations Act appropriates funds?

9. **Military Equipment** (FAA Sec. 620(s)): If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

10. **Diplomatic Relations with U.S.** (FAA Sec. 620(t)): Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

11. **U.N. Obligations** (FAA Sec. 620(u)): What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.)

12. **International Terrorism**

a. **Sanctuary and support** (FY 1995 Appropriations Act Sec. 529; FAA Sec. 620A): Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons?

b. **Airport Security** (ISDCA of 1985 Sec. 552(b)): Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures?

c. **Compliance with UN Sanctions** (FY 1995 Appropriations Act Sec. 538): Is assistance being provided to a country not in compliance with UN sanctions against Iraq, Serbia, or Montenegro and, if so, has the President made the necessary determinations to allow assistance to be provided?

13. **Countries that Export Lethal Military Equipment** (FY 1995 Appropriations Act Sec. 563): Is assistance being made available to a government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40(d) of the Arms Export Control Act?

14. **Discrimination** (FAA Sec. 666(b)): Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

15. **Nuclear Technology** (Arms Export Control Act Secs. 101, 102): Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special

certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? (FAA Sec. 620E(d) permits a special waiver of Sec. 101 for Pakistan.)

16. **Algiers Meeting** (ISDCA of 1981, Sec. 720): Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)

17. **Military Coup** (FY 1995 Appropriations Act Sec. 508): Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?

18. **Exploitation of Children** (FAA Sec. 116(b)): Does the recipient government fail to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse or forced conscription into military or paramilitary services?

19. **Parking Fines** (FY 1995 Appropriations Act Sec. 564): Has the overall assistance allocation of funds for a country taken into account the requirements of this section to reduce assistance by 110 percent of the amount of unpaid parking fines owed to the District of Columbia as of August 23, 1994?

B. **COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO DEVELOPMENT ASSISTANCE ("DA")**

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

C. COUNTRY ELIGIBILITY CRITERIA APPLICABLE ONLY TO ECONOMIC SUPPORT FUNDS ("ESF")

**Human Rights Violations (FAA Sec. 502B):** Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

**5C(2) - ASSISTANCE CHECKLIST**

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY  
CHECKLIST UP TO DATE?

Yes, on file in the Mission.

A. CRITERIA APPLICABLE TO  
BOTH DEVELOPMENT  
ASSISTANCE AND ECONOMIC  
SUPPORT FUNDS

1. **Host Country  
Development Efforts** (FAA  
Sec. 601(a)):  
Information and  
conclusions on whether  
assistance will encourage  
efforts of the country  
to: (a) increase the  
flow of international  
trade; (b) foster private  
initiative and  
competition; (c)  
encourage development and  
use of cooperatives,  
credit unions, and  
savings and loan  
associations;  
(d) discourage  
monopolistic practices;  
(e) improve technical  
efficiency of industry,  
agriculture, and  
commerce; and (f)  
strengthen free labor  
unions.

The proposed project will  
encourage private group  
initiative for managing food  
assistance programs.

2. **U.S. Private  
Trade and Investment** (FAA  
Sec. 601(b)):  
Information and  
conclusions on how  
assistance will encourage  
U.S. private trade and  
investment abroad and  
encourage private U.S.  
participation in foreign  
assistance programs  
(including use of private  
trade channels and the  
services of U.S. private  
enterprise).

Services and commodities of  
U.S. source, origin and  
nationality will be used.

**3. Congressional Notification**

**a. General requirement (FY 1995 Appropriations Act Sec. 515; FAA Sec. 634A):** If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?

Yes

**b. Special notification requirement (FY 1995 Appropriations Act Sec. 520):** Are all activities proposed for obligation subject to prior congressional notification?

Yes

**c. Notice of account transfer (FY 1995 Appropriations Act Sec. 509):** If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

n/a

**d. Cash transfers and nonproject sector assistance (FY 1995 Appropriations Act Sec.**

n/a

536(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

4. **Engineering and Financial Plans** (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

Yes

5. **Legislative Action** (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

n/a

6. **Water Resources** (FAA Sec. 611(b)): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in

n/a

accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)?

**7. Cash**

**Transfer/Nonproject Sector Assistance Requirements (FY 1995 Appropriations Act Sec. 536).** If assistance is in the form of a cash transfer or nonproject sector assistance:

n/a

**a. Separate account:** Are all such cash payments to be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

n/a

**b. Local currencies:** If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be

Local currency will be generated and managed in accordance with PL-480 Title II Monetization Guidelines.

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utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

The source of the local currency is PL-480 Title II from the Farm Bill. It will be used to carry out the Farm Bill purposes.

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

Yes

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

n/a

**8. Capital Assistance** (FAA Sec. 611(e)): If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director

n/a

certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

**9. Multiple Country Objectives (FAA Sec. 601(a)):** Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

The proposed project will encourage private group initiative for managing food-assisted programs.

**10. U.S. Private Trade (FAA Sec. 601(b)):** Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

Services and commodities of U.S. source, origin and nationality will be used.

**11. Local Currencies**

**a. Recipient Contributions (FAA Secs. 612(b), 636(h)):**

Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

The government of Haiti will contribute the local currency generated by the 1996 Title III in the amount of \$1.5 million.

**b. U.S.-Owned Currency (FAA Sec. 612(d)):** Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No

**12. Trade Restrictions**

**a. Surplus Commodities (FY 1995 Appropriations Act Sec. 513(a)):** If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

n/a

**b. Textiles (Lautenberg Amendment) (FY 1995 Appropriations Act Sec. 513(c)):** Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows

No

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reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

**13. Tropical Forests** (FY 1991 Appropriations Act Sec. 533(c)(3) (as referenced in section 532(d) of the FY 1993 Appropriations Act): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

No

**14. PVO Assistance**

**a. Auditing and registration** (FY 1995 Appropriations Act Sec. 560): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record

Assistance will be provided to PVOs registered with AID and meet the auditing requirements of AID.

necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

b. **Funding sources** (FY 1995 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

Yes, ADRA, CARE and CRS report at least 20%.

15. **Project Agreement Documentation** (State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

Will be presented to Washington upon authorization of these documents within 60 days along with a cable.

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975

Yes, to all question under #16.

Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurement, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

17. **Abortions** (FAA Sec. 104(f); FY 1995 Appropriations Act, Title II, under heading "Population, DA," and Sec. 518):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice

No

abortions? (Note that the term "motivate" does not include the provision, consistent with local law, of information or counseling about all pregnancy options including abortion.)

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? No

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? (As a legal matter, DA only.) n/a

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment n/a

to offer only natural family planning? (As a legal matter, DA only.)

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? No

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? No

18. **Cooperatives** (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life? Yes

19. **U.S.-Owned Foreign Currencies**

a. **Use of currencies** (FAA Secs. 612(b), 636(h); FY 1995 Appropriations Act Secs. 503, 505): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. n/a

b. **Release of currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No

20. **Procurement**

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Yes. One contract for approx. US\$4.8 million is set aside for small and disadvantaged firms.

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section?

Yes

c. **Marine insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

n/a

d. **Insurance** (FY 1995 Appropriations Act Sec. 531): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract,

include a clause requiring that U.S. insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate?

Yes

**e. Non-U.S. agricultural procurement** (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

n/a

**f. Construction or engineering services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

n/a

**g. Cargo**

preference shipping (FAA Sec. 603)): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

Not excluded.

**h. Technical assistance** (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Project will be implemented through: a) assistance instruments with NGOs/PVOs; b) competitive contract with a US small disadvantaged business; c) competitive contracts in Haiti for local services. The resources of the USDA contribute provision management and transportation of PL-480 Title II commodities.

**i. U.S. air carriers** (International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes

j. **Consulting services** (FY 1995 Appropriations Act Sec. 559): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

Yes

k. **Metric conversion** (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurement, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the

Yes.

assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

1. **Competitive Selection Procedures** (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes

m. **Notice Requirement** (FY 1995 Appropriations Act Sec. 568): Will project agreements or contracts contain notice consistent with FAA section 604(a) and with the sense of Congress that to the greatest extent practicable equipment and products purchased with appropriated funds should be American-made?

Yes

## 21. **Construction**

a. **Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

n/a

b. **Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive

n/a

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basis to maximum extent practicable?

**c. Large projects, Congressional approval (FAA Sec. 620(k)):** If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

n/a

**22. U.S. Audit Rights (FAA Sec. 301(d)):** If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

n/a

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

Yes

**24. Narcotics**

**a. Cash reimbursements (FAA Sec. 483):** Will arrangements

Yes

preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?

b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

Yes

25. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

Yes

26. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for

Yes

narcotics programs?

27. **CIA Activities**  
(FAA Sec. 662): Will  
assistance preclude use  
of financing for CIA  
activities? Yes

28. **Motor Vehicles**  
(FAA Sec. 636(i)): Will  
assistance preclude use  
of financing for  
purchase, sale, long-term  
lease, exchange or  
guaranty of the sale of  
motor vehicles  
manufactured outside  
U.S., unless a waiver is  
obtained? Yes

29. **Export of  
Nuclear Resources** (FY  
1995 Appropriations Act  
Sec. 506): Will  
assistance preclude use  
of financing to finance--  
except for purposes of  
nuclear safety-- the  
export of nuclear  
equipment, fuel, or  
technology? Yes

30. **Publicity or  
Propaganda** (FY 1995  
Appropriations Act Sec.  
554): Will assistance be  
used for publicity or  
propaganda purposes  
designed to support or  
defeat legislation  
pending before Congress,  
to influence in any way  
the outcome of a  
political election in the  
United States, or for any  
publicity or propaganda  
purposes not authorized  
by Congress? No

31. **Exchange for  
Prohibited Act** (FY 1995  
Appropriations Act Sec.

533): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

No

32. Commitment of Funds (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement?

No

33. Impact on U.S. Jobs (FY 1995 Appropriations Act, Sec. 545):

a. Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business?

No

b. Will assistance be provided for the purpose of establishing or developing an export processing zone or

No

designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.?

c. Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, or will assistance be for the informal sector, micro or small-scale enterprise, or smallholder agriculture? No

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1995 Appropriations Act Sec. 513(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) n/a

specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

**2. Tied Aid Credits** (FY 1995 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

No

**3. Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes, it will be used for our productive infrastructure equipment.

**4. Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people

The project will seek to encourage civic participation in democratic decision making in Haiti's social, political and economic development on a

of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

grass root level through food assistance programs.

**5. Economic Development (FAA Sec. 101(a)):** Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes

**6. Special Development Emphases (FAA Secs. 102(b), 113, 281(a)):** Describe extent to which activity will:  
(a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental

(a), (d) will have an indirect impact, (b), (c) specific project components may promote democratic private and local government institutions, and all project components will promote self-help efforts.

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

**7. Recipient**

**Country Contribution (FAA Secs. 110, 124(d)):** Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

No. The PP includes a waiver of section 110(a).

**8. Benefit to Poor**

**Majority (FAA Sec. 128(b)):** If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Yes

**9. Contract Awards**

**(FAA Sec. 601(e)):** Will the project utilize competitive selection procedures for the

Yes. A total of 20% of the project funding will be

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awarding of contracts, except where applicable procurement rules allow otherwise?

utilized for competitive selection procedure.

10. **Disadvantaged Enterprises** (FY 1995 Appropriations Act Sec. 555): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

none

11. **Biological Diversity** (FAA Sec. 119(g): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by

n/a

any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? (Note new special authority for biodiversity activities contained in section 547(b) of the FY 1995 Appropriations Act.)

**12. Tropical Forests**  
(FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

**a. A.I.D.**

**Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

Yes. See Annex E of the PP.

**b.**

**Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and

The project will support soil conservation activities.

the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and

establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

**c. Forest degradation:** Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction,

n/a

upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

**d. Sustainable forestry:** If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

n/a

**e. Environmental impact statements:** Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact

Yes

statement for activities significantly affecting the environment?

13. **Energy** (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

n/a

14. **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

n/a

15.  
**Deobligation/Reobligation**  
(FY 1995 Appropriations

Act Sec. 510): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

n/a

#### 16. Loans

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

n/a

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

Yes

c. **Interest rate** (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

n/a

d. **Exports to United States** (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S.

n/a

enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

**17. Development Objectives** (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the

1, 2, 3, 4, by encouraging the participation of local groups in the management of food assisted programs. This project will provide opportunities for the poor including women, to participate in local decisions that directly and indirectly affect their well-being.

participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

**18. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):**

**a. Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

The productive infrastructure component will assist in increasing poor family incomes.

**b. Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning,

Nutrition is a major focus of the project. It will be addressed through various mechanisms including education and encouragement of the use of indigenously produced food-stuffs as well as through the opportunity for pilot projects.

research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

**c. Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

**19. Population and Health (FAA Secs. 104(b) and (c)):** If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using

The purpose is to increase food security among poor families in the most food insecure areas of Haiti in the short, medium and long term. The FSIS will provide pertinent information to use for policy formation.

The project places major emphasis on integrated food resources with national health/nutrition and population program in vulnerable areas.

paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

**20. Education and Human Resources Development** (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

The project will encourage non-formal education by providing training for PVOs and the GOH.

**21. Energy, Private Voluntary Organizations, and Selected Development Activities** (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

a. concerned

with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

A major component of the project is the food security information system which includes use of solar-powered computer equipment.

The project will be implemented by 3 US PVOs which will build the capacity of haitian PVOs/NGOs to manage food assisted programs.

n/a

The project improves the country's disaster preparedness by concentrating food distribution in disaster proved regions improving the famine early warning system and building emergency food reserve.

Yes

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

The productive infrastructure will put an emphasis on rural areas.

**22. Capital Projects** (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level?

n/a

**C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY**

**1. Economic and Political Stability** (FAA Sec. 531(a)): Will this assistance promote economic and political stability?  
To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

Yes

**2. Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?

No

3. Commodity Grants/Separate Accounts (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1995, this provision is superseded by the separate account requirements of FY 1995 Appropriations Act Sec. 536(a), see Sec. 536(a)(5).)

Yes

4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1995, this provision is superseded by the separate account requirements of FY 1995 Appropriations Act Sec. 536(a), see Sec. 536(a)(5).)

Yes

5. Capital Projects (Jobs Through Exports Act of 1992, Sec. 306): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within

n/a

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the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act. Note, as well, that although a comparable provision does not appear in the FY 94 Appropriations Act, the FY 93 provision applies to, among other things, 2-year ESF funds which could be obligated in FY 94.)

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**ANNEX G**  
**DOCUMENTS REVIEWED**

ANNEX G  
DOCUMENTS REVIEWED ..

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ANNEX H

OTHER WAIVERS & EXEMPTIONS

**JUSTIFICATION TO EXEMPT THE GOVERNMENT OF HAITI FROM THE  
RECIPIENT COUNTRY CONTRIBUTION REQUIREMENTS OF SECTION 110  
OF THE FOREIGN ASSISTANCE ACT**

**Action Requested:** An exemption, pursuant to Section 547 of the Foreign Operations, Export Financing, and Related Programs 1995 Appropriations Act, Pub. L. 103-306, of the recipient country contribution requirement of FHA Section 110, for the Enhancing Food Security II Project.

**Discussion:** Commensurate with its approved strategy and Action Plan, USAID/Haiti proposes to launch a five year follow-up activity to enhance and sustain Haiti's food security. The goal of this project is to contribute to the fulfillment of Strategic Objective #3, to assist in, "Developing healthier, smaller, better educated families.". The project's purpose is to increase food security among poor families in the most food insecure areas of Haiti in the short, medium and long term.

The objective of the project is to focus on creating productive infrastructure and decreasing malnutrition while continuing general relief feeding through the politically sensitive period of FY1995-FY1996 with a decrease down to zero by the end of the project. The project will also provide support services with the GOH, PVO and donor collaborative policy and planning of concessional food aid programs. It will also improve the collection of information for decision-making along with more efficient logistical support.

The Mission will negotiate a bilateral agreement with the restored democratically-elected government shortly for a portion of the project. Section 110 of the Foreign Assistance Act, Cost-Sharing and Funding Limits, states the following:

No assistance shall be furnished by the United States Government to a country under Sections 103 through 106 of this Act until the country provides assurances to the President, and the President is satisfied that such country provide at least 25 per cent of the costs of the entire program, project or activity with respect to which such assistance is to be furnished, except that such costs borne by such country may be provided on an "in kind" basis.

Haiti, the poorest nation in the Western Hemisphere, is the only country in Latin America to appear in both the United Nations (U.N.)-designated list of "relatively least developed countries" and the Development Assistance Committee (DAC) list of "low income countries". In 1991, Haiti's per capita gross domestic product (GDP) totalled about \$275 per year. The vast majority of its 6.7 million people lived below an absolute poverty level of \$150 annually. Moreover, coupled with political and economic instability, overpopulation and the consequent pressures on Haiti's resources have escalated rapidly the rate of environmental

degradation and depletion, completing the vicious circle of missed opportunities, deprivation and despair.

After three years of increasingly harsher internationally-mandated sanctions combined with ever more irresponsible fiscal and monetary mismanagement, the restored democratically-elected government inherited very heavily encumbered public finances. USAID estimates that the consolidated public sector deficit for FY 1994 would exceed 2.5 billion gourdes (U.S. \$167.0 million). The implementation of a sound macro economic policy eschewing foreign exchange control, price controls, and other policy induced distortions, as announced by the new Prime Minister in his general policy statement to both houses of the Haitian Parliament, will leave the GOH with very little resources available to provide firm assurance that the contribution could be provided in compliance with the subject policy requirement.

**Primary justification:** The Government of Haiti simply does not have the funds to meet a 25% host country contribution for this project.

**Authority:** Section 547 of the Foreign Operations 1995 Appropriations Acts provides that funds appropriated in Title II of the Act that are made available for Haiti, may be made available notwithstanding any other provision of law. In a memorandum dated October 24, 1994, the Assistant Administrator for Latin America and the Caribbean approved the use of the Section 547 authority by the USAID/Haiti Mission Director to exempt activities from the 25% contribution requirement.

The exemption will be stated in the Project Authorization document.

**Action Requested:** Waiver of A.I.D. Requirement for Host Government Funding of International Travel.

**Discussion:** A.I.D. policy, as stated in Handbook 10, Participant Training, Chapter 16, would require that the Government of Haiti, or the non-A.I.D. funding source cover the cost of individuals selected for participant training under the EFS2 project. USAID/Haiti is initiating a follow-up activity with new elements to enhance Haiti's food security. The goal of this project is to contribute to the fulfillment of Strategic Objective #3, to assist in, "Developing healthier, smaller, better educated families." The project's purpose is to increase food security among poor families in the most insecure areas of Haiti in the short, medium and long term.

The success of this project depends upon the competencies of the personnel involved to analyze and act on information covering the many dimension of food security. A major emphasis is placed on training both in-country and abroad to ensure personnel competencies under this project. A.I.D.'s requirement that the cost of international travel be paid by the host-country or other non-A.I.D. funding source might put such candidates at a disadvantage. It is hoped that by the end of the project the GOH will have developed and made operational a food security policy in several dimensions.

Years of increasingly harsh internationally-mandated sanctions combined with ever more irresponsible fiscal and monetary mismanagement, the restored democratically-elected government inherited very heavily encumbered public finances. USAID estimates that the consolidated public sector deficit for FY 1994 should exceed 167 million U.S. dollars. The implementation of a policy oriented toward reducing and even eliminating this enormous public deficit was part of the Prime Minister's policy statement, in which he stated that this would leave the GOH with almost no funding available to cover the airfare costs of public sector participant trainees..

We believe that it is essential to waive this requirement to give the public sector candidates the same opportunity to participate in the training courses necessary for the success of the implementation of this project.

**Authority:** A.I.D. Handbook 10 , Chapter 16, Section 16C (1) provides the Mission Director with the authority to justify and authorize a general country waiver in full, or in part, of the host government's or other sponsoring entity's responsibility to fund the cost of round-trip international travel, including incidental costs enroute as well as the cost of travel between the participant's home city and the point of departure and return provided that the Regional Assistant Administrator and OIT are informed.

Recommendation

Based on the discussion above, it is recommended, that the Project Authorization document include a waiver of the requirement for host country funding participant trainees of international travel under the Enhancing Food Security II project.