PD-ACC-131

AGENCY FOR
INTERNATIONAL
DEVELOPMENT

DEVELOPMENT ASSISTANCE PROGRAM

FY 1975

HAITI

DEPARTMENT
OF
STATE

OCTOBER 1973

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DEVELOPMENT ASSISTANCE PROGRAM PAPER FOR HAITI

I. THE DEVELOPMENT OVERVIEW

A. Economic and Social Development over the Past Several Years

For about five years in the mid-1960's the Haitian economy was stagnant or declined. It was at a particularly low ebb during the period 1964-1967, but after that it began to expand. The average annual rate of this expansion during the years 1968-1972 was four per cent in real terms. The upward trend has continued in 1973.

During the economy's depressed period foreign assistance to Haiti was minimal, but in 1967 the Government succeeded in completing the international airport at Port-au-Prince. Internal resources also were used to finance the hydroelectric plant at Péligre which was inaugurated in July 1971.

Relatively favorable weather conditions, the successful implementation of financial programs devised with the assistance of the International Monetary Fund, some recovery in tourism and the development of small industries helped the Haitian Government to achieve a strong upward trend in the economy. Investment was the most dynamic component of domestic expenditure during the period of 1968-1972. It grew at an average annual rate of 16 per cent, with its strongest element, the public sector, concentrating its investments in infrastructure, e. g. the hydroelectric station at Péligre and the international airport. Simultaneous growth in the private sector resulted in the establishment of small assembly and transformation industries producing for the U. S. market, and in the construction of small hotels and some residences. Increases in manufacturing output ranged from five per cent in 1968 to nineteen per cent in 1970 and eight per cent in 1972. Increases in construction rose from over nine per cent in 1968 to 21 per cent in 1972.

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The first noteworthy advance of agriculture in several years occurred in 1971, when a gain of six per cent was recorded for this sector. There was an increase in the production of all major crops, particularly coffee, which that year contributed ten per cent of the GDP and accounted for forty per cent of Haiti's total export earnings. In 1972, at five million metric tons, the production of sugar cane exceeded the level of 1967 for the first time. A favorable factor in the production of this crop has been the establishment of modern sugar mills in the northern part of the country to help meet rising domestic and foreign demands.

A development planning office, Conseil National de Développement et de Planification (CONADEP), established in 1967, has been preparing yearly public sector investment budgets since 1969, and, in July 1971, it published a comprehensive development plan covering the period 1972-1976.

Although there are no reliable statistics on population and employment, it is evident that a large proportion of the population is unemployed. The export-oriented manufacturing industries mentioned above are one of the few areas in which employment opportunities have increased in recent years. Haiti's resources are considered limited in relation to its estimated total population of 5,000,000, yet underutilized to such a degree that they provide an ample basis for development for the next ten years.

Foreign assistance to Haiti has gradually increased during the past five years. The Agency for International Development, the Inter-American Development Bank, the United Nations Organization, and the Organization of American States have stepped up their activities in

providing grants and loans for various projects, and bilateral been provided by some governments, e. g. the drilling of wells in the Plaine des Gonaives by the Federal Republic of Germany. The French government has announced its intention of extending financial and technical aid to Haiti in several sectors of the economy. To a considerable extent, however, foreign assistance to Haiti during this period has amounted to budgetary support.

In summary, the Haitian Government, particularly during the past two years, has shown evidence of its commitment to a serious approach to developmental questions. Obstacles to economic and social advances, however, remain formidable, some of the main ones being the lack of significant natural resources and trained manpower, low levels of facilities for public health and education, a scarcity of planned projects suitable for public investment, and the generally primitive state of the country's infrastructure, especially in transportation and communications.

B. The Haitian Government's Development Priorities and the Mission's Judgement of them

The National Development Plan established by CONADEP includes a five-year public investment plan and indicates the Government's priorities. Over 50% of the $146 million in projected public investments during this period will, according to the plan, come from external aid. Most public investments will be for infrastructure in various sectors of the economy, i. e. 28% for transportation, 27% for agriculture, 13% for electric energy, 6% for public health, with lower priority assigned to industry, tourism, education and technical research. The plan presents a strategy for strengthening activities in various sectors of the

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particularly in agriculture, in order to achieve the short-term result of increased production and employment.

In the way of infrastructure the plan particularly stresses the modernization of the wharf in Port-au-Prince and improvements of the port of Cap Haitien, the construction of the southern road from Port-au-Prince to Les Cayes and Jérémie, the improvement of the northern road to Cap Haitien, the creation of farm-to-market roads to bring agricultural areas out of their isolation, the enlargement of airport buildings in Port-au-Prince and the modernization of smaller airports in Haiti, the installation of a third hydroelectric turbine at Péligre, and the development of a telecommunications network.

In the agricultural sector the Government's aim will be to keep production ahead of population growth by (1) increasing animal and vegetable agricultural production for the domestic market and exporting surpluses; (2) increasing the volume of exports of coffee, sugar and cacao; (3) strengthening agricultural infrastructure through the repair of existing irrigation systems and the construction of new ones; (4) combatting soil erosion through a long-term reforestation program, the use of terracing and river control; (5) improving inland and ocean fishing and methods of raising livestock; and (6) training agricultural technicians at all levels.

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The Government's major efforts in the industrial sector will include taking a systematic inventory of mineral resources and providing incentives to industries using such raw materials as sisal, coconuts, cotton, peanuts and sesame and sunflower seeds.

In the social sector efforts will be concentrated on providing a water supply to communities, preventing the flooding of streets in Port-au-Prince during rainstorms, controlling communicable diseases, combatting malnutrition among children, and encouraging community action.

In education the Government's goal is to have 20% of the country's children in school by 1976.

Development planning in Haiti is based on sectoral programs drawn up by the various ministries and submitted to CONADEP for review and inclusion in the annual budget as appropriate. CONADEP is responsible for determining priorities and options for social and economic development, and for managing the development budget. This planning body is severely understaffed in terms of its responsibilities; only eight economists and development planners are assigned to it.

Within the context of national policy the President of the Republic consistently emphasizes economic development as a guiding principle. In his Ancestors' Day Speech on January 2, 1973, after describing advances made in industry, tourism, energy, transportation and agriculture, he expressed optimism regarding the prospects for development and increased economic activity. He stated that the goal in the agricultural sector would be an average annual growth of ten per cent, and mentioned intensified cooperation between Haiti and countries or organizations of

the international community. In subsequent speeches he has emphasized the need for higher standards of living for the nation's poor, increased social justice and an equitable distribution of Haiti's wealth.

On September 13, 1973, the Haitian Secretary of State for Finance and Economic Affairs submitted the Government's proposed ordinary and development budgets for fiscal year 1973-1974 (October 1, 1973 - September 30, 1974) to the legislative assembly. The total budget of $71.1 million includes $33.2 million for the ordinary budget and $37.9 million for the development budget. It is $9.6 higher than the budget for the preceding year. In his message accompanying the budget the President of the Republic reiterated his vow to carry out an economic revolution just as his father had carried out a political one. He mentioned that the development budget for the coming fiscal year will include $14.4 million in domestic resources and $23.5 million in foreign aid, and that the full amount of $37.9 million represents an annual average of the total $200 million projected for development expenditures over the five-year period: 1972-1976. The message contained numerous statistics on increased resources being used for development purposes, and stressed the point that during the fiscal year now ending the national economy attained a record level of growth.

Recognizing that formidable obstacles to development efforts in Haiti are a scarcity of infrastructure and serious problems in the area of food production and nutrition, the Mission concurs in the priority which the Haitian Government's Five-Year Development Plan ascribes to transportation and agriculture. From the Mission's point of view,

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in fact, these two priorities go hand in hand, so much so that in the Mission's approach to the country's development needs the maintenance and construction of roads throughout the country are seen as an essential requirement for basic improvements in the agricultural sector, as well as a means of increasing opportunities for investment in other sectors.

This Mission believes that large infrastructure construction projects, whether financed with AID loans or loans from other bilateral or international organizations (e. g. roads and port expansion), are likely to improve the market for U. S. exports. Although the Haitian market is small, loan-financed public works projects will provide opportunities for the sale of machinery, equipment and services from the U. S.

As indicated in the second part of this Development Assistance Paper, the major areas of concentration of the AID program in Haiti during the next few years will be (1) food production and nutrition and (2) population and health. From the Mission's standpoint the Haitian Government's development priorities are sufficiently focused on these areas of concentration except that they perhaps do not adequately cover the need to overcome a serious imbalance between population growth and the pace of economic and social development.

C. Ongoing and Planned Government Programs and Over-All Levels of Financing

During the first half of 1973, in preparing a report on recent economic developments in Haiti, representatives of the International Monetary Fund found that the only data available about investments in ongoing Government programs in 1972 were statements of total investment expenditures and investment expenditures for energy projects. These data, along with data on expenditures in previous years, indicate that the Government's foremost program in 1970, 1971 and 1972 was in energy. Aside from that, public investments were mainly concentrated during the past year on agriculture, health, transportation and communications and water, in that order of priority. The Government has initiated very few new programs, except in telecommunications, during the past three years, since it is counting on the implementation of large plans involving the participation of foreign and international development organizations, e. g. the extension of the port of Port-au-Prince, the rebuilding of the north-south highway and the development of a road maintenance service.

The two principal categories of Government expenditures are (1) budgetary and (2) extrabudgetary. Budgetary expenditures consist mainly of salary payments, (about 80% of all budgetary expenditures), the service of a part of the public debt, payments for minor items such as subsidies and transfers, and payments of miscellaneous operating costs. Extrabudgetary expenditures include the use of large amounts of earmarked funds for development projects and for transfers to decentralized ins-

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titutions, as well as payments into special sinking funds for the service of another part of the public debt. Expenditures pass through a wide range of earmarked and other special accounts which have been in operation for many years. Thus the structure of both the budgetary and the extrabudgetary accounts is such that to distinguish clearly between current and capital expenditures is practically impossible.

Most (80% of the total) budget revenue comes from indirect taxes and export duties. Although import duties represent only about 20% of merchandise imports, they are the largest source of tax in Haiti and have been the major cause of growth in revenue in recent years. Most export taxes are derived from the proceeds of exports of coffee. Over half of all excise taxes are derived from flour and domestically consumed sugar. Other commodities which are subject to excise tax are cigarettes, alcoholic and nonalcoholic beverages, edible oil, textiles, soap, lard, etc.

Many taxes go into the revenue of the Régie du Tabac, a Government concession for the distribution and sale of about fifteen different items, ranging from cigarettes and matches to refrigerators. The nonfiscalized government receipts of the Régie du Tabac are used for various public investments, and are said to represent as much as 2.5 per cent of the GDP of Haiti. The annual amount of these receipts is not known to people outside of inner circles of the Haitian Government. The most conservative estimate puts it at $6 million; other estimates indicate that it may be twice as high as that. The secrecy surrounding the budget of the Régie du Tabac causes disgust in the private sector and among external lenders. It is believed that expenditures from this budget are primarily for internal security purposes. The revenues of

the Régie du Tabac, however, remain completely divorded from the rest of the Government's fiscal system. If consolidated with the budget, they could be used more effectively in the future. Last year, for the first time, there was a line item in the national budget (total amount about $600,000) indicating that the source of funds was "Contribution de solidarité". According to reliable sources of information, the actual source of these funds was the Régie du Tabac. A similar line item (amount $375,000) appears in this year's national budget.

Expressed as a fraction of the GNP, Government receipts represented 10.5 per cent of the GNP in 1972, and expenditures during the same period were 10.4 per cent. During the first five months of 1973 revenues increased by 15 per cent over the corresponding period in 1972. This improvement in revenues was mainly the result of accelerated spending for consumption and, to a lesser extent, a pronounced increase in prices. Expenditures in the same period of 1973 were up 13.5 per cent, and reflected increased salary payments as well as a general rise in the prices of the goods and services purchased by the Government. A continuation of these trends could cause central government operations to result in approximate balance for 1973 or even a small surplus.

At present the Government's plans for the improvement of basic service facilities are in various stages of implementation. The electric power grid has been expanded, and efforts have been undertaken to enlarge the telephone system of Port-au-Prince and Pétionville. After several

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years of inactivity work on the water supply network has been resumed with financial aid from the IDB. The IDB has also provided a loan for the enlargement of port facilities, and work on this project is scheduled to begin this year. In the area of roads the IBRD has expressed an interest in financing the repair or rebuilding of the road from Port-au-Prince to Cap Haitien, the IDB recently provided a loan for the reconstruction of the southern road, and AID, in February 1973, provided a combined grant and loan for the development of road maintenance services and facilities.

Haiti, as one of the world's 25 least developed countries, receives a considerable amount of attention from the United Nations Organization and related organizations such as WHO/PAHO, World Food Programme, etc. The proposed over-all United Nations program for the period 1973-1977 includes assistance in infrastructure, agriculture and human resources and amounts to approximately $7.5 million.

Bilateral assistance to Haiti has increased in recent years along with assistance from multilateral lending agencies and international organizations. West Germany has financed a well-drilling project in Haiti for several years. The one going on at present calls for the drilling of 25 wells in the Plaine des Gonaives, and is budgeted at DM 6 million. Apart from this, the German Government has indicated an interest in providing from DM 7.4 million to DM 10 million more for financing capital assistance projects in Haiti in the future. France has indicated its intention of expanding its bilateral program to Haiti, thus making Haiti one of the very few countries outside of the French

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community to receive developmental assistance from Paris. France is financing the construction of a pedagogical institute costing approximately $1 million and scheduled for completion in 1975. It has plans for a vocational training center for 1974. The French aid plans also include the supplying of materials and equipment for an intensive care medical center, the providing of Air France aircraft and management for the domestic and overseas operations of Haiti Air Transport, and the paving of the 65-kilometer stretch of road from Port-au-Prince to Jacmel. A recent press report indicated that the French aid program would amount to 5 million francs in 1973, 15 million in 1974 and perhaps more in the following year. The Canadian Government has an increasingly active and significant bilateral program in Haiti which was marked by the signing in July, 1973, of a formal agreement for technical cooperation. This program now includes funding ($200,000 is the proposed annual amount) for financing small development projects of the type for which AID provides SDAA funds. The Republic of China, in May 1972, signed an agreement for technical assistance to Haiti, and its team of agricultural technicians has concentrated primarily on measures to increase rice production in the Artibonite Valley. Representatives of the Venezuelan Government have recently negotiated with Haitian officials concerning Venezuelan technical assistance. A few other countries (the United Kingdom,Mexico, Brazil) are involved marginally or potentially in the Haitian bilateral aid picture. The assistance which Israel has been providing to Haiti since 1969 (the services of two cooperative experts) technically falls into the category of multilateral aid, since it is the result of an agreement signed by the Governments of Israel and Haiti with the Organization of American States.

D. Institutional Strengths and Weaknesses

A disadvantage which all aid donors must face in Haiti is that there are very few institutional strengths offsetting a multiplicity of institutional weaknesses. Starting with the professional people with whom the country's institutions are staffed, it must be observed that, while many of them are highly competent and dedicated, they are far too few in number to meet all of the needs.

As in other less developed countries, data gathering, record keeping, the compilation of statistics, etc. are haphazard at best, although the Government does maintain a National Institute of Statistics and a Haitian Center for Research in Social Sciences has recently become active.

An increase in external financial assistance during the next few years will necessitate the provision of significant amounts of counterpart funds and technical personnel. This will place a heavy strain on the Haitian Government's resources, which will prove insufficient unless the Government takes measures to regulate important sources of public revenues and to make available at least part of these revenues for social and economic programs.

The Haitian Government's fiscal performance so far has been deficient because of the excessive complication of the system. Government authorities are aware of the need to strive for simplification, particularly by reducing earmarked revenues. Such revenues are one of several shortcomings of the Haitian Government's fiscal policy. Some of these funds are administered by the Department of Finance and Economic

Affairs, while others are administered by the National Bank of the Republic of Haiti and by various other institutions. For long-term economic improvements administrative procedures need to be changed, and lines of responsibility need to be clarified. Moreover, the country's tax structure needs to be completely revised in order to become more responsive to development needs. The Government has made some plans in this direction.

All sectors of the economy, agriculture, health, education, industry, etc. are afflicted with severe defects and problems. Inadequacies or voids in basic infrastructure are one of the most serious obstacles to economic and social development in Haiti. In some sectors of the economy the quantity and quality of capital assets were actually greater in the 18th century than they are at present. The focal point of most existing infrastructure is the capital, Port-au-Prince. Elsewhere in the country the needs are even greater.

Estimates of production indicate a steady growth in Haiti's GDP during recent years. This growth represents, in some measure, a recovery from several years of stagnation. There are, however, signs of greater confidence in the economy. For example, savings deposits in the banking system have risen remarkably in recent years, as have the money supply, private investments and rates of consumption.

Agriculture constitutes approximately one half of the country's GDP. Thus its importance in over-all development is great; yet quantitative information in this sector is scarce, particularly that concerning subsistence and food crops which make up most of the output.

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Prospects for growth in manufacturing and construction seem good, but they will depend greatly on continued net remittances from abroad and on gradual increases in national purchasing power which the slow progress of agriculture could hold down during years to come. While export industries likewise provide promising prospects, the share of total output which they represent is too small to have much impact on national income.

Improved economic management and external assistance are essential to the development of Haiti. They can exercise beneficial influence on producer incentives and public investment, both of which are likely to be decisive factors in Haiti's economic performance.

II. SECTORAL DISCUSSION AGRICULTURE

A. Trends in the Agricultural Sector in Recent Years

Plantation agriculture (sugar, sisal and bananas) which was still in evidence in Haiti in the 1950's, has nearly disappeared in 1973. The banana plantations are gone and 60 percent of the sisal is produced on small holdings. Sugar alone continues to give some aspect of a plantation operation, though this often consists only of a grouping of small units, exploited by peasants, under a system of semisubsistence.

The principal cash crops, in addition to those mentioned above, which were marketed in the period 1963-1973 include coffee, sugar, essential oils, cotton and cacao in that order of monetary importance. Coffee continues to be the mainstay of the agricultural products exported, and amounted to approximately $19.1 million in 1972, the last year for which complete figures are available. Sisal, sugar and essential oils follow, with exports approximating $2.0 million per year depending upon the world market prices and climatic conditions in Haiti. High world market prices for sisal favored production of this crop in 1973. Sugar dropped sharply because of an unusual drought, and essential oils have shown a slower but steady increase in export earnings.

The modest gains cited above for cash crops have not been reflected in the production of basic foods. Over the past twenty-five years corn production has increased 12 percent while the population has grown by nearly 60 percent. The output of sorghum and millet, the second ranking source of basic food, has remained stable. The same is true for beans production which has remained constant at approximately 50,000 metric tons for the past fifteen years. Rice production has declined.

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Some of the reasons for this disappointing performance include continued deterioration of the rural road network, which increases the cost of production inputs and discourages production for sales; the accelerating erosion of steep mountain hillsides where much of the food production is concentrated; the weakness of government services for such essentials as supervised agricultural credit programs and the provision of certified seed; the lack of a viable agricultural research and extension service; and the degeneration of irrigation systems throughout the country. In sum, however, these factors are symptoms of more basic weaknesses that will be brought into focus in the following paragraphs.

B. Government Policies and Priorities in the Sector, Past, Present and Future

In reality there are eight (8) agencies of the Government active in the area of agricultural development. The principal agency, the Department of Agriculture, Natural Resources and Rural Development (DANRDR) is typical in that it is a prisoner of a budget that barely covers the cost of the staff of full-time personnel. From 1963 through 1973 the budget for DANRDR has remained almost constantly at $1.2 million dollars (excluding the cost of rural education which is another function of the DANRDR). Of this sum, an amount of $1.08 million is predestined to pay for personnel, and of the $120 thousand remaining, $50 thousand represent an annual allocation for the small farmer credit program (BCA), $18 thousand are allocated for subsistence payments to students of the agricultural college and secondary schools, and $6 thousand represent an annual contribution to the FAO. The remaining $34 thousand pay for gasoline, lubricants, spare parts, expendable

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supplies, per diem, and office furnishings in that order of descent.

The investment budget consists primarily of a list of projects prepared by the CONADEP which depend largely upon external financing for fulfillment.

In that the DANRDR funds represent only 2.5% of the annual operating budget of the Haitian government, the opportunity should exist for future increases in the monies allotted to the agricultural agencies. Similarly, the present activities of the USAID and other international and bilateral donors in the area of sector assessment and preproject planning indicate the probability for external funding of selected projects in the rural sector.

Among the other institutions serving the rural community are IDAI (the Agricultural and Industrial Development Bank), ONAAC (Community Development and Literacy Training), IHPCADE (The National Coffee Office), ODVA (Artibonite Valley Authority) and the Bureau of Nutrition. IDAI in the past has furnished funds ($800,000) to construct a cotton gin and filature at Gonaives, and has made hundreds of small production credit loans ($357,000). Eighty-two percent of these loans went to producers of cotton and corn and the remainder to the growers of beans, peanuts and rice.

The National Coffee Office has disbursed $30,000 over the past five years to demonstrate fertilizer practices on coffee trees and has fielded 109 agents to work in coffee-oriented communities. ONAAC and the Bureau of Nutrition have performed such services as were possible in the face of an almost total lack of funding for transportation, equipment and materials.

Although verbal recognition is given by the central government to both the objective of increasing rural income in the macro sense and the need to improve rural welfare in the micro sense, in reality nothing changes. Producer incentives and public institutional support have been inadequate to effect changes.

The Haitian government's policy also has acted as a disincentive to production. The export tax on coffee is the best example of the latter. Among the Caribbean countries Haiti alone levies taxes of sufficient magnitude to stultify coffee production. Most recent information shows that in addition to the basic tax of $11 per quintal of coffee exported, a series of additional fiscal impositions tied to the Péligre Electrification Project, the literacy program for adults, contribution to economic liberation, and special programs to promote the production of coffee, results in an actual tax of $16.40 on each quintal of coffee. A similar tax on the internal sale of refined sugar imposed by the Régie du Tabac has been cited as another example of government taxation that serves to restrain production.

The Haitian government's objectives and priorities concerning traditional and nontraditional crops are well balanced. There is, however, a definite tendency on the part of the government to think more positively in terms of export production as a source of additional revenue rather than to think in terms of increasing local food production.

The lack of technological progress in the production of basic foodstuffs and extremely low levels of individual income are reflected in the sizeable dietary deficiencies of the Haitian population. In the case

of the daily diet, the greatest deficiency is in protein, which up to now is derived principally from pulses and sources other than meat, and in fat, averaging respectively 67 and 62 percent of established world standards. The Haitian government's general awareness of these deficiencies has not yet resulted in any significant action program to improve the situation. Still the agricultural sector is scheduled to be the recipient of the highest percentage of resources during the implementation of the Five-Year Development Plan 1971-1976. (27% of the total development budget.)

C. Economic Factors Affecting the Development of the Agriculture Sector

Previous comment has identified the poor condition of the rural road network, the insufficient budgetary support for agricultural institutions, and the need for agricultural credit as factors inhibiting the development of the rural sector. In addition Haitian technicians tend to regard the small size of the average land holding as a deterrent to increasing agricultural production.

According to the 1950 census, the most recent national tabulation available, there are 580,000 individual agricultural holdings of less than 6.5 hectares in the country. It is safe to assume that the social patterns of inheritance practiced by the rural society have caused this figure to be considerably expanded in 1973. The average size of the rural holding has been estimated at 1.1 hectares. Eighty percent of the farmers declare themselves to be the owners of their lands. Whereas the size of holdings may restrain certain measures related to the cultivation of the land (may, for example, preclude deep plowing and complicate drainage and irrigation) this minifundia pattern of land tenure appears reasonably

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atible with the conditions of abundant labor existing in the countryside. Furthermore, it is the result of historical patterns of land acquisition and development and cannot be easily changed. Since yields of common crops are the lowest of any area in the Caribbean region (the average production of corn, for example, is estimated at no more than 800 kilograms per hectare), it is conceivable that much higher yields (for example 2,000 kilograms of corn per hectare) could be attained through the introduction of relatively simple production-increasing techniques.

Thus, though size of personal holdings cannot be considered as a serious production constraint, the dispersion of these holdings over widely separated areas and into even smaller parcels, does inhibit production. This practice, which espouses polygamy (each parcel is tended by a wife and her children), breeds a subsistence monoculture wherein corn, sweet potatoes, sorghum and trees are all planted on the same land, under conditions which make crop rotation impossible and cash cropping extremely difficult.

D. Public and Private Institutional Strengths and Weaknesses in the Agriculture Sector and

E. Relevant Legislative, Budgetary, Manpower, Attitudinal and Technological Considerations

The institutional arrangements defined in the Haitian Constitution, the laws and decrees included, are generally judged sufficient to meet the needs of the country. In point of fact, an appreciable gap exists between the policy framework and the organization that has emerged to implement it. A basic weakness in the efficiency of the administration of the agricultural institutions is the lack of working-level technicians and trained managers to guide and direct them. On the other hand, there is a superabundance of ill-trained administrative people. The low

salaries awarded professional workers in agriculture are generally considered to be the reason for the lack of well-trained technicians, or their lack of motivation. According to the Dean of the Agricultural College, over the past seven years ninety percent of all of the graduates of that institution have left Haiti and sought employment abroad. It is the custom, and not the exception, for DANRDR employees to hold double employment as a means of supplementing salaries. Their second jobs, it is noted, often conflict with the regular duties to which these employees are assigned. It has also been observed that the extremely low budgetary allotment for travel, vehicle maintenance and operation and for supplies, discourages the most dedicated employee and keeps him from carrying out his work.

Decision-making is concentrated at the highest level, and the internal organization is divided into an excessive number of operational units. A major delegation of authority to the lower levels for administration is required to free the Secretary of State for Agriculture from routine and repetitive matters.

The existence of a Five-Year Plan for investments does not, unfortunately, suffice to execute programs leading to the economic and social development of the country. In addition to the plan, a strategy and the precise means of executing the plan are needed.

Budgetary restraints have already been mentioned. Suffice it to add that for the short term the budget should pull together and consolidate all projects and programs in the public sector, thus permitting efficient planning for the use of all of the financial resources which come either from the state or from external organizations.

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Sectoral weaknesses are considered a fundamental cause of symptomatic disincentives. Although specific treatment can be recommended for the short term, i. e. repair of the national roads, the long term requires a solution to the basic administrative and organizational problems cited above.

The institutional strengths of the government structure seem more and more to be reflected in the abilities of the local governments, in particular the community councils, that grope, albeit with minimal resources, with the real problems facing the rural population. Voluntary agencies, international and bilateral donor organizations and private interests offer, within this framework of local government, the means to drive ahead in spite of the restraints which the central authorities often create unknowingly.

The needs of the grass roots community councils and of the prefects of the arrondissements may be stated quite simply. These entities require budgetary or material assistance such as tools, cement and transportation, with which to execute their plans, and technical assistance primarily from the engineering and agronomic disciplines. Labor is either freely given from within the community, or in some cases is reimbursed in kind from PL 480 Title II and World Food Program stocks administered by the voluntary agencies.

F. Other Donor Programs (Existing and Anticipated)

As reported in detail in Embassy A-129 (September 19, 1973) the several international organizations and many bilateral donors have stepped up their activities in recent years, after a period when little practical

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attention was paid to Haiti's development problems. Foremost among these in recent years has been the FAO/UNDP agricultural programs in the north, near Port-de-Paix, and in the south, near Les Cayes. The Port-de-Paix program is an outgrowth of a UNDP/FAO study of the soil and water resources of the area that was undertaken in 1963. In 1967 a pilot project demonstrating irrigation and horticultural techniques on 500 hectares began. Although originally scheduled for phaseout in 1970, it has been extended through December 1974.

The UNDP/FAO project for Les Cayes is a regional development project on a modest scale. It includes demonstrations of reforestation, crop and animal production techniques, road maintenance and irrigation. This project, which also began in 1967, is being phased out in December, 1973. New UNDP/FAO initiatives are presently planned for the Plaine des Gonaives. One or two other UNDP/FAO involvements have been mentioned but not as yet defined.

On the bilateral side, West Germany has a grant-funded well-drilling project that has been underway for seven years. France is expending its aid effort substantially but has yet to identify any agricultural projects per se. It is, however, planning to complete and hard-surface a new road from Port-au-Prince to Jacmel which will facilitate the marketing of agricultural products from that area. Canada has an increasingly active and significant program which in the future may include assistance to the Haitian National School of Agronomy and Veterinary Medicine. The Republic of China has a ten-man rice production team active in the Artibonite Valley. Venezuela is discussing a technical assistance program in agriculture, but specific details about it have not been published. Israel, in conjunction with the IDB, is furnishing technical assistance for the formation of an agricultural cooperative in the Cul-de-Sac region north-

east of Port-au-Prince, and the United Kingdom extends ten scholarships annually, some of which can be utilized for agricultural studies. The IDB has recently signed a loan agreement for the reconstruction and asphalting of the principal southern highway to Les Cayes, and the IBRD has agreed to reconstruct the northern road to Cap-Haitien with a loan in 1974. Outside of a political rationalization of drawing the Haitian nation together with this improved transportation infrastructure and enhancing tourism, these road construction projects will mainly benefit the eighty percent of the population who work and live outside of the capital city. Agricultural uses for the northern road appear, in fact, to be the principal criteria by which the IBRD is justifying its participation in this effort. The IDB is also financing, with grant funds ($70,000), an assessment of the agricultural sector in Haiti in 1973 for the purpose of identifying bankable projects. This assessment is being conducted in concert with similar evaluations which USAID has initiated in different subject areas.

Missionary groups are almost too numerous to mention individually and many of these have rural development/agricultural programs under way within the area of their respective parishes. CARE, Catholic Relief Service, Church World Service administer food-for-work programs including road construction, some irrigation improvement and reforestation. HACHO, a USAID-financed rural community development organization in the poverty stricken area of the northwest, includes an active agricultural development component in addition to other facets of rural and community betterment, such as health facilities, nutrition centers, etc.

easons for Concentrating USAID Assistance in the Area of Food Production and Nutrition

In spite of gratifying evidence (the 1972-1976 Development Plan) that the Haitian government and external donors recognize the needs for agricultural development, the situation remains critical and calls for considerable outside assistance. In a country that needs everything, feeding itself must be the first priority, and after that comes the sale of excess to earn foreign exchange. Modern technology can make it possible for the poorly endowed countries of the world to feed themselves and have agricultural products to export. Haiti has not yet had the benefit of an organized, motivated, substantial attack on the problems of increasing production, as have many of the other countries in similar straits. This is an opportunity that the foreign donors should make possible. Finally it should be remembered that agriculture accounts for approximately forty-five percent of the Haitian GNP, and utilizes more than eighty percent of the available work force. Since almost all of Haiti's rural people suffer from an unfilled need for assistance and from extreme poverty and isolation, there is little reason to question the concentration of USAID assistance in this area. There remains only the question of how much assistance can be made available and how much can be effectively utilized.

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III. SECTORAL DISCUSSION HEALTH AND POPULATION

A. Trends in this Sector

One of the most densely populated areas in the world, Haiti, also has one of the world's highest mortality rates. Information and statistics on the state of health in Haiti, however, are scarce and incomplete. Extreme infrastructure deficiencies in transportation and communications and a pathetically inadequate public sector budget greatly limit the provision of medical services and even the compilation of accurate statistics on a country-wide basis. Furthermore, generally poor levels of nutrition and the inadequacy or the total absence of rural public health services cause most members of the chiefly agrarian population to be susceptible to diseases and reduce their chances of recovery. Outside of Port-au-Prince and perhaps one or two major towns, and with the exception of a concentrated, country-wide attack on two endemic diseases over the past decade, yaws and malaria, the latter with substantial external assistance from AID, Haitian public health efforts do not follow any particular policy forms. The government supports as best it can, with meager personnel and material resources, an inchoate framework of government, community and private health facilities scattered throughout the countryside. The only reliable inventory of these various facilities known to be available was completed in 1968 by WHO.

A cross-sectional investigation of the health status of the entire population has not been carried out, but reliable appraisals indicate the prevalence of serious hazards for children less than five years old, who, in rural areas, according to most estimates, have only an 80% chance of surviving the first year of life. Haiti has a very high

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infant mortality rate of 150-200 per 1,000 live births. After a child reaches his fifth year, his chances for survival improve, but intestinal and other diseases coupled with widespread malnutrition often permanently stunt the physical development of many children.

Because of a generally weakened condition, many Haitians are likely to contract tuberculosis as they grow older. According to one survey, this disease is considered a contributing factor in 25 per cent of all deaths. Other equally prevalent diseases are helmintiasis, influenza, venereal and enteric disorders, whooping cough, measles and tetanus. Typhoid fever also occurs in epidemic proportions in various parts of the country because of the lack of potable water supplies.

Accurate census figures are not available, but, according to most estimates, Haiti's total population is about five million, and its population growth rate is between 2 and 2.5 per cent. The high infant mortality rate cited above is the primary factor in keeping the growth rate so low. Life expectancy at birth is 48 years. People under 20 years of age constitute about 50 per cent of the population, and those under 15 about 40 per cent; thus the country's work force has a very high ratio of dependents. The pressure on the land currently under cultivation is about 1,600 persons per square mile, i. e. greater than in most other parts of the world.

For a number of years most U. S. PL 480 Title II agricultural commodities shipped to Haiti have been used by three voluntary agencies for providing assistance to the health sector in the form of school feeding activities, food for nutrition centers, etc. The total program in terms of food inputs would approximate $2 million annually.

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B. Government Policies

The widespread lack of even rudimentary infrastructure in transportation has precluded the development of public health services in rural areas, in spite of the dire need. Relatively easy accessibility and the cultural and financial advantages of urban living have resulted in the focusing of such services on Port-au-Prince and a few large towns. The total number of doctors in the entire country is estimated between 300 and 400; there are 415 nurses and about 800 paramedical people. Over 60 per cent of the doctors and 55 per cent of the nurses work in Port-au-Prince. Very low public wages and the general poverty of the country explain why many members of the medical profession leave Haiti, often to work for international organizations in other countries. Those who remain and work for the Haitian government in the area of Port-au-Prince usually continue their private practice to supplement their low government incomes. This is true not only of political appointees to the senior jobs in the Department of Public Health and Population but of many in the lower echelons as well. The major training centers from which Haitians of the medical profession come are the University of Haiti's School of Medicine, Pharmacy and Dentistry and several nursing schools located in Port-au-Prince.

Though private and religious organizations have provided health assistance in rural areas through the construction and operation of clinics and hospitals, the Haitian government has provided no funds for training Haitians to work in rural areas and virtually no incentives to attract them to such areas. Its major priority has been the control of communicable diseases, but its relatively recent attention to this

priority has resulted in the development of a fairly dependable albeit highly specialized infrastructure. Infectious diseases and nutritional problems affect most of the Haitian population. As a partial solution to nutrition problems, the Haitian government has established a limited number of rehabilitation centers where mothers receive instruction on ways to increase the daily consumption of proteins in their family diets. The Haitian government, in an effort to overcome personnel shortages and the reluctance of medical personnel to work in rural areas, has met with limited success in implementing salary incentives systems with such organizations as the Haitian-American Community Help Organization (HACHO), operating in the disadvantaged northwest area of the country, but the remoteness of villages and the lack of transportation and communications continue to be major obstacles.

In August, 1971, the Haitian government promulgated a new organic law concerning its Department of Public Health and Population. This law called for a planning and evaluation section in the Department, and for a system of coordination between the planning section and the National Board of Planning and Development (CONADEP). Actually, however, one of the major problems of the health sector in Haiti remains the lack of an overall, long-term health plan for the country. Approximately one year ago, the Department of Public Health and Population, convening representatives of various international organizations, including AID, made some efforts in the direction of establishing a plan for the reorganization of the Department. These efforts were inconclusive. Since that time the new Secretary of State for Public Health and Population,

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in office since August, 1973, has indicated a willingness to pursue this objective further, but to do so he will need a considerable amount of external assistance. The Haitian government has evolved a positive family planning approach in recent years. It has organized a division within the Department of Public Health and Population to give this program direction, and is seeking outside assistance to elaborate and implement a national program. The Haitian government also has a positive attitude toward the many private groups - both religious and lay - which have established themselves in Haiti to work in the health sector. The government supports these groups as best it can within its financial limitations. In 1972 the Department of Health and Population solicited and received AID financial assistance in continuing the enlargement and modernization of the University of Haiti's School of Medicine previously begun with funds obtained from the Inter-American Development Bank.

C. Economic Factors

Haiti's gross domestic product (GDP) per person, less than $100, is only one fifth of the average amount for the Latin American region. The economy as a whole depends heavily on the agricultural sector which is characterized by a multiplicity of deficiencies. In recent years an upward trend in the economy has prevailed. It must be borne in mind, however, that this apparent recovery is the sequel to a period of economic decline which was continuous throughout most of the decade of the 1960's. Thus the GDP, in reality, is now only slightly higher than it was ten years ago. Among the more favorable signs of the upward momentum in the economy are a favorable official attitude toward investments in the public sector, and indications of the interest of various international organizations and foreign governments in Haiti's development.

Largely because of the high infant mortality rate cited earlier, the rate of population growth in Haiti is less than it is in many other developing countries. Better health programs can and will cut that figure back; greatly improved agricultural productivity will be necessary to feed the increasing numbers of surviving mouths. Nevertheless the current high mortality rate in Haiti is an obstacle to incentives for demonstrating the advantages of population planning. A certain amount of fatalism overshadows the rural population's outlook on possibilities of bettering health conditions. The lack of farm-to-market roads in this primarily agrarian country makes it impossible for rural areas to support, at present, the actual cost of implementing a solid and comprehensive rural health program. Planning for such a program, however, is something which now must be integrated with development plans for other sectors.

D. Public and Private Institutional Strengths and Weaknesses

In the past two public health activities in Haiti have elicited cooperation and support from the population, indicating good prospects for priority activities which the Government may seek to carry out in the public health sector in the future. A yaws/smallpox control program successfully reduced the incidence of this disease; 90 per cent of the people received single injections, and their cooperation with government health officials was excellent. In the 1960's all of the inhabitants of malarious areas of the country were subjected to medication and the systematic spraying of their houses, and likewise demonstrated a strong spirit of cooperation.

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The three hierarchical sections of the Department of Public Health and Population are the Secretariat, the General Directorate, i. e. the section in charge of operating the public health program, and the Regional Health Districts. Officially there are nine administrative regions, but in practice there are only five, yet there are eleven regional health districts. Some confusion exists in the interrelationships resulting from this distribution of administrative responsibility.

Generally speaking, medical facilities (hospitals, health centers, dispensaries) are inadequate to support the medical needs of the country. The larger and more complete facilities are located in the cities. In rural areas where approximately 80 per cent of the people live medical assistance and facilities are either very limited or inexistent. In some places non-profit hospitals, clinics or dispensaries operated by missionaries provide the only medical care which the peasants receive.

Certain autonomous organizations are responsible for specific health services. The Institute of Social Insurance operates a hospital for the victims of labor accidents. The Social Welfare Service maintains medico-social clinics and clinics for the treatment of venereal diseases.

E. Relevant Legislative, Budgetary, Attitudinal and Technological Considerations

In the Haitian government's operating budget the health sector, for the past several years, has ranked as one of the major claimants. In the 1973/1974 budget, for example, the allocation to the Department of Public Health and Population (13.4%) exceeds that to any other Department except Interior/Defense (24%). Health is followed in order by Education (12.2%), Agriculture (8.2%) and Public Works (6.8%). This allocation in total dollars ($4,454,000) still provides less than $1.00 per citizen per year. From this meager total the Department of Public Health and Population allots less than $400,000 for so-called development projects (malaria eradication, family planning and nutrition). External assistance to the health sector from official agencies totals about $3.0 million a year and private and religious organizations account for an estimated additional $1.0 million per year.

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The Government is aware of the extreme disparity between health services in urban and rural areas, and has made specific reference to this problem in its Five-Year Plan.

The Secretary of State for Public Health and Population who left office in August 1973 noted that the Government's financial burden in terms of existing and recurrent commitments for the maintenance of the Department of Public Health and Population were 23 per cent for operational expenses, 70 per cent for personnel, 6 per cent for various subsidies and taxes, and only 1 per cent for new capital investments. These figures indicate that the Government of Haiti is as yet ill-prepared to support the recurring costs of new public health facilities, even if they are almost totally financed by external donors. Still the pressures from the more articulate urban dwellers for increased medical facilities, combined with the interest of members of the medical profession in living in the cities, will make any redressing of existing imbalances an uphill struggle.

An objective of the organic law of August, 1971, reorganizing the Department of Public Health, was to improve coordination and to incorporate new activities into the Department. This law created, within the General Directorate, a Division of Family Hygiene responsible for coordinating all activities related to the health of mothers and children, including family planning. It also created, for the coordination of foreign assistance in public health, a Division of Foreign Aid Control and a Planning and Evaluation Section. Despite the creation of these new entities few real changes have occurred in the health sector, and the incorporation of rural health into the national program remains an unsolved problem.

Most laboratories are located in Port-au-Prince. Their utilization is incomplete, and many health facilities do not ahave any. There is a dearth of technical personnel, and very little coordination exists between the public and private sectors in the provision of laboratory services. Medical supplies are very limited, and the proper maintenance of equipment is rare. The country's pervasive transportation problem renders the supervision and delivery of services extremely difficult.

F. Other Donor Programs

Since 1961 UNICEF, the Pan American Health Organization and the World Health Organization (PAHO/WHO) have collaborated with A. I. D. in financing and directing a malaria eradication project in Haiti. Both UNICEF and A. I. D. terminated their financial assistance to this project in FY 1973 in favor of a reoriented project, now in preparation, integrating malaria eradication into broader communicable disease control.

The Pan American Health Organization has also assisted the Haitian government to some extent in the eradication of yaws and smallpox, environmental sanitation, the improvement of water supplies, etc.

In the Sanitary District of Les Cayes WHO/PAHO and UNICEF assist the Department of Public Health and Population in carrying out a regional project with the following objectives: the improvement of basic sanitary services and medico-sanitary equipment, the providing of preventive, curative and educational medical services and the training of technical and administrative personnel. On the regional level the Haitian government has received a certain amount of assistance from other foreign organizations. The AID-financed Haitian-American Community Help Organization (HACHO), for example, has for several years provided most of the

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public health services available in the northwestern peninsula of the country. HACHO is responsible for dispensing over $100,000 in medicine, and for the erection and maintenance of a recently donated field disaster hospital. In the central region, the privately-owned Albert Schweitzer Hospital, the second largest hospital in Haiti, has done important work in research and in providing public health services. As mentioned elsewhere in this document, various nonprofit religious organizations operate health facilities in Haiti. Such groups as the Unitarian Universalist Service Committee, OXFAM, Church World Services and the Mennonite Central Committee conduct educational programs in family hygiene. The UNFPA in 1972 provided funding for a pilot project in family planning which will run until about April 1974, by which time a larger project will be developed for consideration by external donors. The pilot project permitted the staffing of the newly created Division of Family Hygiene within the Department of Public Health and Population.

The Inter-American Development Bank has provided some financial support for the Haitian Government's efforts to improve public water systems, and there is an obvious interest in the probability that an IDB-financed analysis of the health sector may be conducted. The Government has asked the IDB for help in urban sanitation and drainage in Port-au-Prince and the construction of rural health centers throughout the country. The Government of Haiti recently submitted to the United Nations Development Program for review and approval a PAHO/UNICEF project proposal concerning a project in applied nutrition and rural development. The objective of this multisector project, involving activities in the field of agriculture, health and education, is to assist the Haitian government in its plans to improve the nutritional level of the Haitian people, particularly in the rural areas, through the development

of a basic infrastructure to organize and implement nutrition and food production programs.

G. Reasons for AID Resources in the Health Sector

It appears from all points of view that the stage is now set in Haiti for redirecting and reorganizing health services in an effort to cope with the country's health problems in both rural and urban areas. Recent changes in personnel, including the appointment of a new Secretary of State for Public Health and Population, are indicative of future trends. Within the existing infrastructure and present budgetary constraints the Haitian government appears resolved to improve its national health program. This task calls for the integration of private and public efforts in the health sector. Redirecting health services towards the large numbers of people directly responsible for the success of agricultural development will reduce the incidence of disease and malnutrition, thus lessening obstacles to economic growth. These efforts will also alleviate the social distress and misery resulting from poor health conditions.

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IV. PROPOSED U. S. ASSISTANCE IN THE SECTORS DISCUSSED ABOVE

A. Priority Development Problems as seen by the Haitian Government and USAID

The Haitian government's priorities and policies in development were discussed in general terms in part I.-B. above. Through these priorities and policies USAID can sense the merits of the view that modest, labor-intensive rehabilitation programs and development efforts oriented towards the maintenance of past investments are, for the time being, likely to be more effective than substantial new capital outlays. A necessary condition for success in development efforts is the realization by the local population that these efforts can produce tangible results for the community. In many parts of Haiti the provision of food for work has stimulated initiatives and projects among community groups. This facility must continue undiminished. Past experience also suggests that some administrative decentralization and the use of government funds for local improvements result in an atmosphere of confidence and cooperation that is unattainable when funds are centralized in the national budget and initiatives must originate in ministries.

USAID realizes, of course, that some capital-intensive investments in transport facilities, telecommunications, electrification, irrigation, etc., are essential to the accelerated development efforts which the Haitian government will be making during the next few years, but feels that these can be financed by other donors, principally the various international agencies.

It is in the light of the foregoing considerations that USAID presents the following discussions of its assistance to the two sectors to which it attaches priority: (1) agriculture and (2) health.

1. Proposed U. S. Assistance to the Agricultural Sector

In order to substitute an objective choice of action for what must presently be considered a subjective judgement, USAID has undertaken selected commodity and subsectoral investigations. To avoid duplication, USAID informally coordinates its efforts in this direction with the Inter-American Development Bank and the International Bank for Reconstruction and Development. It is expected that the data thus acquired ultimately will, following analysis, identify priorities for assistance.

In general terms USAID is providing analysis of fertilizers, grain handling and marketing, soil capability surveys, forestry and conservation, agricultural credit programs, fertilizer marketing and rice production. IDB is formalizing prefeasibility studies of beef and dairy production, irrigation networks (existing and potential), cooperative development and public administration. AID technical advisors have prepared a sector assessment outline as a guide for USAID, and the various resource materials will be assembled for analysis in the first quarter of calendar year 1974.

Upon the completion of this analysis, USAID will, in cooperation with other international and bilateral donors, make relevant decisions concerning additional grant and loan assistance to the rural sector.

At an early stage of preparing this assessment, several key factors are apparent. First and foremost, it is clear that without an improvement in the condition of the basic road network in the country little

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progress can be anticipated in the long-term improvement of rural income. The June 1973 IMF Staff Report on Haiti cites the deteriorated road network as the first of several factors hampering agricultural recovery and development (followed by deteriorating irrigation systems, lack of storage facilities, inadequate producer prices and high taxation). Even though we can anticipate reconstruction of the major artery connecting Port-au-Prince with the northern coastal city of Cap Haitien and with the southern coastal city of Les Cayes over the next three years (the work should be well along by mid-1975), some seventy percent of the country will still be cut off from consumer markets for five months of the year coinciding with periods of intense rains, and will have access to these markets only under difficult conditions the remainder of the time.

In February 1973, AID made a loan of $3.7 million to the Haitian government for developing a road maintenance capability in the country.* This project activity was basic to the subsequent loan from the IDB for the construction of the southern road and the IBRD's statement of its intention to make a loan to Haiti for the northern road. We are now of the opinion that these combined actions, useful though they may be, will be insufficient to bring about significant short-term benefits for the rural population. It is almost useless to undertake programs aimed at increasing agricultural production for any purpose other than subsistence, without providing for marketing outlets. In Haiti's case, improving the transportation network is an essential requirement for better-

*In August 1973 the loan was reduced to $3,150,000, and a grant of $650,000 was made to the Haitian government for the partial financing of a technical assistance contract for the same purpose.

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ing these outlets. USAID thus concludes that further work on roads must be an important element in any rural development efforts in Haiti.

The two major road projects cited, plus one minor one to be financed by France will improve 358 kilometers of the 1,760 kilometers which make up the basic national road network. Beyond this basic national road network are several hundred kilometers of strategic farm-to-market roads for which local communities have construction and maintenance responsibilities (and which will continue to benefit from the U. S. Government's food-for-work resources). The Haitian road maintenance organization which USAID assists will not immediately receive the budget it needs to permit it to focus adequate attention on the 1,400 kilometer balance of the network not yet selected for major upgrading. Thus this state of affairs will probably prevail for some years unless maintenance activities can be accelerated. To keep these forgotten roads in a minimal state of repair until they can be properly reconstructed (e. g. by external donors), it is proposed that AID supplement the Haitian government's maintenance budget by a grant contribution over the next three or four years. These funds would be used primarily to pay wages for labor-intensive road work under the direction of the National Road Network Maintenance Agency (SPERRN) comparable to the food-for-work projects now going on in various places, and would thus permit more ambitious annual work programs of maintenance. At the same time it is proposed, in conjunction with road maintenance development efforts, that studies be financed to establish the economic (agricultural) priorities among the various segments of the national road network as a guide to future investment decisions. USAID would also, as appropriate, be willing to finance engineering feasibility and cost estimate studies of priority road sections for the use of other donors, or for force account work.

or condition of the rural roads and the great scarcity of ... facilities for food crops result in annual losses of food grains and pulses that have been estimated to be from 30 to 40 percent of the total production. A low-cost, locally constructed on-the-farm type of grain bin would prevent losses attributable to rodents, insects and moisture. Such storage facilities would, even in the presence of an improved transportation network, provide the farmer with the option to sell his grain several months following the harvest, when prices are higher. The USAID plans to assist in the construction of some pilot ferrocement silos, each capable of storing from two to four tons of grain. The CARE organization and the Haitian Departments of Agriculture and Social Welfare will participate in this project which will have as its goal the field testing for a larger future program to construct low-cost storage facilities throughout the country.

According to M. A. Holly in Agriculture in Haiti: "Of the cereals grown and consumed in Haiti, rice is certainly the commonest and the most important. In the period 1916 through 1952 rice was a common import averaging from 100,000 to over three million kilograms per year." In 1955, Holly wrote: "With the development of the Artibonite Valley, the trade will be reversed. Imports have already been considerably reduced." Unfortunately, agronomist Holly's hopes have yet to be realized. Haiti has been importing rice in 1973. Accordingly, the technical assistance team of the Republic of China and the Office of the Development for the Artibonite Valley (ODVA) have asked USAID to assist with the financing of a seed multiplication program that will produce sufficient seed annually for over 20,000 acres

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of land. The proposal is aimed at implementing as quickly as possible the results gained from two cycles of adaptive research trials conducted by the Chinese team in the Artibonite Valley in the past twelve months. This may well be the first step leading towards a longer term proposal for a vertically integrated rice production program in the area.

Similar opportunities undoubtedly exist for programs aimed at increasing the production of other basic crops, namely corn, sorghum and beans. Coffee, which is produced entirely by the peasant population, also offers an opportunity for the development of integrated production and marketing activities. In short, these crops offer important opportunities for the use of USAID assistance in the years ahead.

Finally, using institutions and agencies which may prove to be particularly viable and active in the area of rural development, USAID can, on a selected basis, and depending upon the availability of funds, support selected rural development projects that contribute to the improvement of rural life through directly or indirectly increasing agricultural production and income or lessening rural unemployment. A good case in point is the agricultural aspect of community and regional development organizations such as that supported in the northwest by the Haitian-American Community Help Organization (HACHO). It is proposed that skilled agricultural technical assistance be made available through this organization to the interested communities in order to diversify crops grown and to increase their yields.

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2. Proposed U. S. Assistance to the Health Sector

One of the foremost purposes of U. S. assistance to the health sector is to support the Haitian government's efforts to develop a realistic health plan and policy. Other international organizations primarily interested in this exercise, in addition to USAID, are PAHO, UNICEF, IDB, and UNFP. The IBRD and Foundations such as Ford and Rockefeller should as well be invited to provide inputs. USAID's contribution would be in furnishing planning assistance as requested.

Most of the above-mentioned organizations met in April, 1973, in Port-au-Prince, to discuss jointly the Haitian government's family planning activities, and agreed to hold periodic meetings in the future on the same subject. This mandate should be enlarged, and one of the organizations, perhaps PAHO, would take the lead in relating family planning activities to the broader question of delivering low-cost health services to the rural population. For its part USAID would be prepared to contribute to any realistic family planning activity which is mutually agreed upon. It appears that such a program will involve a substantial element of pure budget support to finance personnel costs of the directing/operating agency.

USAID's substantial support for malaria eradication in past years, while it has not resulted in the elimination of the disease, has led to the control of it, and will be continued, although the Haitian organization responsible for malaria eradication (SNEM) will, in FY 1974, be reoriented to a broader mandate covering various endemic diseases prevalent in Haiti. In providing financial support for a reorganized

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disease control agency, USAID will seek to persuade the Haitian government to provide a financial contribution for it greater than the estimated 6 percent which it has heretofore contributed to malaria eradication activities. While UNICEF has withdrawn its support for malaria eradication per se, it has indicated its intention of allocating to other purposes in a reoriented agency resources of no less magnitude than those previously provided for malaria eradication (approximately 13 per cent of the total cost of the project). Efforts will be made to interest other donors in the reorganized agency and enlist their assistance in sharing the costs of a diversified program. USAID will concentrate on helping the reorganized agency to develop a policy and an administration consistent with the priorities and basic tenets of the emerging national health plan, i. e. to provide a decentralized health delivery service utilizing paramedical personnel to a considerable extent.

AID will continue its support for rural community development in northwestern Haiti, a project being implemented by the Haitian American Community Help Organization (HACHO) in which the delivery of health and nutrition services is a significant component.

Likewise USAID will continue its indirect support to the health sector through the contributions of voluntary agencies to the improvement of nutrition (e. g. in school feeding programs) and the distribution of donated medical supplies and equipment.

A possible new activity, yet one integrated with all of the above, for which USAID should consider making a substantial contribution, would be one aimed at designing and implementing a low-cost delivery system

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for health services. This project would not necessitate significant increases in public sector employment or resources, but would provide for cooperation between government services, already existing or to be created, and for the participation of elements of the private sector, e. g. indigenous midwives, practitioners and community volunteers through whom knowledge and services can be channeled without great demands on the budget of the public sector. In this project, construction, except that of a rudimentary sort, would be avoided. The development of human resources would be stressed, particularly the development of auxiliaries for the care of mothers and children or multipurpose auxiliaries coming from rural communities and likely to want to remain in them. In this possible project Peace Corps volunteers with relevent training could supply a much needed element.

[illegible]. Proposed USAID Involvement Outside of the Two Areas of Concentration

For the past two fiscal years and for the foreseeable future the only USAID-financed activities not specifically related to the areas of concentration discussed above are the Special Development Activities Authority (SDAA) and Technical Support.

The main purpose of the SDAA project, since it was initiated in Haiti in FY 1968, has been to provide financing for small self-help and community development activities mostly involving segments of the Haitian population not directly reached by other AID-financed projects. Exceptionally SDAA funds have been used on a few occasions in the past for financing participant training courses for which no funding was available elsewhere in the AID program in Haiti. It is possible that

small portions of this fund could be used for similar purposes in the future, although USAID would first investigate the possibility of financing any proposed participant training with funds from one of the projects in the areas of concentration. It is also possible that eventually the SDAA project could be extended or reoriented to provide specific support for voluntary agencies, i. e. to make small amounts of funds available to voluntary agencies annually for local purchases, for purchases from excess property or other sources of equipment or materials which could help voluntary agencies to further the self-help efforts of community groups. For the most part SDAA funds have been used and will continue to be used mainly for projects directly or indirectly related to the proposed areas of concentration.

Basically this USAID's Technical Support project is used, as in other Missions, for defraying expenses related to the implementation of the overall USAID program.

In the past the Haitian government has manifested an interest in assistance for the country's housing needs, and at one time a housing investment guaranty was under consideration. It is not USAID's intention to press this activity in the future, since the Haitian government is not believed ready to take the necessary steps to implement such a project effectively. Furthermore, if the Haitian government should indeed undertake to implement such a project, it would almost certainly be urban-oriented rather than rural.

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USAID realizes that deficiencies in the education sector in Haiti are a serious impediment to economic development. This problem, however, is one which USAID prefers to leave to other donors who are manifesting an interest in seeking solutions to it. The Inter-American Development Bank, notably, has been involved in agricultural education, and is prepared to do a sectoral study of all aspects of education. Moreover, a National Literacy Organization (ONAAC) is about to receive substantial support from the World Food Programme. USAID's activities, to the extent to which they involve the development of human resources, will consist of short-term, very practical training rather than long-term educational assistance.

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V. LIKELY U. S. ASSISTANCE REQUIREMENTS OVER THE NEXT SEVERAL YEARS

As a general postulate, USAID is of the opinion that the aid mix will be more heavy on the grant than on the loan side. Where projects call for a technical assistance element, for example, it is not felt that the Haitian government, with its meager budget resources and generally low salary scales, should be asked to pay salaries of foreign technicians several times larger than those of Haitian employees. Thus a material element of a project might be loan-funded and the personnel element grant-funded.

It is also anticipated that it will be the rule more often than the exception that varying portions of the Haitian government's personnel resources assigned to a project actively supported by AID will have their salary and related costs funded by A. I. D. The objective will be the progressive reduction of this type of budgetary support in order to develop the Haitian government's budgetary discipline and to test the priority which the government accords to the activity in question; but a failure to make adequate provisions for such support initially will insure an understaffed and undersupported activity. This is merely the logical consequence of a grossly inadequate national budget to support governmental services of all kinds.

Because it is known that there is a large pool of trained Haitians living and working abroad - in Canada, in the U. S. and in various international agencies primarily - ways and means will be sought to attract this reservoir of talent back to the homeland to work on projects and activities related to development. It could well prove cheaper (and faster)

to finance appropriate repatriation costs for such people than to engage in new long-term training programs for younger technicians.

Of all the resources available, Title II food for Food-for-Work commodities have an outstanding utility. They permit the programming and accomplishing of dozens of development projects each year without substantial overhead costs, and make use of an almost inexhaustible resource: excess manpower. The extent and quality of the farm-to-market roads built by this means are impressive. In view of the high priority accorded to roads in the foregoing discussion, it would be very unwise to permit any diminution in the resource. If for any reason, food were to become unavailable to finance future food-for-work projects, alternative resources, including cash grants, should be provided for the same purposes. The principal restraint on an even greater utilization of this resource is the paucity of supervising personnel, particularly engineers. Here again some extrabudgetary assistance, volunteer or paid, will be sought.

The staffing implications for the projected USAID program are modest. A two-man program office, a sector supervisor for agriculture and health respectively, a general engineer to oversee the road projects and engineering aspects of activities in both sectors, and secretarial/administrative assistance. In general the philosophy will be to keep U. S. in-country project staff to a minimum and to favor contracts (including personal services contracts) for whatever skills are required full time. In order to make this possible USAID proposes the maximum utilization of short-term and ad interim assistance from qualified substantive organizations within the backstopping network now in place through AID/W central con-

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tract arrangements. Recent experience indicates that these arrangements are both effective and variegated in the sectors of priority attention. Haiti is particularly susceptible to benefiting from these relationships also because of its relative proximity to the continental U. S. and the easy availability of air connections.

In terms of magnitudes of financial assistance for the health sector USAID envisages about $3.5 million in FY 1974, rising to $4.5 million in FY 1975 and to $5 million in FY 1976 and beyond. Most of this would be grant funding, and would include substantial amounts for local currency costs as mentioned earlier. The percentage of USAID's contribution to so-called operational costs would be programmed to decline progressively for each project, and as fast as local circumstances permit.

The components of these annual amounts of financial assistance for the health sector are summarized below.

Activity	FY 73	FY 74	FY 75	FY 76 ff
Disease Control	$ 1,700	$ 1,000	$ 1,500	$ 1,400
Regional Health Activities (Northwest)	500	500	500	400
MCH/FP	-	500	750	1,000 *
Support for voluntary agencies (Title II)	1,500	1,500	1,500	1,500
Health service delivery systems	-	-	250	700 *
	3,700	3,500	4,500	5,000

* some loan component possible.

The magnitudes of the proposed financial assistance in Agriculture are summarized below:

Activity	FY 73	FY 74	FY 75	FY 76ff
Feeder roads and road maintenance (includes Title II)	$ 3,360	$ 1,500	$ 2,320	$ 2,800
Basic food production and storage (rice, corn, beans, etc.)	-	300	3,300*	3,800*
Coffee production	-	4,000*	-	-
Regional agricultural development northwest (includes Title II)	175	230	275	300
Agricultural development support (includes SDAA)	75	130	175	230
	3,535	6,260	6,070	7,160

*Loans in part

The status of discussions concerning a housing investment guaranty for Haiti is described in Part IV.-B. above. The initial amount of such a guaranty, should it materialize, would be approximately $1.5 million. For the time being various problems surrounding the availability of U. S. agricultural surplus commodities for external aid programs make the prospects for a Title I Sales Agreement for Haiti seem dim. By fiscal year 1975, however, if the situation should change, USAID could envisage a Title I Sales Agreement of approximately $2 million per year. Clearly the availability of a countervalue account for development purposes would provide a much needed budgetary resource.

AID/PRM:JNixon:mc - October 19, 1973

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