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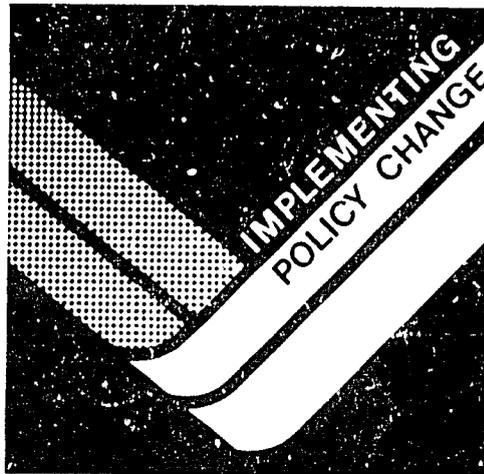
# **POLICY AND ADMINISTRATIVE REFORM IN HAITI UNDER ARISTIDE:**

## An Analysis and Suggested Options for A.I.D. Cooperation

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March 1991

Presented to:  
USAID/Haiti  
Port-au-Prince, Haiti



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**POLICY AND ADMINISTRATIVE REFORM IN HAITI UNDER ARISTIDE:  
AN ANALYSIS AND SUGGESTED OPTIONS FOR A.I.D. COOPERATION**

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## I. INTRODUCTION

In February 1991, just after the democratically elected Government of Haiti (GOH) took office, USAID/Haiti requested the services of two development management specialists under the ST/RD's centrally-funded Implementing Policy Change Project (IPC). The team, composed of Dr. Derick Brinkerhoff and Dr. Alice Morton, both of IPC, arrived in Haiti on March 3 1991, less than one month after President Jean-Bertrand Aristide was inaugurated.

The objective of the team's visit was to:

prepare a report which assesses priorities and provides recommendations to help USAID/Haiti develop a strategy for collaborative work with the GOH on the content and process of governmental change and reform.

On arrival, the team met with senior Mission management, and expressed the view that the most useful approach to carrying out the tasks outlined in the scope of work would be to meet with as many of the ministers of the new government as possible; with known ministry officials still in place; with former public servants; with members of the private sector, and representatives of the donor community active in fostering a dialogue with the GOH during the transition period between the December 1990 elections and the February inauguration. (The team's scope of work is presented as Annex 1; the list of persons contacted appears as Annex 2.)

As the team's arrival coincided with that of missions from the World Bank and the Interamerican Development Bank, it was decided that this agenda of meetings would be adopted, so as to "take the pulse" of the new government as to its policy and administrative reform agenda, as well as to extend the offer of A.I.D. support in refining and fleshing out that agenda.

It was further anticipated that the team's report would serve as an institutional and/or technical analysis for the Project Paper being prepared for the Mission's FY 91 Policy and Administrative Reform Project (521-0222). As may be seen from the table of contents, the team has gone a bit beyond its original charge. The specific tasks of updating their previous work on administrative reform and public/private sector linkages are reflected in the first four sections. Sections V and VI make recommendations about key GOH entities' capacity for the strategic management of policy implementation processes, policies on which the GOH and A.I.D. might usefully collaborate, and on the Mission's strategy to support such a collaboration. In Section VII, the team proposes a variety of implementation mechanisms that might be included in the design and execution of the proposed Project.

From the standpoint of ST/RD and the IPC consortium, this consultancy was also to serve as a reconnaissance visit for IPC, to determine whether Haiti might be a likely candidate for selection as one of the countries for long-term IPC technical cooperation. As the team members represent the prime contractor (MSI) and one of the principal subcontractors (IDMC-University of Maryland) under the IPC project, this additional objective could adequately be attained within the timeframe of the consultancy. The scope and breadth of the interviews conducted also permitted an initial assessment of local institutions that might be able to collaborate with IPC under a potential multi-year buy-in by USAID/Haiti.

At the time of writing, the team anticipates that the Mission will receive from the GOH a request for support in the diagnostic phase of policy determination in a number of key macroeconomic and administrative policy areas. If this request is forthcoming, it will considerably support the Mission's decision to design the Policy and Administrative Reform Project and authorize it.

## **II. HAITI'S CURRENT ECONOMIC AND ADMINISTRATIVE REFORM SITUATION: BACKGROUND AND OVERVIEW**

Since the fall of the Duvalier regime in February 1986, Haiti has grappled with the task of transforming a society historically divided into a small ruling class holding power over a poor, illiterate peasantry into one where the mass of Haitian people have a voice in governing their country.<sup>1</sup> During the intervening years, Haiti has suffered high levels of government instability. Accompanying the precarious political situation has been an increasingly serious economic decline, further exacerbating Haiti's plight.

In the immediate post-Duvalier period, General Henri Namphy became president of an interim government.<sup>2</sup> Hopes of a democratic election, promised in November of 1987, were dashed when the election turned into a bloodbath engineered by Namphy and Duvalierist Tonton Macoutes. In January of 1988, General Namphy orchestrated a controlled election that resulted in the installation of Leslie Manigat as President. Four months later, Namphy and Brigadier General Prosper Avril staged a coup and sent Manigat into exile. After ruling only 90 days as dictator, Namphy was ousted in September and also sent into exile by a group of non-commissioned officers, alarmed by increasing factionalism within military ranks, a catastrophic government cash shortage, and increasingly brazen human rights violations that diminished the prospects of renewed foreign aid. Avril, now Lieutenant General, was declared President of Haiti by the Army, and remained as President from September 1988 to March 1990, when he resigned. A coalition of political and civic leaders installed Supreme Court Judge Ertha Trouillot as head of an interim civilian government, which led Haiti to the democratically-elected government of Jean-Bertrand Aristide, a former priest with strong popular support. The Aristide government took office in February 1991.

The new government has inherited a state apparatus that is, to borrow Rotberg's terminology, heavily mortgaged by past practices in its ability either to manage the economy effectively or to evolve toward a functioning democracy.<sup>3</sup> Previous failures to develop an institutional framework conducive to broad-based socio-economic growth and political development, including reform of the civil service, severely constrain the government's ability to implement economic and administrative policy reforms today.

The economy and state apparatus have been the tool of a small, interlocking elite for 200 years, operating as a nearly closed system of vested interests. Despite popular expectations, releasing the economy and the public administration from their "captive" by changing top leadership is only the first step in opening up the system. The situation cannot be changed overnight.

#### **A. The Macroeconomic Situation**

At the beginning of the 1980s, after a decade-long improvement and a four percent annual growth rate for the latter half of the 1970s, Haiti's economy entered a period of recession, caused by increased petroleum prices, a stagnating agricultural sector which led to more food imports, and by declining exports. This brought Haiti a balance of payment deficit of \$22 million in 1982, inflation, and deficit spending. Protectionism, monopolies, and inefficient parastatal enterprises constituted ongoing drains on the overstressed economy.

The economic stress was aggravated by large public expenditures beginning in 1980; GOH consumption and investment increased by 13 percent in 1980 and 22 percent in 1981, and continued to escalate throughout the decade despite occasional efforts to limit expenditures. The funds were used to increase public employment, which rose from around 23,000 in 1978 to approximately 46,000 in 1991 (exact figures are in dispute); to raise salaries of government employees, sometimes by more than 40 percent; and to create new state entities; not to mention large extra-budgetary expenditures by Jean-Claude Duvalier. In short, the Haitian economy during the 1980s suffered from poor policy choices and weak performance.

The post-Duvalier economy, particularly following the cut-off of donor assistance in 1987, has experienced a steady decline. At present the economy is in dire straits; per capita GDP has fallen 11 percent since 1987, and a total of 25 percent from 1980. Falling revenues from both tax and customs, increasing contraband, and financial mismanagement and corruption have led to shrinking public expenditures and rising deficits. The GOH calculates that public revenues in FY 91 are 11 percent below the level of FY 90, whereas the GOH had projected a 12 percent increase. Assuming current public expenditure rates, the finance ministry projects a central government deficit of 259 million Gourdes (\$32.4 million at \$1US=8G). This figure does not include the money-losing parastatals. Infrastructure and basic services have suffered, and inflation has

increased to 12 percent in 1989 and 26.25 percent in 1990. The current economic crunch poses a major threat to the stability of the Aristide government, given the competing demands and the relative paucity of available resources.

Basic fiscal and financial reforms are required to stem further economic decline and to set Haiti on the road to economic recovery. Detailed discussions of the macroeconomic situation and proposals for change can be found in Delatour (1990) and Walker and Caprio (1991).

## **B. The Status of the Haitian Public Service**

A well-recognized constraint to improving Haiti's socio-economic condition is the low level of administrative capacity in the Haitian government system.<sup>4</sup> Haiti's public sector is critically weak in performing as a stimulus and support for socio-economic or political development. The Haitian state has been characterized as a "government by franchise," where those in power use their positions as means to enrich themselves and their supporters at public expense.<sup>5</sup> Others have termed the Haitian form of government a "kleptocracy."

Despite the existence on paper of a legal framework to regularize the public service, the government structure is made up of a collection of separate ministries, agencies, and bureaus each with its own set of rules, regulations, and procedures.<sup>6</sup> While the fall of the Duvalier regime eliminated the most flagrant abuses of the public trust and introduced selected amounts of transparency into the government system, these major features of the public sector remain relatively untouched to date. They constitute a significant impediment to Haiti's transition to broad-based socioeconomic growth and democracy.

The Haitian government drafted and passed in 1982 a set of laws governing public sector employment practices.<sup>7</sup> The "General Statute on the Public Service" states its objectives as guaranteeing career opportunities within the bureaucracy and ensuring that the state obtains competent personnel. The law calls for the establishment of a uniform system of job classification; and it elaborates general rules for merit-based recruitment and promotion, in-service training, compensation policy, disciplinary procedures, and conditions for separation from service. Further steps in elaborating the legal framework for public personnel administration were taken in subsequent years. The 1987 Constitution reinforces the general thrust of the earlier legislation, and explicitly recognizes the rights and responsibilities of public sector employees, reaffirming that employment is to be based on merit and offering protection from arbitrary dismissal.

While Haiti's legal framework for public personnel practices is adequate, reflecting all the major elements found in effective civil service systems around the world, Haiti's record in operationalizing the framework is disappointing. Ten years ago, a USAID/Haiti

study expressed reservations about the prospects for the system-wide efficiency-oriented reforms then under consideration, in particular the personnel-related measures, that were promulgated as law the next year. A follow-up study in 1987 reconfirmed the GOH's lack of progress in administrative reform.<sup>8</sup> Despite the impressive base of existing legislation, most of it remains to be implemented.

Nominal attention to administrative reform dates from 1974, when the GOH created the first of a series of organizations to address the issue. The espoused reform agenda has remained relatively constant over the past sixteen years. It has focused on four general areas: (1) improvement of public sector organizational structures and procedures; (2) development and standardization of personnel administration, (3) training and skill development and (4) decentralization and development of regional public sector capacity. Haiti's administrative reform agenda falls into two categories: system-wide reforms pursuing a classic efficiency agenda coupled with equity objectives concerning decentralization and local government.<sup>9</sup>

International donors have at various times from 1974 to the present undertaken efforts to assist the GOH in building administrative capacity. Most of these efforts, whether oriented toward efficiency or equity objectives, have functioned at the sectoral rather than the system level. Many development projects contained components to build the internal management capacity of their respective public sector implementing agencies.<sup>10</sup> Results were minimal, however, and faced with a public sector lacking capacity and riddled with corruption, most donor agencies in the 1980s began increasingly to work around the GOH, either by collaborating with non-governmental voluntary organizations deemed more honest and efficient or by setting up autonomous public bodies over which they could exercise close oversight.<sup>11</sup>

In summary, there has been only marginal progress from 1974 to 1991 in building an effective and efficient public administration in Haiti. The GOH public service remains in need of substantial reform if it is to support and stimulate sustained economic growth and democracy. For more details see Brinkerhoff and Goldsmith (1987, 1988), Brinkerhoff and Halpern (1989), and Morton et al, 1988).

### **III. CURRENT INTEREST IN ECONOMIC POLICY AND ADMINISTRATIVE REFORM**

The team spent two weeks conducting interviews with key informants both inside and outside of government, and with donor agency staff (see Annex 2). The major focus of the interviews was to assess levels of interest in economic policy and administrative reform, discuss specific policy areas that are of highest priority, and identify current or planned actions to address priority policy concerns. A secondary focus was on areas suitable for potential A.I.D. collaboration and support.

## **A. The GOH Executive Branch**

Within the Aristide government's new ministerial cabinet, general interest in reform is high, as would be expected given the Lavalas platform. The major locus of concern with macroeconomic policy lies in the finance ministry (MEF) and the commerce ministry (MOC). The commerce minister remains to be convinced that free market policies, elimination of subsidies, and tariff reforms are the direction that the Haitian economy should take, appearing to be strongly wedded to the social welfare concerns of the newly-elected government. What to do with parastatals is one area where the potential conflict between economic and social objectives will be acute. The minister perceives that the donor community, particularly the World Bank and the IMF, intends to try to impose a macroeconomic package on the GOH.

The MEF, having in place a technical cabinet of economists and financial specialists, has a clearer picture of the specific policies it considers the most pressing. Priority MEF objectives include: reduction of the GOH budget deficit, increasing public revenues, "cleaning up" public financial procedures and practices, and reorientation of expenditures toward key development sectors. The MEF technical cabinet has prepared an action plan for the minister's review to initiate an attack on these priority problems. Critical units under the "tutelle" of the MEF are the tax collection bureau (DGI) and the customs service (Douane). Interviews with the directors general of these two units indicate their basic agreement with MEF objectives regarding economic policy.

The MOC, MEF, DGI, and Douane leadership is also immediately concerned with administrative reform as well as the larger economic policy issues facing Haiti. Top leaders recognize the need for an efficient and effective public service in order to achieve economic progress and deliver services to the populace. The planning ministry (MOP), which has the official responsibility for administrative reform, is also vitally interested in increasing public sector efficiency and effectiveness. Those interviewed have similar views on what needs to be done in administrative reform: salary rationalization, career planning, training, motivation and incentives, personnel reduction and reassignment, and so on (see Section IV below). There is less unity of perspective on how to go about implementing these reforms. MOP officials continue to view the responsibility as theirs, although the difficulties of MOP technical staff intervening effectively throughout the GOH, given that the MOP is hierarchically at the same level as the other ministries, is well-recognized. The experience of the Mission's Technical Consultants and Training Project (TCT) illustrates the difficulties of seeking to undertake changes in systems and procedures that extend across GOH ministries.<sup>12</sup>

Sectoral ministry leadership sees administrative reform as key to improving the performance and capacities of its respective ministries. The Minister of Education, for example, is taking immediate steps to identify who is employed in his ministry (MEN) despite the lack of ability to use his computers due to the ongoing electricity problems in

Port-au-Prince. Besides MEN, the ministers of public works (TPTC), health (MSPP), and agriculture (MARNDR) have also identified civil service structures, procedures, and human resources as paramount policy concerns. Operational action plans in these administrative reform areas have yet to be developed, which is understandable in light of the fact that the Aristide government is in its infancy.

Specific sectoral policy interests vary, as expected, according to sectoral responsibility (see Section V below for specifics). However, we found two policy areas, besides administrative reform, that cut across sectoral boundaries: privatization and decentralization/deconcentration. These are interrelated in Haiti, because one characteristic of GOH service delivery is the extremely limited capacity to perform outside the capital, thus the heavy reliance on private and NGO providers.<sup>13</sup>

The ministers of TPTC and MARNDR are interested in redefining the roles of their agencies to emphasize sectoral planning, policy analysis and guidance, and management of implementation by private contractors rather than direct service provision. The ministers of MEN and MSPP are concerned with a subset of the private sector in the delivery of education and health services, made up of the NGOs operating in Haiti. The definition and status of PVOs and NGOs is a topic of current policy review.

Decentralization and deconcentration are at the forefront of the GOH policy debate, placed there in response to the populist orientation of the new government and the reaction against the wide disparities between the capital and the provinces ("la république de Port-au-Prince" syndrome). Because of its implications for democratization and local government, this policy agenda extends beyond the conceptual boundaries of the Mission's Policy and Administrative Reform Project.

Members of the GOH executive branch interviewed all expressed the need for, and interest in A.I.D. provision of, support in macroeconomic and administrative policy reform. Of specific and universal concern is the need to be able to move beyond policy design to deal with the thorny issue of policy implementation. The ministerial cabinet has a clearly espoused desire to remain in control of Haiti's policy agenda. Ministers want technical cooperation, not imposed external assistance. The team's impression of the new cabinet, and of the prime minister, is of genuine willingness to tackle the tough issues coupled with a sense of hesitancy stemming from the new government's lack of experience in the face of the urgency of Haiti's economic and social situation.

## **B. The GOH Legislative Branch**

The 1987 Constitution, under Article 295, authorizes the executive branch "to proceed to carry out any reforms deemed necessary in the Government Administration in general and in the Judiciary" within six months, starting from the time the first president elected under the 1987 Constitution takes office.<sup>14</sup> As one of its first and most important

actions, the legislature has just debated, for over a week, whether or not the Aristide government would be allowed the full six-month grace period. A strict constructionist interpretation would have decreased the grace period for this president since Manigat served briefly as president after having been "elected" after the 1987 Constitution was adopted. After an extremely animated debate, followed closely by the public, in the media and by the members of the executive branch, the legislature decided in mid-March to give the Aristide government the full six months. Shortly thereafter, nominations to the Supreme Court were made, the judiciary was instructed to proceed against key members of former regimes known to have frustrated the democratic process, and some key civil servants were replaced.

This is an unprecedented situation. First, it indicates that the legislature, closely watched by members of the public at each session, is taking its constitutional check and balance mandate seriously, even though it has been elected along with a president who had an overwhelming electoral mandate. The legislature is working in the most minimal conditions of comfort, and a dearth of information about the running of the state apparatus, including the civil service, and without staffing or other appropriate and necessary resources. Second, it has the effect of reinforcing the popular mandate given to the present executive to deliver on its promises of justice, transparency and participation.

Many Haitian technocrats, whose experience has been exclusively with governance by the executive branch, predict that the delay imposed by the constitutionally mandated legislative process will hamstring the executive's ability to implement needed policy and administrative reforms despite the approval given in the vote on Article 295. Others are concerned by the bruited "review" of legislative decisions by an informal "third chamber" constituted by the man in the street, and the president's apparent tendency to "rise above" the nuts and bolts of the policy-making process.

Others, however, who were more intimately involved in drafting the constitution and in supporting the electoral process, place considerable emphasis on the need to help strengthen the legislature's capacity, including its access to the kind of information required to assess legislative programs proposed by the executive, or to propose its own legislation on key policy issues.

Some of this assistance is likely to come officially through French technical cooperation (FAC), some more informally through the French Socialist Party, some through the proposed A.I.D. Democracy Enhancement Project. The proposed UNDP project on administrative reform also stresses legislative capacity building. We suggest that under the Policy and Administrative Reform Project, some assistance be given to help define and develop the interfaces between the executive and legislative branches of government as these affect macroeconomic policy choice and implementation as well as the implementation of administrative reform measures. This emphasis can most logically be defined first in the diagnostic phase, and then refined when the GOH has selected from

the "menu" of policy domains outlined below, and mechanisms for implementing particular policies are being developed. Amount and type of legislative input might be one of the performance indicators eventually to be used to evaluate policy implementation progress.

Despite the extraordinary powers authorized by the vote on Article 295, the executive branch's official grace period will end in September, and further reform steps which require changes in the organic laws creating the respective ministries, as well as in laws affecting the civil service, -- and which embody key policy changes -- will, at a minimum, have to undergo legislative review. By that time, the legislature may be in a position to propose its own legislative agenda as well.

### **C. The Haitian Private Sector**

The small, face-to-face Haitian elite involved in private sector commercial and industrial activity is keenly interested in the macroeconomic and administrative policy reform process that the newly-elected government is likely to generate. A number of opinion leaders in this clearly-bounded social group have gathered together to produce various white papers and other programmatic documents defining and proposing policy reforms. These are designed to develop consensus within the private sector itself about various policy options, and to inform the executive branch about the range of policy choices, the implications of each for private-sector confidence and participation, as well as the economic welfare of the country as a whole. During the transition between the first round of elections in December and the installation of Aristide as president in February, the government requested a number of sectoral committees to prepare briefing documents. There has been some overlap in membership between these committees and the groups which have prepared briefing papers and documents on their own.

Part of the background to the present analytic effort involved interviews with key members of these two overlapping groups. Those interviewed included most of the prominent economic, financial and management consultants in Haiti, members and staffs of key professional associations, representatives of groups of industrialists, the banking community, agribusiness, and past managers of mixed or public enterprises (see Annex 2). Although most of these persons, and the membership of the formal groups they represented, were quick to indicate that they had not voted for President Aristide, they almost overwhelmingly immediately said that they were willing to help to define the government's policy agenda, and to moderate their own positions of "enlightened self-interest" if that agenda appeared to be founded on sound economic reasoning. Some analysts and some members of the business community indicated that they were less than confident that this sound economic reasoning would be forthcoming despite their suggestions and contributions to the debate. Most who had been involved in the dialogue process complained of a lack of feedback from the president or the cabinet. Some, therefore, indicated that the private sector had begun to withdraw somewhat from the dialogue process, and that most entrepreneurs were taking a "wait and see" approach.

Estimates of capital flight, said to have increased, and the high premium on the exchange rate of the Gourde against the U.S. dollar, were used by some as indicators of overall lack of confidence in the government. The announcement of a 20 cent per gallon decrease in the price of gas in early March was seen as an indication that the government did not understand macroeconomics and was seeking short-term political benefit while sacrificing medium and long-term economic health. Nevertheless, business leaders and analysts of public and private sector behavior seem in agreement that the government has a great wealth of public support, which might to some extent compensate for what still appeared, by mid-March, to be a vacuum in policy-making ability and/or interest on the part of the president, if not necessarily on that of all the members of his cabinet. Even the most vocally pessimistic indicated that the present government had at least three months grace before public pressure would make visible policy reforms mandatory.

#### **D. The Non-governmental Sector**

The NGO community is a substantially different one from that characterized above. The team assisting in the preparation of the Democracy Enhancement Project had much more contact with this sub-sector of the private sector than did the IPC reconnaissance team. However, we did discuss certain characteristics of the stance of the NGO community with regard to policy and administrative reform by the GOH. Essentially, the community is supportive of administrative reform, and of certain policy reforms, but is maintaining a "wait and see" attitude to the extent that the policy of the GOH with regard to NGO registration and functioning has not yet been officially announced. There was a good deal of dialogue under previous administrations about the status of off-shore and indigenous NGOs, how they should be registered, what rights to information the GOH had about their composition, financing and activities in Haiti, and the overall regulatory climate that the GOH should foster. A draft decree was reviewed by various NGOs and NGO consortia (including HAVA), and revisions were suggested. The decree has not yet been reviewed by the newly-elected GOH as far as the NGO community is aware. There have been general and somewhat vague policy statements in the press that also cite the efforts of the NGO community itself to redefine its role.<sup>15</sup> Our discussions with sectoral ministries that have traditionally worked closely with NGOs elicited a range of largely rhetorical statements, most of which could be characterized as indicating a desire for closer regulation of NGO activities in the interests of more coherently implemented development strategies.

#### **E. The International Donors**

Like A.I.D., the rest of the donor community is in the process of establishing contacts with the new government. During the team's time in-country, the World Bank and the Interamerican Development Bank held their first meetings with the GOH leadership. France had arranged for Aristide to visit Mitterand while he was still campaigning for the

presidency, and the French technical cooperation agency (FAC) is planning a high-level mission to Haiti in April to discuss assistance needs.

It appears that, in terms of areas of policy advice and potential assistance, the donors are in general agreement regarding what Haiti needs to do in order to reverse the accelerating socioeconomic decline the country is experiencing. Most closely related to the activities proposed under the Policy and Administrative Reform Project is a project that the UNDP is developing, which offers assistance in both selecting the content of economic and administrative policies and in managing the process of policy dialogue and eventual implementation.<sup>16</sup> The local UNDP office is interested in coordinating with the Mission on this assistance, and has asked to be kept informed of the eventual specifics of the policy reform and democratization enhancement projects USAID/Haiti is designing.

#### **IV. REQUIRED CONDITIONS FOR EFFECTIVE ECONOMIC AND ADMINISTRATIVE POLICY REFORM**

Both anecdotal evidence and more systematic analysis indicate the links between increased socio-economic development for the majority and the prospects for democracy in developing countries. Eastern Europe is perhaps the most dramatic recent illustration of this relationship, but the trend in many of the nations of Asia and Latin America also provides clear examples. Critical to both sides of the linkage are appropriate policies and the administrative means to implement them, irrespective of differences in resource availabilities. A worldwide study of democracy in developing countries found that, "in the long run, sound policies and capable, honest administration are more important to economic performance than a country's natural resource endowments."<sup>17</sup>

A.I.D. has increasingly incorporated this thinking into its country programs, developing portfolios that address appropriate macroeconomic policies, democratic institutions and processes, and management capacity. The Agency's working definition of democracy, as expressed in an LAC Bureau document, states:

Democracy is a political system that meets three essential conditions: meaningful and extensive competition among individuals and organized groups (especially political parties) for the major positions of government power; a "highly inclusive" level of political participation in the selection of leaders and policies ...; and a level of civil and political liberties sufficient to insure the integrity of political competition and participation. Implicit in this definition is ... that democracy also includes economic participation via a broad-based sharing in economic growth and development.<sup>18</sup>

This definition highlights the importance of government capacity both to promote socio-economic development and assure the equitable distribution of the benefits of that development.

## **A. Assessing Haiti's Prospects for the Transition to Sustained Economic Growth and Democracy**

As the definition of democracy presented above indicates, an important aspect of the transformation to sustained growth and democratic systems is government capacity to support socio-economic development that spreads benefits equitably among citizens. This puts a premium on an effective state apparatus that can transform the mandate of the governed, expressed through elections, into practice and results. It means that government fulfills the roles of facilitator, creator of appropriate policy frameworks, regulator, and enforcer of rules and contracts. Advanced country governments are not immune from the strains of fulfilling these roles. For developing nations they can pose almost insurmountable challenges. Effective governance requires that the public sector carry out certain minimum management functions, including: (1) public sector productivity, (2) formulation and implementation of reform in the long-term, (3) effective human resource utilization and development, (4) provision and use of information for accountability purposes, and (5) resource management.

### **1. Productivity of the Public Sector.**

In terms of the standard criteria for "modern" public administration, Haiti's public sector is unproductive and poorly organized in the extreme. On the public investment side, inefficiencies are legion and rates of return low. In many sectors, such as agriculture, returns could have been much higher, but productivity suffered and continues to suffer from lack of structural reforms to set appropriate incentives for private producers; the diversion of investment capital for uses such as payment of salaries; poor project selection; and the lack of recurrent expenditure to maintain investments. The strangulating effects of centralization and the paradoxically simultaneous existence of both over- and under-bureaucratization of the public service diminish the productive use of the few resources allocated to programs and projects.

The Aristide government has expressed the desire to improve public sector performance and organization. Although popular support for improvement exists, the constituency internal to the state apparatus favoring change is still very small. An immediate action that would raise productivity is reduction of the public wages bill. However, with unemployment running at about 50 percent, the prospects for significant public-sector streamlining in the near term are limited, given the intention of the new government, expressed in many of the team's interviews, to remain sensitive to the social impacts of economic efficiency measures.

### **2. Formulating and Implementing Long-Term Reform Policies.**

Both Haiti's recent history and evidence from around the world indicate that systemic change and reform are difficult to implement successfully. Reform capacity has both technical and political dimensions. In terms of the technical aspects of "what to do," the

government's administrative reform agenda summarized above adequately describes the features that are needed. The team's interviews confirmed that the new leadership is interested in pursuing that agenda.

A theme repeatedly observed in administrative reform exercises around the world is the necessity of "political will," by which is usually understood strong commitment from the top to force innovation on the bureaucracy. Periods of societal turmoil such as Haiti is now undergoing often serve as a catalyst for this type of leadership. Experience in Latin America also suggests that top-level pressure for administrative reform is more likely to come from leaders with administrative or technocratic experience.<sup>19</sup> The Aristide government has clearly expressed a desire for administrative reform. However, the political leadership's lack of experience in administration generally, and in reform's technical dimensions in particular, could constitute a handicap to pursuit of reform over the long haul.

The political aspect of reform capacity is the more difficult and intractable one. For Haiti the question to ask is not so much what to do, but who will support doing it and what incentives can be mustered? The Aristide platform of "Justice, Transparency, et Participation" encapsulates the popular outrage at public sector inefficiency and venality. The new government, though, is preoccupied with economic and financial crisis, and appears consumed by the effort to maintain some minimum level of stability. Given that preoccupation, commitment to reform is likely to be limited to near-term, highly-visible measures.

Although the government does contain technicians interested in reform, without strong and continued signals from the Aristide government, they will be relatively ineffective as a source of clout to push for implementation of changes. Further, the average civil servant is an uncertain and largely unwilling source of support for reform. Haitian civil servants in general are products of a political culture that views administration primarily as a mechanism for social control and personal sinecure. This suggests that an important component of reform is informed attention to anti-corruption measures.<sup>20</sup>

Another obvious source of support for reform is the donor community. "Policy dialogue" on the subjects of macroeconomic stabilization, structural adjustment, democratization, and administrative reform is likely to continue. Past experience in other developing countries and in Haiti, however, indicates that donors have limited influence on policy, even when they attach conditions to their assistance programs. Donors need to recognize that upfront work on building a constituency in the government can be more effective than forcing reforms onto unwilling and unconvinced government "partners".

A precondition for genuine administrative reform, whether oriented to efficiency or equity, to systemic or more piecemeal change, is the existence of a tripartite alliance of politicians (backed by popular demand), bureaucrats, and technical experts. Should any side of this triangular coalition be absent a stalemate is highly probable.<sup>21</sup> The Mission's Policy and Administrative Reform Project can provide support to build up such

a coalition in Haiti. Any assistance provided must be carefully designed so as not to be seen as advancing an American reform agenda for Haiti, but rather as helping Haitian actors decide for themselves what must be done (see Section V below). Essentially, sustained reform will come about only through the domestic political process.

### 3. Effective Human Resource Utilization and Development.

Despite the existing legal framework described above, Haiti's civil service remains particularistic, quixotic, and riddled with favoritism and patronage. In light of this, it is not surprising that remuneration remains as unsystematic and idiosyncratic as in 1981. The job classification scheme and related salary grid envisioned by the 1982 General Statute have been neither developed nor implemented, so the public payroll continues to be a chaotic patchwork. The current pay scales can vary up to 150 percent for the same technical post, depending on the agency in question.

The distribution of salaries is also highly skewed. Figures for 1989 indicate that 75 percent of public employees earn less than US\$300 per month, and 15 percent between US\$300 and US\$500. Thus, the vast bulk of the Haitian civil service is comprised of either minimally-qualified personnel, or technically-qualified staff who are underpaid.<sup>22</sup> Salary issues are a critical area requiring reform. Related human resource issues here are career planning, plus benefits and retirement policies.

In addition, the GOH's human resource skill mix needs attention. As noted above, several of the new government's ministers are interested in shifting their ministries out of direct provision of services and project implementation. This role change calls for different technical and, especially, managerial skills and implies substantial reductions in force. Given that wholesale firings or "mise en disponibilité" are unlikely, the public service faces a significant training and retraining challenge.

### 4. Provision and Utilization of Information for Accountability Purposes.

Key to effective governance is broad-based availability of information and the use of that information, both inside and outside government, to monitor performance and ensure accountability; in short, openness or "transparency". Donor agency and GOH reports have repeatedly cited the government's lack of capacity in data collection, availability, and monitoring and evaluation, at the project, program, and national levels. Statistics in all areas are difficult to come by in Haiti, and are notoriously unreliable.

This is not simply a technical problem. Elites and GOH agencies have abided by the maxim that "information is power," treating operational data, especially financial, as essentially secret. The Aristide government, as part of the "transparence" agenda, has expressed the desire to open up information flows, an important component of which deals with finances in the parastatals. An ambitious program of audits and investigations is planned. However, in terms of a sustained audit and investigatory capacity, Haiti's equivalent to the U.S. General Accounting Office, the "Cours Superieur des Comptes," is

pitifully limited in fulfilling the national audit function. Under discussion among top leadership are possibilities for contracting out this function, though official documents, including the 1987 Constitution, make reference to building up the capacity of the Cours.

## 5. Resource Management.

Effective governance requires some minimum capacity to manage public resources, both on the expenditure and collection sides. This includes such functions as planning, budgeting, taxation, capital market organization, debt management, and so on. Particularly critical for sustainable development and effective democracy is the management of resources to create benefits efficiently and to distribute them equitably. Haiti's capacity for resource management, both past and present, is extremely low. For example, shortages of funds for government supplies and equipment are truly acute. One estimate indicates that, in the 1988 government budget, the provision for operating funds was 64 percent below what was needed, with the budget revised to accommodate foreign aid cuts. In certain line ministries with development functions, the extent of underfunding was actually worse than indicated by the aggregate figure. The Ministry of Agriculture, for example, was underfunded by 90 percent; Public Works by 88 percent, and Education by 80 percent.<sup>23</sup> When non-salary operations and maintenance items are so severely underfunded, the service delivery capacity and efficiency of the civil service is reduced immensely. This problem is well-recognized among the GOH officials the team interviewed.

A balanced budget for the public sector, financed by tax and customs revenues, earnings of public enterprises and concessional aid, is essential for Haiti's future well-being; it is a stated priority among the finance ministry's immediate objectives. The public resource management task has important implications for the GOH administrative reform agenda as well as being integral to macroeconomic policy implementation.

Tax and customs revenue collection suffer from serious weaknesses. These functions have been the target of bilateral and multilateral donor assistance in the past. Progress has been made in legal frameworks, tax and customs code revisions, and training. Collections, monitoring and enforcement have seen less progress; these are key areas for corruption, kickbacks, and skimming. Although Haiti in the aggregate is desperately poor, under-collection, particularly of income and property taxes from the elite, allows a significant portion of national resources to go untapped. Arrears in collection, e.g., for electricity, is a similar brake on revenue collection. Further, the volume of economic activity in contraband also escapes fiscalization. The growth of contraband, not to mention the drug trade (reputedly especially among members of the military), poses a threat to creating the kind of public resource management capability necessary to support democracy, much less to give citizens the confidence that national resources are effectively used for the benefit of the majority.

## **B. GOH Absorptive Capacity for Assistance in Policy and Administrative Reform**

As those familiar with Haiti are well aware, a key problem is the bottleneck posed by the relatively limited absorptive capacity of the GOH to utilize assistance effectively. The present lack of a "pipeline" problem in Haiti reflects the low levels of bilateral assistance provided to the immediate post-Duvalier governments rather than any sort of efficiency in external resource use. There is a real danger as the donor community gears up to offer help to the Aristide government of overloading the country's capacity, with consequent detrimental impacts on progress, waste of scarce resources, increases in corruption, distortions in the economy, and so on.

Regarding policy and administrative reform, the capacity issue is twofold. First, the cadre of capable Haitian personnel to draw upon is limited, over-committed, and likely to be more so in the near future. Second, partly as a function of the first factor, attention to reform risks being dissipated as the small group of competent people is called upon to deal with emerging crises and emergencies. As the preceding analysis demonstrates, the GOH is a long way from fulfilling the functions necessary for sustained economic growth and democracy. Ongoing, persistent attention and commitment will be required to make progress.

## **V. PROJECT APPROACH: THE "MENU" OF CHOICES**

This section presents our suggested approach for the proposed Policy and Administrative Reform Project. The emphasis is on establishing collaborative interactions between the Mission and the GOH, and on building in flexibility to modify and adjust activities over the LOP.

### **A. Project Assumptions**

Intrinsic to the design concept for an A.I.D. project to support the GOH in making key economic and administrative policy changes, is the premise that flexibility and subtlety in approach are of paramount importance. During the design phase, this is true for two reasons. First, after one month in power, the government has not yet outlined more than the most general features of its policy agenda. Second, the government and the public have given the appearance of considerable hesitation about having policy dictated to them from abroad, either through embassies or multilateral donor agencies. If A.I.D.'s proffered support to the GOH is to be useful, used, and to lead to better and more effectively implemented policies, it must be provided in such a way that the government perceives it as being collaborative rather than predetermined. This is a theme reiterated in all our meetings with GOH officials, including the Prime Minister.

A second design assumption is that emphasis on the **process** of policy choice and implementation, rather than exclusively on policy **content**, is critical to policy impact. Put somewhat differently, unless key stakeholders in the policy selection process take sufficient ownership of the policy and manage its implementation strategically, especially where the political and bureaucratic costs are likely to be high, policy definition and choice are essentially irrelevant. As has been described in some detail above, Haiti is a good example of a polity in which policies, including that of administrative reform, have been adopted and enacted into perfectly serviceable laws, but have then remained unimplemented over a series of regimes and administrations.

The third basic assumption is that some of the policies selected by the GOH will be macroeconomic and over-arching, while others will be more clearly sectoral. As is shown in Table 1, the team foresees a matrix in which the broader policies will have recognizable and, to some extent, predictable impact on the sectoral policies selected. Thus, a policy which removed protective tariffs on key agricultural commodities would have predictable impacts on production and investment decisions of small and large scale agriculturalists. These would be supported and/or compensated for by sector-specific policy choices and public-sector programs. To take another example, a decision to implement a system-wide policy of down-sizing ministerial staffs would entail a number of related decisions about the composition, role and span of control of TPTC, and about the role of the private sector in infrastructure development and maintenance. A third likely example concerns deconcentration and decentralization. Government-wide decisions about local revenue generation and the allocation of tax receipts will have significant impacts on the role and provenance of newly-elected councils, territorial collectivities, municipalities, and on the delivery capacity of regional representatives of key technical ministries and their respective budgets.

**Table 1: Matrix of Macro and Sectoral Policy Impacts**

Sectoral Actors	Exchange Rate	Balance of Payments	Decentralization	Revenue Increase (tax & tariff)	Expenditure Control (deficit)	Public Mgmt. & Corruption
Agric.	Hi	Hi	Hi	Hi	Med/Lo	Hi/Med
Health	Lo	Lo	Hi	Med/Lo	Med/Lo	Lo
TPTC	Hi	Hi	Hi	Hi/Med	Hi/Med	Hi
Educ.	Lo	Lo	Hi	Lo	Med/Lo	Lo
Comm.	Hi	Hi	Med	Hi	Med/Lo	Hi
MEF	Hi	Hi	Hi/Med	Hi	Hi	Hi
MOP	Lo	Lo	Med	Med/Lo	Hi	Hi
NGOs	Lo	Lo	Hi	Med/Lo	Hi	Hi
Private	Hi	Hi	Hi/Med	Hi	Med	Hi/Med

Code:

Hi: Immediate, broad impact on sector activities and performance, including sectoral policy shifts.

Med: Mid-term impact on sectoral activities and performance with potential sectoral policy shifts.

Lo: Limited and/or long-term impact on sectoral activities and performance, sectoral policy remains unchanged.

## **B. Nature and Timing of GOH Assistance Requests**

In designing the project, it is useful to assume that the GOH will, in the first instance, make some of the key economic and administrative reform decisions that will have broad effects, while at the same time making some discrete sectoral policy decisions. However, the timing and dovetailing of these decisions is not readily predictable. The government, despite early disclaimers, feels the need to increase the speed with which it undertakes policy selection and enunciation. It has expressed its awareness of the need to articulate its economic policies to multilateral donors as well as bilateral ones. The second A.I.D. Program Assistance Approval Document (PAAD), outlines some of the policy areas to be attended to in exchange for the budgetary support being offered, and outlines a fairly specific timeframe over which this is to be done.

As has been discussed above, even if the members of this government had had more practice at policy formulation and implementation, and were not, instead, faced with breaking in a new constitutionally-mandated government machinery, policy making and implementation would not be simple. Especially in a pluralistic democracy in a time of economic crisis, policy making and implementation are not completely coherent and purposive processes.

In the case of the present GOH, making these crucial policy choices, determining how and when they should be implemented, how much this will cost, from where the resources are to be drawn, and what constitutes impact or success, will take time, acuity, political will, and support from the decentralized and representative structures mandated by the constitution. It will also require support from the main national economic actors, the government's multiple clienteles, interest groups, and the international community, including the donor community.

Based on our interviews with GOH ministers, directors-general, technicians, with private-sector individuals who are attempting to support and influence the policy selection and implementation process -- as well as with other donors -- the following seem to be the most urgent priorities of the GOH for policy and administrative reform support. In parentheses after each policy area, we indicate which government entity and/or interest group expressed interest to us in policy selection and implementation assistance.

- Determining the overall contours of the executive branch and its interfaces with other branches of the government, including the territorial collectivities (Prime Minister);
- Reviewing the possibilities of increasing internal revenues by improving the capacity of revenue collecting GOH entities (DGI and Customs, MEF, PM);
- Reviewing the possibilities for increasing revenues by rationalizing the performance of revenue-generating entities, especially public enterprises -- the

- Flour Mill, the Cement Plant, the Phone Company, the Power Company, the Airport Authority (MEF, PM, TPTC, private sector);
- Revising the organization and improving the functioning of the Ministry of Economy and Finance, including the Budget Office (MEF, sectoral ministries, private sector);
  - Cleaning up ministerial performance, and enhancing ministerial capacity to deliver services, including introduction or improvement of financial and human resources management systems (MOC, TPTC, MSPP, MEN, MARNDR, MEF, PM, MOP);
  - Reforming the Civil Service, including implementing the existing legislation, eliminating obviously corrupt systems and individuals, and improving civil service performance (PM, MOP, MEF, MOC, and all sectoral ministries, plus private sector);
  - Reviewing macroeconomic policies, especially what to do about the exchange rate, tariffs, price supports, import licensing, reform of the banking sector (PM, MEF, MOP, private sector);
  - Deciding how to provide a safety net for civil servants who will be without jobs due to an eventual reduction in force, including within existing public enterprises (PM, MOP, MOC, MEF, sectoral ministries, private sector).

It is anticipated that before the end of March, the GOH will transmit a request for A.I.D. assistance in at least some of these key areas. Such assistance would be provided in advance of authorization of the new Policy and Administrative Reform Project in order to be responsive to the urgency of addressing these issues (see Section VII below). This urgency is composed of economic requirements, including the climate for international and Haitian investment confidence; the need to prepare before June a macro-economic policy agenda for discussion with the key multilateral donors, and the need for the GOH to take some key policy decisions on the basis of updated knowledge of the nature of options and their relative costs and benefits. These decisions, in turn, will trigger management-related decisions and associated actions.

Assistance provided in response to this anticipated request will primarily lie at the policy definition and selection end of the policy reform continuum. Depending on choices made on the basis of this assistance, and the response from the donor and domestic communities, some or all of these choices may actually be implemented. This, in turn, will determine the range of policy implementation areas that can be supported under the proposed new project.

The newly-elected GOH has an enormous challenge to meet in terms of delivering on its mandate to clean up government and fight corruption, implement the changes and actions

called for in the constitution, improve the quality of life of the majority of the people--including lowering the cost of living, creating new jobs for the jobless, improving agricultural production while encouraging new industrial and commercial activity--dealing with the budget deficit, by increasing government revenues and reducing government expenditures, and rationalizing the civil service while at the same time providing a safety net for displaced employees.

As may be seen in Table 2, the relative priority and complexity of particular policies may be assessed in advance. Selecting from the "menu" of choices should involve both the GOH and A.I.D. in a collaborative process of assessment of the both the priority and urgency and of the likelihood of implementation success of each policy selected. Collaboratively, through the technical cooperation process, they should try to achieve a balance in selection of policies that are relatively easy to implement and of those that are harder and more risky.

The further elaboration of selection criteria can be one of the activities to be carried out under the pre-implementation phase outlined in Section VII. Similarly, the development of performance or success criteria for different policy implementation domains or categories can be part of the pre-implementation activities supported with funding from TCT under a buy-in to IPC.

Once it has been authorized, the proposed Policy and Administrative Reform Project should provide the executive branch of the GOH with a variety of types of support to the **policy implementation process**. Rather than determine which policies, and which implementation modalities--including which project support elements--are appropriate at the outset, these will be determined as a function of the choices made from the "menu" as discussed above.

Identification by the GOH of the policy domains in which it wishes A.I.D. support will to a large extent determine the way in which that support can best be provided. For the purposes of this report, the range and types services which currently seem most appropriate are presented as project components in the next section.

## **VI. PROJECT COMPONENTS**

The following proposed project components have been developed by the team on the basis of an assessment of the NPD, interviews with key public- and private-sector actors, and our previous experience with policy and administrative reform in Haiti. Some of them are directly appropriate for inclusion in a potential buy-in to the centrally-funded IPC Project while others are not. While they are illustrative, they also represent our best assessment of what the GOH will want and need over the proposed LOP.

**Table 2: Policy Areas by Priority and Complexity**

Policy Areas	Priority		Complexity
	GOH	Donors	
Exchange Rate	Hi	Hi	Lo
Balance of Payments	Hi	Hi	Lo
Revenue Increase, National	Hi	Hi	Hi
Revenue Increase, External	Hi	Hi	Med
Public Sector Expenditure Control (Deficit Reduction)	Hi	Hi	Hi
Privatization	Med	Hi	Hi
Decentralization	Hi	Med	Hi
Land Reform/Tenure	Med	Med	Hi
Job Creation, Public/Private	Hi	Med/Lo	Hi
Consumer Subsidies	Med	Lo	Lo
Producer Subsidies	Med	Med	Lo
Equitable Income Distribution	Hi/Med	Med/Lo	Hi/Med
Public Enterprise Reform	Hi	Hi	Med
Civil Service Reform	Hi	Hi	Hi
Donor Coordination	Hi	Med/Lo	Hi/Med
Public/Private Collaboration	Med	Med	Med

Code:

Complexity

Hi: Lge #s of actors involved in implementation

Med: Fewer actors involved

Lo: Policy involves few actors

Priority

Hi: Top priority

Med: Secondary priority

Lo: Reduced, and/or longer-term priority

## **A. Diagnostic Studies and Consulting**

There is a considerable published as well as a "grey" literature on governance, administrative reform, and public sector management in Haiti. Over the past decade, A.I.D. has been a major client for studies relevant to these dimensions of the policy and administrative reform process in Haiti, particularly under TCT, the predecessor project, but under other projects and programs as well. Most recently, through assistance to private sector professional organizations, A.I.D. has attempted to support the policy dialogue process during the run-up to the elections, and subsequently, during the transition period before the elected GOH came into office. This has taken the form of funding for policy options papers, roundtables and the like. UNDP, under the NaTCA<sup>2</sup> Project, has conducted a series of seminars on similar topics with the same policy dialogue aim, including issues of administrative reform.

### **1. Quick Diagnostic Updates and Reviews.**

A number of gaps remain to be filled in terms of basic data, explorations of recent experience in public management reform, provision of cost/benefit and feasibility analyses of various reform options, and assessments of capacity for support to the policy implementation process as well as of the existing GOH capacity to absorb such support. For the diagnostic component, in at least some instances, what is required is to update existing databases and analyses, and to write up summaries of past GOH experiences both in macroeconomic policy reform and in administrative reform and improvement of the functioning of key sectoral ministries and services of the GOH. In many of these instances, what is required is "revisits" to topics that were studied in detail up to 1987. For at least some of these, considerable technical assistance was provided, both by A.I.D. and by other donors, and reports abound.

An initial product of these updates, summaries and revisits would be background and options papers presented in a form suitable for briefing busy and sometimes inexperienced decision-makers, summarizing policy options and related implementation actions. Where a variety of options for implementation exists, with significantly different consequences, these would be outlined, and the cost and management requirements and implications specified. Where appropriate, the need for further study, and the outline of terms of reference for follow-on activity would be provided. In such instances (e.g., the tax service, the customs service, the budget department of the MEF), the link between initial diagnosis and the studies, commodity procurement and technical assistance components of the project is already fairly clear.

### **2. Defining the Shape and Functioning of the GOH Within the Constitutional Mandate.**

This is an area that will require more original work and a considerable amount of collaboration with the GOH, under the aegis of a sufficiently authoritative GOH entity (either MOP or the PM's Office). This has to do with the redefinition of the "contours"

of the Executive Branch itself, including any changes in the attributions of particular ministries, hopefully as a function of the general policy stance of the GOH. Allied with this is the yet largely unexamined question of the creation of useful interfaces between the executive and legislative branches of the GOH, especially those which will influence the making and implementation of macroeconomic and sectoral policies (see Section III above).

This effort relates very directly to what might subsequently be done under the project in the area of administrative reform. It also will to a large degree set the stage for decisions about which ministries and which policy domains should be areas for emphasis over the LOP. It is probably best handled through a process consulting mode in which, for example, the Council of Ministers would discuss certain key policy areas drawing on the updated reports prepared under 1) above, and bringing in as required, appropriate sectoral and technical specialists from the various ministries. This effort might be facilitated by a process consultant provided under the pre-implementation phase of the project. If the approach is considered successful, it could be continued under Phase I under the proposed IPC buy-in.

## **B. In-Depth Studies**

The mechanisms for selecting studies and prioritizing them, as well as for contracting for them remain to be determined. It has been posited by some that the funds for the studies component should be managed by the Mission. Others have suggested that there be a fund established outside the Mission but under the project. There seems to be general agreement that there should be competition for contracts or grants to carry out the studies where Haitian firms are concerned, and that they should to the maximum extent possible, involve and thus strengthen, locally-based Haitian research and consulting capacity. One possibility is that the majority of funds for the studies component be included in the buy-in to IPC, which would then work closely with the Mission to define terms of reference, but would be able to subcontract for individual studies with a range of U.S. and Haitian experts.

Among the topics which have been identified during our review of transition documents, PP background documents and in our discussions with GOH and private sector experts, the following appear to be the most important and of the most immediate interest. Obviously, there is some overlap between this list and the list of topics for immediate support given in Section V above.

1. **The Civil Service Pension System:** The Haitian civil service pension system should be revamped, in order to reduce disincentives to early retirements and other forms of attrition, and to create incentives for better civil service performance. This will allow retirement to be used as an instrument of public sector reform, while at the same time, providing some funds which can be responsibly invested.

A feasibility study dealing with reform of the pension system would address such issues as an actuarial analysis of the pension fund as presently constituted, a cohort analysis of the present composition of the civil service, approaches for grandfathering persons presently covered by the old system, means for persons who have additional resources to contribute after leaving the civil service to continue to do so, indexing of pensions to the cost of living (provided for in the constitution), and rights of dependents to pensions of retired or deceased civil servants.

**2. Creating a Safety Net for Former Civil Service Employees:** A number of measures and models have been cited to help to provide a safety net for civil service employees whose services are no longer required. This includes employees of some state enterprises likely to be streamlined. One possible model is a socio-economic fund which could be administered by the Fonds d'Assistance Economique et Sociale (FAES), for former public enterprise employees. This might involve a phased payment regime for those who will be displaced, sufficient to give them some investment capital while, at the same time, tiding them over their first period of unemployment. Another is the model where a team from a division of TPTC, for example, are given investment capital so that, together, they can operate an infrastructure maintenance company (this goes with decentralization). A third approach that has been discussed is to encourage higher level cadres to form private companies that would contract with government agencies, e.g., civil engineers, auditors, computer specialists and the like. A fourth approach would explore ways in which private-sector firms would be encouraged to employ a certain number of ex-civil service employees, especially those from streamlined public enterprises.

This study would present and evaluate various options to creating the "safety net" necessary so long as there is no formal unemployment insurance system; calculate the approximate cost of each option, and the related estimated savings to the government over a determined timeframe resulting from implementation of the option, and make recommendations for implementation modalities.

**3. Individual Financial, Economic and Technical Assessments of Public Enterprises:** In order better to manage existing public enterprises in the short term, and/or to sell them off in the medium term, the GOH must have a realistic assessment of what each of them is worth. These would be real feasibility studies, including the business (profitability) basis of proposals for reform and reorganization. Ideally, each study would be carried out by a team from that particular industry as represented on or off-shore, depending on the enterprise in question. There would be a technical assessment, including where necessary the salvage value of the plant, equipment and inventory, as well as an estimation of the potential market for sale of the enterprise as a viable ongoing concern. A second stage would be a financial/fiscal analysis to determine the probability that the firm/enterprise can be run efficiently either as a public, private or mixed enterprise, and how much it would cost to get it into the shape required to run it profitably. These technical studies would be preceded, where necessary, by financial audits.

**4. Study of Capital Flight and Haitian Investment Potential:** This study would assess, on a sample basis, the investment potential represented by the Haitian diaspora in North America to provide a database for the GOH and the private sector to determine what the parameters are for harnessing that potential for investment in Haiti. To the extent possible, capital flight rates and their proximate causes would be assessed, and relevant means to reduce them proposed. The study would also attempt to assess the willingness of these individuals to invest, and in what kinds of investment opportunities.

**5. Revamping the National Accounts:** The national economic data base in Haiti has significant gaps. Much of the available data are unreliable and/or unexploitable. Access to data is a perennial problem. Databases do, however, exist in a number of ministries, directorates, and in institutes such as the Institut Haitien de Statistiques et d' Information (IHSI). There is an urgent need to establish a baseline so as to be able to gauge the economic performance of the GOH and of the economy as a whole. Key areas of need are trade flows, GDP, the tax base, and the like.

**6. Analyses of Government Fiscal Problems:** There has been competition for some years between various organs of the GOH to control the generation, receipt and expenditure of revenues, as well as the policy which governs revenue generation, allocation and expenditure. As ministries of finance have waxed and waned in strength, so has the DGI, and the budget department of the ministry of planning. As already mentioned, the DGI as well as the customs service have received considerable donor support under past regimes, as have the ministry of finance and the ministry of planning. There are a number of proposals being made for the reform and restructuring the revenue-generating processes of the GOH as well as of the expenditure process. It is not yet clear which ministries and entities will become the most powerful in terms of policy making and implementation in this area under the current government. A series of options papers should be prepared that will provide the government with the basis for decision-making about alternative modes of revenue generation enhancement, policy change and implementation, and monitoring of policy implementation.

**7. Tariffs and Trade Regulation:** Trade policy is one of the key areas identified by the private sector and donors as suitable for revision and reform. A number of proposals have been made, both in the Private Sector White Paper, the FONDIS report, and in the "Economic Group" paper. At the same time, there is considerable interest in restructuring and strengthening of the Customs Service, including its decentralization. A serious review of the various tariff and trade policy options should be undertaken, with implementation recommendations and revenue enhancement and loss scenarios presented for GOH review.

**8. Tax Policy and Tax Collection:** The importance and the history of the DGI as well as the MEF in terms of setting tax policy and improving the tax base and tax collection appear to warrant a separate study or series of studies. The DGI has a project proposal; the approach recommended informally by the MEF and private sector economists is different. A study should be undertaken to weigh these different viewpoints, present

recommendations, and outline the costs and benefits of each option for GOH and donor review.

**9. Internal GOH Auditing Capacity:** The role of the Cours Superieur des Comptes is a key one in improving transparency and public-sector management overall. There are a number of possible models to be followed in strengthening the capacity of this key institution. A study should be carried out that would present options to the GOH, including contracting out the majority of the internal auditing function, building up internal capacity; the periodicity of audits and their relation to budgeting and expenditures; the laws and regulations governing the "decharge" of individual members of the government, including cost estimates that go with the various organizational options.

**10. Reform of the Banking Sector:** The Professional Bankers Association (APB), with some A.I.D. support, has been active in working toward improved self-regulation of the banking industry. There are, however, a number of areas which remain to be improved, including the implications of a change or reform in the functioning of the Central Bank and the rest of the public sector banks vis-a-vis the commercial banks. One area has to do with credit verification and rating. Another has to do with the reserve requirements for public and private sector banks. The MEF, the Cours Superieur des Comptes, and the Central Bank have an interest in the terms of reference for, and the results of, this study, as do the APB and the commercial banks. Related to this area is the question of the feasibility of setting up a bond market so that the GOH could issue bonds in a credible financial market setting.

**11. Social Insurance Systems:** Among agencies that most need review and reform are the two which are supposed to manage workers compensation and pensions. The pension system (under 1 above) is already proposed as a separate subject for study. Here, workers compensation, and the possibilities for providing health insurance coverage to public-sector employees, perhaps through an HMO, would be the major areas for study. Such a study would explore options for private sector provision of insurance services to public sector employees. Assistance for such a study could be obtained through a buy-in to the centrally-funded Health Care Financing Project (ST/H), or the new LAC Health Care Financing Project.

**12. Decentralization and Local Revenue Generation:** French Technical Cooperation (FAC) is already providing some assistance in this key area, apparently directly to the territorial collectivities. UNDP also proposes to be active in the areas of decentralization and local governance. However, as has been mentioned in Sections III and IV above, there is a need for a better understanding on the part of the executive branch of its responsibilities and options in this area. Such a study might include an emphasis on assessing the tax bases and local revenue generation potential of the three largest metropolitan areas, and the relation of that potential to the need and ability of the executive branch to provide services in key areas such as education, health and sanitation, and infrastructure development and maintenance. A similar study could

address these questions in several key rural areas, including some of the traditionally most under-served. Elements of such studies might include an aerial mapping approach so as to determine what the property tax base really is so that property taxes may be enforced, building permit enforcement and other forms of revenue generation and enforcement of existing laws and regulations would be explored. This study might best be carried out under a buy-in to the DFM project (ST/RD), or might be contracted directly to a local Haitian firm.

**13. Stability and Security of Tenure:** The Haitian Constitution calls for the creation of an Institute of Agrarian Reform. Meanwhile, there is a recognized need for an inventory of state-owned lands, and the land use planning implications of state ownership of large under-exploited (or over-exploited) tracts of arable land. This is a highly sensitive topic politically, but one which is central to the ability of the GOH to deliver on its promises to rural dwellers that they will enjoy both justice and participation. This is a key policy area identified by MARNDR. A good deal is being said inside and outside government about setting new standards for land management, and land utilization, e.g., taxing unused agricultural land at a higher rate than land that is under cultivation. There are also a number of points of view about the relation between security of tenure -- and the basis for that security -- versus stability of tenure and resulting investment in productive and sustainable agricultural activities. Concerned Haitian private-sector advisory groups have been recommending actions to increase security of tenure short of titling, but also recommend consideration of review and reform of land registration procedures. The LTC under the ACCESS project could provide assistance in this area, as a follow-on to work done in 1987, when specific study areas were identified.

**14. Public/Private Sector Linkages:** As noted in Section II, the GOH has historically been unable to provide even minimal services to the majority of the population. A number of private/public sector linkages have developed, however, to assist in meeting basic needs, notably in the health and education sectors, and to some extent in agriculture and the public works/infrastructure sectors. Despite its decentralization mandate, the democratically-elected GOH is unlikely to be able to replace private sector service provision in even the medium term. Instead, it is likely to have to rely on private sector service providers in these same sectors, and may choose to streamline the ministerial functions to those of policy making, monitoring and evaluation. Meanwhile, it is likely to wish to have a greater regulatory and norm-setting power over the private sector entities that contract with it to provide services and which follow the "institution mixte" model. To some extent, it may wish to reduce the span of control of umbrella PVOs, or at least to have more of a say in their operations in Haiti. Given these hypotheses, an update of the Options for Service Delivery Through NGO's study of 1987 should be undertaken, but with greater emphasis on the public sector role and its interaction with the private sector entities available than was the case in the earlier study. Such a study would, ideally, have GOH participation as well as private sector participation.

**15. Impact of Fiscal and Administrative Reform on the Socioeconomic Status of Women:** Under the PPC/WID GENESYS Project, A.I.D. could buy in for a 60/40

match to carry out a study of the likely impact on women-headed households of a set of key policy changes being explored under the Policy and Administrative Reform Project. Ideally, where possible and germane, data from each of the studies outlined above would be disaggregated by gender, and the impact on women's socioeconomic participation would be included among other considerations in the discussion of each option proposed. A particular emphasis under the PPC/WID approach to gender analysis includes the impact of structural adjustment and non-project assistance on women. Additional attention is recently being paid to gender and trade policy, as well as gender and private enterprise, including SME. Technical assistance, studies and training services are available under the GENESYS project from TFG, MSI and Ernst and Young, either separately or in combination, depending on the subject and the scope of work.

**16. Decentralization Modalities and Costs:** Decentralization and deconcentration are mandated in the Haitian Constitution. Under PL 480 Title III agreements in the past, a variety of self-help measures were related to the decentralization process, e.g., in agriculture and health (see Morton, 1985). The framework for interaction between the GOH executive branch ministries and the elected bodies is outlined in the constitution, but the mechanisms by which that interaction will be facilitated may not yet be clearly defined or understood. Under the Democracy Enhancement Project, support will be provided to the elected bodies; under this project, public administration options models might be explored from the viewpoint of the line ministries. A study in the area should summarize earlier studies and experience in a form useful to the new members of government, and for each option suggested, provide an estimate of relative costs and benefits. This study would be complementary to, but not the same as, the suggested private/public linkages study recommended above.

**17. Corruption and Information Management:** There is a broad literature on the use and management of information and civil service corruption and reform, as well as some literature particularly relevant to the Haitian case. Previous Haitian administrations have made attempts to combat corruption in the civil service with very little success. There are also models from other country experience. A literature summary, followed by a summary of the experience in particular sectoral areas in the GOH would be useful, as well as an inventory of the mechanisms that are still in place (the NIF, the computerized payroll system, separation of tax "fields" from tax administration functions in the DGI, etc.). A number of these mechanisms have involved computerization, and other improvements in information management, including the development of MIS's for specific ministries or offices. This study might focus on information management, with options and estimates of costs, but it would also assess the broader context in which these mechanisms would be implemented, giving an estimate of the relative merits and costs of systematization across ministries and sectors versus a ministry by ministry approach.

**18. Assessment of the Haitian Consulting Industry:** Consulting capacity is crucial to the type of public sector reform and cost-cutting that has been supported by A.I.D. in Haiti to date, and that will be supported under this project. Various GOH entities have

already indicated their interest in receiving support from individuals and firms. Support to the local consulting industry has been discussed in the past by OPE. A.I.D. is a significant client of management and financial consulting firms in Port-au-Prince, as well as a major client for individual consultant services. As the public sector becomes a more active client, there are a number of issues of capacity that arise, including diversification and quality control, as well as the impact of the exchange premium on price structures and costs to firms and clients; contracting modalities; depth of capacity represented by individuals vs. firms; establishment of appropriate overhead rates; payment of taxes by individuals and firms, and other aspects of self-regulation by the industry. A study exploring these issues would be of value directly to the implementation of this project, and more generally to the GOH, other donors, as well as the industry itself.

### **C. Process Consulting and Facilitation: Implementing Policy Choices**

This component, while at the heart of the project concept, is one of the most difficult to describe in advance of a clear sense of demand. During our visit, almost all ministers interviewed have agreed that it is the implementation of policy and administrative reform changes that constitutes the real challenge, and the management of that process is key to potential success. However, how to do this is not clear, especially to those who have not served in the public sector before, and who know very little about what the attributions of their respective ministries actually are or should be.

To a considerable extent, the results of the diagnostic phase, and the options presented in the studies outlined above, should provide the basis for the GOH and for A.I.D. to select among the broad range of policy implementation tasks with which the government is confronted.

Depending on the selections from the policy "menu" summarized in Tables 1 and 2, IPC and other project elements could support the policy implementation process in three or four key policy domains, working with a central policy-making ministry (MOP, MEF), and two or three sectoral ministries. The implementation process would also involve, at various times and to differing degrees, members of the various GOH clientele affected by the policy in question -- unions, professional associations, legislative and territorial bodies, industrialists and business persons, NGOs, and direct users of public-sector services.

These relevant and concerned government and extra-governmental actors would be engaged in carrying out an evolving set of implementation tasks, including planning, monitoring and evaluation of key elements of the policy implementation process for each domain selected. This would be facilitated through process consultations by IPC and other specialists, using workshops, roundtables, and seminars as the main modalities for support. Working groups, taskforces and other temporary bodies would be convened to define and carry out these ongoing tasks. Wherever possible, the actual implementation of the tasks would devolve to existing governmental and extra-

governmental entities (e.g., units of the MOP, MEF, professional associations, technical committees of NGO consortia, and implementing units in individual sectoral ministries). The working groups and other temporary bodies would have an **oversight function** rather than an **implementing function** in most cases. The creation of new, permanent institutions and entities has been part of the problem of administrative reform in Haiti as elsewhere, as has been discussed in some detail above. Thus, this project would **not** support the creation of new GOH entities that might take on a life of their own with the **possible exception** of an administrative reform taskforce.

#### **D. Short-Term Training**

In the design of this project, the distinction between the modalities to be used under the policy implementation facilitation component just described, and under the training component, is purposely blurred. Workshops, seminars, short-term training, roundtables and media presentations are all appropriate modes at various stages of the policy implementation process. There are some "hard" or "technical" areas in which we already know that the GOH would like training support, such as accounting and management information systems. However, once again, the line between training and technical assistance is also not always a clear one, even for these areas.

##### **1. Study Tours.**

Within the development community, study tours are sometimes regarded with considerable suspicion since they can operate more as payoffs than as learning experiences unless they are carefully designed. In this instance, however, a certain number of study tours for key GOH officials (ministers, directors general, and some technicians) might be of genuine value. This would allow them to see how other similar institutions operate, what the available models are, and to discuss advantages and disadvantages of various approaches with counterparts in other countries.

It should be noted here that the Aristide government has stressed, in its first general policy declarations, its desire to cooperate on a South-South basis, and to profit from the experiences of other developing countries. Study tours to a selected number of third countries as well as to the U.S. could be substantively useful as well as demonstrating to the new GOH that the USG, through A.I.D., is supportive of its stated policy position on the matter of models.

##### **2. Short Courses.**

Various members of the GOH as well as members of the private sector have identified areas in which short-term training, or specific short courses, would be desirable. To date, most of these have involved financial management, computerization of financial management and management information systems, and human resources management. There is considerable capacity in Haiti to develop and run such courses, some of which

already exist. Here we note particularly the CEFOPAFOP, CTPEA, and CMP, and some accounting and consulting firms (e.g., Merove-Pierre, Roy et Associes). The capacity of these entities to meet the increased demand that will be generated by the Democracy Enhancement Project, other A.I.D.-funded activities, and other-donor activities, will need to be assessed in more detail as the project is implemented.

### 3. Roundtables.

There are a number of professional associations and sector interest group associations already conducting programs of roundtable discussions in Haiti. Among these are ADIH, (and its associated foundation, FONDIS), APA, the Chamber of Commerce, the Chambre Franco-Haitien, APB, and the Centre Petion-Bolivar. Additional roundtable discussion programs could be designed under this project to be run and facilitated by these existing groups, or else through other fora. If funds permit, some of these discussion series could be recorded on audio and video tape and then aired on the mass media. This would provide an excellent opportunity for the GOH to demonstrate to the public and to specific target audiences the steps it is taking in administrative and policy reform, and the decision-making background to those implementation steps.

## **E. Short-Term Technical Assistance**

Short-term TA is a project input that cuts across all the project components outlined here. Based on our interviews and meetings with ministries, the demand for short-term TA is likely to be immediate, enduring, and great. Changes in the nature, and level of demand for short-term TA might constitute one of the indicators of project implementation success, and could be incorporated in the proposed project MIS.

In Section VII below, we discuss in more detail the possible existing mechanisms under which variety of short-term consulting services can be provided under this project. We also propose possible mechanisms that would have to be put in place to support the TA so as to minimize the management burden on the Mission.

## **F. Long-Term Technical Assistance**

It is not yet clear to what extent long-term technical assistance -- as opposed to iterative visits from short-term technical assistance teams -- will be required under the proposed project. In the tax and customs areas, there has been considerable interest expressed in a renewal of the long-term TA provided by DAI under the TCT project, as well as TA provided by CIDA.<sup>24</sup>

Under the UNDP's NaTCAP Project, there is a schema under which all long-term technical assistance to the GOH is to be coordinated by the Ministry of Planning, to rationalize costs and improve GOH management of TA services. The objectives of this

project are laudable and should be supported. However, A.I.D. may wish to work closely with the MOP and with NaTCAP to make sure that any long-term TA provided under this and other projects will not be subjected to an excess of oversight by the MOP.

Another area for discussion with the MOP, especially the External Cooperation Directorate, is the matter of allocation of local currency counterpart funds as a function of any short and long-term TA to be provided under this and other projects. If the MOP retains control over the development budget and its monitoring function over project budgets, the allocation and management of counterpart funds will continue to be a MOP function. In this case, the proposals recently made for streamlining the approval and dispersal procedures for local currency funds controlled by the PL 480 Bureau de Gestion should also be extended to A.I.D.-GOH bilateral project counterpart funds.

### **G. Commodities**

It is not anticipated by the team, in view of the NPD as well as of discussions with the GOH, that demand for commodities under this project will be disproportionate as compared to the other project components. The main area for commodities will most probably be computer hardware and software, and associated training and maintenance contracts. However, estimates already in hand easily cover \$500,000 of computer equipment and services, if we take into consideration the possibility of standardizing and computerizing the accounting and/or personnel management systems of all of the technical ministries with which A.I.D. is likely to collaborate under this project.

## **VI. IMPLEMENTATION MECHANISMS**

A project which provides a variety of short-term assistance, including diagnostic visits, studies, workshops and roundtables, as well as longer-term technical assistance, and commodities, can generate a considerable management burden. There are several ways to minimize the management burden to the Mission. Two of these are suggested here, in terms of a pre-implementation phase, and then the first phase of the project itself.

### **A. Pre-Implementation**

For this phase, which is designed to provide immediate, short-term and clearly-defined TA to the GOH, the most efficient mechanism is a buy-in to the Implementing Policy Change Project (IPC) managed by ST/RD and implemented by a consortium led by MSI. While not serving as a "body shop" or an IQC, this centrally-funded contract is designed to allow Missions to buy in for a broad range of services in support of the policy implementation process. As a requirement of the core IPC contract, baseline data must be gathered so that impact of long-term support under a buy-in may eventually be determined toward the end of the LOP. Thus, a pre-implementation buy-in to IPC

provides the speed, ease of procurement and flexibility desired by the Mission and the GOH, as well as meeting the criteria and safeguarding the integrity of the ST/RD IPC project.

Based on the discussions which have taken place during the March 1991 IPC consultancy, a number of key areas for immediate policy background document updating have been surfaced by the GOH. This proposed pre-implementation buy-in would use funds that have been reserved under the TCT Project to meet this urgent request from the GOH. Specific activities would include:

- Policy background updates in approximately five key areas: what is already known, what has been the implementation experience to date, what are the options to be pursued immediately and in the short- to medium-term; what are the TA requirements associated with these options. What are the bridging requirements to keep the process going?

Consultants brought in during this pre-implementation phase would generate options papers and terms of reference for more in-depth studies or areas for workshops and process consultations -- and in some instances specific short-term TA assignments and commodity needs assessments to be carried out under the start-up phase of the Project itself.

## **B. Implementation Phase**

Here, the key assumption is that the PP and ProAg for this Project are ready and signed by June, 1991.

### **1. IPC Buy-In.**

To provide for continuity, a more substantial buy-in would be made by the USAID to IPC for a set of services defined as a function of the information and recommendations presented by the consultants brought in during the pre-implementation phase; of the evolving general policy of the GOH; of emerging intelligence about the relative power of different ministries and their new attributions, and of the evolution of the rest of the Mission's project portfolio, particularly the Democracy Enhancement Project. The definition of these services would also need to fit within the agenda of the parent ST/RD project (summarized in Annex 3).

As a **pre-competed** contract, IPC can readily provide, under its requirements contract, the services of the majority of consulting firms, non-profit institutes and universities that would normally compete for a contract in the policy and administrative reform area. The intention behind the project is precisely to provide this range and depth of resources to field missions.

The major buy-in, then, might have the following components:

- Economic and administrative reform policy implementation studies (between 6 and 10);
- A program of workshops, roundtables and seminars with the three key "economic ministries" and three or four key sectoral ministries; probably the TPTC, MARNDR, MEN, and MSPP. These would be focussed on the **strategic management** of the policy implementation process, including the appropriate civil service reform aspects in each case.
- Some specific short-term TA in addition to the workshops and process consulting program for specific **training** activities which would probably be inter-ministerial and would also include members of the clientele for the GOH policies being discussed or elaborated.
- Additional specific short-term TA for particular services to key ministries, e.g., for setting up accounting systems, other MIS development, including computerization for appropriate policy monitoring functions, and to develop terms of reference for long-term TA assignments.
- Possibly one long-term TA position to support the policy implementation process, e.g., in the planning or finance ministries, or attached to the Prime Minister's Office. This becomes most salient if the GOH decides to undertake a centralized, high-visibility, system-wide administrative reform.
- Knowledge-building and lessons learned regarding implementation-sensitive policy design, policy implementation, and strategic approaches to policy management.

In order to fit the goal and purpose of the ST/RD IPC Project, and to best serve the interests of the Mission and the GOH, the IPC buy-in would be a multi-year contract to provide the types of services enumerated above. This would provide for continuity of management within the IPC consortium, as well as on-going access to different types of technical support and monitoring and evaluation skills as the flexible Mission Project develops and evolves. The IPC buy-in would, in a sense, provide for the core coordination of the Project, in collaboration with PPS.

## 2. Logistics Support Contract.

To accommodate the number of consultants, both local and U.S.-based, who would be brought in under the IPC buy-in and under other mechanisms under this Project (purchase orders, IQC workorders, etc, see below), a logistics support contract might be let to a local Haitian firm. This firm would provide office space, secretarial support, computer facilities, communications, (phone and fax), as well as assistance in identifying

local consulting expertise which might then be contracted for separately or through the parent contract. This logistics support contract would be let on a competitive basis, and would be payable primarily in Gourdes, with some dollar component if necessary for U.S.-sourced items. The costs of such a contract could largely be funded by local currency generations from PL 480 or from the second PAAD, and would be additional to the budget outlined in the NPD. It has been suggested that locating project "staff" and activities outside the USAID will make access to government easier, and will also reduce potential sensitivity about the USG source of policy assistance.

### 3. Other Procurement Mechanisms.

There are a number of types of goods and services that will be provided under this Project which do not necessarily best fit the modes described above. Included among these are:

- commodity procurement, including computers;
- locally-available services for specific analyses, evaluations, studies, or training courses which may be better provided by local Haitian firms or other persons resident in Haiti.
- audits to be provided by local affiliates of the "Big Six" firms, perhaps with their U.S.-based partners.
- short and/or long-term TA that may most easily be provided through buy-ins to other centrally-funded projects such as ACCESS, AMIS, DFM, APAP, GENESYS, and HCF.
- short-term TA most easily provided through existing IQC mechanisms, including for Project mid-term and final evaluation.

As the Mission is aware, there are a variety of procurement mechanisms available for these types of goods and services. To consolidate the management burden, buy-ins to other centrally-funded projects or utilization of existing IQCs could, in some cases, include the provision of the requisite commodities, e.g., computers for a government entity where there will be long-term technical assistance, here, however, there would have to be a determination as to whether the entity in question was a certified procurement services agent for A.I.D.

One of the services that might be provided by IPC under its buy-in might be the creation of a Project MIS for Mission management, which would help to organize and harmonize the various services envisaged and the timing and modality for their procurement. Alternatively, one of the members of the IPC consortium could do this under a separate IQC work order if this should appear more appropriate.

The key design issue is to make sure that the flexibility required for deft project implementation is supported by a project management capacity that can access the appropriate services for appropriate phases.

## ENDNOTES

1. For a general overview see Fauriol (1990); see also Rouzier (1989).
2. For an excellent overview of the Duvalier era, see Ferguson (1987).
3. Rotberg (1988).
4. See Garcia-Zamor (1986).
5. Weinstein and Segal (1974).
6. See Brinkerhoff and Goldsmith (1988, 1987), and Brinkerhoff et al (1981).
7. These laws are: (1) the "Law Governing the Uniformization of the Public Sector's Structures, Norms, Procedures, and General Principles;" (2) the "Law Governing the General Statute of the Public Service;" and (3) the "Law of Regionalization and Decentralization."
8. See Brinkerhoff et al (1981) and Brinkerhoff and Goldsmith (1987, 1988).
9. See the administrative reform typology in Brinkerhoff and Goldsmith (1988).
10. See the case studies of donor-funded projects discussed in Brinkerhoff and Garcia-Zamor (1986).
11. See for example the analysis of the World Bank's ODN project in Brinkerhoff (1988).
12. See the final reports of the tax and customs, and "Direction d'Evaluation et Contrôle" technical assistance (Buck and Ansay 1987, Brinkerhoff 1987).
13. See the USAID study on the private provision of public services (Morton et al 1988).
14. Unofficial English translation, supplied by USAID.
15. See "La Nouvelliste", March 14, 1991.
16. See Walker (1990).
17. Diamond, Lipset, and Linz (1987: 8).
18. From USAID (1989).
19. Hambergren (1983).

20. See Klitgaard (1988) for helpful suggestions on dealing with corruption.
21. Hammergren (1983).
22. These data are from Delatour (1990).
23. These figures are from World Bank (1988).
24. See Buck and Ansay (1987).

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## ANNEX 1

### STATEMENT OF WORK HAITI GOVERNMENTAL CHANGE AND REFORM ASSESSMENT

1. Objective: The team will prepare a report which assesses priorities and provides recommendations to help USAID/Haiti develop a strategy for collaborative work with the GOH on the content and process of governmental change and reform. The report will include the topics included in the description of detailed tasks. It is anticipated that the report will serve, inter alia, as the institutional analysis portion of the project paper for the FY 91 policy project.

2. Detailed Tasks:

A. The team will update Dr. Brinkerhoff's previous work on administrative reform in Haiti and aspects of Dr. Morton's previous work which bear on constraints to policy and administrative reform in Haiti. This will be accomplished by interviewing significant actors and stakeholders inside and outside the government (including USAID/Haiti and other donors) to gain an understanding of factors important to governmental change and reform and AID's support to it, including:

-The locus and level of interest in new governmental policies which contribute to sustained, equitable economic growth and development (including the role, operations and efficiency of the public sector and the civil service, and economic policy reforms) and differing interest and commitment between/among different types of policy changes;

-The climate outside of government to support policy changes;

-The ability of organizations key to specific kinds of reform to develop direction and consensus on new policies and to implement them;

-Leadership and commitment for initiating and sustaining needed change.

B. Based on the updated analysis, the team will identify strategies which the GOH might consider for choosing new policy initiatives and for planning their implementation, including strengthening the capacity for strategic management of key governmental units.

C. The team will identify policies on which USAID and the GOH might collaborate and strategies which A.I.D. might pursue for supporting the GOH on these changes. The team will analyze these options.

D. The team will make recommendations to USAID on a Mission strategy to support GOH policy change based on the above analyses and will address factors the Mission

should consider and components the Mission might include in its planned FY 91 Policy and Administrative Reform project.

3. Timing and Team Composition: The team will be composed of one development management specialist and one anthropologist with development management experience. The level of effort is approximately three six-day weeks for the team (see budget attached). Team is requested in Haiti the last week of February or as soon as possible thereafter. Period of performance is February 20-June 30, 1991.

## ANNEX 2

### LIST OF PERSONS CONTACTED

#### Government of Haiti

Mr. Rene Preval, Prime Minister

Mr. Smarck Michel, Minister of Commerce

Dr. Daniel Henrys, Minister of Public Health and Population

Ms. Marie-Michele Rey, Minister of Economy and Finance

Mr. Leslie Voltaire, Minister of Education, Youth and Sports

Mr. Frantz Verella, Minister of Public Works, Transportation and Communications

Mr. Francois Severin, Minister of Agriculture, Natural Resources and Rural Development

Mr. Pierre-Richard Quittere, MOC

Mr. Antoine Ambroise, MOP

Mr. Raymond Valcin, MOP

Ms. Joyeuse Dagobert, MOP/DEC

Ms. Magy Belin, MOP/DPP

Mr. Roger Francois, MOP/DEC

Mr. Edouard Excellent, MOP/DEC

Mr. Max Macomm, MOP/DCE

Mr. Georges Werleigh, MEF

Ms. Monique Pierre-Antoine, MEF

Mr. Franck Helmcke, MEF

Mr. Georges Henry, MEF

Mr. Franck Lanoix, MEF

Dr. Elie Nicholas, MSPP

Mr. Patrick Elie, FM's Office

Mr. Weiner Fort, PL 480 Management Office (MOP)

Mr. Jean Luc Desinor, PL 480 Management Office (MOP)

Mr. Andre Lemerrier Georges, DGI

Mr. Claude Grand-Pierre, Customs Service

Mr. Wilfrid Bien-Aime, CEFOPAFOP

Mr. Remy Montas, CTPEA

Private Sector

F. Carl Braun, Capital Consult

Reynold Bonnefil, Haytian Tractor

Bertrand Roy, APA

Leslie Goutier, APA

Leslie Delatour, Consultant

Prof. Vely Leroy, Consultant

Pierre-Marie Boisson, Association Pofessionnelle des Banques

Andre Joseph, Confederation des Enseignants d'Haiti (CDEH)

Ann Hauge, Agri-Supply

Raymond Lafontant, Jr., Association des Industries d'Haiti (ADIH)

Mireille Merove-Pierre, Merove-Pierre Cabinet d'Experts Comptables

Raoul Merove-Pierre, Dupuy et Merove-Pierre Assurances

Bernard Roy, Roy et Associes, Management Consultants

Charles Clermont, SOGEBEL

Giovanni Caprio, Consultant

Charles-Auguste Gardere, Gardere et Noailles Accountants

Donors

Philippe Rouzier, UNDP

Emmanuel Njomo, The World Bank

Ewald Goetz, The World Bank

Robert Simsolo, The World Bank

Don Kessler, American Institute for Free Labor Development, Haiti

Jesse A. Friedman, American institute for Free Labor Development, Washington, D.C.

Jean-Michel Redon, Mission de Cooperation et d'Action Culturelle, French Embassy

Jean Ollivier, French Tech. Coop., CEFAPOFAP

Graciela Cintora-Rubin, IDB

Jan Hurwitch, IICA

Wilner Dessources, FAES (Former Minister of Civil Service)

Georges Belin, FAES

USAID/Haiti

David Cohen, Director

Franz Herder, Deputy Director

Lance Downing, PPS

Rosalie Fanale, PPS

Gabriel Verret, PPS/Mission Economist

Martial Bailey, PPS/Title III

Francois Dugue, Computer Services

Don Smith, OPE

Morgan Gilbert, OPE

John Horton, OPE

Larry Harms, ADO

Michelet Fontaine, ADO

Karen Poe, Human Resources Office

David Eckerson, HRO

John Burdick, HRO

Shelagh O'Rourke, HRO

Anne Nesterczuk, HRO

Mary Ann Cusack

Igor Nesterczuk, Controller

Pam White, Executive Officer

Laura McPherson, Consultant

Phil O'Rourke, WASH Project

Steve Liapis, Consultant