

POLICY

BRIEF

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Policy Lessons from Natural Resources Projects in Haiti: A Framework for Reform

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Haiti is currently undergoing its largest economic crisis and political opportunity of this century. We present this brief, and the accompanying working paper,¹ in the hope that policymakers will be able to make the reforms necessary for Haiti's development. We hope this brief can help point the way for discussions about that reform.

Rural poverty exists and has increased because of longstanding political, economic, and cultural divisions. The divisions occur among the poor rural majority, the small middle class, and the merchant and military elite.

Reversing poverty and degradation requires policy reform and better use of donor funds.

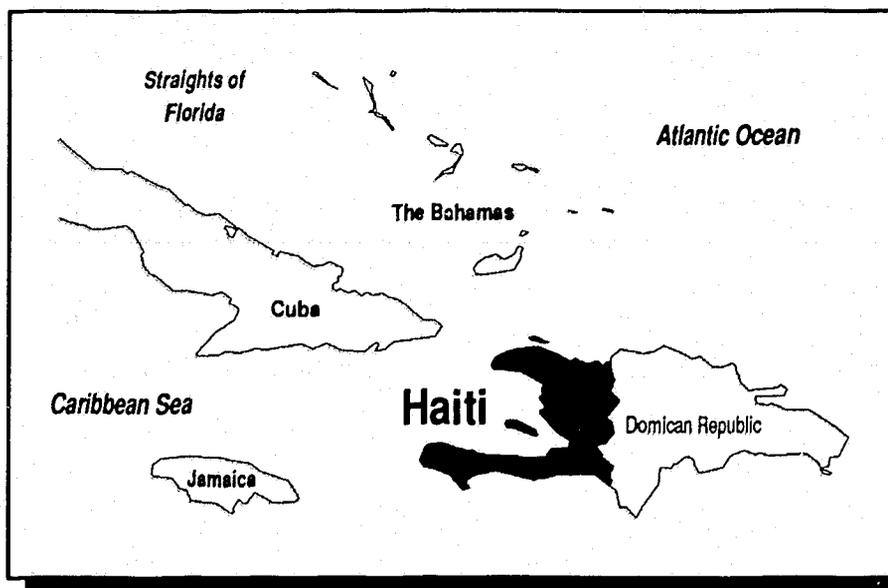
Taxes on rural production, coupled with a lack of government investments in public services and rural areas,

reinforce the divisions. Indirectly, they lead to deforestation, land degradation, and poverty.

More direct causes of poverty and degradation are the pervasive insecurity facing Haiti's people and deficit in production resources (land and capital). Another cause is the limited opportunity for expansion of off-farm employment that would reduce pressure on the land.

Because they were seen as a political threat, past governments repressed local organizations that form the basis for democratic development.

Reversing the trend of land degradation and poverty in Haiti will be a slow and difficult process. It will require substantial policy reform, administrative reorganization, and more effective use of donor funds.



Key Lessons From Experience

Seven general conclusions emerge from recent assessments of the impacts of natural resource projects and policies in Haiti.

1. The government has enacted hundreds of well-stated laws and regulations to protect the environment and rural productivity. However, they are ineffective and regularly used as income sources and instruments of coercion by rural government officials.² To be effective, officials must have the incentive to obey and promote the law.
2. Projects to reforest Haiti and treat degraded watersheds have had limited and unsustainable impacts. Innovative, farmer-oriented, soil conservation and agroforestry efforts to boost agricultural productivity are more successful.
3. Most successful projects use local land-use technology. They couple natural resource activities with programs of basic concern: credit, micro-enterprise, and animal husbandry. The most efficient projects have used local groups to develop and diffuse new innovations.
4. Experience shows that people will cooperate to treat common environmental problems if given support for their local institutions. Cooperation strongly correlates with membership in rural organizations. This evidence strongly supports addressing "public" environmental problems by strengthening local groups.
5. Multi- and bilateral donor-sponsored projects have poor records except in limited cases of long-term funding commitments to nongovernmental organizations (NGOs) and training centers. Multilateral-sponsored project shortcomings often come from confusion about objectives and multiple agenda.

Projects also suffer from a lack of concern about sustaining benefits after the project ends. Usually

donors have not encouraged authentic collective action. Nor have they used methods that encourage new innovations for agriculture, environment, and natural resources.

6. Though not a panacea for rural revival, soil conservation and forestry projects sponsored by NGOs have been the most effective and innovative.
7. But even good projects have not been able to offset bad sectoral policies and repressive politics. Haiti has not achieved rural development, despite large aid grants and adoption of specific techniques. The government needs major institutional reform. And donors must help devise new development approaches before Haiti can reverse its degradation and poverty.

Prerequisites for Action: Policy and Institutional Reform

Successful local action alone is not enough for rural revival. Sustained and extensive development will require the reform of national policies and bureaucracies as well as strong local action.

Development will require strong local action and national policy reform.

To operate efficiently, Haiti should establish a positive policy framework and encourage local action. It also should provide support for financial activities that local groups cannot support by themselves.

Before additional resources can be productive in rural areas, Haiti needs the following three basic policy and institutional reforms.

Reform the legal framework that governs rural Haiti. A reformed legal framework and administrative system is the first and most important step towards rural revival. It should:

- guarantee freedom of assembly,
- guarantee due process of law,
- enable collective action to address public problems, and
- facilitate technical and institutional innovation.³

The first step should be legal reform.

Substantial reforms in rural administrative systems also are necessary for effective changes. These include reforming rural administration to reduce graft, corruption, and extortion.

The government should review and revise the rural code (regulations pertaining to rural areas) and the tax codes. This would encourage farmers to adopt appropriate and promising land use practices. It would also help form and strengthen local groups and enterprises.



Tax and regulatory reforms to improve farm productivity include:

- rescinding regulations requiring government approval of tree harvest and creating new legislation assuring owners full harvest rights over private trees,
- eliminating taxes on tree harvest and wood product transport to reduce graft and tax bias against tree production,
- reducing or eliminating market taxes for agricultural products, and/or
- providing tax credits to people who adopt conservation practices.⁴

The government and its donors must deal with the real dilemmas of rural Haiti.

Reform the Ministry of Agriculture, Natural Resources, and Rural Development (MARNDR) to serve small farmers, encourage rural enterprises, and cooperate with NGOs. Haiti must reform the Ministry with new national policies. The Ministry must be able to deal more effectively with the real dilemmas of rural Haiti and the capabilities of different development organizations.⁵ Thus:

- Ministry focus should shift from promoting capital-intensive annual row-crops and commercial timber forestry to low-input, integrated farming systems and rural enterprise development.
- The Ministry needs to reorganize to provide a permanent professional presence in rural Communes. This will help it manage public subsidized programs and represent local

needs to national planners and administrators.

It must give responsibility to local officials and ensure that they are accountable to the community. It must evaluate and reform the national extension system.

- The Ministry must develop its capacity to plan, evaluate, and coordinate development activities. It must also establish positive relations with NGOs and transfer most implementation responsibilities and resources to local NGOs.

Devise and encourage new institutions to implement foreign aid and strengthen NGOs. These could include endowed development foundations, coalitions of intermediary organizations, and networks of local member organizations. We envision the following organizational roles:

- Multilaterals would strengthen government capacity to plan, monitor, and coordinate development programs. They would also encourage it to expand NGO activity and effectiveness.
- Bilaterals would focus on direct support for new intermediary NGOs. They would fund long-term programs and monitor and adopt programs to assure sustained impacts.
- International NGOs would focus on strengthening the ability of local NGOs to carry out activities. They would avoid directly implementing public works projects to prevent compromising the ability of international NGOs to strengthen local groups.
- The principal role of local NGOs would be to (a) strengthen community groups; (b) enhance community access to training, credit, and technical assistance; and (c) develop inter-organizational linkages to improve representation in program and policy development.

Actions and Policies for Sustainable Rural Development

Once the macropolicy and institutional reforms are in place, policymakers need to take action in four main areas. These policy and program actions will help rural areas achieve sustainable increases in income, reduced unemployment, and increased health and security.

Policymakers need to:

- improve basic and essential social and physical infrastructure in rural areas,
- strengthen local groups to manage rural development,
- support development of rural microenterprises for off-farm employment, and
- increase farmer social and economic security through legal means and productivity enhancement.

All four actions are essential to increase overall economic productivity and welfare of rural Haiti. The four have certain elements in common. All face constraints related to lack of adequate knowledge, resources, and local incentive to invest in sustainable improvements. Let us look briefly at each of the four areas of action and policy in terms of the three constraints.

Labor-intensive projects can rebuild rural areas and reduce unemployment.

Improve basic and essential social and physical infrastructure. Haiti needs labor intensive projects to rebuild rural physical infrastructure and address rural unemployment. Projects should include improving and maintaining roads and trails, using soil conservation

Box 1. Policies to Improve Basic Social and Physical Infrastructure

To increase knowledge:

- Establish a schooling and training network that is realistic for rural mobility.
- Establish a public dialogue to identify rural infrastructure priorities.

To increase resources:

- Encourage development of local infrastructure particularly when policymakers can define private benefits.
- Subsidize infrastructure projects where they are clearly public goods or where local communities do not have the resources.
- Define the roles of multi- and bilateral external aid in funding infrastructure projects.
- Provide resources via local NGOs as coordinated by local government officials.

To increase incentive:

- Where possible, encourage labor-intensive infrastructure projects that provide local employment.
- Provide initial subsidies for essential infrastructure when local people are not sufficiently motivated to invest.
- Develop clear rules regarding infrastructure use and encourage local "ownership" to maintain projects beyond initial investment and construction.

measures in public ravines, and improving local market facilities and access.

Other urgent needs include developing public transportation and communication systems, providing basic schooling and training facilities, and developing a research and extension system (box 1).

Community groups are the foundation for development activities.

Strengthen local groups to manage rural development activities. Community groups are the foundation for rural development activities. Haitian democracy and development depend on these groups to identify and address public problems and to articulate concerns and demand state responsibility.

Strengthening local groups should be a primary policy objective of government and external aid. In addition, policymakers should place special emphasis on encouraging women-only groups. They are key to food security and are highly productive when given access to training and capital (box 2).

Rural development requires off-farm employment.

Help develop rural microenterprises that can expand off-farm employment. Ultimately, rural development requires significant amounts of productive off-farm employment. This will decrease the pressure on land and increase reinvestment funds for infrastructure and public works.

Box 2. Policies to Strengthen Local Groups to Manage Rural Development Activities

To increase knowledge:

- Provide extension and training for local groups, not only for technical matters, but also for management skills, legal rights, investment, and other organizational skills.
- Simplify and clarify regulations related to local organizations and their status.
- Encourage information networks and establish regional information clearing houses for donor and government support, including funding and technical information.



To increase resources:

- Establish credit programs for local organizations.
- Establish special, sometimes subsidized, credit programs for targeted stakeholders such as women's groups.

To increase incentive:

- Establish explicit government declarations that rural popular organizations are positive and fundamental groups in national development.
- Establish rights and publicize and enforce them.

Box 3. Policies to Support Rural Microenterprises for Off-farm Employment

To increase knowledge:

- Provide technical support to prospective entrepreneurs.
- Provide marketing information for sale of outputs and purchase of inputs.
- Conduct research on promising products, markets, and transformation technologies to support microenterprise development.
- Provide managerial training.

To increase resources:

- Provide credit, and possibly equity, for startup and working capital.
- Provide labor training.
- Provide access to secure sources of purchased inputs.

To increase incentive:

- Provide subsidized credit. Make sure that payback periods are long enough to provide incentive for start-up.
- Provide insurance or other means to help share the risk of start-up enterprises.
- Establish clear legal basis for microenterprises.



As labor shifts from agriculture to manufacturing, farmers will consolidate farms to increase agricultural productivity. Since Haiti has good conditions for arboriculture, attempts to spur micro-enterprise might focus on tree-based enterprises, such as fruit and wood-based fuel production (box 3).

Increase rural social and economic security through laws and improved productivity.

There is an urgent need to:

- diminish the overall climate of fear and extortion by government officials,
- strengthen local organizations,
- improve farm productivity,⁶ and
- reform land tenure policies (box 4).



Policy Implications

Throughout the 1970s and 1980s, Haiti and its donors have promoted an urban/manufacturing model of national development. They have used most funding to subsidize public projects in urban areas. In natural resource projects, they have often responded to the symptoms of degradation rather than the underlying causes.

Haiti needs to reform institutions, policies, and aid implementation.

Box 4. Policies Needed to Reduce Rural Social and Economic Insecurity

To increase knowledge:

- Inform rural people of their rights under policy reforms discussed earlier.
- Provide training so farmers understand land laws and their rights under them.
- Provide training in dispute resolution so that rural groups can mediate land conflicts.
- Where needed, subsidize tax record surveys to establish land tenure so farmers and the public know their property boundaries.
- Establish standard contract forms that explicitly state land agreements.

To increase resources:

- Provide government-paid arbitration of land title disputes and other legal matters.
- Provide subsidies for productivity-enhancing investments and investments that increase agricultural sustainability.
- Subsidize crop storage facilities, establish live fencing (especially around home gardens), and disseminate important seeds.

To increase incentive:

- Subsidize fencing of properties (after establishing tenure rights) to avoid the problems of stray animals and other encroachment.
- Inform local people of their rights under policy reforms and existing laws.
- Inform people of their fiscal responsibilities such as taxes and available subsidies.

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Because of the current rural crisis and the weakness of previous investments in rural areas, Haiti needs substantial and carefully-crafted efforts to reverse the downward spiral of poverty and misery. Policymakers can succeed only if they thoroughly reform national policy and institutions and the way in which they implement external aid.

Notes

1. This policy brief is a synopsis of EPAT/MUCIA Working Paper 17, *Policy Lessons from History and Natural Resource Projects in Rural Haiti*, by T. Anderson White (1994). That Working Paper is, in turn, a synthesis of seven other papers by White and co-authors on natural resources in Haiti. White has been working with Haitian development issues for the past 10 years. For copies of Working Paper 17 contact the EPAT/MUCIA Communications Director.

2. Alexis, J. E., and J. C. Janvier. 1991. *Etude preliminaire de la politique Haitienne en matiere d'environnement*. Cahier du GERPE No. 91-04. Quebec, Canada: University Larval.

3. See for example, Ostrom V., D. Feeny, and H. Pict. 1993. *Rethinking Institutional Analysis and Development: Issues, Alternatives, and Choices*. San Francisco: Institute for Contemporary Studies Press.

4. Land use policy assessment and reform began under the World Bank-sponsored forestry project, suspended because of the political turbulence in 1991. The government should reassess and continue that work.

5. The government assigned a committee in 1991 to assess MARNDR and recommend a new structure more responsive to rural needs. Thwarted by the 1991 *coup d'etat*, the government should reconsider and continue this work.

6. Technical details on needed productivity-enhancing investments are discussed in EPAT/MUCIA Working Paper 17 by T. Anderson White (1994) mentioned in note 1.