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**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



**DEVELOPMENT ASSISTANCE PROGRAM**

**FY 1976**

**HAITI**

**DEPARTMENT  
OF  
STATE**

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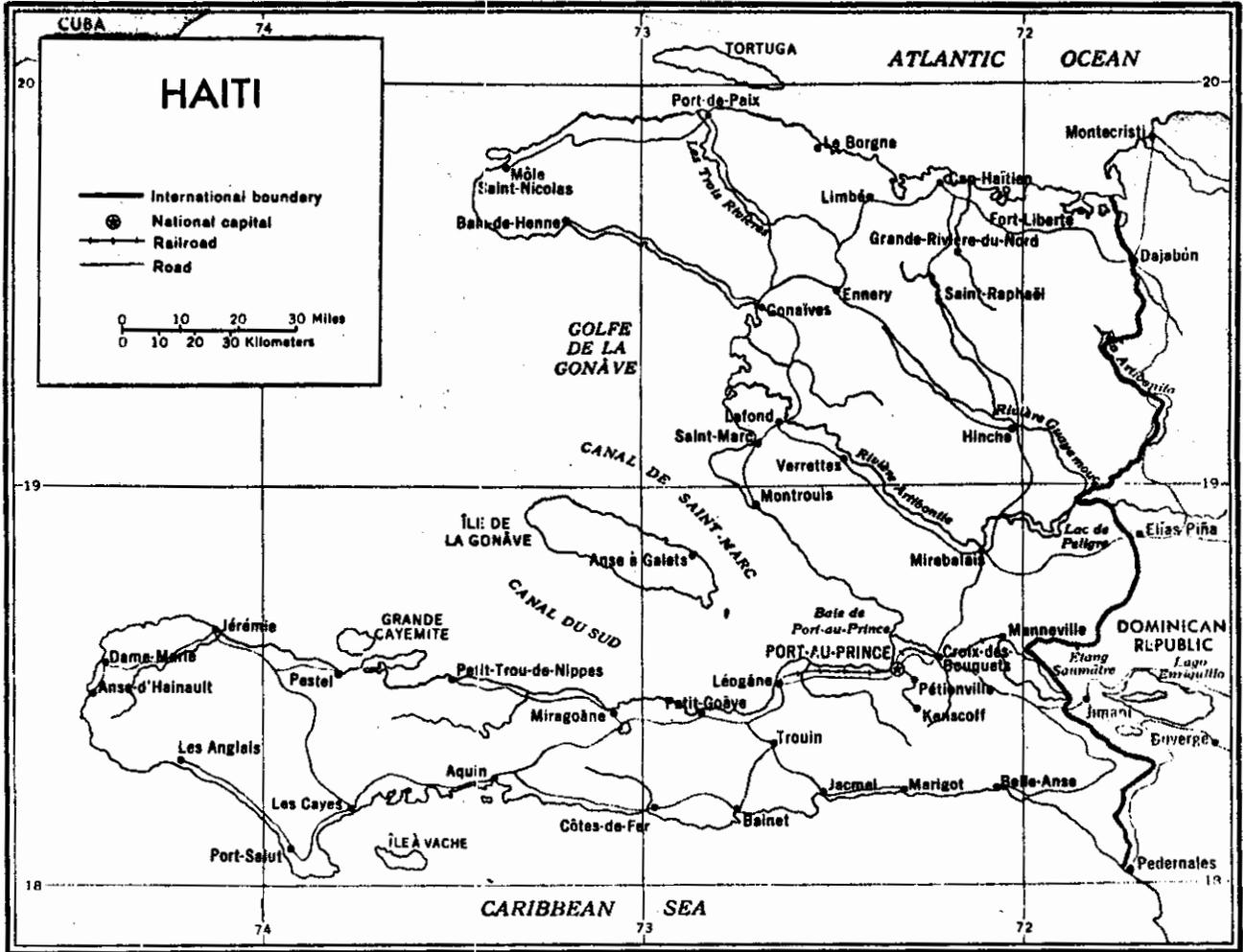


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## I. SETTING

### A. Introduction

With a per capita GNP estimated at \$120, Haiti is the poorest country in the Western Hemisphere. It is the only one from this hemisphere on the U. N. list of 25 least-developed countries and one of only three Latin American countries considered by the U. N. to be most severely affected by the energy crisis. A recent study indicates that the Haitian people consume an average of 1,850 calories each day, one of the lowest caloric intakes in the world. Protein and fat consumption are equally deficient, amounting to two-thirds, or less, of the normal requirement. These nutritional deficiencies are, of course, a major factor affecting worker productivity in Haiti. They also constitute the most serious health hazard in the country and directly contribute to a child mortality rate which is up to 33 times that of developed countries. Largely because of the high infant and child mortality rates, Haiti's annual population growth rate is about 2%, excluding any net emigration, which is less than the average for Latin America. With 4.5 million people, however, it has one of the highest population densities in the world, only slightly less than that of India.

The education level in Haiti is also low. Adult literacy is under 20%. No more than 30% of the school-aged children attend classes and they are mostly from the urban areas. Only a few students make it through college and many of those who do, emigrate.

Haiti has a land area of some 28,000 sq. kms., roughly the size of Maryland, consisting mainly of mountainous peninsulas to the North and South, a Central Plateau, which is difficult to reach and of uncertain agricultural potential, a fertile valley along the Artibonite River, North of Port-au-Prince, and the Cul-de-Sac, just east of the capital. Other fertile plain areas are in the center of the country near Gonaives, to the north in the area surrounding Cap-Haitien, and on the south coast of the southern peninsula near Les Cayes. Haiti has a rural population of about 3.5 million people who exist on some 1.6 million hectares of agricultural land. Only slightly more than half of the agricultural land is cultivable, however, and much of the cultivable land is on steep slopes which are suitable mainly for tree crops such as coffee, mango and plantain. Only 370,000 hectares are on level ground and suitable for such crops as corn, rice, sugarcane and legumes. Signs of deterioration in the country's physical resources are evident everywhere. Erosion is widespread and proceeding at an alarming pace in many areas. Irrigation systems and roads have not been maintained and as a result cannot be fully utilized. Four hurricanes have hit the southern peninsula since 1960 and other parts of the country have

suffered from numerous droughts and floods, all of which have contributed to the deterioration. One consolation is that rural land distribution is fairly equal. Income in the rural areas is also considered to be fairly evenly distributed, but for the poorest three-quarters of the rural population, per capita income may be no more than \$50 each year.

Haiti has somewhat under one million urban inhabitants, of which about 500,000 (\*) are located in Port-au-Prince. The second largest city, Cap-Haitien, has only about 50,000 people. Because of Haiti's poor transportation system and almost non-existent communications (only 2000 telephone lines and 4400 telephones existed in the entire country in 1969), provincial towns are almost isolated from one another and from Port-au-Prince, and the flow of people and goods is severely restricted.

Major industries, almost all of which are located in or near Port-au-Prince, include processing of agricultural goods such as sugar, cotton, and wheat flour; assembly operations for export to the U. S., and tourism. The per capita GDP for the urban population is \$340, much higher than the average for the rural areas, but it is very unevenly distributed.

#### B. Recent Economic Developments

The Haitian economy was basically stagnant during the early 1960's. The regime of President François Duvalier adopted policies which resulted in a near-absence of assistance from the international lending community and world prices for Haiti's major exports held constant or declined. Tourism dropped off sharply during the François Duvalier period, and Haiti's international image suffered. While the government was able to complete the Port-au-Prince international airport in 1967 with its own funds and begin installation of a major hydroelectric plant just off the Central Plateau, the GDP declined in real terms from 1962 to 1968. One of the few areas of continued growth was the agricultural sector but that was solely to feed the steadily increasing domestic population.

The economy finally began to show some signs of life by 1969. At about that time, Haiti was discovered by investors as a site for assembly industries producing for the U. S. market, and by 1973 almost 25,000 Haitians were employed in these industries. Construction financed both by these new foreign private investors and remittances from Haitians living abroad increased by about 20% a year. As the political climate

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(\*) Official figure; one other estimate indicates over 600,000

began to ease somewhat, and especially after Jean-Claude Duvalier took over as President-for-life following his father's death in 1971, tourists began to return to Haiti. By 1973 the number of tourist arrivals had reached the levels of the late 1950's.

While these developments were welcome, they were more in the nature of a recovery than an advance since per capita GDP did not reach the 1962 level until 1973. Also their direct impact was limited mainly to the Port-au-Prince area. The recovery did result in an increased demand for foodstuffs, however, and as a result the average annual increase in agricultural production tripled to over 3% in the 1970-72 period. At the same time the cost of domestically-produced foodstuffs began to rise. In 1973, following some bad weather and irrigation breakdowns, food costs went up over 25% and even though food production was expected to recover, food prices were up another 11% during the first three-quarters of 1974. Meanwhile food imports, mainly wheat, dairy products, and vegetable oils, continued their rapid expansion.

The unbalanced nature of Haiti's recent growth is reflected in its balance of payments. Agricultural products have historically accounted for 60-80% of Haiti's total merchandise exports. Therefore, the stagnation in output of the export crops, in spite of recent favorable prices, has limited the growth of total exports. Partly because of the high import content of both tourism and the assembly industries, as well as increases in agricultural and luxury goods imports, merchandise imports have increased sharply since 1970, reaching \$109 million in 1974. As a result, the merchandise deficit grew from \$11.7 million in 1971 to \$29 million in 1974. Through 1972 this deficit was entirely financed by net current transfer receipts -- emigrant remittances, private donations, and technical assistance grants -- allowing for a current account surplus. Since net capital inflows also grew steadily, net foreign exchange reserves were built up from a minus \$6.6 million in 1968 to a peak of about \$26 million in June 1973. Reserves were drawn down rapidly after that, however, and by the end of the year reserves had fallen to a level of \$16.4 million.

During 1974 petroleum imports nearly tripled in value to over \$15 million and agricultural imports continued to grow rapidly. Therefore, in spite of foreign exchange purchases from the IMF amounting to about \$8 million net foreign reserves fell to minus \$2.9 million by the end of the year.

A further decline of net reserves is expected during 1975 despite the recent renegotiation of the government's bauxite agreement with Reynolds Metal Co. Exports of assembled goods are expected to decline because of the U. S. recession, and tourism has been off even

more than was originally expected. There are copper deposits of unknown size in the northern part of the country but many years would be required to begin significant production of copper. The Government responded to the deteriorating situation in January by placing import controls on luxury automobiles (over \$5,000) and a few basic commodities but further measures will probably be required. During the year Haiti will be heavily dependent on increased flows from external assistance agencies and access to the IMF's new oil facility to reduce somewhat the decline in net foreign reserves.

## II. AREAS OF CONCENTRATION

### Agriculture

#### A. General

If any country in Latin America deserves special mention as a nation of small farmers, it is Haiti. The most characteristic feature of Haitian agriculture is in fact the smallness of scale of its individual operations and the almost total absence of production inputs other than labor.

There are over 750,000 farm units in Haiti located on a total agricultural land area of about 1.6 million hectares, of which only about 870,000 hectares are cultivable. While some large-scale farming is employed in sugar and sisal production, land distribution is fairly even and only 25% of the farm units have more than four hectares. The total land availability is so limited, however, that the remaining 75% of the farm units may have only about 1.1 hectares each, and not all of that is cultivable.

Further fractionization results from the system of multiple holdings as individual farmers will rent, sharecrop and own different plots at the same time.

Land tenure conditions are uncertain. While in the 1950 census 80% of the farmers said they were land owners, registered titles are reported to cover less than 50% of the agricultural land area. While ownership disputes have been infrequent, they might become more common if land productivity is increased.

The IBRD estimates the per capita GDP of the 3.5 million rural Haitians to be about \$80. If income distribution is considered to be roughly equal to land distribution in the rural areas, the per capita GDP for the poorest 2.6 million of the rural population may be no more than \$40 - \$50, which translates out to about \$200 per farm unit. With this level of income for over one-half of the population, it is not difficult to understand why the level of nutrition in Haiti is so low.

Population pressures and low income levels inevitably affect the Haitian farmer's use of the land. Forests are cut for firewood and charcoal. Slopes are burnt for planting food crops. Livestock are forced to graze in areas which are not suitable as pastures. As a result, erosion is uncontrolled, reducing the effective agricultural land area in the mountainous regions. The erosion also reduces the productivity of the plains areas because of the floods and deposits of silt and stones which are its by-product.

The use of tools on the small farms is limited almost entirely to the hoe and the machete. Purchased inputs are rarely used, except under special programs of limited scope. Use of improved seeds and planting stocks is very limited because of a lack of research, a lack of access to agricultural credit, and neither the government, nor the private sector has undertaken to produce seeds of improved varieties. Planting stock of important tree crops is produced but on a grossly inadequate scale. Pesticides are little used other than for cotton. Fertilizer use is largely limited to a few hundred tons each on rice, sugarcane, coffee, cotton and vegetables. In 1973 only 3,000 tons of fertilizer were imported.

#### B. Agricultural Production

Agricultural production in Haiti can be divided into food crops -- corn, rice, sorghum, bananas, plantain, beans, sweet potatoes and manioc -- which are produced for domestic consumption, and export or industrial crops -- coffee, cotton, sisal, tobacco, cocoa, and essential oils. Sugarcane is sold both directly as a food and for processing into refined sugar or other products. Livestock production accounts for only about 12% of total agricultural output.

The most important shift in agricultural production in recent years has been the relative increase in the production of food crops. This, no doubt, reflects the farmers' drive to satisfy his own food requirements and the steadily increasing demand for foodstuffs from the urban sector. In addition, as will be discussed separately below, a combination of low world prices and government intervention has held back production of many export and industrial crops.

Annual food crops are produced both in the plains areas and, because of population pressures, in mountainous regions which basically are not suitable for such production. Because fertilizer generally is not used, an estimated 50% of the land area needs to be left fallow at any one time to maintain soil fertility. As a result, yields are almost invariably low even in the plains areas.

Corn is the major food crop grown in all agricultural regions with sufficient rainfall. Sorghum occupies the next largest acreage and is produced on dryer hillsides and the Central Plateau where corn won't grow. Rice is produced in irrigated areas mainly for the urban population. Beans, which are produced both in irrigated and dryer areas, constitute an important supplement to the urban and rural diets. Root crops such as sweet potatoes and manioc, which are grown throughout the country even where the land is poor, and bananas and plantain which are limited to areas with high moisture, constitute important sources of calories in the basic diet.

The average Haitian farmer will normally produce two or more of the basic food crops, often simultaneously on the same plot, and retain possibly 30% of what he produces for his own consumption. The remainder he sells at local markets usually in season when the price is low because he lacks storage facilities to hold it longer. Often he must buy back the same product at a higher price when his own supplies run out.

Once placed on the local market, the food product generally will pass through many small-scale transactions before it ultimately reaches the consumer. Up until last year the government imposed a small but onerous tax on each marketing transaction. It eliminated the tax, however, when it was found that the cost of collection was almost as large as the total revenues derived from it. The marketing process involves many intermediaries -- mostly women -- but it is highly competitive and the commodity moves quickly through the chain. As a result, the total markup is quite low -- often less than 25%.

In part because of the near absence of storage facilities either on the farm or in the market centers, prices vary widely with the harvests. The range of variation is particularly pronounced in regional markets and less so in Port-au-Prince, apparently because it draws its supplies from several regions with different harvest seasons.

Food production during the 1960's generally kept up with domestic demand, although demand was dampened somewhat by the stagnation of other elements of the economy. After the economy began to recover in the latter part of the decade, however, two developments appeared to reflect rigidities in the supply of domestically-produced foods -- higher domestic food prices and increased food imports.

While the prices of domestically-produced foods remained constant during the 1960's, they went up by about 7% in 1971 and by another 10% in 1972. In 1973, as a result of bad weather and an irrigation breakdown, agricultural production fell by about 2% and food prices rose by 27%. During 1974, food production held at about constant levels, except for a possible decline in corn output, again caused by bad weather as well as insect damage. As of September, the prices of domestically-produced foods had risen by another 11% over 1973 levels.

In one sense the price increases were welcome since they involved a transfer of resources from the urban to the rural sector. But while in part they may have reflected general inflationary conditions and increased fuel and equipment costs for transport, they may also have been a kind of premium to induce farmers to put additional land

into production -- land which was susceptible to erosion or which they otherwise would have allowed to lie fallow. If this is the case the price increases were a sign that domestic food production based on existing production practices might be approaching its limits.

Meanwhile imports of foodstuffs increased rapidly. Wheat imports went up by about one-third each year after 1970, reaching 100,000 MT in 1974. Imports of edible oils and dairy products also increased rapidly and in 1972 amounted to \$5.7 million and \$2.4 million respectively. While substitutes for some of these imports are not possible -- wheat cannot be grown economically in Haiti and the economics of dairy production have not yet been fully demonstrated -- food imports constituted a drain on the balance of payments and a loss of earnings for the domestic food-producing sector.

As was mentioned earlier, government intervention is generally greater in the marketing of export and industrial crops than food crops. This, along with low world prices in some cases, has held back production of many of these crops.

Coffee is by far the major export, accounting for about 40% of total Haitian export revenues in the last ten years, and the only commodity that has maintained an important place in Haitian agriculture on a continuing basis from colonial times to the present.

Grown (or mostly gathered) by approximately 370,000 farmers, coffee constitutes the major source of disposable income of approximately 1.7 million Haitians. Yields could be increased substantially if more intensive methods of cultivation were adopted, including the use of fertilizer, higher yielding trees, and more labor.

Coffee is marketed through licensed intermediaries who resell it to one of 26 licensed processor-exporters, three of whom share almost 50% of the export market. The producers' price is basically a residual after the intermediary/exporter share and government taxes have been deducted from world price levels.

The return to the intermediary/exporter tends to hold constant when world prices decline, in part because it is largely made up of fixed costs such as transport and grading and also, no doubt, because of the intermediary's superior bargaining position in dealing with the individual producer. In recent years, however, there apparently has been more competition between the various processor-exporters since their share has declined both on an absolute basis and in percentage terms even as the world price has increased.

Until August 1973, the government levied a stiff specific tax on coffee exports. Since the intermediary/exporter share did not vary greatly, this meant that the producer had to bear almost the full brunt of world price declines.

Between 1953, when the export price was \$.49 per pound, and 1962, when the price had fallen to \$.27 per pound, the producers' return declined from \$.33 per pound to \$.10 per pound and his share of the export price fell from 67% to 37%. During the 1960's, the export price hovered around \$.33 per pound and the producers received only about \$.15. Obviously there was little incentive for him to increase his production, either through additional labor or expensive inputs. As a result, total coffee production fell and exports decreased even more rapidly to slightly over 300,000 bags per year by the end of the decade.

Export prices finally began to recover in 1970, reaching a high of over \$.75 per pound in early 1974 and now are at about \$.50 per pound. Meanwhile the government changed the specific export tax to a combination specific-ad valorem basis. This will take some of the price burden off of the producer if the export price drops to the levels of the 1960's, but the overall level of the tax remains quite high.

The introduction of a more intensive technology is clearly warranted, however, so that the farmers and the economy as a whole can take better advantage of existing and projected world price levels. To that end AID signed a \$6 million loan with the Haitian Government in 1974 to assist 14,000 farmers to increase their production over the next five years. The net effect after ten years is expected to be an increase in annual Haitian coffee exports by 150,000 bags. A study is also being undertaken to determine more precisely the effect of the coffee export tax on the level of production.

Sugarcane is both a food crop, when it is sold to the consumer as is, and a major industrial/export crop through sales to traditional processing plants which make "rapadou", a crude sugar widely consumed in rural areas; to alcohol processing plants mainly for the production of rum; and to three sugar refineries. The refineries process about 25% of the cane produced in the country and they supply about 25% of their needs through their own large-scale production. The remainder is purchased from small independent cane growers. There is little or no government intervention in the sale of cane, except for the sales to the refineries which is strictly controlled. The sale of the processed sugar by the refineries is also closely controlled by the Régie du Tabac.

The price of cane sold to the refineries was raised from \$4.00 per ton to \$5.10 per ton in 1973, and to \$6.10 per ton in early 1974. This had little relation to world price levels, however -- it was less than one-half of the price paid in other Caribbean countries -- and as a result the refineries had difficulties in obtaining enough cane to keep operating at full capacity. Finally in November 1974 the price of cane was again raised to \$9.00 per ton, but at least over the short-term it still was not expected to increase cane production, only divert sales from other uses.

Under the terms of its contract with the government, HASCO, the major sugar refinery, has had to satisfy the domestic market for sugar before making any exports. The domestic sugar price is fixed by the government. Although domestic sales are heavily taxed through excise taxes and Régie du Tabac commissions, the retail price has generally been kept low. As a result, domestic sugar consumption doubled between 1967 and 1972 and by 1973 HASCO was no longer able to satisfy the domestic demand. Consequently, Haiti had to import 6,000 tons of sugar during 1973 to cover the shortfall.

To prevent the need for further imports the Government acted in 1974 to require the two smaller refineries operating in the north and south of the country as well as HASCO to produce for the domestic market before making any exports. Prior to 1974 the two other refineries, which are less efficient than HASCO, had been permitted to produce entirely for the export market. They were also exempt from an export tax which applied to HASCO's external sales and which would have amounted to about 40% of the export price during 1973 if HASCO had been able to make any exports during that year. By requiring all of the refineries to produce for the domestic market, the government's action of 1974 tended to put HASCO on a more even footing with the others, but while the wholesale price for HASCO's domestic sales was increased somewhat, the price paid to the other refineries was roughly 50% higher than the amount paid to HASCO. Thus HASCO tended to be discouraged from expanding its operations and the other refineries were not required to modernize their facilities in order to make a profit. To avoid an increase in the domestic retail price the Régie du Tabac absorbed the increase in the wholesale payments to the refineries by reducing its commission.

Largely because of the government's efforts at insulating the domestic sugar market from increases in world price levels, sugar exports declined from nearly 40,000 (short) tons in the early 1960's to less than 20,000 tons by the end of the decade. Exports increased slightly in the early 1970's as the refineries increased their production in response to world price increases, but they dropped again to

about 16,000 tons in 1974 due to the steady growth in domestic consumption and the refineries' inability to purchase sufficient cane. Sugar exports were projected to increase by about 20% in 1975 as a result of the increase in the sugarcane price which was announced in late 1974.

Another industrial crop which is affected by government policies is cotton. Production is concentrated in the central part of the country and closely supervised by the government's Agricultural and Industrial Development Institute (IDAI). Yields are low generally because of pest control problems relating to the continued presence of some wild perennial cottons permitting the insects to multiply year-round. With improved pest control, i. e. eradication of the wild cotton, and the use of fertilizers, cotton could be a productive crop in the irrigated plains areas. The producers' price for cotton has not kept pace with world price conditions, however. Until 1973 IDAI paid \$.10 per pound for seed cotton, which bore some relationship to world prices. World prices went up by about 75%, however, but IDAI increased its price only to \$.12 per pound, which meant that a wide gap existed between domestic and international levels. The principal factor holding down the local price increase was an artificially low price for domestic sales of cottonseed cake -- \$15 per ton vs a world price roughly ten times as high. As a result, farmers appear to prefer to grow food crops on the irrigated areas since the returns are apparently greater. Meanwhile fats and oils imports, of which cottonseed oil could be a substitute, have increased steadily, reaching \$5.7 million in 1972.

Sisal is exported as raw fiber, sold locally for manufacturing into binder twine and gunny sacks largely for export and sold locally for processing by the cottage industry. It is produced on an extensive scale on semi-arid plains and slopes. Local prices appear to reflect prevailing supply and demand conditions. Much of the sisal-producing area, which is either unsuited or very marginal for other crops, was left in semi-abandonment as a result of low world prices during the 1960's, and exports dropped from \$9.3 million in 1950 to \$600,000 in 1972. Since 1973, however, the disruption of jute supplies in Bangladesh and the impact of higher petroleum prices on the synthetic fiber industry have resulted in prices four to five times those in the 1960's, thus re-establishing sisal as an important export commodity.

Haiti is a major world supplier of essential oils and the largest supplier of oil of vetiver. Essential oils exports rose steadily during the 1960's and reached \$3.3 million during 1972. Marketing is controlled by IDAI through its quality-control function, but foreign demand is the principal determinant of local prices. Distilleries appear to respond to price fluctuations by increasing or decreasing production.

While much tobacco is grown for home processing, that which is produced commercially is grown mostly in the irrigated plains. Production and marketing of the commercial varieties are controlled by the one local cigarette manufacturing facility, but indirectly this is controlled by the Régie du Tabac, which establishes prices and taxes on cigarettes. The return to the tobacco farmer for his labor, however, is higher than for any other crop except plantain. Tobacco production essentially satisfies the requirements of the local factory, although local cigarette production covers less than one-half of the total local demand. The cigarette factory is currently being expanded to increase local production and cut down on imports. Thus domestic tobacco production should increase in the near future.

Cocoa exports have declined from about 2,000 tons in 1950 to only 42 tons in 1972, apparently because of an export monopoly (with official sanction) which pays producers only about one-half of the export price. Also there is virtually no quality control on export and thus export prices are substantially lower than world prices.

A wide variety of fruits, such as mangoes, avocados, papayas and pineapples, are produced and marketed domestically although production figures are not available. In the past few years, exports of mangoes to the U. S. have gained some importance in spite of the U. S. requirement that mangoes be fumigated under the supervision of USDA inspectors on the scene and the control of marketing by a small group of exporters. During the first two-and-one-half months of 1975, 116,000 crates were shipped to the U. S. Returns to the producers were low, however -- roughly \$.03 per mango while the wholesale price in the U. S. was over \$.50 each.

Livestock are generally held by small farmers as an important repository of savings to be sold when the situation demands it. Goats constitute a high proportion of the livestock population. Indiscriminate grazing in the mountainous areas can contribute to the erosion problem by destroying the land's vegetation cover. At least two meat processing plants exist in Haiti, one of which is located in Port-au-Prince. The latter plant, which plays an important role in determining the producer price for livestock in the capital area, pays bare minimum prices to the farmer. The plant has been operating well below its full capacity. While production data are not available for other plants in the country, Haiti shifted from a net exporter of meat in 1972, worth \$2.5 million, to a net importer in 1973 and 1974.

Two principal efforts to expand local production of dairy products are the Damien dairy near Port-au-Prince and an IDAI-operated dairy in the Les Cayes area. The Damien dairy operates at less than 25% of capacity because of difficulties in getting supplies of milk.

The IDAI dairy operates at a loss in part because of a lack of marketing outlets due to transport difficulties. Efforts to increase production have been disappointing due to competition for use of the land for crop production, difficulties in making milk collections from many small producers, and low producer prices. Meanwhile, dairy imports have increased steadily, amounting to \$2.4 million in 1972.

### C. Government Organization and Programs

The primary government institution concerned with agricultural development is the Ministry of Agriculture and Natural Resources Development (DARNDR). It has a variety of responsibilities including crop and livestock production, irrigation development, flood control, soil conservation, agricultural education, and all rural education. Semi-autonomous agencies under the DARNDR include the National Coffee Institute (IHPCADE), the Bureau of Agricultural Credit (BCA) and regional development organizations. Agencies outside of DARNDR affecting agricultural development are the Organization for Adult Literacy and Community Development (ONAAC), the Régie du Tabac, through its control of domestic sugar and tobacco marketing, the National Planning Organization (CONADEP), and the Agricultural and Industrial Development Institute (IDAI). As might be expected, the services provided by these institutions to the agricultural sector have been inadequate. Problems include the concentration of personnel in Port-au-Prince, limited funding for operations, lack of education and training among technical personnel, low salaries, and poor coordination between the agencies.

The Faculty of Agronomy and Veterinary Medicine provides a four-year college level course for agronomists. While the enrollment capacity is 48 students each year, an average of only about seven agronomists has graduated from the Faculty each year in its fifty years of operation, and about 40% of the graduates have emigrated. In spite of this, the country's need for college-trained agronomists is projected to be filled by 1978. The major requirements are for middle level graduates to staff the agricultural extension service. An agricultural technical school was established in 1967 and forty students were graduated after completion of the first two-year course in 1969. Enrollment has dropped since then, however, and in 1973, only 20 were graduated. A five-fold increase will be needed in the number of middle school graduates to satisfy the country's requirements by the end of the decade. Three lower level agricultural vocational schools are in operation with a capacity of 90 students. While this is obviously too few, a recent study favored an upgrading of the instruction at the schools before they are expanded.

Agricultural research is undertaken mainly at the Faculty of Agronomy campus at Damien, near Port-au-Prince. Activities are limited mainly to variety testing and fertilizer trials. Recently rice variety and fertilizer testing has been carried out by a group of Taiwanese technicians. While they have had some success in achieving higher yields, the new varieties have not been introduced on a wide scale up to the present time. In other research activities, IICA is working on improved bean production and AID is financing applied research on the adaptation of high-lysine corn and regular varieties of corn to Haitian conditions.

There are about 220 extension agents with the DARNDR, roughly one for every 3500 farm units, but only 30 have a college degree. The ratio of agents to population ranges up to 1-42,000 in some areas.

Agricultural credit is provided by BCA and IDAI and to a very limited extent by IHPCADE. Total credits provided by BCA and IDAI during 1972 amounted to only \$250,000 and involved approximately 3,000 farmers. The major problem has been not so much the lack of funds but the very high administrative costs which result from working with small farmers on an individual basis. A study of IDAI's supervised credit program revealed that administrative costs came to \$17.00 for each dollar loaned. In addition it was having a problem with repayments for its credit operations: during 1962-1969 loan reimbursements amounted to less than 70%. BCA's record was even worse.

The principal problem is a lack of producer organizations to carry out loan administration and improve the repayment record at the individual farmer level. Except for a few savings and credit unions which have been developed under voluntary agency programs, principally CARE working under the AID-financed HACHO project in the northern peninsula, few rural organizations exist to carry out this role. Although 450 cooperatives were registered as of 1970 only 8 of them were actually functioning.

#### D. Constraints

While agricultural production has increased fairly steadily in recent years -- 1973 is the lone exception when it dropped an estimated 2% -- it is obvious that under present conditions the agricultural sector is not capable of meeting the food needs of the Haitian population and maintaining its predominant share of total export earnings.

Currently the average Haitian receives about two-thirds of the food that he should get to maintain a normal diet. If income increases so that people will be able to buy more food, the demands upon the agricultural sector will have to be increased correspondingly. If the food

demands of the existing population increased by 4% each year, which would permit the nutritional deficiency to be overcome after ten years, and the new population were fed adequately, food production would have to increase by some 7% each year to meet the demand. This is roughly double the increase in food production in recent years.

At the same time, aside from the increased bauxite earnings and possible development of copper deposits in the northern part of the country, the most favorable possibilities for increasing export revenues derive from the sale of traditional agricultural products. This will require a major turn-around from past trends, when agricultural exports stagnated. The need to increase exports has become increasingly important, however, given Haiti's rapidly deteriorating balance of payments position.

A rundown of various constraints to increased agricultural production, both for domestic and export markets, is given below.

1. Poverty - The poverty of the economy as a whole and of the individual farmer is in itself an underlying constraint which affects agricultural production in a variety of ways. First it limits the total demand of the economy for food products. As a result, even though the agricultural sector was able to satisfy the domestic demand for foodstuffs during the 1960's and at least the early part of the 1970's, Haiti was recently found to have the second lowest nutritional level in the world. Second, the farmer is unable to retain as much food for his own consumption as he would like -- the first thing he will buy with any additional income is food, then clothing and medicine. The low level of nutrition in turn affects his physical condition and productivity. Third, the farming practices of the individual farmer are affected. Generally, he could not afford to risk using inputs such as fertilizer even if credits were available. In many cases farmers living on sloped terrain or in wooded areas cannot afford not to misuse the land they are working even if they know -- which most do not -- that over the long term the land might be destroyed. As a result, deforestation continues and soil erosion is an ever-worsening problem. Finally the farmer is too poor to put any pressure to bear on outside organizations to improve his condition. He lacks organization and resources to improve his bargaining position at the market place and make his needs known to government agencies.

2. Transport - The cost of motorized transport, which is principally a function of the condition of the roads, is currently the single largest cost element in the agricultural marketing system. Thus the inadequacy of the road system tends to reduce the return to the farmer and limits the total amount of commerce that can take place between rural and urban areas. Improved roads become especially important if the farmer is to employ a higher level of technology since they must be used for shipping inputs to the farm as well as transporting the farmer's output to the market.

3. Land Resources - As was mentioned earlier, the average farm unit for the poorest three-fourths of the rural Haitian population is only about 1.1 hectares, of which slightly more than half may be cultivable. This puts a low limit on the income that can be earned by the average farmer even with improved practices. Furthermore, the very nature of a large percentage of the land resources is such that higher producer prices by themselves would probably have a detrimental effect on the long-term productive potential of the country. Farmers in the mountainous areas who are encouraged to use the land for annual crops rather than tree crops aggravate the problems of soil erosion unless appropriate measures such as terracing are employed. The average farmer is unlikely to have the resources available to do more than just clear the land without outside help. Even in the better areas, some 50% to 70% of the land is allowed to lie fallow at any one time in order to maintain a minimum level of fertility. Higher producer prices could encourage farmers in these areas to put more of the land into active production, which, over the long term, would reduce the fertility of the soil unless fertilizer or some other means of improving fertility were made available.

4. Irrigation - Of the approximately 370,000 hectares of land suitable for annual crops, 125,000 to 150,000 hectares are considered to be irrigable. Some 45,000 hectares were irrigated as far back as 1789, and currently about 70,000 hectares are served by irrigation systems. Because of inadequate maintenance, poor distribution of water and poor drainage, however, at the most only one-half of the 70,000 hectares is considered to be effectively irrigated. Irrigated lands can be considered to be roughly four times as productive as rain-fed land of the same caliber in Haiti; therefore, significant production gains could be achieved by rehabilitating existing systems and putting new systems into operation. An important aspect of the maintenance problem on existing irrigation systems is the government's failure to allocate a sufficient portion of the water tax for maintenance activities. Of the estimated average of \$3.98 per hectare collected from systems managed by the government agency, SICR, SICR receives \$1.43, of which only \$0.60 is available for its operating expenses.

5. Storage - The lack of storage both on the farm and in market centers contributes to the wide variation in food prices which exists in Haiti and reduces the returns to the farmer. Additional storage at production centers would help prevent an estimated 30-40% loss of grains and beans to weevils, rats and other causes. On-the-farm or small community storage facilities would very likely tend to stabilize prices by evening out the flow of commodities throughout the year. They also would have the added advantage of increasing the return to the producers. It would permit farmers to hold their goods until the price is right rather than being forced to sell when the price is low and buy the same commodity back later in the year at a higher price, as often happens under current conditions.

6. Government Intervention - Possibly the major factor contributing to the impoverishment and decapitalization of the agricultural sector over the years has been a lack of concern for the rural population on the part of the urban population and indeed a dependency on revenues from the agricultural sector to maintain its way of living. This lack of concern and dependency is reflected in government taxes and regulations relating to the sale of agricultural commodities and the lack of government services provided to the rural sector.

A. Transfer of Resources - The Government has traditionally taken more from the agricultural sector in Haiti than it has put back into it. In part this reflects the power differential between the urban and rural populations and also it was probably a natural development given the productive capacity of the agricultural sector. The net effect in any event has been a transfer of resources which has tended to further impoverish the rural population and improve the status of the urban population.

The table below, drawing from data in the 1974 IBRD report, gives the amount of taxation on domestically-produced agricultural commodities and the amount of government expenditures for agriculture. The revenues include export taxes, excise taxes and commissions of the Régie du Tabac while the expenditures include the normal operating expenditures of the Ministry of Agriculture and related institutions plus actual government development expenditures in agriculture.

Government Revenues and Expenditures in Agriculture  
(Millions of Gourdes) 1/

	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>
<u>Revenues</u>				
<u>Export Taxes</u>	<u>26.0</u>	<u>26.8</u>	<u>32.0</u>	<u>28.1</u>
Coffee	24.4	25.6	30.4	27.0
Other (sugar, essential oils, sisal)	1.6	1.2	1.6	1.1
<u>Excise Taxes</u>	<u>16.6</u>	<u>18.4</u>	<u>19.8</u>	<u>23.0</u>
Sugar	8.7	9.6	10.3	11.3
Domestic Cigarettes	5.4	6.3	6.8	7.1
Cane Alcohol	.4	.4	.3	.4
Domestic Edible Oils	1.2	1.2	1.6	3.4
Lard	.1	.2	.2	.1
Soap	.7	.7	.7	.7
<u>Régie du Tabac</u>	<u>16.1</u>	<u>17.9</u>	<u>19.9</u>	<u>21.4</u>
Domestic Cigarettes	6.6	7.7	8.2	8.7
Sugar	7.9	8.6	9.3	10.2
Soap	.8	.7	1.2	.7
Domestic Textiles	.3	.3	.5	.2
Pork Fat	.1	.1	.1	.2
Domestic Edible Oils	.5	.5	.6	1.4
Fresh Fruits	-	-	-	-
<u>Total</u>	<u>58.6</u>	<u>63.1</u>	<u>71.7</u>	<u>72.5</u>
Percent of Overall Government Revenues	25.7	24.2	23.5	22.2
<u>Expenditures</u>				
Budget expenditures of Ministry of Agriculture, Natural Resources and Rural Development	11.7	11.7	12.0	12.5
Development Expenditures in Agriculture	<u>8.4</u>	<u>9.1</u>	<u>9.9</u>	<u>8.1</u>
<u>Total</u>	<u>20.1</u>	<u>20.8</u>	<u>21.9</u>	<u>20.6</u>
Percent of Overall Government Revenues	8.8	8.0	7.2	6.3

1/ Five Gourdes : One Dollar

The Table shows that the government drew approximately three times as much revenue out of the agricultural sector as it put back in. While increasing in absolute terms, the taxation on the agricultural sector gradually declined from nearly 26% of total government revenues in 1969 to slightly over 22% in 1972. The taxes may have declined further in relative terms since then, given the reduction in the Régie du Tabac commission on domestic sugar sales during 1974. The change of the coffee tax from a specific to a combination specific/ad valorem basis in 1973 probably has had little effect on revenues at recent coffee price levels.

The expenditures in agriculture may also be overstated somewhat since a portion of the DARNDR's expenditures go for mining and natural resources development and rural education. In addition, many of the expenditures financed technicians living in the Port-au-Prince area and thus may have had a greater direct impact on the urban than the rural sector.

Other government measures which have transferred resources from the rural to the urban areas have been price controls on products consumed principally by the urban population. The principal example is the low price set for domestic sugar sales in spite of rising world price levels. Thus, the agricultural sector is required to absorb a loss in income to permit a lower price to be charged to the relatively well-off urban consumer.

B. Effect on Production - AID is financing detailed studies of the effect of government policies on the production of coffee, cotton, sisal, mangoes and meat. Some preliminary conclusions which can be arrived at before those studies are completed are offered below.

1. Among the tax measures imposed by the government on the agricultural sector, the one most likely to have a negative effect on production is the coffee export tax, especially if the export price falls below current levels. The other possibility is the tax on domestic sugar sales but its effect on production is unclear since only 25% of sugarcane production is sold to the sugar refineries. Also the low price set for domestic sugar sales may have a greater effect than the taxes.

2. Production of several commodities could be increased if government policies outside of the tax area were modified. Examples are the low price on domestic sugar sales mentioned above as well as the requirement that the sugar refineries satisfy domestic demand before making exports. Another example is the price restriction on domestic cottonseed cake sales which appears to be a clear disincentive to increased cotton production. Also the government-authorized cocoa monopoly and the government authorization of only one meat processing plant in the Port-au-Prince area appear to have cut back production of these products.

3. The government seems to be more aware of the economic effects of its policies. The change in the coffee export tax was certainly a step in the right direction even though the tax may still be too high. The elimination of the tax on the marketing of domestic foods removed an onerous burden from the shoulders of the many participants in the marketing process. In addition, it has agreed to cooperate fully in the studies of coffee, cotton, sisal, mangoes and meat which AID is financing.

7. Problems of Government Administration - The Haitian Government has announced the inauguration of a number of activities in recent years to improve conditions in rural areas, e. g. an islands of development program, and a communal forests program. Most of these programs have had limited effectiveness to-date for two basic reasons: first, there have been serious weaknesses in the administration of these programs by the responsible national ministry(ies) and there have been difficulties in obtaining the cooperation of two or more ministries in carrying out integrated programs of development; second, there have not been effective organizations at the local level. Thus, it has been difficult to adapt the national program to meet local wishes and the expected local interest/contribution has often been lacking.

#### E. Conclusions

Based on the analysis above, several points are apparent with respect to the overall development of the agricultural sector.

1. The production of both food crops and export/industrial crops needs to be expanded.

The expansion of export/industrial crops is important both to increase the income of the small farmer and give him the means to purchase or retain food supplies, and to provide additional foreign exchange revenues to alleviate Haiti's worsening balance of payments situation. Additional food production is an obvious necessity to cover the increasing needs of the existing population as incomes and hopefully nutrition levels improve and to provide an adequate diet for the expanding population.

2. Agricultural development cannot be fostered through improved production incentives alone.

In addition, transport and infrastructure will have to be improved, and more intensive farming practices introduced. An expansion of agricultural production based on existing practices would be detrimental to the long-term development potential of the agricultural sector since it would lead to even more erosion than already exists. More intensive farming practices need to be developed and introduced for the

irrigated and plains areas, where significant production increases are possible, and erosion-reducing practices have to be introduced in the mountainous areas. These latter measures, while obviously necessary from a long-term standpoint may result in little or no increased production over the short-term and could well result in a decline from current levels.

3. Special attention should be given to the development of domestically-produced substitutes for food imports whenever possible.

The two major activities in this category are the development of a dairy industry and increased domestic production of vegetable oils. In the latter area, several possibilities might be explored; the expansion of cotton production, the re-establishment of coconut oil production, and the introduction of soybeans as a domestic crop.

4. Emphasis should be placed on the development of rural producer organizations to help relieve the imbalance between the agricultural sector and the other sectors of the economy.

Producer prices for both food crops and export/industrial products are determined by factors and groups outside of the agricultural sector. Generally they are the residual after taxes and marketing costs, which remain relatively constant, are deducted from the selling price. Producer organizations need to be developed to improve the farmer's bargaining power at the market place. In addition producer groups are necessary to permit an efficient flow of government services, both technical and financial, to the rural sector.

## Health

### A. Current Status

#### 1. Population

There are about 4.5 million people in Haiti and the number is growing by about 2% a year (excluding any possible net emigration). While this rate of growth is low for Latin America, it reflects both a relatively high birth rate (36/1,000) and a high death rate (16/1,000). Should the death rate be reduced, particularly among infants and young children, the population growth rate could easily rise to levels more normal for Latin America, unless there is a corresponding rise in the rate of emigration. The rate of population growth could increase even without a decline in the death rate because of the relative youth of the population. A recent analysis indicated that as of 1971 there were about one million women of 15-44 years of age. But at the same time, there were 1.1 million females in the 0-14 age group and only about 380,000 women between the ages of 30 and 45. Thus, if everyone survived, 1.1 million women would enter the reproductive age group over the next 15 years and only 380,000 would leave it. The result would be 1.7 million women in the reproductive age group by 1986, an increase of 70% from the 1971 level, or about 3.8% a year.

#### 2. Health

Mortality and morbidity rates are very high in Haiti, particularly among the young. Infant mortality is approximately 147 per 1,000 live births, reflecting poor sanitation, inadequate medical services, and in some cases hazardous birth-related practices. It is estimated that about 12% of deliveries take place in institutions, the remainder at home often either unattended or attended by poorly trained "matrones".

Once a child is born, the principal health hazard is malnutrition and associated diseases. Forty to seventy percent of young children's deaths are felt to be caused by the association of malnutrition with infectious diseases. Since malnutrition is widespread, the rate of mortality and morbidity is correspondingly high. A PAHO study found that the death rate among children aged 1-4 was 10 to 33 times as high, in the area studied, as in developed countries. Diarrheas are a particularly severe problem for infants and young children. While national data are not available, records from a hospital in Port-au-Prince indicate that in 1963-64, 48% of the admissions to the pediatrics services unit and 40% of the deaths occurring in the unit were due to diarrhea.

Among the population as a whole, communicable diseases are the major health problem, again exacerbated by poor nutrition and the lack of proper sanitation. Estimates from Port-au-Prince and another area are that 20% of the population under fifteen years of age are infected with tuberculosis and that 82 deaths per 100,000 population are attributable to this disease. Tuberculosis is particularly difficult to deal with in a country such as Haiti where malnutrition is widespread, since many people who suffer from malnutrition do not give positive tuberculin reactions. Identification and treatment, therefore, would necessarily absorb a large percentage of medical expenditures.

Malaria has historically been a major killer in Haiti. AID began assisting in an eradication program in 1961. The initial attack phase was successful but the slide positivity ratio began to increase steadily again after 1968. Currently there are two different states of malaria transmission in Haiti: (1) areas with approximately 1.3 million people where the disease still exists but the rate of transmission is low, and (2) coastal plain areas with about 2.4 million people where attack measures are being carried out actively. Three regions with a total population of slightly over 110,000 have particularly high transmission rates. It is the opinion of the chief epidemiologist of the Haitian anti-malaria organization that control must be established in these three regions before it will be possible to control malaria in the country as a whole. This obviously will require the continuing effort of the Haitian Government and foreign donors such as AID. While malaria is not yet under control, an important result of the campaign which has already taken place is that malaria is no longer a major cause of death in Haiti.

#### B. Facilities and Manpower

Haiti's health facilities and manpower are predominantly located in the Port-au-Prince area and they are inadequate to meet the needs of more than a small minority of the population. The table below gives an indication of the availability of health facilities and services for the average Haitian:

Health Facilities, Beds, and Personnel  
(per 10,000 inhabitants)

	<u>East Department</u>	<u>Rest of Country</u>	<u>All Departments</u>
Health Units	0.51	0.58	0.56
Beds	13.78	5.95	7.91
Physicians	2.04	0.33	0.76
Dentists	0.27	0.06	0.11
Nurses	2.28	0.57	1.00
Nurses Aides	2.79	1.66	1.94

As of 1970 there were 24 general or specialized hospitals in Haiti, 13 of which were in the East Department containing Port-au-Prince. Thirteen health centers were also located in the East Department, out of a total of 16 in the country. Twenty-three small dispensary hospitals and 190 dispensaries were distributed more evenly throughout the country. There are now about 100 medical school graduates a year which means that if all graduates remained in the country the number of doctors would increase to 1.98 per 10,000 inhabitants by 1980. However, a large proportion of the graduates generally do not remain in Haiti. Also, even though physicians should practice in rural areas after they graduate, few are likely to remain there beyond the obligatory period given the poor living conditions and the low earning potential in these regions.

In 1974 there were 118 dentists in Haiti, again mainly located in the Port-au-Prince area. About 15 dentists are projected to graduate from the University of Haiti's School of Dentistry each year.

In 1973, 453 nurses were recorded as practicing, with 55% located in the Port-au-Prince area (East Department). Three nursing schools in Port-au-Prince, Cayes and Cap-Haitien graduate only 65 nurses each year, which means that if all remained in the country and found jobs, the number would increase to only 1.73 per 10,000 inhabitants by 1980. It is evident that there will continue to be an insufficient number of nurses for the foreseeable future and that considerable delegation of functions to auxiliary nursing personnel is an absolute necessity if health services, particularly in rural areas, are to be improved.

In 1974, there were 1,063 people working as nursing auxiliaries, of which only some 12% had received formal training. There is one school for auxiliaries in Port-au-Prince with about 50 graduates each year. While the number of physicians and other university graduates working in health in Haiti is obviously too low, the most serious manpower problem is considered to be the lack of sufficient numbers of adequately trained auxiliaries. As in many other countries, training at an intermediate level in Haiti lacks status; therefore, it is under-emphasized. As a result, services that could be supplied by auxiliaries in rural areas are not being provided and the productivity of the existing supply of doctors and nurses is significantly reduced.

### C. Government Organization and Programs

The Ministry of Public Health and Population (MPH/P) is legally responsible for the health protection of the population. The Armed Forces Health Service and the Office of Accident, Sickness and Maternal Insurance also have general responsibilities in this area, however, and other semi-

autonomous agencies, such as the National Service for Communicable Disease Control (SNEM) and the State University Hospital in Port-au-Prince, carry out specialized activities. In addition, non-governmental organizations provide a variety of health services, with one source estimating that one-fourth of all health services are provided by non-governmental organizations.

The MPH/P is divided into three major and two minor divisions: Family Hygiene, Public Hygiene and Public Assistance and Research and Dental Services. The least effective of these, Public Hygiene, has the largest number of functions including everything from bio-statistics and mental health to narcotics control. The administrative structure of the Ministry is weak and planning is almost non-existent. A proposed reorganization from 11 health districts to 5 decentralized regions is currently languishing due to a lack of legislative action.

The Ministry's expenditures in recent years have amounted to about 12% - 13% of the government's operating (regular) expenditures, but total government expenditures in health including the Ministry's budget and development expenditures have amounted to 10% or less of total government revenues. The budget for 1974-75 was 25.3 million gourdes, which is about \$1.00 for each person in the country. There is a higher ratio of services provided by the Ministry in the areas of maternal-child health/family planning (MCH/FP) and nutrition than in other fields due to external financing. Given the unequal distribution of the health facilities mentioned in the previous section and its limited budget, the Ministry's coverage of the population is obviously limited.

With funds supplied by international donors, principally the United Nations Fund for Population Activities (UNFPA) with AID included as a minor contributor, the MPH/P's Division of Family Hygiene intends to introduce maternal/child health and family planning services at 42 health clinics serving 1.4 million people over the next five years. The ultimate goal of the project is to provide maternal/child health and family planning services to the entire eligible population in Haiti. The basic idea behind the project is that family planning services should be provided as health care improves since otherwise improved health services could lead to a sharp rise in the population growth rate. As was mentioned earlier in this section, the population growth rate could easily increase to levels more typical for Latin America if the birth rate is not reduced. Thus the need for expanded family planning services is imperative.

#### D. Conclusions

It is clear that Haiti may not be able to afford, in the foreseeable future, the traditional doctor-patient relationship which exists in the developed countries. Means have to be developed to provide rural health services delivery programs with wide impact which are not dependent on highly paid personnel. The MPH/P's maternal/child health-family planning program appears to be a step in the right direction. Maximum coordination based on national planning is required, however, in order to develop a multi-purpose program which includes maternal-child health, family planning, and nutrition, in addition to the normal preventive and curative health services supplied by the MPH/P.

#### Nutrition

##### A. Current Status

As mentioned earlier, the average caloric intake in Haiti is 1,850 calories per day.

The situation is particularly serious among the young, as seen from a study done in 1958 which showed that 24% of the children tested of ages 1 to 6 suffered second or third-degree malnutrition, having a weight less than 75% of the standard for their age. If anything, the percentage of children with severe malnutrition is higher now than it was in 1958. Nutritional retardation often begins at the age of six months, when many mothers wean their children on herb teas, gruels, bananas soaked in sugarcane water and similar foods, all of which lack protein.

Grains constitute the major element of the average Haitian's diet, supplying over one-third of his daily caloric intake. Corn and sorghum are the two most important grains, especially in rural areas. Rice and bread from imported wheat are important in the cities, but too expensive to form a significant part of the rural diet. Sugar, either refined, in the form of "rapadou", or in sugarcane, provides about one-sixth of the average caloric intake and is consumed in both urban and rural areas. Root crops, principally manioc and sweet potatoes, supply about one-ninth of the average caloric intake and are an important part of the rural diet. Beans and peas are available in the rural markets and constitute the principal source of protein in the Haitian diet. They also are an important protein supplement to corn which is low in lysine. In addition, bananas, breadfruit, avocados, mangoes and citrus are eaten extensively.

Mangoes are particularly important as a source of Vitamin A. Vegetable oils provide over 100 calories of the daily diet and constitute the principal source of fats.

## B. Government Organization and Programs

An Office of Nutrition was set up by the Haitian Government in 1962 with divisions in the Ministries of Health and Agriculture. While the Nutrition Office draws its funding from the two Ministries, it is operationally independent of them and serves a technical and consultative function. The office has its own research and demonstration program relating to nutritional activities. These have included the development of a bean and cereal mixture for small children and the establishment of nutrition rehabilitation centers, which is described below.

The Office of Nutrition has undertaken an experimental program of nutrition rehabilitation for young children, using foods that can be obtained by the average rural family. Nutrition centers have been set up in conjunction with existing centers of the Ministry of Public Health and Population (MPH/P) when they are available, or as independent operations when they are not. Approximately thirty children are provided balanced meals at the center at any one time. Each program lasts for about four months. Mothers work with the heads of the centers, who are usually young women with nine to ten years of schooling, in preparing and serving the meals. In this way, the children and the mothers both learn about improved nutrition practices. This approach helps to insure that the children continue to receive a balanced diet when the program is over. The costs of operating the centers are low, about \$25 per child, and the meals that have been developed cost about \$.09 a day, the amount the average rural Haitian has available each day for food purchases. Participants in the four-month programs seem to apply what they have learned after the programs are over except when sheer poverty prevents them from doing so.

## C. Conclusions

Malnutrition is both a cause and an effect of the conditions in which the majority of the Haitian people must live. Low incomes and limited food availabilities prevent the average Haitian from obtaining an adequate diet. This in turn makes him more susceptible to disease, reduces his productivity and lessens his capability to surmount the problems which he faces.

While an Office of Nutrition was established a dozen years ago (in 1962) the Haitian Government has undertaken only limited activities in nutrition. The experimental nutrition rehabilitation project, financed almost entirely by external resources, appears to have demonstrated the effectiveness and economy of this approach. To be expanded beyond the pilot stage this activity will have to be coordinated closely with ongoing and future MPH/P activities.

### III. ASSISTANCE STRATEGY

#### A. General Considerations

In reviewing possible assistance programs in Haiti several general factors need to be taken into account.

1. Assistance will be required for the foreseeable future. Self-sustaining growth may be a debatable concept even under the best of circumstances, but there is no question that it is a long way off in Haiti. Major resource transfers are needed in restoring and expanding its physical infrastructure, properly utilizing its limited physical resources, developing its human potential, and establishing its administrative and organizational capabilities before Haiti can achieve a balanced growth involving its entire population.

2. The rate of return on assistance projects may be low. This would particularly be the case in erosion control or soil conservation programs where the principal purpose would be to prevent further deterioration of Haiti's natural resources. The short-term earning capacity of the land might even be reduced if less intensive types of production such as reforestation were called for. In that event, special incentives would probably be required to induce people to participate in the program.

3. Well-conceived programs could fail because of developments which are outside of the scope of the assistance project.

Natural disasters such as hurricanes and floods are an ever-present possibility in Haiti.

In addition, while the Government has taken a number of positive steps to encourage balanced development, much work remains and there continue to be groups who are opposed to the essential reforms that are needed to assure economic and social progress for both the urban and rural people of Haiti.

One task of the development assistance community, therefore, is to demonstrate to the Haitian leadership that a broad-based development is in its interest. Since over the short-term such unpalatable measures as making the tax burden less regressive or eliminating special privileges may be called for, this may not be an easy task. Constant encouragement of the progressive forces through a cooperative, non-confrontational approach is required.

4. AID is one of several donors expanding their programs in Haiti. Haiti is a favored country not only by AID but also by other donors such as the IBRD and IDB. Both of these organizations are trying to develop projects in the rural areas. Since these donors have more resources than we do, including resources for large infrastructure projects, AID is unlikely to be the major supplier of foreign assistance in Haiti.

This affects the type of assistance program that AID is likely to become involved in. For example, we would expect other foreign assistance agencies to supply the resources for major infrastructure projects. This holds true for major highway projects, where the IBRD and IDB are financing the renovation of the North and South roads from Port-au-Prince which are the two major highways in the country. It would also apply in other areas such as education where AID would be unlikely to have sufficient resources to finance a major expansion of the physical resources of the system.

It also means that the Haitian Government's technical and financial resources will be strained to provide sufficient support for the various foreign assistance projects which are being developed. While government institution building should be an objective of our programs over the long term, our programs should also take into account the limited availability of professional technical personnel in the government.

The important role of other donors also affects the manner by which we can encourage the Haitian Government to institute reforms. Issues directly related to our assistance programs would, of course, be dealt with on a bilateral basis. In dealing with broader issues that go beyond the scope of our projects, however, such as making the Haitian tax structure less regressive or reducing the transfer of resources from the rural to the urban sectors, we should seek to work together with other external assistance agencies in order to strengthen our own position.

#### B. Issues

1. Régie du Tabac - The Régie du Tabac controls domestic tobacco and sugar sales and taxes the sales of these and other commodities. The Régie does not provide information either on its revenues or expenditures.

An international organization recently made a painstaking effort to estimate total revenues of the Régie by determining the rate that it charges on the various commodities that it taxes and then obtaining information on total sales of these commodities in order to calculate the amount taken in by the Régie. It found that the Régie's revenues were steadily increasing from \$6 million in 1969 to \$10.6 million in 1973, growing from 13.3% to 14.4% of total government revenues over this period. Major sources of income were the tax on sales of imported

edible oils, domestic sugar, domestic cigarettes, and flour (from imported wheat). Together, these items accounted for about 75% of its revenues in 1972.

The lack of official government information about the Régie's revenues and expenditures presents a continuing problem for external assistance agencies, because critics of Haiti's development program are in a position to claim that these funds are being used for non-essential purposes. In the absence of official information on the Régie funds, critics can claim that Haiti is not making a maximum self-help effort.

2. Level of Assistance - As was mentioned above, we do not expect AID to be the major supplier of foreign assistance in Haiti. We would expect to maintain a moderate level of assistance focusing on the particular needs of the rural poor. Because Haiti's repayment capacity is limited and its needs are great, a high level of grant assistance should be continued. Loan assistance should generally be limited to commodity purchases and local support costs with grant assistance provided for such elements as U. S. technical assistance, feasibility studies and other project preparation costs. Grant programs in specific operational areas should also be continued such as the regional community development project (HACHO) and a malaria control program (SNEM).

3. Selection of Areas of Concentration - The proposed areas of concentration in Haiti are agriculture, nutrition, and health. The problems are so pressing in these areas affecting the very survival of much of the Haitian population, that immediate measures to deal with them are required both by the Haitian Government and the foreign assistance community. In addition, there appear to be opportunities for the development of programs in these areas of limited size and scope which are suitable for AID financing.

We do not propose to make education an area of concentration.

While the problems of the rural poor in Haiti certainly include the lack of education, we do not believe this has the same immediate impact on the lives of the rural population as poor nutrition and health and low agricultural productivity.

There are also other reasons for not including programs involving the school system. First, there is no indication that the Government intends to significantly increase expenditures on education. Second, it will be very difficult for any outside group to work in the area of rural education until Haiti has arrived at a workable consensus on the language issue, i. e. Créole vs French. The advocates of French stress that it is the official language of the country, an inter-

national language which permits communication with the outside world, and a language which embodies one of the world's great cultures. Since a knowledge of French is the key to success in Haiti, most rural parents probably endorse the current approach of attempting to use French as the language of instruction. The advocates of Créole stress that Créole is the mother tongue of all rural Haitians, that its use could serve as a powerful force in integrating the rural people into the national fabric of the country and providing them with the information they require for a better life. This issue is being hotly debated within Haiti and it would be inappropriate, as well as undoubtedly ineffective, for outside groups to engage in this discussion. Until this issue is decided, however, it will be very difficult for any outside group to propose major changes in the rural education system. (The rural education system is the responsibility of the Ministry of Agriculture while urban education is the responsibility of the Ministry of Education.) Some help is being given for education. France is continuing its extensive education programs in the country, (Peace Corps-type teachers, assistance to the National Pedagogic Institute, help for a vocational training school, etc.). The UNDP has a radio education advisor in the country. Both the World Bank and the Inter-American Development Bank are willing to consider education projects. The Banks are hopeful that the Government of Haiti will provide an official reaction to the study of the education sector which was carried out by a UNESCO team since this study outlines several possible education projects.

While we do not propose working with the formal education system of the country, we plan to include an education-information element in all of our important agricultural and health projects. Thus, non-formal education techniques will be utilized to provide information on good health practices and improved farming techniques.

The AID program will also need to include a public administration element since AID programs cannot be effectively implemented until the administrative efficiency of the responsible Haitian organization is improved. Our efforts in the immediate future will be aimed at improving the administration of the two Ministries in our area of concentration: the Ministry of Agriculture and the Ministry of Health. However, the task of improving administration in these two Ministries would obviously be facilitated if the Government's overall efforts to improve administration were effective. This overall effort currently is based on the work of the Administrative Reform Commission and the training activities of the School of Public Administration. Selective short-term technical assistance to the Administrative Reform Commission might well be in order. The School of Public Administration is currently housed in temporary quarters and we believe the criteria for use of PL-480 Title I proceeds by the GOH should permit the government to utilize a part of the Title I proceeds for the construction of a new building.

Tax policies/tax administration is another important development area which has a major component of public administration. Examples abound of tax policies which could be modified to raise additional revenues for development, e. g. the low tax on urban property, the low income tax, etc., and of areas where administration could be improved, e. g. the collection of customs. However, we believe the government can obtain all the technical assistance it requires for reforms in this area, e. g. IMF assistance for customs administration, and OAS assistance for tax reforms. The major requirement at the moment is a commitment on the part of the government to undertake reforms which will inevitably hurt the interests of articulate and powerful urban interests.

4. The Problems of Port-au-Prince - AID has committed itself to concentrate on the problems of rural areas. At the same time, it is important for AID to recognize that many of the serious problems in developing countries exist in urban areas. For Haiti, it has become a truism that economic and social policies favor Port-au-Prince at the expense of the rural areas. This truism hides the fact, however, that within Port-au-Prince there are large groups of people who do not have the basic services and facilities which AID philosophy says should be made available to all persons. Thus, there is an acute scarcity of land available to poorer groups for housing and there is an acute shortage of distribution points for water in the poorer areas of town. Given the nature of our Congressional mandate, it does not seem likely that the U. S. will be able to help in this area. Even our Housing Investment Guaranty Program seems inappropriate for Port-au-Prince since the only groups likely to benefit from this program involving high interest rates would be considered well-to-do by Haitian standards. Certainly no Housing Investment Guaranty should be considered until the Government has taken serious steps to open up new areas for low and middle-income housing and has seriously examined methods of providing help for those who cannot afford even low-cost housing, e. g. sites and services programs.

The United States can, however, encourage the international lending agencies to review carefully projects for assisting the poorer groups in Port-au-Prince.

### C. Programs in Agriculture

1. Program Criteria - A variety of criteria can be established for the development of agricultural programs in Haiti based on general AID priorities and the constraints to increased agricultural production identified in Section II.

a. Benefit large numbers of the rural poor. The focus should be on improving the lot of the Haitian small farmer. Because poverty is in itself a factor impeding progress in rural areas, the programs should have an immediate impact in raising rural incomes.

b. Consistent with Haitian Government priorities. Projects should be worked out on a cooperative basis with the government and reflect its approach in attacking the problems of the rural sector. The projects should serve as an example and prepare the way for similar efforts by the government without outside support. The Haitian Government's commitment should be reflected in a significant financial, institutional and technical contribution to the projects. Their success should not, however, be dependent on a larger amount of government services than is in fact available, nor should the projects concentrate government services in one area to the exclusion of others.

c. Reverse the deterioration of the rural capital. The projects should provide for the rehabilitation or development of rural infrastructure to preserve and fully exploit Haiti's limited land resources.

d. Build on present farmer knowledge and experience. The farmer cannot afford to make major departures from his traditional practices if it increases his risk of failure. Only minimal changes should be introduced so that they will be fully accepted by the participating farmers. Also special efforts should be made to reduce the risks inherent in the adoption of new practices.

e. Strengthen government services in rural areas. Projects should improve the outreach capabilities of government agricultural agencies and focus their efforts on specific problems affecting the rural sector.

f. Develop means by which the benefits to the projects' participants will be extended beyond the life of the project. Emphasis should be placed on developing local groups which can deal with commercial and government agencies on a continuing basis.

## 2. Proposed Approach

The proposed approach is to focus on specific needs of the rural poor by attacking constraints to increased agricultural production as they relate to particular regions of the country. Generally projects will have some unifying concept such as the type of infrastructure or farm practice to be improved, e. g. transport, irrigation systems and erosion control, or the type of crop being dealt with such as coffee.

The projects may attack only a single constraint to increased production if it is felt that such an attack would in itself have a positive effect. An example of this approach is the feeder road project which is proposed for FY 1976.

In most cases, however, the approach would be to provide an integrated array of services and support to small farmers in geographic regions with particular characteristics such as irrigated regions, mountainous areas susceptible to erosion, coffee-growing regions, or an area of great poverty, e. g. the Northwest. The assistance would be intensive and sufficient to have a lasting benefit in increasing the incomes of the farmers participating in the projects, but it would be temporary and the obligations of the farmers to help themselves would always be clear. The basic idea would be to develop and introduce production systems which could be easily adopted by the participating farmers and which are suited to the particular characteristics of the land. Normally the production systems would involve more intensive farming techniques which would increase the productivity of the land and the incomes of the participating farmers.

The projects would assist the farmers with their group infrastructure needs; advise them of the on-farm improvements such as irrigation canals, terracing or storage facilities that are required; help them to clarify their land tenure situation if any uncertainty exists in this regard; educate them on crop packages and the use of inputs which are suited to the land and maximize productivity; and assist them in developing a group consciousness and organization. Assistance to the farmers would mainly involve education, persuasion, and possibly some limited financial and in-kind support, but the farmers themselves would normally be expected to make whatever on-farm improvements are required or whatever additional labor is needed to carry out more intensive farming techniques.

The establishment of a group consciousness and organization among the farmers may be crucial to the success of these projects. In irrigation projects a communal awareness is an essential prerequisite to the proper functioning of the system. In other cases group organization will be required to obtain credits or technical advice since government agents are incapable of dealing with large numbers of small farmers on an individual basis. A group organization may also be required to assure a fair deal to the farmers in purchasing inputs or marketing their produce. Currently, lacking financial resources or storage facilities, farmers are often at the mercy of the market place when they sell their production.

As was mentioned in the previous section, rural community organizations are not common in Haiti. Introduction of the new production packages might in itself encourage the establishment of such organizations, however, if the initial experience of the farmers with the packages is favorable and the advantages of employing practices which require group organization are demonstrated to them.

Government agricultural agencies would be strengthened by focusing their attention on the specific problems of the regions in which our projects are located and increasing their outreach capabilities in these regions. If foreign technical assistance were required in developing infrastructure systems or crop packages for the project areas, the advisors would work with the government agencies involved in these fields to strengthen their capability to carry out these activities both in the project regions and other areas. Government extension and credit agents currently located in the project regions would be trained and if additional agents are needed the government would be expected to expand its staff in these regions through its financial contribution to the project. The government and its regional agents would be expected to support the development of local groups in the project areas and to deal with them rather than individual farmers. The government would have to recognize that the establishment of independent local groups is beneficial to the overall development of the rural sector. At the same time the establishment of such groups would improve the efficiency and outreach of its limited regional staffs. Government credit agencies would be expected to streamline their operations if necessary in order to deal effectively with local groups as clients.

Special mention should be made of the approach adopted in the project of the Haitian-American Community Help Organization (HACHO). This program, started in 1966, tries to overcome the administrative weaknesses of the Haitian ministries and the problems of interministerial cooperation by creating a special agency for delivering government services to the Northwest of Haiti, one of the poorest regions of the country. As a basic tenet, HACHO has encouraged the formation of Community Councils and has insisted that these Councils participate in the development process by proposing projects and by helping to administer the development activities. Since health activities were sadly lacking in this area and were a matter of great concern to the people in the area, the program was originally concentrated in the field of health services. CARE has also made available considerable amounts of Title II commodities for food-for-work activities in road construction/rehabilitation and water projects. For the future, it is proposed to expand the agricultural activities under the HACHO project.

The process of turning over financial responsibility for HACHO to the Haitian Government has now begun. The Haitian Government will need to decide whether to maintain HACHO as a separate organization, in which case its planning capacity may need to be further strengthened, or whether to return its various functions to the responsible ministries.

### 3. Discussion

The approach we propose is one that focuses on specific regions rather than on the country as a whole.

a. National vs Regional Focus - Several reasons might be given, however, in favor of national programs over a regional approach.

1) A regional approach tends to favor selected groups of small farmers while national programs would deal more equitably with all of the rural poor. A dilemma of the regional approach is that it has a direct benefit for only a portion of the rural poor. Given the degree and prevalence of poverty that exists in Haiti, however, an intensive integrated approach seems to be the only kind that can have a lasting benefit. The question of how much assistance should be provided to any one group is really a technical judgment of the minimum amount of assistance required to give the people we are dealing with a reasonable chance to continue on their own. Our assistance should not exceed that minimum because it might reduce the self-help elements of the project and it would keep the Haitian Government and ourselves from moving on to other groups. In addition while the direct benefits of the project would be aimed at particular groups, it is hoped that the successes of these groups would serve as an example for people in surrounding areas and at the same time increase the demand for goods produced in these areas. Also, by building up government capabilities to deal with the specific problems of the project regions, it is expected that the government will be able to apply these capabilities in other areas as well.

A national program on the other hand runs the risk of not benefiting the poor at all if it is not complemented with sufficient supporting programs and services. If to avoid this, a national program were both intensive and integrated in its dealings with the rural poor, it would have to be massive in scope, more than can be handled by existing government institutions.

2) A national program would focus on a major constraint to agricultural development, the lack of government organization and services. A regional approach, however, would also work to improve government organization and services. It would focus on the actual government outreach capacity in specific regions and seek to upgrade it. Again it involves a graduated type of expansion which seems more in tune with Haitian capabilities.

3) By focusing on central government institutions, a national program would have greater leverage in changing government policies which impede agricultural development. A national program could well have greater leverage with respect to central government policies since it would deal more directly with officials at a policy-making level. The regional approach does not ignore national policies, however. For example, in the case of the AID Small Farmer Development Loan, which is a type of regional approach based on a single crop, the project inputs are aimed at assisting 14,000 small farmers. In addition, however, the loan requires that a study be undertaken of the effects of the coffee export tax on production. If it is found that the tax is in fact a disincentive to more intensive production and it is modified, all coffee farmers will benefit, not just those directly affected by the loan.

Under the proposed FY 1976 irrigation loan the effects and use of the government's water use tax will be studied. If it is found that insufficient funds are turned back to the irrigation authorities for maintenance we would expect this practice to be changed as an indication of government support for this activity before we proceed further with the project.

Thus attention can be focused on the effects of government policies through regional as well as national programs. Through a regional approach pressure can be brought to bear on the government to change these policies where necessary in possibly a less confrontational manner than through national programs.

b. Food Crops only vs a Combination of Food and Cash Crops in the Project Regions

Since food production must be expanded rapidly to improve nutrition levels in Haiti, it might seem advisable to concentrate only on food crops in the project regions. Poor nutrition in Haiti seems to be as much a problem of demand as one of supply, however, particularly in rural areas since the farmer cannot afford to buy or retain enough food to feed himself and his family properly. We believe that the focus should be on increasing incomes in the project regions, therefore, whether this comes from food crops or cash crops. Under the Small Farmer Development Loan we are working only with a cash crop, coffee. With respect to the proposed FY 1976 loan to develop irrigation systems, preliminary indications are that a combination food/cash crop package might have the greatest effect on producer incomes.

A benefit of the use of cash crops is that the farmer would be more likely to repay credits employed in the production of the crops since the entire output would be sold. In the crop package envisioned for the irrigation systems mentioned above, credits would be required only for the production of the cash crops. Therefore, the farmer could retain a higher percentage of his food crop production and not fall behind in his credit repayments.

Another argument against concentrating on food crops only is that it would put the farmers in the project regions directly in competition with food producers in surrounding areas and possibly depress food prices. Growing a combination of food and cash crops in the project regions might have the opposite effect, however, since the farmers participating in the project might purchase additional food from the surrounding areas with their increased incomes.

#### D. Programs in Nutrition

One major nutrition effort of the Mission will be through its agricultural programs aimed at increasing rural incomes. This will permit the small farmer either to retain more of his production for his own consumption or to purchase more food at local markets. It is an accepted fact in Haiti that the small farmer will first buy food when his income rises, then clothing and medicine.

Certain agricultural research programs have particular relevance from a nutrition standpoint. AID is financing applied research in adapting high-lysine corn to Haitian conditions. If an acceptable adaptation can be introduced, it would significantly increase the average Haitian's effective protein intake. In another program also aimed at increasing protein consumption, IICA (Instituto Interamericano de Ciencias Agrícolas) is undertaking research on increasing bean production. Since beans are the major source of protein in the Haitian diet, this also could have a significant effect in improving nutritional conditions in Haiti.

In addition to the above activities, the Mission has proposed to initiate a nutrition project in FY 1976. This project would support expansion of the experimental program of nutrition rehabilitation for young children which has been undertaken by the Haitian Government's Office of Nutrition. This program should be integrated with the outreach activities of the Ministry of Public Health and Population (MPH/P). If a general/rural health delivery system is developed by the MPH/P, it is expected that these nutrition rehabilitation activities will become a part of that system. The proposed nutrition project will also support the dissemination of basic information on nutrition and diet through the mass media.

### E. Programs in Health

The basic strategy in health is clear: to provide basic medical services to the rural areas. In order to accomplish this, a rural health delivery system must be developed which ministers to the basic health needs of the rural population. The system should emphasize preventive rather than curative medicine. In order to have wide impact, the delivery system should employ people who will work in rural areas at salaries the Government can afford to pay. These health personnel should then be given good training for the specific tasks which need to be performed.

Before such a delivery system can be established on a large scale, certain fundamental prerequisites must be met. One prerequisite is to establish at all levels within the MPH/P a firm understanding of the basic strategy outlined above for the health sector and the administrative capability to translate the strategy into specific actions.

Fundamental to all of the above, however, is the need to prepare a plan for the health sector. Such a national plan should be a pragmatic rather than a highly sophisticated theoretical plan. The preparation of this plan would require the study of a number of different questions:

- 1) the nature and extent of the health problem. (Existing studies already go a long way in identifying the major public health problems in the rural areas: nutritional deficiencies, tetanus neonatorum, i. e. infection of the umbilical stump, diarrheas, malaria and tuberculosis);
- 2) alternative approaches to the solution of these problems;
- 3) probable costs for each alternative;
- 4) various approaches to the training of appropriate health personnel;
- 5) redistribution of available funds among the various budget categories: staff, drugs and equipment, manpower development, logistics, etc. (Even under a preventive medicine concept, the percentage of the budget going to drugs, equipment, and supplies will probably need to be increased.)
- 6) a workable division of labor -- particularly a geographical division of labor -- between government and private health facilities to prevent wasteful duplication;
- 7) a facilities, drugs, and supplies inventory. (This inventory would build on the work already done by the IDB/PAHO Mission.)

In addition to supporting health planning and administrative improvement, the AID program should provide assistance to two key programs of the Ministry of Health: maternal-child health/family planning (MCH/FP) and nutrition/infectious diseases. The MCH/FP program will provide a package of health activities: care and education for the mother so that she remains in good health and can have healthy children, care for the young so that they can survive, and education for parents on the need of limiting family size and on methods of preventing unwanted pregnancies. Family Planning is being combined with maternal-child health work because there seems little chance that parents will accept family planning unless they have confidence that their existing children can be kept alive. This approach also recognizes that any government responsive to public opinion cannot concentrate exclusively on family planning programs in communities that are beset by other serious health problems which cause a high incidence of disease and death.

The nutrition/infectious disease program will help to reduce one of the major causes of death in Haiti: the large number of deaths which result from the vicious downward spiral of malnutrition/infectious diseases/malnutrition/death from infectious diseases. Haiti has had great success in its nutrition work, but most of the funding has come from the outside and the program has been carried out on a vertical basis. In discussing any U. S. financing for this program we will stress the need to integrate nutrition work into the regular structure of the Health Ministry and to obtain increasing amounts of GOH funding for this program.

If significant progress can be made in strengthening the administration of the Health Ministry, it should be possible to integrate SNEM into the regular structure of the Health Ministry. In the meantime, the U. S. should continue to provide support to SNEM on a basis which involves steady increases in the GOH financial contributions to SNEM. The GOH contribution to SNEM increased from \$131,000 in GOH fiscal year 1973/1974 to \$300,000 in 1974/75. The Government has agreed to provide \$500,000 in 1975/76, or more than one-third of the expected total SNEM budget. On the operational level, detailed epidemiological and entomological studies are to be undertaken to determine appropriate future strategy.

#### F. Private Voluntary Organizations Programs

Private Voluntary Organizations (PVO's) have played a significant role in Haiti, both in conducting activities financed from their own funds and in implementing U. S. assistance activities. Examples of the former are the Wesleyan Hospital on the Island of Gonave and the Albert Schweitzer Hospital, financed by the Grant Foundation. Some estimates indicate that as much as one-fourth of Haiti's health services are supplied by various religious and other non-profit organizations.

A total of 44 U. S. organizations are recognized by the American Council of Voluntary Agencies as agencies involved in the implementation of development assistance programs in Haiti. However, many of these organizations do not have permanent representation in Haiti and their programs are often limited to annual, or one-time, supplies or contributions of food or medicine. In addition, there are many religious organizations from other countries such as Canada which are active in Haiti.

There are two major U. S.-assisted activities in which PVO's participate. CARE, Catholic Relief Services (CRS) and Church World Services (CWS) carry out maternal/child health, food-for-work, and school lunch programs with approximately \$2.1 million of U. S. funds provided each year under Title II of PL-480. In addition, under the auspices of the U. S.-supported Haitian-American Community Help Organization (HACHO), CARE has provided a variety of health, agricultural and engineering services to the impoverished northern part of the country. To increase local participation in the project, CARE has organized several community councils among the rural populace,

We expect a continuation of these two U. S.-financed activities for at least the near future with a selective expansion of PL-480 Title II activities if the new programs can be developed. In addition, we are proposing two PVO projects in FY 75 in Nutrition Education and Potable Water Development to be carried out by CARE. A CWS soil conservation project is also being proposed for FY 1976.

*governance*  
*PVO*  
*fulfilling*

At this time, we see the possibility for only a moderate further expansion of PVO activities. The Haitian Government appears to be increasingly sensitive to the practice of foreign donors channeling their assistance to PVO's rather than to government-operated programs. This has nothing to do with the past performance of PVO's.

*Response*

Also it does not relate to projects carried out by PVO's with their own funds. Instead it reflects the government desire to have a greater involvement in projects financed by external assistance agencies. Rather than having intermediaries carry out such projects, it would prefer to be the direct recipient of the foreign assistance funds and implement the projects itself.

While this sensitivity on the part of the government is not expected to affect ongoing or proposed PVO activities, it could well affect expansion of PVO activities.

#### G. PL-480 Title II Programs

CARE, CRS and CWS are currently carrying out PL-480 Title II programs in Haiti with food shipments amounting to about \$2.1 million each year. We would expect to continue at this level for the foreseeable future and give consideration to possible areas of expansion as opportunities arise.

Maternal/Child Health (MCH) programs will continue to receive high priority, with funding limited by the organizational and logistical aspects of this activity rather than the number of eligible recipients.

Food-for-work programs are of particularly high priority in Haiti, given the need to rehabilitate and develop the agricultural and transport infrastructure in rural areas. Much as with MCH programs, however, a great deal of organizational work is required to carry out the food-for-work projects properly, and logistical difficulties can develop in transporting the food to the project sites. The current Voluntary Agency food-for-work programs are operating at close to their limits given the size of their staffs and the amount of the government contribution for food transport. Therefore, no immediate major expansion of these programs is expected.

The Haitian Government has recently signed an agreement with WFP to undertake a large food-for-work program.

#### H. PL-480 Title I Programs

During FY 1975, a Title I Agreement is financing the sale of 15,000 MT of wheat to Haiti. Given Haiti's worsening balance of payments situation and its continuing need for wheat imports, we would hope that larger amounts of wheat could be financed under Title I in future years.

The Haitian Government has also expressed a strong desire to have vegetable oil included in future agreements. Vegetable oil imports have increased by about 8% a year since 1960 and now amount to more than \$5 million each year, a level which will be difficult to support if the current foreign exchange problems continue as expected. We recommend, therefore, that any future agreements include vegetable oils.

Our purpose in recommending Title I financing for both wheat and vegetable oil imports is to permit the continued importation of these commodities despite the balance-of-payments crisis and to generate local currency funds for essential investments. We recommend that the major portion of these funds be earmarked in the PL-480 agreement(s) for investment in the rural sector, with minor amounts being earmarked for complementary activities, e. g. the construction of a suitable building(s) for the School of Public Administration. Investments in the rural sector would include activities such as the following:

rehabilitation of irrigation systems, construction/rehabilitation of roads into the rural areas, soil conservation and/or reforestation activities, agricultural credit, etc.

As for the GOH absorptive capacity and capability to program the generations of local currency funds, we do not believe these factors will inhibit the utilization of the relatively small amounts of money to be provided by programs now under consideration. Projects already approved or under consideration will require not only external financing but also considerable amounts of financing from the Haitian side. The PL-480 funds can help the GOH to provide its share of the financing for these projects.

The question of absorptive capacity and programming capability should, of course, be kept under review, but this review can be performed as part of the approval process of any future PL-480 Title I Agreements.

April, 1975