



Local Governance Decentralization Assessment in Haiti

Sustainable Urban Management (SUM) IQC—Quick Response Task Order

Prepared by:

Sigifredo Ramirez
Andre Lafontant
Michael Enders

LAG-I-01-99-00007-00
(CLIN 00002BA)

FINAL
July 2006



Abt Associates Inc.
Cambridge, MA
Lexington, MA
Hadley, MA
Bethesda, MD
Washington, DC
Chicago, IL
Cairo, Egypt
Johannesburg, South Africa

Prepared for
United States Agency for International Development
Haiti Mission
Department of State
Washington, DC 20521-2050

Table of Contents

Acronyms.....	3
Executive summary	4
A. Overview.....	4
B. Assessment findings.....	4
C. Lessons learned	5
D. New opportunities	5
E. Program components	5
I. Introduction	7
A. Assessment’s purpose	7
B. Team and methodology.....	7
II. The decentralization framework and situation in Haiti.....	8
A. The decentralization framework	8
B. Decentralization: The existing situation	8
A. USAID’s decentralization efforts	19
B. Lessons learned from USAID’s experience	19
C. Other donors and institutions active in local development	20
IV. The local government in Haiti: Opportunities	23
A. Local development policy reform.....	23
B. Legislation.....	23
C. Perspectives for decentralization in the new legal framework	25
D. Capacity building	26
V. Dealing with uncertainty: Ways forward	27
A. Technical support to the national government.....	27
B. Support for the deconcentration of national government services.....	28
C. Support to civil society	29
D. Support local government capacity building	29
E. Contingency planning	32
Annex 1—Documents Reviewed	34
Annex 2—Persons Contacted	36

List of Tables

Impact of the Habitat project on tax collection in metropolitan areas (in HTG).....	15
Impact of the Habitat project on tax collection in metropolitan areas (percent)	15
Transfers from the central government to the communes	17
Donors and other institutions active in local development in Haiti.....	22

Acronyms

ACDI	L'Agence Canadienne de Développement International
ARD	Associates in Rural Development
ASEC	Communal Section Assembly
CASEC	Communal Council
CID	Interdepartmental Council
DGI	Direction General des Impots
EDP	Enhancing Democracy Program
FAES	Economic and Social Assistance
FENAMH	Fédération Nationale des Maires d'Haiti (National Federation of Haitian Mayors)
FGDCT	Fonds de Gestion et de Développement des Collectivités Territoriales (Fund for the Management and Development of Local Governments)
FIDA	International Fund for Agricultural Development
KfW	Kreditanstalt für Wiederaufbau
IDB	Inter-American Development Bank
MSI	Management Systems International
MSH	Management Sciences for Health
MINUSTAH	United Nations Stabilization Mission in Haiti
NGO	Nongovernmental organization
OTI	Office of Transition Initiatives
PACTE	Projet d'Appui aux Collectivités Territoriales
UNDP	United Nations Development Program
USAID	United States Agency for International Development

Executive summary

A. Overview

Following the 2006 elections and after a period of social, economic, and political instability, Haiti entered a critical transition phase. With the announcement of M. René Prével as winner of the presidential election, the country entered a period of relative calm. In February 2006 the interim government adopted five decrees that define the mission and operation of the three levels of government collectivities, those bodies' duties, the relations between them, and the attributions of local authorities. They also contain the rules, procedures, and principles to facilitate designing a civic education program, training elected local officials and civil society organizations, and collecting revenues for the collectivities. Finally, they link the administrative and political duties of local authorities and their leadership roles in the local development process that promotes participative development at all levels. But these decrees were not published, however, as the interim government pledged not to act on any new issues once elections had occurred. The importance and legitimacy of those decrees is widely recognized and, if published, they will be the basis for local elections of the full local governing system.

B. Assessment findings

The situation on decentralization of local governments, however, has not changed since 1987—the year the constitution that created them was approved. Little has been done to implement the decentralization process the law prescribed. Municipalities lack the capacity, funding, and authority to function. The complete local government structure is nonexistent and the selection and nomination of important democratic elements (such as municipal assemblies, departmental and interdepartmental bodies, a local judiciary, and permanent electoral bodies) that depend on local elections are in the hands of the central government. The central government still needs to take four crucial steps:

- establishing the legal framework
- defining and implementing the constitutional bodies the decentralization process requires
- training elected authorities and building their capacity to assume their functions, including playing the pivotal role in the communities' development process
- generating the financial capacity of local authorities through tax collection, tariffs, and government transfers so they can provide basic services to their constituents

Progress hinges on the revision and publication of the five decrees, which depends on the political will of President Prével. While the United States Agency for International Development (USAID) should encourage this process, the Mission should not support local governments in the absence of the central government taking action towards decentralization.

C. Lessons learned

USAID has supported many programs that decentralize fiscal and administrative authority and improve the local delivery of public services. Experience demonstrates that programs to support decentralization in Haiti are fraught with risks beyond the Mission's control. Both of the previous local government capacity-building projects failed because of unanticipated political crises and unrealistic assumptions about the Haitian government's commitment to decentralization. Unless the necessary laws are adopted no decentralization and strengthening of local authorities will occur. The Mission should require, for any new intervention, that stringent conditions precedent be established, including the need for approving the decentralization framework.

D. New opportunities

If the decrees are revised and published, then USAID will have a crucial role — particularly in the new local government program. The new program should

- be implemented at three levels: the department, municipality, and communal sections
- target departments where the watershed protection program will be implemented and municipalities with urban hot spots
- function regardless of the timing of local elections
- work with the appointed mayors, as the only potential local government counterparts for USAID, until local elections are held (the Mission should use as criteria for inclusion in its local government program the mayors' willingness to commit, in writing, to democratic principles and transparency)

E. Program components

1. Legislation

USAID should offer to provide the government and National Assembly with technical assistance to draft laws and execute administrative reforms to establish deconcentrated national ministries and autonomous local governments. Discussions concerning the specifics of such assistance should begin immediately to increase the possibility of the government successfully enacting the reforms. USAID also should consider offering financial support for workshops and other forums that further this effort and ensure that the final legal texts and financial arrangements reflect a national consensus on decentralization.

2. Advocacy

If the decrees are published, a publicity campaign must be launched to inform voters and candidates of their options and responsibilities. USAID and other donors should promote

elections and train candidates and elected council members about how to serve their communities.

3. Support for deconcentration of national government services

As the Mission has helped the Ministry of Health's deconcentration efforts and because President Préval is interested in decentralizing government functions at the departmental level, the new local government program should include training and technical assistance to support the operation of the departmental council and assembly. Also, departmental delegates should receive training and technical assistance to enable them to play a more active role in coordinating the line ministries delegations at the departmental level. Emphasis should be placed on lessons learned during the USAID and Management Sciences for Health's Ministry of Health deconcentration process. Efforts should be targeted to departments that contain the watersheds in which the Mission's watershed management program will operate.

- Support to civil society groups: USAID should provide financial support to groups—such as the Chambers of Commerce, the National Coalition for Haitian Rights, and the Organisation General Independante des Travailleurs Haitiens—that have a stake in decentralization.
- Training needs assessment: As a part of the design of the local government program, a training needs assessment should be conducted.

4. Contingency planning

The mission should have a contingency plan for dealing with local governments in the event that the proposed reforms and elections do not occur. As the objective of USAID/Haiti's new strategy is stability, there is justification for initiating a focused local government program in the absence of reforms and elections. This program should be limited to municipalities containing urban hot spots and its focus should be ensuring that local leaders are capable of supporting efforts to reduce social tensions and counteract the influence of gangs and criminal elements. The planned community-based local development program should be initiated regardless of whether or not decentralization occurs because of its importance in calming social tensions, reducing poverty, and fighting criminality.

I. Introduction

A. Assessment's purpose

This assessment analyzes Haiti's decentralization situation. The findings will inform the United States Agency for International Development (USAID)/Haiti's three-year strategy regarding expanding the delivery of critical services (such as water, sewerage, health, education, and electricity) to cities beyond Port-au-Prince, improving the responsiveness and accountability of local governments, and creating an enabling environment for economic development outside of the capital city.

B. Team and methodology

An Abt Associates team comprised of Sigifredo Ramirez (team leader) and Andre Lafontant Joseph (local decentralization and legal specialist), and Michael Enders from USAID/Washington (assigned to the team at the Mission's request), conducted the decentralization assessment. The consultants were in Haiti May 7–27, 2006.

The team reviewed decentralization projects and documentation (for a list of documentation reviewed, see Annex 1). The team traveled to secondary cities (such as Les Cayes, Port-Salut, and Saint-Marc) and interviewed mayors and local officials, candidates in the upcoming local elections, central government officials (including representatives of the Ministry of Health's departmental delegation and representatives of the Ministry of Interior in charge of resource allocations for the municipalities), local development institutions, chambers of commerce, and other donors (for a list of people interviewed, see Annex 2). These interviews sought to obtain primary knowledge about the function of local governments, including their internal organization, financial capacity, and provision of services. Team members interviewed other donors implementing local development projects and central government officials responsible for advancing or facilitating the decentralization process. Team members interviewed the Office of Transition Initiatives (OTI) staff and the staff of implementing partner International Organization for Migration who administers the Haiti Transition Initiative in the south to understand what type of projects they were doing and how were the local governments participating in the implementation process. Finally, team members interviewed presidential advisors involved with the transition process to gain firsthand information about the new government's intentions concerning decentralization.

II. The decentralization framework and situation in Haiti

A. The decentralization framework

Decentralization is the process of transferring power and resources from the central government to lower levels (such as regions, departments, municipalities, and communal sections) enabling them to provide services to their communities and conduct local government tasks. These local governments must be accountable to the citizens they represent to provide for proper checks and balances.

The decentralization process should contain three components:

- **Political decentralization** in which the local governments have the autonomy to elect their own governing bodies by popular vote. This component of decentralization gives citizens or their elected representatives more power in the decision-making process. It is commonly known as a form of representative government.
- **Administrative decentralization** redistributes authority and provides local governments with the autonomy to design their administrative systems, appoint their staff, and prepare and implement their development plans.
- **Financial decentralization** could be considered the core element of decentralization. If local governments are to conduct decentralized functions, they must have revenues, raised locally or transferred by the central government, and the authority to make autonomous decisions about expenditures.

B. Decentralization: The existing situation

1. Status of decentralization.

Decentralization has been on Haiti's political agenda since the early 1970s. But it was not until 1987 that legal measures were taken to establish a decentralized government. The constitution of 1987 defined the broad lines of decentralization, stating that "Haiti is a decentralized country with a decentralized form of government," and it introduced three types of decentralized government entities. The constitution defines communal sections as the smallest political subdivision. The communes or municipalities, which include varying numbers of communal sections, represent the intermediate level of local government. The final level of local government is the department, which includes a varying number of communes. The country is subdivided into 568 communal sections, 140 communes or municipalities, and 10 departments. The decentralization system the constitution mandated has never been implemented fully, except for after the 1997 elections during President Préval's first government when full elections were held. Soon after, however, all elected officials were suspended because of a new political crisis and appointed officials replaced them.

Each of these decentralized forms of government has administrative and financial autonomy. Article 217 of the constitution says, “The finances of the Republic are decentralized. Financial management is the responsibility of the minister concerned. The Executive, assisted by an Interdepartmental Council, draws up the law that sets the portion and nature of public revenues allocated to the territorial divisions.” Members of the Departmental Assembly elect the Interdepartmental Council (CID). The Departmental Assembly, however, has never functioned so financial management remains in the hands of the central government. The decentralized system of government described in all legal documents that the team analyzed has never existed. What does exist though is a legal framework for decentralization and a series of unpublished decrees that, if published and backed by political will, could support decentralization in Haiti.

The team read more than 25 documents related to decentralization in Haiti, including assessments, project reports, concept papers, and evaluations. Without exception the documents agree that in Haiti there is interest in decentralization, especially after the constitution of 1987. From then on, however, decentralization has been a love-hate affair. The persons and institutions interested in decentralization (international donors and organizations) based their programs and projects on the existing legislation. Opponents of the system (mainly high ranking government officials, some members of Parliament, and institutions that may be affected), know that decentralization cannot be implemented if the political will does not exist. From the documents read, the team could not find a positive mention of political will, regardless of the commitments made at the signing of agreements. Opposition to decentralization exists not only at the national level (including ministries, Parliament, and other national institutions), but also at the local level because some mayors see a more advantageous situation in not having to deal with a communal assembly. One of the most feared institutions of the decentralization framework is the CID, because of its impact in both the executive and legislative branches of the government. Implementing constitutional provisions of governance would generate a true dispersion of central power, due specifically to the CID’s powerful role. It is the liaison between the executive and the local governments; has a deliberative voice in cabinet meetings; and has a powerful role in national policy, planning, and budgets. The CID has direct access to the executive and the national cabinet without going through the Parliament

Since the adoption of the 1987 constitution, little has been done to implement decentralization. The government should have taken four crucial steps:

- establishing the legal framework (as stated previously, the constitution only defined the country’s political subdivision, but left undecided all regulations and clarifications)
- defining and implementing the constitutional bodies the decentralization process requires
- training elected authorities and building their capacity to assume their functions and play a role in the development process of their communities
- enabling local authorities to generate the financial resources required to provide basic services to their constituents through tax collection, tariffs, and government transfers

The authorities have not recognized any of these critical needs. From the government's point of view decentralization consists only of creating the basic legal framework for its operation. It is difficult to see why line ministries would be motivated to share their power with local governments unless they were required to do so. As this report will show later, there are powerful interests opposed to decentralization. Only the political will of the president can change the present situation.

2. The legal situation

Since 1987 the Executive has proposed and Parliament has passed only three incomplete and, in some aspects, incoherent laws on decentralization. The first one is related to the communal section organization; the second one created the fund for the operation and development of the territorial collectivities, Fonds de Gestion et de Développement des Collectivités Territoriales (FGDCT); and the third one defined how the FGDCT resources were provided.

In its last month, the interim government adopted five decrees that organize a decentralized form of government. These decrees contain a comprehensive decentralization framework: the first defines the decentralization process, the second defines the department, the third defines the municipality, the fourth defines the functions and responsibilities of the communal section, and the fifth defines the territorial public function. The decrees, however, were not published as the incoming government did not have time to review them. These decrees will be discussed further in other sections of this report.

A critical problem is that the 1982 Municipal Law, adopted prior to the constitution still rules the communes. Even though that law does not conform to the constitutional mandates and was not written for a decentralized environment, the lack of laws and regulations have made its application necessary, if some times unconstitutional. A law regulating the department and its functions does not exist, nor does one that regulates critical aspects, such as the financing of local collectivities or the delimitation of collectivity boundaries. The collectivities defined in the constitution have existed and operated in a vacuum in terms of their vision; mission; relations among themselves; and relations with other national institutions, the private sector, and the civil society. The unpublished five decrees were supposed to resolve these problems, almost 20 years after the constitution was enacted. The weakness and lack of viability of decisions taken in such environment is not surprising.

3. The institutional situation

The decentralization principles the constitution defines regroup the collectivities into three levels. Executive and deliberative bodies, whose integration may depend on the next lowest level, govern each body. Popular vote elects the members of the communal section governing bodies, the Communal Council (CASEC) and the Communal Section Assembly (ASEC), and the Municipal Council. The rest of the local government structures are elected indirectly:

- the Municipal Assembly is elected indirectly by the communal sections

- the Municipal Assembly elects the members of the Departmental Assembly
- the Departmental Assembly selects, among its members, three people to act as the Departmental Council
- the Departmental Assembly appoints one member to integrate the CID, who participates in the Council of Ministers as an assistant in decentralization activities and representative of the interests of the departments and the communes

The first democratic elections following the constitution occurred in 1991 and failed to elect the full structure of local governments. The Provisional Electoral Council dissolved itself right after the direct election of the mayors. It is difficult to know how the situation would have evolved, because a coup d'état happened a few months later. It was not until 1997 that all local governments were elected under the first mandate of President Préval. It was not a satisfactory experience, however, because many people were elected to positions for which they did not have guidance or regulations. This situation resulted in a series of conflicts between elected bodies accusing each other of interference. The crisis of the first Préval government in 1998 closed all elected bodies and led to the appointment of some mayors, ASECs, and CASECs. From 1998 to 2000 there were no elected authorities, only appointed mayors and some ASECs and CASECs. In 2000 local government elections were held but again political crisis and elected officials' lack of knowledge could not make the system work.

Following the resignation of former president Jean-Bertrand Aristide in 2004 the country leaned again in the direction of appointed officials. No element of the constitutional structure exists at the local level. Only appointed mayors were in charge of the municipal management. The coordinators for the communal sections have not been replaced nor confirmed in their positions. They are still on the job because there is need for an authority to take care of necessary functions, such as resolving conflicts, controlling the cattle market, and jailing offenders. The only local authority is the Municipal Council the central government appointed. It acts without any control because of the inexistence of Municipal Assemblies.

In his inauguration speech, President Préval said he was committed to decentralization and that the basis for development was a decentralized form of government. In conversations with members of President Préval's transition team they confirmed that the government was not only interested in decentralizing its operations but also that full elections will occur in the near future.

4. The government's deconcentration efforts

Deconcentration is the weakest form of administrative decentralization and it is used most frequently in unitary forms of governments. It consists of the redistribution of decision-making and financial management to different levels of the central government. Sometimes it merely shifts responsibilities from central-government officials in the capital to those working in regions or provinces. Or it can create local administrative capacity under the supervision of central-government ministries.

The constitution of 1987 states that Haiti has both decentralized and deconcentrated forms of government. Unfortunately little action has occurred to implement such a system. With regard to

the deconcentration of central ministry decision-making to the departmental level, only the Ministry of Health, with assistance from USAID, has made any serious efforts. Working through Management Sciences for Health (MSH), USAID has helped the Ministry of Health empower the departmental directors to develop strategies that coordinate the activities of all donors and nongovernmental organizations (NGOs) working in the health sector. Now departmental directors can monitor these groups' performances, avoid duplication of effort, and expand service delivery into neglected areas. While the MSH program has developed an excellent approach that departmental offices of other ministries need to replicate, much remains to be accomplished to achieve central government deconcentration.

Despite the impressive strides the Ministry of Health made to deconcentrate decision-making authority to the departmental level, the ministry has yet to involve the departmental directors when preparing the annual budget; preparation of the ministry's annual budget is done in Port-au-Prince without input from the departmental services. Consequently, the budget does not always respond to local needs and priorities. Departmental directors must have the authority to prepare a budget for their department and submit it for the ministry's consideration as a part of the annual budget process. Even if the ministry did not accept all elements of their proposed budgets, the final one would be better aligned with their needs and priorities.

The most critical obstacle to the deconcentration of central government responsibilities and decision-making is the Ministry of Finance. One departmental director of health gave an example of the problem: He noted that although the Ministry of Health had an approved budget, the Finance Ministry did not necessarily respect it. The departmental director said that most requests for the disbursement of funds had to be sent to Port-au-Prince for the Ministry of Finance's approval. The department often waits months before receiving a response. If the request is approved, the Ministry of Finance then sends the money by an apportionment to the ministry's departmental delegate, but the actual transfer of funds may not occur for several more months. Hence no disbursements can be made—despite having approval for them.

In a case one departmental director of health cited, the disbursement requests made for October and November 2005 did not receive apportionments from the Ministry of Finance until January 2006; as of mid-May the funding had not arrived. All the disbursement requests that he has made since then (from December through March) have not even been apportioned. It is now the eighth month of the fiscal year and the department has yet to receive funding. The director stated that the budget process is too complex and never works. Because the Ministry of Finance does not disburse the funds in a coherent manner at the end of the fiscal year, the departmental directors typically are told to request rapid disbursements. The inability of the ministry to disburse funds regularly throughout the year results in a disorderly and wasteful procurement process for the department health units and does not permit them to function normally. This director did not believe that there was a real commitment within the central government to deconcentrating the ministries.

The Ministry of Interior recently launched a deconcentration program that allocated from the FGDCT to three municipalities to finance projects they submitted. To receive funds the three appointed mayors signed a document, called Protocol for the Development, that set the minimum administrative and financial rules by which they have to abide when implementing the projects.

The departmental delegate will coordinate and follow up on the project, thus initiating a deconcentration process by the central government.

This deconcentration activity has received resources from the Inter-American Development Bank (IDB) to build in each department an administrative complex that will regroup all the central government offices and the departmental delegation. Those complexes will be equipped with collective facilities, such as conference rooms, Internet connections, and other communication services. The building alone, however, does not provide the capacity to deliver services. Other critical steps have to be taken to encourage greater deconcentration, but this new infrastructure is a move in the right direction in the relationship between the central government and the departments.

While the team did not explore deconcentration efforts of other ministries, the Ministry of Health shows that deconcentration of line ministries will not be effective if the Ministry of Finance remains centralized. Without the ability to access funding regularly and without delays it is difficult to see how the department offices of the line ministries will be able to function as deconcentrated units. Unless the Ministry of Finance deconcentrates disbursement authority to the departmental level, the potential for deconcentration of other central government responsibilities will remain limited. Any deconcentration that does not include the Ministry of Finance will not produce significant results.

Another problem associated with deconcentration is the lack of coordination between departmental offices of the central ministries. Each operates without reference to the actions other ministries undertake, which results in a lack of coherence. There are no agreed upon development objectives that central ministries at the departmental level jointly pursue. To ensure such harmonization, the coordination and oversight roles of the departmental delegate, the departmental council, and the departmental assembly must be strengthened.

The United Nations Development Program (UNDP) has proposed a project to establish a departmental-coordination mechanism that would provide a forum for dialogue, coordination, and strategic planning. The departmental delegate and U.N. regional humanitarian and development coordinator would co-chair the coordination unit. Decentralized strategic plans would be established at the departmental level that would influence policy formulation and budget decisions at the central government level. Sectoral plans would feed into the departmental strategic plan and function as an instrument for advocacy and donor support.

While the concept of establishing departmental development objectives to guide the actions of the deconcentrated units of the central government ministries is to be encouraged, the UNDP proposal assigns too large a role to U.N. representatives and excludes the department council and assembly from having a significant role in the process. Moreover, the proposal makes no mention as to how the communes and communal sections would have input into the formulation of development objectives. Hence, the UNDP project is flawed. Nonetheless, there is a need to provide training and technical assistance to the departmental delegate, council, and assembly, as well as to help the central ministries deconcentrate.

In the meeting with the presidential team working in the transition process, one of the president's advisors presented the idea of strengthening the departmental delegates' function. According to him the departmental delegates have not coordinated the line ministries' departmental directors' activities because of a lack of resources and skills. In fact the presidential delegates do not perform the coordinator function, nor do they have the resources to fill this role. With proper training and resources, departmental delegates could coordinate the activities of deconcentrated line ministries offices and ensure a common focus on agreed upon development objectives. This topic will be discussed further in another section of this report.

5. The capacity-building situation

The government has not made a serious attempt to resolve the issue of capacity building. After the 1997 election, the Ministry of Interior organized a couple one-day workshops. A booklet of guidelines also was published and distributed to mayors that year. Furthermore, the legal reference for that material was based on the 1982 Municipal Law that was not designed for decentralization. Only two projects implemented in the country have dealt with capacity building of elected local authorities:

- The Projet d'Appui aux Collectivités Territoriales (PACTE), Strengthening of civil society organizations, implemented by a U.S. firm, Associates in Rural Development (ARD), and financed by the USAID, was terminated by the Mission after the disputed elections of 2000.
- In 1992 and 1993 UNDP and Habitat implemented a pilot project to improve the capacity building of a group of big communes, including those of the Port-au-Prince area. The project was intended to respond to the administrative and fiscal needs of those municipalities. In the fiscal area, it concentrated on property tax collection. In the administrative area, it worked on designing management procedures, administrative structures, and human resources profiles. The municipalities included in the project also received equipment, such as furniture, file cabinets, and computers. In the financial and taxation area, some interesting results were obtained; they are discussed in the following section.

6. The financial situation of the sector and government transfers

The financial situation of the majority of local collectivities is far from flourishing. During the 2002–2003 fiscal year local revenues represented less than 3 percent of the national fiscal revenues and 90 percent of local revenues come from central government transfers. The money transferred to the local governments partially covers salaries of local employees. According to 1997–1998 data, the local government transfers only represent 40 HTG (about \$2.50) per capita annually.

a. Local taxes

The property tax is 86 percent of the total amount of revenue while the commercial tax (Patentes) is 10 percent. The remaining 4 percent represent other local taxes. Analysts have shown that the communes could have increased the amount of property tax collected if they gain control of the collection process and receive technical assistance. The appointed mayor of Port-Salut said that

he has increased revenues from property taxes, from 1,000 HTG to 42,500 HTG annually, by identifying and evaluating buildings in his town, without any technical assistance.

The UNDP Habitat project demonstrated that the property tax could increase municipal revenues. Even though the results have not been the same in all areas, the Table 1 shows the project's impact on tax collection for the communes in metropolitan area. Petion Ville increased property tax revenues by more than six times in one year and by more than 10 times in two years. Port-au-Prince had a 70 percent increase in the same period. Carrefour had a 100 percent increase in two years. Delmas, after a 70 percent increase the first year, has dropped back to 49 percent. The four cities combined more than doubled their property taxes. This increase in revenue indicates the importance of that delegating to the municipalities the collection of their own taxes. According to the law, only the Direction General des Impots (DGI) (General tax Directorate) can collect taxes.

Table 1 Impact of the Habitat project on tax collection in metropolitan areas (in HTG)

Fiscal year	Port-au-Prince	Pétion Ville	Delmas	Carrefour
1994–1995	8,707,931.42	1,293,987.74	3,640,287.91	930,056.04
1995–1996	14,877,728.96	8,563,264.07	6,180,780.49	1,509,950.04
1996–1997	14,786,357.67	14,747,147.24	5,166,671.90	1,890,545.94

Table 2 Impact of the Habitat project on tax collection in metropolitan areas (percent)

Fiscal year	Port-au-Prince	Pétion Ville	Delmas	Carrefour
1994–1995	100.00	100.00	100.00	100.00
1995–1996	170.85	661.77	169.79	162.35
1996–1997	169.80	1139.67	141.93	203.27

In a poor country, the amount of taxes the government can collect is limited. If the government does not try to collect from people who can pay and are willing to do so, however, changes in local policies must be introduced. In Haiti the only two sources of significant income for municipal governments are the property tax and the business tax (Patentes). Either the central government or the municipalities must update the tax base and collect property taxes. Existing laws contain numerous taxes that do not generate any income and, in fact, lose money (that is, they create less revenue than they cost to collect); those taxes should be analyzed and eliminated if their tariffs cannot be updated.

b. Central government transfers

As mentioned previously most of the local governments' resources come from the FGDCT. Parliament created this fund in 1996. The legislation also established an 11-member commission to administer the distribution of the resources to local governments. The CID appoints nine of the members; the central government (the Ministry of Interior and the Ministry of Finance) designate the other two. After 1999, because of a national political crisis, the CID ceased to function. Since that time the Ministry of the Interior has allocated the FGDCT's resources.

The FGDCT is the sole source of government transfers. A budget line of the national budget, called "Subvention for Collectivities" of about 100 million G has been eliminated from the budget in the past three years, because of the absence of other local government bodies different to the municipalities.

As the 1996 law prescribed, the FGDCT resources come from

- 20 percent of the cigarette tax
- 5 percent of the tax on insurance policies
- 8 HTG per international mobile telephone call
- 2 percent of the customs tax (with some exceptions)
- 25 HTG per international airplane ticket
- 1 percent of the income tax on salaries greater than 5,000 HTG
- 1 percent of the net revenue from all tax payers
- 5 percent of the winnings from lotteries and other games

When the FGDCT was established, the amount of revenue these sources produced was approximately 100 million HTG annually. For the 2004 and 2005 fiscal years, the revenues entering the fund were about 400 million HTG. One staff member at the Ministry of the Interior who administers the fund said that revenues for the 2005 and 2006 fiscal years were approximately 400 million HTG. As Haiti has 10 departments, 140 communes, and 568 communal sections, 400 million HTG is insufficient to cover existing local needs.

As a representative of the Ministry of Interior explained, in 1998 the minister of the interior, in consultation with the Fédération Nationale des Maires d'Haiti (FENAMH) and members of the CID, decided to allocate FGDCT resources as follows:

- 50 percent to local governments
- 40 percent for capital investments
- 10 percent stays with the Ministry of the Interior to cover the cost of administering the fund

The 50 percent that is allocated to the local governments is supposed to be divided FGDCT among local governments as follows:

- 50 percent to communes (25 percent of the total FGDCT)
- 30 percent to communal section councils (15 percent of the total FGDCT)

- 3 percent to communal section assemblies (1.5 percent of the total FGDCT)
- 4 percent to municipal assemblies (2 percent of the total FGDCT)
- 3 percent to departmental assemblies (1.5 percent of the total FGDCT)
- 7 percent to departmental councils (3.5 percent of the total FGDCT)
- 3 percent to the CID (1.5 percent of the total FGDCT)

The political crisis of 1999, however, disrupted the operation of all elected local bodies, leaving the Ministry of the Interior as the only entity in charge of allocating resources to the local governments; Furthermore, the Ministry never has distributed the total amount of allocated resources. A great deal of resources is dedicated to the Ministry's pet projects and the amount allocated to each municipality is contingent on a mayor's relationship with the Ministry.

The communes receive 132 million HTG, which represents 66 percent of what should have been allocated to local governments at all levels per the 1998 agreement. Once new local elections are held in Haiti, the communes could experience a drop in their allocations from the FGDCT if the budget line for local government transfers to the collectivities is not amended in the national budget. An analyst in the Ministry of that Interior thinks that at least 400 million is needed to provide local governments with adequate funding. Table 3 shows an approximate distribution of resources per category, as classified by the Ministry of the Interior.

Table 3 Transfers from the central government to the communes

Type of communes	Monthly transfers (HGT)	Annual transfers (HGT)	Annual transfers (\$)
Four metropolitan area communes	0	0	0
Tabarre (in the Port-au-Prince area)	1,300,000	15,600,000	371,428
Cité Soleil (in the Port-au-Prince area)	750,000	9,000,000	214,285
Some of the nine department capitals	85,000	1,020,000	24,285
Some of the nine department capitals	225,000	2,700,000	64,285
Each of 32 arrondissements	68,500	822,000	19,571
Each of other 93 communes	60,000	720,000	17,142

A report on the financial situation of the collectivities in Haiti a foreign consultant wrote in January 2006 states that the Ministry of Interior allocates the funds to the communes on the following basis:

- 1 percent to seven Port-au-Prince communes
- 10 percent to communes with departmental seats and other large communes, of which there are nine
- 85 percent to all 117 other communes
- 4 percent are emergency funds and remain with the ministry.

That allocation is based on 133 communes; it does not include the seven new ones, which indicates the consultant might not have had access to current data. But it also raises the question as to what is the actual allocation of funds per commune category. Information the team received confirms that the Ministry does not apply any criteria to allocate FGDCT resources.

FGDCT resources that are allocated to local governments are disbursed monthly and are used to pay the salaries of municipal staff. Only the larger cities have funds remaining for projects or procuring equipment and supplies. As for the 40 percent of funds in the FGDCT that are earmarked for capital investments, there are no criteria for their allocation. Consequently, with the absence of the CID members of the fund's management committee, the minister of the interior allocates the funds as he or she deems fit and is not accountable to local governments. According to the January 2006 consultant's report previously cited, from 1998 to 2005 only 16 percent of the fund's receipts went to investments. Almost half of the fund's allocations during this period were for "other expenses."

While the FGDCT is the only regular source of central government fiscal transfers to local governments, other types of transfers occasionally are made, including financial aid for local festivals (such as carnival, patron saints' days, and harvest festivals) and capital investments (such as the construction of public squares). These transfers are not related to the commune or department's long-term development objectives.

In summary, the FGDCT's resources are inadequate to meet the needs of local governments. This situation will worsen when local elections are held and local government institutions other than communes demand their allocations. The new government quickly needs to increase the fund's revenues. If it does not, a financial crisis will breakout at the local government level and likely will fuel political conflicts. Also, rules for distributing funds to municipalities have to be written to avoid introducing subjective factors into the process, especially now that distribution is at the discretion of the Ministry of the Interior.

The procedure for allocating the 40 percent of the FGDCT funds designated for investment is obscure and until the CID is functional again and able to place representatives on the fund's management board, the situation will not improve. During the past few years, several proposals have been submitted for reforming the FGDCT administration. Hopefully the new government will consider these recommendations.

III. Donor efforts in Haiti

A. USAID's decentralization efforts

The team reviewed two previous projects of the Enhancing Democracy Program (EDP), implemented by the USAID Mission in Haiti. The PACTE project implemented by ARD and ASOSYE (which later was divided into ASOSYE I, implemented by the American Development Foundation, and ASOSYE II, implemented by Management Science International (MSI)). USAID designed the two projects to address issues in civil society and local governance.

The EDP originally was approved in 1991 and designed to finance institutional strengthening activities in the National Assembly, political parties, the electoral commission, civil society, and local governments. After the 1991 coup d'état, however, all activities except those strengthening civil society, were suspended. After 1995, with the return of democracy, the EDP local government process began with the name PACTE and a revised goal to helping the Haitian people build a participatory, accountable, and responsive democracy and establishing conditions for sustainable growth. To accomplish these goals, the EDP/PACTE was supposed to work on institutional development and strengthening civil society, while concurrently working on decentralization. To achieve these two objectives, EDP signed a grant agreement that specified that the project's activities in institutional development would be conducted in two areas: strengthening the capacity of both chambers of the National Assembly and selected local governments, and building the capacity of a national association of elected local officials. The events in 1999 involving the conflict between the president and Parliament, as well as disagreements between USAID and the Haitian government, impacted the project and caused USAID to eliminate some of the components, including helping the new appointed local officials. Those activities that remained in the project were modified in such a way that the originally expected results, even if they did not differ in substance from the original ones, were scaled back.

Both phases of ASOSYE's civil-society component were supposed to work at all levels of civil society so the population would have a more educated understanding of civil rights and responsibilities and could better participate in non partisan forums. ASOSYE's activities concentrated in national dialogues and public information campaigns that supported decentralization, as communities were trained to participate in the local decision-making process—a vital element of decentralized government.

B. Lessons learned from USAID's experience

1. EDP's two projects were designed to be implemented in a stable democracy. USAID decided to help the Haitian population strengthen its democratic institutions, local governments, and civil society groups. The democratic process in Haiti, however, is fragile and may be disrupted. This interruption also impedes projects that are designed to strengthen democracy. This lesson learned is one of the most important ones from the 10 years USAID struggled to implement EDP. For future projects USAID must consider the project's environment and include safeguards to cover

all possibilities. Any project to support decentralization and local governments in Haiti is fraught with risks beyond the control of the implementers and funding agencies—especially as in a decentralization process the political stakes are high and the working environment frail.

2. The 1987 Haitian Constitution adopted decentralization and deconcentration as the form of government. The constitution, however, only declared the general framework, leaving the executive to decide the system's rules and regulations. When EDP was designed, no regulations or decentralization framework had been enacted. Decentralization existed in a legal vacuum. The decentralized executive bodies were non-existent, so it was impossible to strengthen them and it is impossible to implement a project without legal structure. The lesson here is that for a project to be implemented in an environment like Haiti's, it must have stringent conditions precedent as part of the provision of assistance.

3. One of PACTE's activities was promoting local government associations. PACTE proposed, and USAID accepted, forming an association of mayors at the national level and strengthening regional associations. Unions and collective groups should not be associated with political parties or directed by politicians, as when political control changes, political institutions tend to disappear or become ineffective. The association of mayors PACTE created, FENAMH, was an effective institution while the mayors who were elected were in power. Once the elected mayors were replaced, the institution had to adapt to different political interests of the new mayors and the once successful body is almost non-existent. The result would have been better if the members were the municipalities and not the mayors. Unions and other professional associations, should never be politicized.

4. Training and technical assistance to central and local government bodies always has the risk of being lost because of the high turnover rate of public employees (due to the lack of regulations protecting employees when governments change, especially when that change involves the ascension of a different political party). In developing countries public employees are not protected even when civil services exist. Development assistance, however, cannot ignore the importance of training public servants and must do its best to get guaranties from host countries that they will protect trained employees. USAID should include in its training and technical assistance activities conditions to protect trained personnel.

5. One of the EDP evaluations said that the Haitian people have decided to decentralize since 1987. There remains a great deal of indifference or even resistance, however, to decentralization within the central government and among the social, economic, and political elite. Advances in decentralization require a revival of interest in and support for decentralization among those who are now indifferent or hostile. In his inauguration speech, the recently elected president said that he was committed to decentralization and that the bases for development were a decentralized form of government. While decentralization might now be able to occur, the president's intentions have to be viewed carefully.

C. Other donors and institutions active in local development

When the team arrived the country was busy celebrating the new government's inauguration. Hence it was difficult to get appointments and meetings with donors . The team did not conduct

an in-depth analysis of other donors participating in decentralization activities. An effort was made, however, to identify entities that have been involved in the country and sector.

The team met with members of the UNDP investment fund and environmental program. This program, which works with the national decentralization policy, is preparing environmental development plans at the departmental, communal, and community-section levels. The plans will be integrated at the departmental level and will support a new proposal for watershed protection, in which UNDP is working now. The team also met with the chief of civil affairs of the United Nations Stabilization Mission in Haiti (MINUSTAH), who explained the agency's plan to work with local governments at the levels of municipality and communal sections. This office has an annual budget of \$1.5 million for small infrastructure projects that they plan to implement during the next four years. They have not selected any geographic areas in which to focus, but they probably will have a nationwide impact.

The team also met with the general director of the Economic and Social Assistance Fund (FAES). FAES's objective is to reduce poverty by developing basic services projects in low-income communities. The fund provides financing to municipalities and local institutions on demand. The fund works with grants and loans from international donors, such as IDB, the International Fund for Agricultural Development (FIDA), and Kreditanstalt für Wiederaufbau (KfW), and with a government counterpart (10 percent is the Haitian contribution as counterpart to the donor contributions). Currently the fund has \$116.0 for projects. According to the director, in 2007 the fund will provide grants to municipalities with KfW resources.

At the Canadian aid agency, L'Agence Canadienne de Développement International (ACDI), the team interviewed the director of development programs and the director of local development projects. The agency is implementing three local development projects, but only with communities at the communal level. The projects will invest approximately \$4.5 to \$5.0 million in a three-year period. ACDI also is planning a local development project worth approximately \$20.0 million in five years. The project will finance small community investment projects directly to communities on demand. The project's main components are

- Capacity building for key institutions working in decentralization (through the Ministries of Planning and the Interior) to provide needs-based technical assistance
- Establishing training centers to provide services to low-income communities
- Providing financing for small business
- Promoting at the central government the creation of coordinating structures in selected ministries

The team tried to obtain investment data, but it was not easy to get exact figures. Table 4 shows the information those projects provided, but it is not divided by country programs. The table gives an idea of how many institutions work in the sector and what are they doing. Unfortunately the team's short time in Haiti did not allow it to speak with more donors working in decentralization, but the documents it obtained presented a clear picture of the situation.

Table 4 Donors and other institutions active in local development in Haiti

Institution	Type of Institution	Amount of Funding	Work Area	Activities Financed	Partners
CIDA	Bilateral donor	\$35 million for five years	Nationwide	State reform, local development program, capacity building at local level	CECI, GRIDE, GRIEAL
IDB	Multilateral bank	\$72 million for three years	Nationwide	Local development program	FAES
World Bank	Multilateral bank		Nationwide	Community development program	PADF
USAID	Bilateral	To be defined	To be defined	Capacity building and local development program	To be defined
GTZ	German NGO		North and Center Departments	Economic development at the local level	
FAES	Haitian financial institution	\$116 million from donors	Nationwide	Participative planning, infrastructures, social projects	IDB, FIDA, KFW, BEP
FAO	Multilateral agency (UNDP)		Marmelade (Artibonite Department)	Participative planning, infrastructures, social projects	CIDA
PGLNE	Executive body (Ministry of Planning)		North East	Participative planning, infrastructures, social projects	CIDA, FENU, CECI
CECI	Canadian NGO		North East	Participative planning, infrastructures, social projects	CIDA, FENU, UE
MINUSTAH	Multilateral (UN)	\$1.5–2.0 annually	Nationwide	Training and community development	

IV. The local government in Haiti: Opportunities

A. Local development policy reform

Since 2002 the Ministry of Planning has taken steps toward adopting a local development national policy. Case studies, focus groups, interviews with key actors, and a national workshop resulted in the preparation of a proposal for the central government to adopt. Decentralization and improving local governance are key elements of local development. One of the major challenges of that policy is to ensure decentralization's economical profitability. According to the document, the basic elements of decentralization are

- Consensus building
- Legal reform
- Information and trainings
- Capacity building at the local level
- Technical assistance

And other components are

- Poverty reduction
- Central government reform
- Territorial planning and zoning
- Environmental management at the local level
- Promoting small and medium enterprises
- Agricultural development
- Planning and managing community investments

According to the Cadre de Coopération Intérimaire (Intermediate Cooperation Initiative) the document should be finalized after further consultations with key actors. Then it will be submitted for the new government's approval.

B. Legislation

Decentralization legislation lately has been characterized by the interim government's approving (even though not published), the five decrees that define the mission and operation of the three levels of local governments, the functions and responsibilities of the bodies that constitute local governments, the relationships between those bodies, and the attributions of the local authorities. Those decrees created the procedures to implement the indirect electoral process, contained in the constitution, for municipal and departmental assemblies as well as the nomination of judges at the communal and departmental levels. The decrees also established the rules for local governments to nominate the list of people out of which the president must fill the Permanent

Electoral Council. The political implications of the electoral process could be a stumble block for politicians, as important political interests are at stake.

The five decrees also contain the orientation, rules, modalities, and principles to facilitate designing a civic education program and training local elected officials and civil society organizations. The lack of legislation about the different local government levels has limited the effectiveness of past technical assistance and training projects. Training materials had to be vague about important issues or precise about matters that the local authorities did not have the capacity to resolve. This lack of legislation has been the most significant one experts and institutions working in capacity-building activities at the local level have encountered.

In the financial area, the five decrees define a comprehensive system for the collectivities' finances. Even though tax collection remains in the hands of the DGI, mayors now are responsible for collecting local taxes and for negotiating the rules of local transfers.

Local governments' operational costs are a concern of experts analyzing the functioning of the collectivities, as the structure is complex and costly. The decrees are precise by saying that membership in a local assembly is not a full-time positions and that members will be paid only per diems during the sessions. Only the executive bodies (collectivity councils) are full-time positions in charge of implementing assemblies' resolutions.

Finally, the five decrees require and promote community participation in all political decisions considered importance for the citizenry. Critical financial decisions cannot be made without community approval. Local authorities and their leadership must create participative development vehicles for the community where development decisions are taken and priorities set. Creating community development groups will guarantee people's participation in the local government planning process.

As mentioned previously the interim government approved the five decrees, but did not publish them. The provisional government might have been giving the incoming elected authorities the opportunity to review, analyze, and modify the decrees before implementing such a complex and important process. The team met with members of the transition team who said that they have not read the decrees, but that the new government intends to review them before calling local elections. The transition team pointed out the importance of modifying the roles of the departmental delegates—not only the delegates of the line ministries but also the presidential delegate, who should have a more active role in coordinating the line ministries' delegations at the departmental level. In this way the deconcentration of the central administration will facilitate the decentralization process.

It would appear, therefore, that the two options available to the Government of Haiti (GOH) in order to put in place the necessary legal framework for a decentralized government are:

1. **Publish the five decrees as they are.** After the publication of the decrees, the government could obtain technical assistance from USAID if they so desire, to review the decrees and, along with parliament, make any necessary changes and or revisions. This approach would solidify the legal framework for decentralization, because, as indicated above, the five decrees are detailed and comprehensive. Any flaws in the decrees can be revised at a later stage.

2. **Working with the parliament to revise the decrees before publishing them**, using technical assistance from USAID if desired. This approach may be more inefficient, and has the potential to delay the decentralization process and the local elections.

If the decrees are revised and published, their implementation will be a giant step in the right direction. More legislative work remains to be done, however, to complete the decentralization framework. Some other laws have to be revised and amended while others have to be enacted. In the mid term (three to five years), the following laws should be reviewed or issued:

- The law about the CID's organization and operation
- The law about the departmental delegations' operation
- The law about the budget and the budgeting process (so that amounts and allocations to the collectivities are defined)
- The law about the DGI's operation (so that local governments can become financially autonomous and generate and manage their resources)
- The law about the operation of key ministries such as the Ministries of the Interior, Planning, and Finance

In the longer term, (Four to seven years), the following laws should be reviewed or issued:

- Laws about the remaining ministries' organization and operation
- The Territorial Development Law

C. Perspectives for decentralization in the new legal framework

One of the lessons learned from the EDP projects' evaluation is that decentralization cannot be effective without a legal framework that defines the role and responsibilities of local governments. Local bodies that do not have operational rules and regulations cannot be strengthened. Hence all past efforts to implement decentralized governments were impossible to achieve.

The decentralization framework the five decrees contain, if published, places the country in a unique position to initiate an organized decentralization process. According to the transition team, the five decrees will be analyzed, amended, and sent to Parliament for approval before local elections are held. This process may delay the elections, in which case elections may occur next year. There is the possibility, however, that after reviewing the five decrees the new government calls for local elections, in which case elections could occur this year (toward September or October). Then the five decrees would be sent to Parliament later.

D. Capacity building

In addition to preparing the five decrees, the interim government promoted a pilot training project for mayoral candidates in the South and South East and the mobilization of society about decentralization. A local professional organization, the Group de Recherchers et D'interventions en Developpment et en Education (GRIDE) is implementing this project, which the government and the ACDI financed. The training is based on the legislation the five decrees contain—while unpublished, proponents believe they will be implemented. By July 5, 2006 training modules will be updated with the new legislation and will be used for training mayors after the election of local governments. Other institutions, such as the National Democratic Institute (office of Haiti), have committed to participate in the updating and training using the adapted material.

If the decrees are published, it will be necessary to launch a publicity campaign to inform the voters and candidates about their options and responsibilities. Along with other donors, USAID should promote elections and train candidates and elected official about serving their constituents.

V. Dealing with uncertainty: Ways forward

Lessons of the past demonstrate that any program to support decentralization and local government in Haiti is fraught with risks beyond the USAID mission's control. Both of USAID/Haiti's previous local government capacity-building programs (EDPI and EDPII) failed because of unanticipated national political crises and unrealistic assumptions about the Haitian government's commitment to decentralization. Unless the national government adopts laws to rationalize and strengthen local government entities and provide them with the financial resources to function, such assistance is unlikely to have any long-term impact. In the final report of the DEP II project, the key finding and recommendation was:

“That stringent conditions precedent be established and strictly enforced as a part of any subsequent bilateral efforts to support decentralization in Haiti.”

This recommendation, made in 2000, is still valid in 2006. The Mission should use it as the point of departure for any renewed efforts to strengthen local governments. Except in the case of short-term actions as a part of a stabilization program, USAID/Haiti should not support local governments in the absence of concrete actions (not promises) by the central government to decentralization. The next few months are a crucial test of the new government's political will.

A. Technical support to the national government

The transition government began the decentralization effort by preparing a draft report titled *Elements pour une Politique de Decentralisation* in April 2006, in addition to the five unpublished decrees that define the framework for decentralization and the roles and responsibilities of local government institutions. These decrees were the product of a broad-based participative effort that took several years and was a positive—but incomplete—step forward.

The new government of President Préval is, in the President's words, committed to implementing a deconcentrated and decentralized government. It is reviewing the decrees the previous government prepared and likely will modify them before submitting them to the National Assembly for approval. The Préval government wants to have the legal framework in place before holding local elections to ensure that the newly elected local officials understand their roles and responsibilities when they assume their posts. An advisor to President Préval indicated that the new government probably would require technical assistance to address some of the decentralization issues, including the financing of local governments.

As the president appears to have the political will to decentralize, USAID should offer to provide the government and National Assembly with technical assistance to draft the laws and conduct the administrative reforms to establish a system of deconcentrated national ministries and autonomous local governments. Discussions about the specifics of such technical assistance should start immediately to increase the possibility of the government's success in enacting needed reforms. It also might prove useful for USAID to offer financial support for workshops

and other forums that would further this effort and ensure that the final legal texts and financial arrangements reflect a national consensus about decentralization.

B. Support for the deconcentration of national government services

One concern of the new Prével government is the deconcentration of central government functions at the departmental level. According to a senior advisor of the president, the new government envisions the department as the primary level for coordinating development strategies and for providing technical assistance to the communes and communal sections. To realize this vision, they will examine the role of the department delegate and identify how to reinforce the role of this position as the coordinator of the departmental offices of the central ministries. Currently the department offices act independently of one another. The government believes that it needs departmental delegates with administrative and personal capacities, as well as the resources, to ensure that the activities and funding of the department offices are coordinated and oriented to common development objectives. It is expected that the president and the minister of the interior will define the role of the departmental delegate soon. USAID should describe the experience gained through the Mission and MSH's deconcentration processes to the transition team.

The new government also intends to create inter-ministerial departmental teams at the central government level to be liaisons to the departmental councils. These teams would work with their departmental councils to ensure resources were forthcoming to permit the department to achieve its development objectives. By improving communication between the central government and its deconcentrated units at the departmental level, greater efficiency and effectiveness should result.

All these proposals can be implemented without any new legislation, but they need to be accompanied by training and technical assistance if they are to succeed. A focused training and technical assistance program will be needed for the departmental delegates to enable them to fulfill their roles as inter-agency coordinators and the spearheads for local development. Similarly training and technical assistance will be needed to ensure that the departmental councils function as the government envisages.

Because USAID has been helping the Ministry of Health in its deconcentration efforts, the new local government program should include training and technical assistance to support the operation of the departmental council and the departmental assembly. This training and technical assistance also should be provided to the departmental delegate. The assistance should focus on facilitating inter-ministerial coordination and collaboration to achieve development objectives as well as coordination and collaboration with the local governments (communes and communal sections) within the department.

As USAID's local government program is unlikely to have the funding to implement a nationwide program, efforts to support deconcentration should be targeted to departments that contain the watersheds in which the mission's new watershed management program will operate. As the watershed-management program will require inter-ministerial and inter-governmental

cooperation to function, the local government program's efforts would contribute to achieving the watershed-management program's objectives.

C. Support to civil society

President Préval indicated that the government would consult with civil society before engaging in any new programs. He believes that civil society forces can apply pressure on elected officials that will safeguard against special-interest legislation and offset the political agendas of political parties. Unfortunately civil society groups in Haiti continue to be characterized by weak institutional capacities and their alliances are often ephemeral. Nonetheless, they are vibrant and the mission should consider providing a source of financial support to groups like the Chambers of Commerce, the National Coalition for Haitian Rights, and the Organisation Générale Indépendante des Travailleurs Haïtiens, that have a stake in decentralization. This support could be provided through the local government program, but probably would be better funneled through a civil society democracy program. In the latter instance, the mission will have to ensure that the two programs collaborate.

D. Support local government capacity building

Assuming that the Préval government has the political will to decentralize government functions, which will be demonstrated by its issuance of decrees and laws that conform to the constitution, define the roles and responsibilities of local governments, and provide for fiscal resources to enable these units to fulfill their responsibilities, then a new local government program should be implemented. The program should function at three levels: the department, the commune, and the communal section. The program should be active in departments where the watershed-protection program will function. In these departments the program also must work with the municipal governments and communal sections located in the watershed-protection program to ensure collaboration between the local government institutions and civil society organizations in the program. In addition, the local government program should be implemented in all municipalities where urban hot spots are present (that is, Port-au-Prince, Petite-Goave, Les Cayes, Saint-Marc, Gonaives, and Cap-Haitien). If funding allows the program should be active in municipalities, such as Jacmel, where forthcoming measures to combat drug trafficking could increase social and political tensions. Such municipalities will be in need of the community-based local economic-development program and the local government program to respond to the loss of income and employment that will occur as a consequence of suppressing the drug trade.

The team assumes that the new USAID local government program will be the primary component of the Justice Democracy and Governance program (JDG) of the Mission's decentralization effort. It will be essential that the new local government program collaborate with other mission programs, in particular the new community-based economic development program, the new watershed management program, and the Health Services 2007 project to support deconcentrated management of health services. In the case of the community-based economic development program, which will be linked to the local government program, the mission should adopt the model OTI used in its rapid-response community-development project.

In the OTI project, investment priorities are identified through community groups, NGOs, municipalities, and central government entities that propose rapid impact grants to the transition program's implementing partner. The project is then submitted to the implementing organization's headquarters for funding approval. Once the political transition grant is approved, the implementing partner begins the tendering process. The community representatives are involved throughout the initial tendering stages, attending meetings with the implementing organization's staff and the winner of the project tender. Moreover, during the implementation of the grant, the implementing partner's engineer and the municipalities' engineer collaborate in supervising the project's works. Once the project begins, the winning contractor receives 30 percent of the budget, then, as work progress another 30 percent. When the project is 60 percent complete, the contractor receives another 30 percent of the budget. The contractor collects the remaining 10 percent when the community group and the project partners have signed a final approval of project's product.

This approach's advantage—and the reason the assessment team recommends its use within the local government program—is that it brings the community, mayor, and local institution or government partner together in one decision-making umbrella. The community, therefore, feels included in identifying and implementing high-priority projects. Consequently, municipal and government officials are compelled to see the management and monitoring of the grant activity as a collaborative effort. In addition, as the community ascribes a sense of ownership to the projects, contracting firms, local officials, and state institutions are held accountable for the final product's quality. In effect, the identification and implementation process of the projects is as important as the final product, as these political transition grants serve the main purpose of bringing neglected communities in contact with municipal and state institutions.

To ensure this collaboration, the team recommends that, except for grants of equipment (such as computers and garbage trucks) that allow the application of techniques and methods acquired in training courses, no small-grants component or other financial incentives should be included in the local development program. This policy will ensure that the technical assistance and training the implementer provides is valued in its own right by the beneficiaries rather than seen as a precondition for acquiring funds to conduct projects.

Should local elections be held, the communal sections will be dotted with elected assemblies and councils. Few if any of these newly elected officials, all of whom will come from rural areas, will have experience in government. Further complicating the situation is the fact that these institutions have functioned only once in the past. If the communal-section assemblies and councils are to be effective, they will require training and technical assistance. The sheer number of these entities (568) and the remote locations of many of them present a challenge. For this reason USAID's new local government program should restrict its training and technical assistance to the communal sections located within the areas where the new watershed-protection program will be implemented. This program's presence and the numerous projects it will undertake with peasant organizations and rural cooperatives will provide a focus for the training. In particular, the local government program can train the communal-section assemblies and councils to collaborate with and facilitate the projects being undertaken and act as an interface for the local population with communal and departmental officials. This collaboration also will

contribute to the success of the watershed-protection program. As in the case of the community-based local economic-development program, USAID will have to manage these programs to ensure that the implementing partners collaborate effectively.

As a part of the design of the local government program, a training needs assessment should be conducted. Based on our summary investigation, the training and technical assistance probably should include the following subjects, many of which were included in the mission's previous local government program and remain valid:

- For communes and communal sections—
 - legislation
 - communication
 - negotiation
 - conflict mitigation
 - citizen participation and outreach
 - transparency and accountability
 - tax collection
 - ethics
 - project design and implementation
 - gender issues
 - environmental issues

- For communes—
 - budget preparation, management, and budget hearings (participatory budgeting)
 - capital-investment planning
 - tax and tariffs mobilization and collection
 - municipal administration and management
 - public-works management
 - personnel management
 - procurement
 - ethics
 - project design and implementation
 - public-private partnerships
 - citizen information and service centers
 - development planning

The training programs and materials the local government program develops should conform to the new decentralization decrees and be able to be replicated after the program ends. Although the opportunities may be remote, the local government program should explore the possibility of institutionalizing this training in local private-sector institutions, foundations, or academic institutions.

In his inauguration speech on May 14, President Préval called for local elections to occur as soon as possible. The government is committed to holding these elections soon, but first wants make

sure that the legal framework for decentralization contains all the required elements. Assuming that the government and the National Assembly work expeditiously to enact the decentralization laws and decrees, the local government program could start before elections are held. Faced with this uncertainty, USAID will need to ensure that the program is resilient enough to function regardless of the timing of local elections.

At present, appointed mayors, whose role is that of a caretaker, run the local governments. Some of these mayors, such as those in Les Cayes and Port-Salut, are effective managers who conduct activities (albeit of a small-scale given their limited resources) to improve their communities and prepare for a smooth transition to an elected local government. Others, unfortunately, are not fulfilling their caretaker roles. Nonetheless, until the local elections are held, the appointed mayors are the only potential local government counterparts for USAID.

That existing mayors are appointed should not be a reason for not working with them, especially as there is no guarantee that the subsequently elected mayors will be more effective or honest. Rather than focus on the method by which the mayors obtained their positions, the mission should use as criteria for inclusion in its local government program the willingness of the mayors to commit in writing to democratic principles and transparency in the performance of their duties. For example, the USAID local government program in another country required mayors to commit the local government to

- be open to all citizens
- conduct its operations in a transparent manner
- provide its services effectively and efficiently
- provide for meaningful participation of citizens in government decision-making

The wording of and the number of principles included in the agreement should be adapted to the Haitian context, but this approach should address the issue of how to implement the program should local elections be delayed. Not only would it ensure that the democracy and governance objectives of the program would be maintained, but it also would justify eliminating from the program non-performing mayors. The agreement should be signed in a public ceremony and published and/or posted at the local city hall so that all citizens can see it and hold the mayor accountable. Moreover, even elected mayors should be required to sign such an agreement.

E. Contingency planning

Unfortunately Haiti's history has too many examples of stability and progress collapsing into disorder and violence. While the team believes that the new government will do all in its power to implement decentralization and hold local elections, it is prudent that the mission has a contingency plan for how to deal with local governments in the event that the proposed reforms and elections do not occur.

As the objective of USAID/Haiti's new strategy is stability, there is justification for initiating a focused local government program in the absence of reforms and elections. This program should be limited to municipalities containing urban hot spots and its focus should be to ensure that the local leaders are capable of supporting efforts to reduce social tensions and counteract the influence of gangs and criminal elements. In the absence of a national legal, institutional, and financial framework for decentralization, this program should not be expected to create self-sufficient local governments with the technical capacities and financial resources needed to deliver urban services. Rather the emphasis should be on providing training and technical assistance to mayors and other local officials in such interpersonal skills as conflict mitigation and consensus building. These skills will be critical if local leaders are to help in the political and economic stabilization of their municipalities and, in particular, the hot spots.

The planned community-based local-development program should be initiated regardless of whether or not decentralization occurs because of its importance in calming social tensions, reducing poverty, and fighting gang violence and criminality. USAID/Haiti has successfully implemented community-driven economic development activities in urban and rural areas, despite the absence of effective local governments. This program, in conjunction with the limited scope local government program, will contribute to stability and perhaps lay the groundwork for a time when decentralization reform and local elections occur.

Annex 1—Documents Reviewed

Accelerating Economic Growth in Secondary Cities and their Hinterlands, USAID/Haiti, 1999.

Administration Communale, Manuel a l'intention des elus et employes municipaux.

Appui a la mise en oeuvre de la Decentralisation, Projet Modernisation de l'Etat et a la Modernisation.

Appuia la mise en oeubre de la Decentralisation, Gonzalo Espitia, 2006.

Conflict Assessment: Haiti, Draft Report, 2006.

Constitution of the Republic of Haiti, 1987.

Decret sur le Cadre de la Decentralisation, Fevrier, 2006.

Decret sur le Departemant, Fevrier, 2006.

Decret sur la Commune, Fevrier, 2006.

Decret sur la Section Communal, Fevrier, 2006.

Democracy and Enhancement Project, Final Report, ARD, 2000.

The Departmental Coordination Bodies (DCB), U.N Concept Paper, April 2006.

Elements pour une Politic de Decentralisation, Bureau du Primer Ministre, 2006.

Group de reflexion sur la Decentralisation, avec les Bailleurs de Fonds, 2006.

Haiti Face aux defies de la Decentralisation, Charles L. Cadet, 2001.

Iniciative for Sustainable Development, Haitian Urban Sanitation Project, GreenCom, 1996.

Le Programme des Nations Unies pour les Etablissements Humains, Contexte et Justification.

Local Government and Civil Society Study, DAI, December 1999.

Ministere des Travaux Publics, Transports et Communication, le Programme des NU pour les Etablissements Humains.

Political Will for Decentralization in Haiti, DAI, May 2000.

Presidential Decret sur L'Organisation et funcinnement de la Commune, 2006.

Rapport du Programme de Deconcentration Administrative et de creation de Trois Poles de Development, MICT, 2005.

Support to Political Parties and Candidates, Democracy Enhancement Project, 2000.

USAID/HAITI Annual Report, 2006.

USAID Secondary Cities Investment Fund Design, First Draft, 1999.

USAID, several documents on the Secondary Cities Program.

USAID Strategic Plan for Haiti, fiscal years 1999–2000.

USAID Strategy Statement, FY 2007–2009, Third Draft.

Vers une Politique National de Decentralisation, Synthese des propositions de la CNRA.

Annex 2—Persons Contacted

USAID/Haiti

Erna Kerst, mission director
 Lawrence Hardy, deputy director
 Karen Poe, program office
 Lloyd Jackson, program office
 David Delgado, economic growth and education office
 Ben Swartley, economic growth and education office
 Grace Lang, economic growth and education office
 Sally Yearwood-Baker, economic growth and education office
 Marc-Eddy Martin, economic growth and education office
 William Riley, Justice, democracy and governance office
 Gerard Fontain, Justice, democracy and governance office
 Khadijat Mojidi, Population, health and nutrition Office
 Pierre Mercier, Population, health and nutrition Office
 Lauren Barbour, office of transition initiatives

Government of Haiti

Alix Fils-Amie, advisor to the president
 Joseph Jasmin, advisor to the president
 Ruthlande Anglade, Ministry of Interior

Commune of Les Cayes

Pierre Etienne France, mayor
 Sylvie Rameau, Adjunct mayor

Les Cayes Chamber of Commerce

Thierry Vanté, first vice-president
 Sylvain François, second vice-president
 Roosevelt Guerrier, secretary

Commune of Saint Marc

Carmelo Etienne, assistant mayor
 Danely Vaneal, city administrator

Commune of Port-Salut

Emile Duperval, mayor

Department du Sud Mayoral Candidates

Dominique Espérant, Lespwa party candidate for mayor of Cavailon
Solange Chaudry, Modereh party candidate for mayor of Les Cayes
Appoline Bertrand, Fusion party candidate for mayor of Camp Perrin
Michel Wilfrid Bertrand, Lespwa party candidate for mayor of Chantal
Irnande Fortuné, OPL party candidate for mayor of Les Cayes
Séloi Jean Fildor, Union party candidate for mayor of Maniche

International Organization for Migration /Les Cayes

Julaine Michel, finance and administrative specialist
Rodino Saint-Jean, project assistant
Luis Chanel, project assistant
Jean-Ricot Maroney, engineer

Donor Organizations

Chantal Santelli, Charge de Programme, UNDP
Arnaud Dupuy, Environmental Programme UNDP
Geneviève Gasser, Canadian Embassy , CIDA
Jay Carter, chief of civil affairs, United Nations
Marc Plum, local government training specialist, United Nations

Others

Jean-Marie Montinor, Director, Department du Sud, ministry of health
Paul Auxile, Chief of Party, Management Sciences for Health (MSH)
Harry Adams, FAES