

20490 - 117005

REPORT BY THE U.S.

# General Accounting Office

## Assistance To Haiti: Barriers, Recent Program Changes, And Future Options

In the past, U.S. assistance designed to improve Haitian Government institutions has had only limited impact, and many projects have suffered delays and/or serious implementation problems. AID is making several program changes to increase project activity and development.

This report discusses the status of AID program changes and examines various development approaches. GAO recommends actions which could improve chances for development and assist in deliberations on program direction.



117663

ID-82-13  
FEBRUARY 22, 1982

00004

**Request for copies of GAO reports should be sent to:**

**U.S. General Accounting Office  
Document Handling and Information  
Services Facility  
P.O. Box 6015  
Gaithersburg, Md. 20760**

**Telephone (202) 275-6241**

**The first five copies of individual reports are free of charge. Additional copies of bound audit reports are \$3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are \$1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".**



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

INTERNATIONAL DIVISION

B-206226

The Honorable M. Peter McPherson  
Administrator, Agency for International  
Development

Dear Mr. McPherson:

This report discusses the status of the Agency for International Development's assistance program in Haiti, including reasons for past project failures, planned corrective actions, and possible development options. In order to provide the Congress with information in time for deliberations on Haiti, we did not obtain official agency comments. However, we discussed the report with agency program officials and made the necessary changes.

This report contains recommendations to you on pages 16, 23, and 27. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget, and to appropriate congressional committees.

Sincerely yours,

A handwritten signature in cursive script that reads "Frank C. Conahan".

Frank C. Conahan  
Director



D I G E S T

Haiti is the poorest country in the Western Hemisphere and one of the poorest in the world. Its strategic location in the Caribbean and the highly publicized arrivals of Haitian boat people combine to demonstrate the importance of having an effective economic assistance program in Haiti.

GAO made this review to provide objective information on the effectiveness of the Agency for International Development (AID) program in Haiti, the reasons for past project failures, the adequacy of planned corrective actions, and possible development options.

GAO reviewed the AID program through fieldwork in Washington and Haiti including discussions with representatives of the Embassy, Government of Haiti, AID, and other donor agencies; examination of program documents; and visiting selected project sites. In order to provide the Congress with the report in time for deliberations on the Haiti program, official agency comments were not obtained but the findings, conclusions, and recommendations were discussed with AID program officials. Their comments were incorporated in the report. (See ch. 1.)

AID HAVING DIFFICULTY  
IMPLEMENTING PROJECTS

Since 1973, the United States has provided Haiti about \$218 million in food aid and economic assistance. After 8 years of operating in Haiti, AID is still having difficulty implementing its projects. Past projects, designed to improve Haitian Government institutions, have had only limited impact, and many projects have suffered serious delays. (See pp. 6 and 7.)

RECENT ACTIONS MAY INCREASE  
PROGRAM EFFECTIVENESS

Because of the less than satisfactory results in many projects, AID is making changes designed to increase program effectiveness. These changes include project terminations, refocusing emphasis from long-term institution-building to one that will provide shorter-term direct impact on the poor, and efforts to improve Government of Haiti performance by increased dialogue, better donor coordination, and a policy of conditioning further assistance, in part, on improved performance. (See p. 13.)

In addition, AID, collaborating with the Haitian Government, has established a Joint Project Implementation Plan to better document performance, problems, and responsibility for delays. If this project management method proves useful, GAO recommends that the Administrator of AID encourage Haiti and the donor community to use it, or a similar method, to manage all development projects in Haiti. (See p. 17.)

DEVELOPMENT APPROACH OPTIONS

GAO found that other donors, like AID, have had difficulty in implementing their projects. To cope with the difficulties, these donors have used various approaches to lessen dependence on Government of Haiti performance for project success. These approaches include (1) de-emphasizing sectors where project success is least likely, (2) using outside contractors rather than local personnel, and (3) using semi-autonomous project implementation offices within the Government ministries.

To assist the people of Haiti directly while lessening Government of Haiti project responsibilities, GAO found that the United States could also emphasize increased grassroots participation in development by (1) greater use of private and voluntary organizations, (2) acting to establish a Peace Corps program, and (3) working directly with the Haitian people.

AID could also continue contributions to long-term, institution-building efforts, or provide a minimal assistance program pending improved Government performance. (See ch. 3.)

No approach GAO examined is an ideal solution to Haiti's development problems. Nevertheless, there appear to be opportunities to improve project implementation. GAO recommends that the Administrator of AID explore alternate implementation approaches and decide which ones should be followed. In the meantime, however, GAO believes that AID should attempt to avoid delays in project implementation and recommends that the AID Mission work directly with the Haitian people until Government of Haiti counterpart personnel are available or another alternative approach is chosen. (See p. 24.)

DETERMINING APPROPRIATE  
PROGRAM DIRECTION

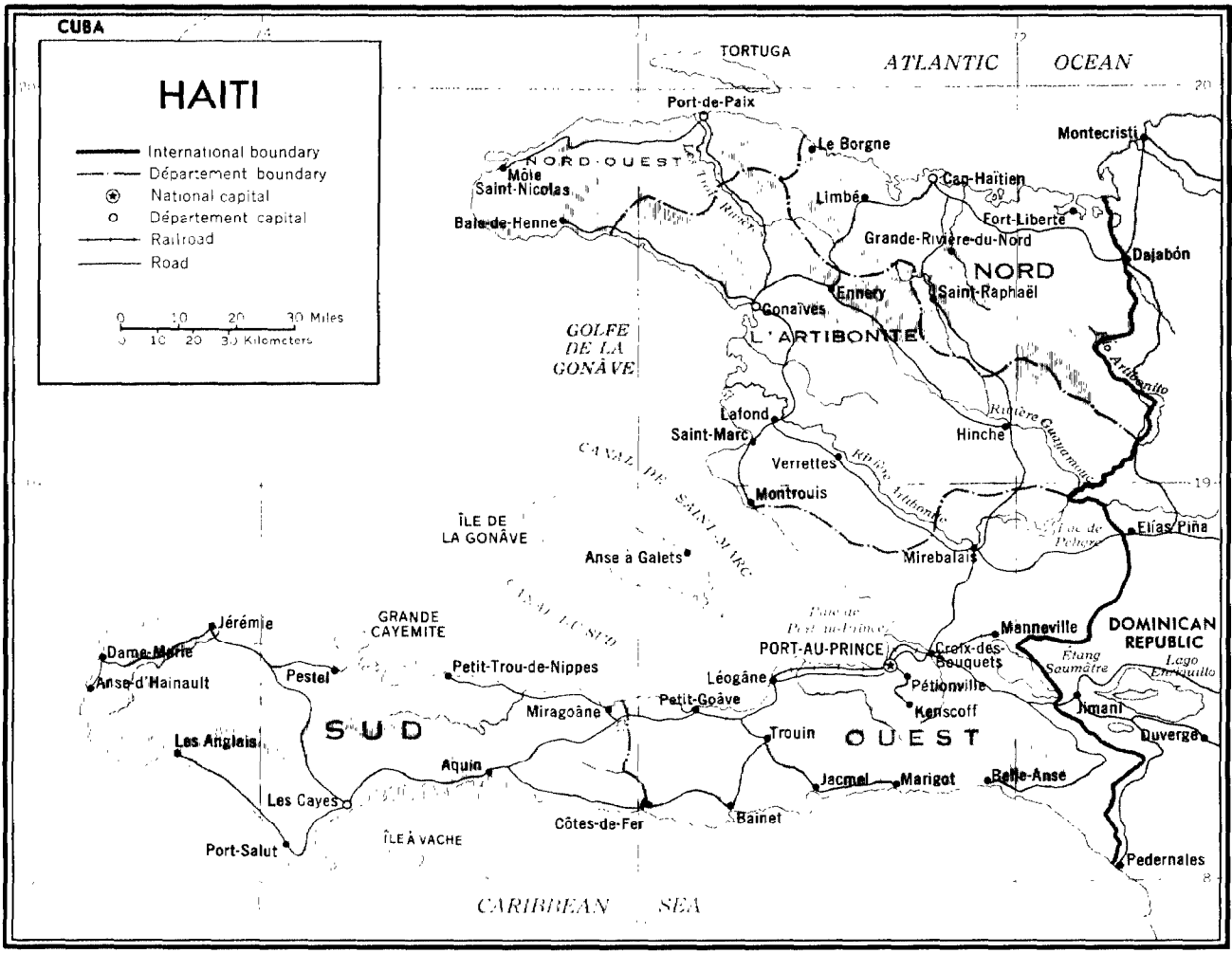
Criteria to guide decisions on program size and direction is currently lacking. AID lacks a clear definition of its role in meeting U.S. objectives, the impact it can realistically achieve, and the amount of time and resources it needs to achieve the desired impact. AID's present economic assistance program will not likely create a fundamental turnaround to Haiti's dire economic condition, nor will it substantially alter the economic factors which encourage emigration. (See ch. 4.)

GAO recommends that the Administrator of AID, in cooperation with the Department of State, develop a statement that better defines U.S. objectives in Haiti and the role AID can play in achieving them. (See p. 28.)

Tear Sheet







Base 77975 (4-71)

1000

1000

# C O N T E N T S

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION AND OVERVIEW	1
	Poverty in Haiti	1
	Dependence on donor assistance	2
	Haiti's importance to the United States	2
	U.S. assistance to Haiti	3
	Objectives, scope, and methodology	3
2	AID ACTS TO OVERCOME PAST DIFFICULTIES	5
	AID program only marginally effective	5
	Project results are generally	
	unsatisfactory	6
	Some projects relatively successful	8
	Reasons why AID has had difficulties	8
	Recent AID actions designed to improve	
	program effectiveness	11
	AID concentrates on project	
	implementation	11
	AID program review surfaces	
	recommendations for change	12
	Implementation of recommendations has	
	begun	12
	Conclusions	15
	Recommendation	16
3	EXAMINING ALTERNATIVE APPROACHES TO ASSISTING	
	HAITI	17
	Other donor approaches	17
	Deemphasizing sectors where project	
	success is least likely	17
	Using outside contractors rather	
	than local personnel	18
	Encouraging semi-autonomous Government	
	agencies to administer projects	19
	Grassroots approaches	19
	Increased use of PVOs	19
	Establishing a Peace Corps program	
	might promote development	20
	Working directly with the Haitian	
	people	20
	Persevere with institution-building	21
	Providing minimal assistance if performance	
	expectations are not met	22
	Conclusions	23
	Recommendation	23

4	DETERMINING APPROPRIATE PROGRAM DIRECTION	24
	Impact on economic development	24
	Impact on emigration	26
	New proposal being developed	26
	Role of assistance in meeting U.S. objectives not clear	27
	Conclusions and recommendations	27

#### ABBREVIATIONS

AID	Agency for International Development
GAO	U.S. General Accounting Office
GNP	Gross National Product
IMF	International Monetary Fund
PVO	Private and Voluntary Organizations
JPIP	Joint Project Implementation Plan

## CHAPTER 1

### INTRODUCTION AND OVERVIEW

Overpopulated and lacking natural resources, Haiti depends on foreign assistance to support its economy and assist in providing the most basic human needs to its people. Since 1973, the United States has provided about \$218 million to Haiti for humanitarian, security, political, and other reasons. Other donors have provided an additional \$600 million since 1973.

#### POVERTY IN HAITI

Haiti is desperately poor. A recent World Bank study determined that three out of four Haitians live at or below the absolute poverty level (based on the cost of a minimum diet plus 40 percent for all nonfood expenditures). Per capita income in many rural areas is less than \$100. For the population as a whole, per capita Gross National Product (GNP) in 1979 was about \$260, making Haiti by far the poorest country in the Western Hemisphere and one of the poorest in the world. In addition,

- Haiti has more people per doctor (11,344) than any country in this hemisphere,
- Haiti has a literacy rate of only 23 percent--again, the worst in this hemisphere,
- only about 5 percent of Haiti's population has access to electricity,
- only 4 percent of all dwellings has running water, and
- Haiti's infant mortality rate of 130 per thousand is almost 9 times greater than that in Jamaica.

The causes of poverty are equally discouraging. Haiti is very densely populated. This density, combined with Haiti's very mountainous terrain and little good agricultural land, has forced farmers to clear and farm land on the hillsides--land which is unsuitable for permanent agricultural production. Land conservation measures have not been observed as hillsides have been cleared for farming and for firewood and charcoal production. Consequently, erosion is literally washing away the agricultural base in Haiti.

Haiti is generally weak in natural resources. As a result, Haiti has been unable to develop natural resource-based export industries to provide employment or foreign exchange and revenue to lessen the burden on Haiti's poor and deteriorating agriculture land base. By every measure of economic and social development, Haiti is extremely poor.

## DEPENDENCE ON DONOR ASSISTANCE

Haiti depends extensively on foreign assistance. Foreign assistance amounts to almost two-thirds of Haiti's development budget and almost 40 percent of its total budget. Moreover, a substantial part of the population, estimated to be as high as 20 percent, receives supplemental food through the Public Law 480, Title II program. Public Law 480, Title I provides 20 percent of Haiti's imported wheat and about 30 percent of its imported rice.

Although evidence of development in rural areas is little, virtually all such evidence is the result of donor funding. The major roads were funded by the World Bank, the Inter-American Development Bank, and France; water projects were funded by the United States; and the few available human services are generally provided by private and voluntary organizations (PVOs), missionaries, and Government of Haiti organizations assisted by donors.

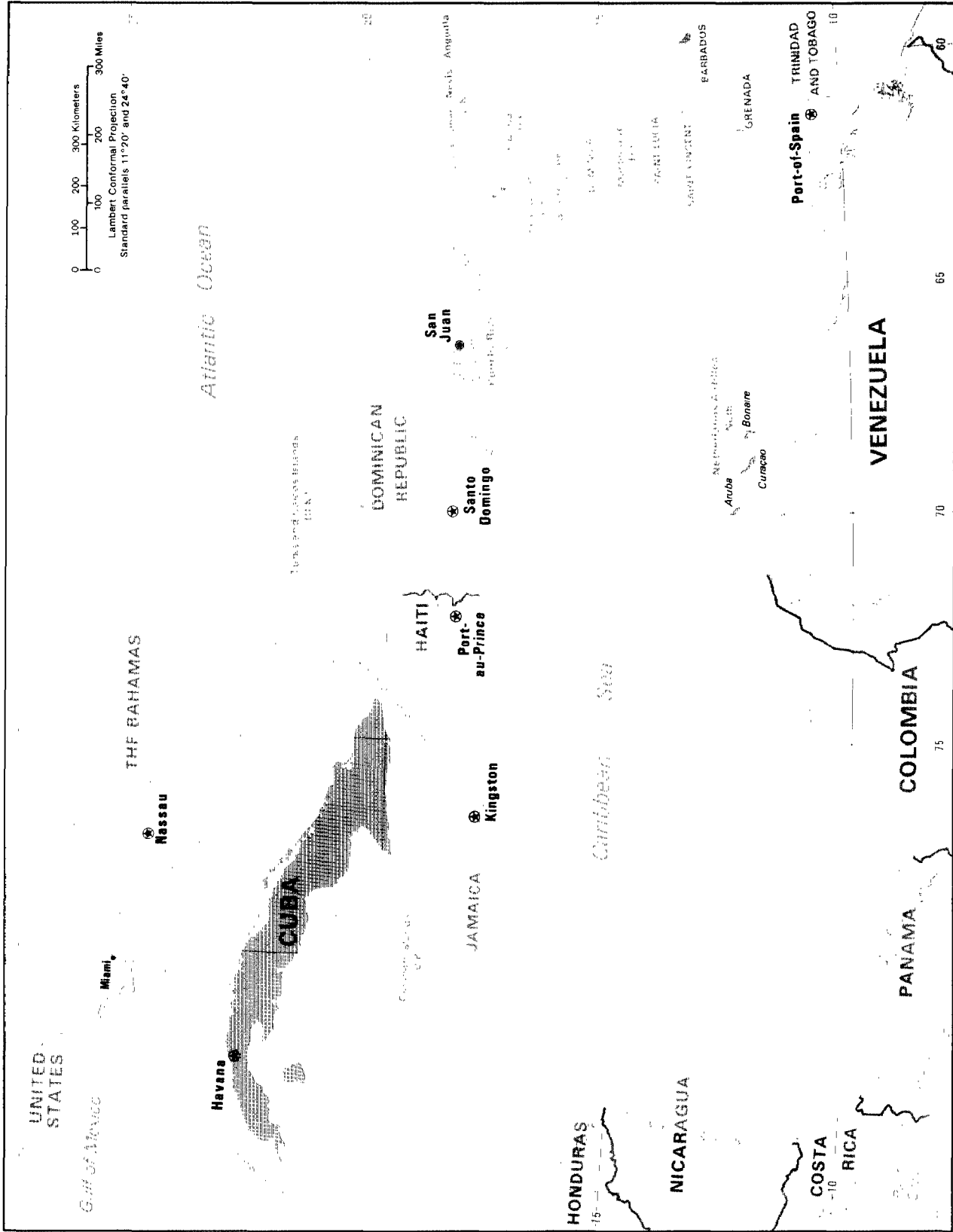
The following table, based on a Government of Haiti budget document, demonstrates the degree of dependence in selected development sectors. These figures may underestimate the dependence because, according to Agency for International Development (AID) officials, the Government of Haiti does not always contribute the amounts budgeted.

<u>Sector</u>	<u>GOVERNMENT OF HAITI</u>			<u>Foreign funding</u> <u>(% of Total)</u>
	<u>ANNUAL DEVELOPMENT BUDGET</u>			
	<u>1980-81</u>			
	<u>Source of Funding</u>			
	<u>Haiti</u>	<u>Foreign</u>	<u>Total</u>	
	<u>(-----)</u>	<u>(millions)</u>	<u>(-----)</u>	
Agriculture	\$13.6	\$ 20.5	\$ 34.1	60
Energy	11.0	22.8	33.8	67
Transportation	12.2	22.1	34.3	64
Potable				
water	3.1	9.0	12.1	75
Education	4.1	15.0	19.1	79
Health	4.8	9.7	14.5	67
Community				
development	1.5	14.9	16.4	91
Other	<u>37.3</u>	<u>17.3</u>	<u>54.6</u>	<u>32</u>
Total	<u>\$87.6</u>	<u>\$131.3</u>	<u>\$218.9</u>	60%

## HAITI'S IMPORTANCE TO THE UNITED STATES

The Republic of Haiti is strategically located between the Atlantic Ocean and Caribbean Sea. Because of its location and proximity to our southern border, Haiti's poverty has a direct impact on the United States. Abject poverty encourages illegal

# West Indies



11

12

13

14

15

16



immigration to the United States and can contribute to social and political unrest which, in the context of the turbulent Caribbean Basin, could adversely affect U.S. security. Stability in Haiti has recently become more important due to the growing concern about Caribbean stability. Haiti remains pro-American despite its proximity to Cuba. Further, Haiti supports the United States in international forums.

Emigration from Haiti has caused increasing concern in recent years. The phenomenon of the "boat people" began in 1972, but has increased in numbers dramatically since 1978. According to the Immigration and Naturalization Service, as much as one-half of the Haitians entering south Florida are undetected. Even so, detected arrivals numbered nearly 25,000 in 1980. In 1981, arrivals could have been even more. This influx of illegal aliens has put an increasing burden on resources in Florida and the Federal Government to detect and support the new arrivals. The AID Haiti Mission Director estimates that since January 1980, the direct costs of illegal immigrants to South Florida alone had been over \$250 million to the Federal Government and \$100 million in non-reimbursed costs to the State of Florida.

#### U.S. ASSISTANCE TO HAITI

During the 1950s and early 1960s, the United States provided Haiti about \$60 million for economic assistance. With the severe repressive tactics of President Francois Duvalier, the United States withdrew almost all economic assistance and limited diplomatic dialogue. Francois Duvalier remained in absolute control until his death in 1971, when his son, Jean Claude Duvalier assumed the position of President-for-Life. Concerned about economic conditions which had deteriorated badly under the elder Duvalier, and encouraged by the more liberal political attitude of the younger Duvalier, the United States resumed its assistance program to Haiti in 1973 after about a 10-year absence. The United States has provided \$218 million since that time. Of this total, \$32 million was provided in 1981. This assistance, administered by AID, includes money for development assistance projects, Public Law 480 food donations and concessional sales, and disaster relief.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

Although we have reviewed several aspects of U.S. economic assistance to Haiti in the past, we have not done a detailed analysis of the program. Our objectives for this review were to (1) examine AID program results, (2) identify reasons for project failures, (3) evaluate the adequacy of actions taken or contemplated to correct implementation problems and increase program impact, and (4) identify possible alternative development approaches. These objectives were chosen to address concerns of

congressional committees interested in the impact of foreign assistance on meeting U.S. objectives in Haiti. In performing our review we adhered to Comptroller General standards.

We did fieldwork in Haiti during the July-October 1981 period. The fieldwork included extensive discussions with AID and Embassy officials, discussions with selected Government of Haiti officials, and review of various project and program documents, such as project plans, progress reports, evaluations, cables, and financial documents. In addition, we visited selected project sites to gain a better understanding of Haiti's development needs and AID project progress and impact. The sites we visited were selected to achieve a broad perspective of projects in terms of geographic location, development sector, degree of completion, and level of success. Fieldwork was supplemented by discussions with AID, Department of State, and Peace Corps headquarters officials.

Because the United States is just one of many donor countries and organizations assisting Haitian development, we relied on the cooperation and information provided by many other donors. To determine assistance levels, program objectives, project experience, and alternate development approaches, we held discussions in Washington and Haiti with officials of selected United Nations agencies, the World Bank, the Inter-American Development Bank, the International Monetary Fund (IMF), and several PVOs. To compare other programs to AID's, we also contacted officials representing the German, French, and Canadian bilateral development missions in Haiti.

In order to provide the Congress with our report in time for deliberations on U.S. assistance to Haiti, we did not obtain official agency comments. However, we discussed the draft report with AID program officials, including the Haiti Mission Director, and incorporated their comments into the report.

CHAPTER 2

AID ACTS TO OVERCOME

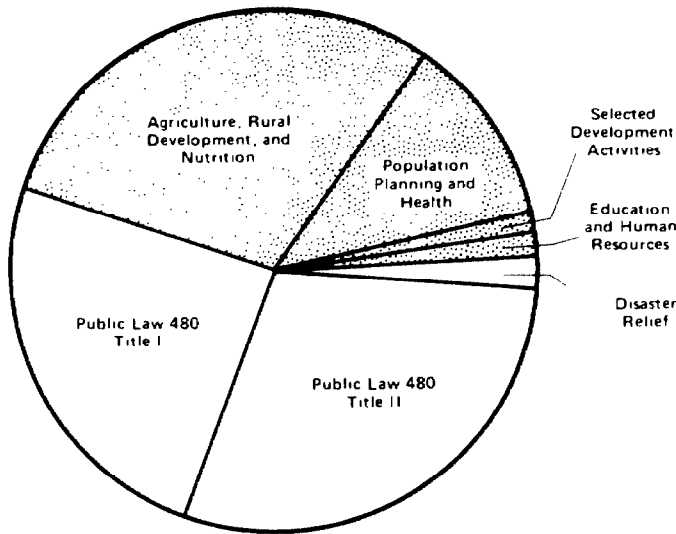
PAST DIFFICULTIES

Development in Haiti has been difficult, and AID can point only to a few areas where assistance projects have been implemented smoothly. Project delays have been frequent and project results have yielded less than satisfactory results. AID officials readily acknowledge these difficulties and accept partial responsibility for program failure. AID is making several program changes which, although not fully implemented, are designed to improve overall program effectiveness and impact.

AID PROGRAM ONLY  
MARGINALLY EFFECTIVE

About half of AID assistance to Haiti since 1973 has been for concessional sales and donations of food through Titles I and II of Public Law 480. The other half has been for numerous development projects and relief from occasional natural disasters. AID has stressed agriculture, giving almost two-thirds of its development project assistance to the agriculture, rural development, and nutrition sectors. Adding in the food assistance through Public Law 480, over 80 percent of AID assistance has been for agriculture and food-related purposes.

U.S. ASSISTANCE TO HAITI  
(1973-1981)



<u>Development Projects</u>	<u>U.S. Dollars</u> <u>-(millions)-</u>	<u>Percent</u>
Agriculture, Rural Development, and Nutrition	\$61.9	28
Population Planning and Health	26.5	12
Education and Human Resources	2.1	1
Selected Development Activities	3.3	2
<b>Total</b>	<b>93.8</b>	<b>43</b>
<b>Food and Disaster Relief</b>		
Public Law 480, Title I	52.0	24
Public Law 480, Title II	63.8	29
Disaster Relief	4.0	4
<b>Total</b>	<b>119.8</b>	<b>57</b>
<b>Total</b>	<b>\$213.6</b>	<b>100</b>

Initially, AID designed several large projects with major institutional development components. AID emphasis on institution-building was to remove development constraints posed by the limited capacity of many Haitian Government agencies to absorb new resources and implement development programs. The size of the operating budgets of the development ministries hampered their ability to accelerate the pace of development. The AID strategy, therefore, was to assist institutional development by (1) assuring adequate Government salaries; (2) providing the personnel necessary for effective analysis, design, and implementation of programs; and (3) improving the organization, administration, and operation of key development agencies.

More recently, AID has begun to design smaller projects which are often administered by nongovernment organizations. Nevertheless, the bulk of the AID program continues to have an institution-building flavor. Until the middle of 1981, AID's planned program priorities emphasized growing more food, improving environmental quality through reforestation, increasing income-earning activities for small farmers, reducing population pressure, creating job opportunities, and providing access to health services. Strengthening the Haitian Government commitment to equitable economic and social development and improving the Government ability to implement development programs were essential to AID program priorities.

Project results are generally unsatisfactory

The AID program to date has had limited impact on Haiti's dire poverty, and many projects have had less than satisfactory results. Past projects designed to improve Haitian Government institutions have had only limited impact and many projects have suffered serious delays and/or implementation problems. Indications of poor results include (1) project delays resulting in large amounts of unexpended funds, (2) projects which were never implemented, (3) projects accomplishing less than originally expected, and (4) a variety of other implementation problems. AID officials acknowledged these difficulties but pointed out that they have made considerable progress in some areas. Even so, AID's most successful projects have not avoided implementation difficulties.

AID began obligating large amounts of assistance in 1975-77. Because of project delays, little of the obligated money was spent as quickly as expected. As a result, the amount of funds obligated but not spent increased to \$38 million at the end of fiscal year 1978. Project delays also resulted in extended completion dates, by several years, for some projects.

Perhaps the most obvious examples of unsatisfactory project results were AID's planned assistance for legal services to the

poor and for development of an institution to conduct agricultural research.

--The project for legal assistance to the poor was to begin in 1979. The primary purpose was to assist the Port-au-Prince Bar Association in establishing a system for free legal services to indigent Haitians accused of crimes. A secondary purpose was to strengthen the Bar Association by supporting its role as a trainer of new lawyers. Haitian support for this project never materialized. AID deobligated this project before the end of fiscal year 1981.

--The project for agricultural research was to begin in 1978. The purpose of this project was to establish in the Ministry of Agriculture the institutional ability to conduct agriculture research and statistics surveys to support the Haitian small farmer agricultural/rural development program. As of October 1981, the project still had not begun. The Haiti AID Mission Director is now reprogramming the project with the Ministry and expects to initiate activities by June 1982. If progress is not satisfactory by then, he plans to deobligate the project before the end of fiscal year 1982.

Several other projects did begin but have achieved little. The central AID effort to improve agricultural productivity was the Integrated Agricultural Development Project. Begun in 1976, this project was to develop the institutional capacity of Haiti's Ministry of Agriculture and community organizations to deliver productive resources and services to small farmers. The project was to have components for management development, soil conservation, irrigation, and research. Little has been accomplished so far except for selecting some work sites. Originally designed as a grant- and loan-financed project of \$12 million, less than \$2 million had been spent as of July 1981. Other examples of unsuccessful projects include a grant for technology development and a loan and two grants to assist small farmers in growing and marketing coffee.

To achieve an overview of AID projects, we reviewed numerous evaluations and interviewed AID project officers. According to these sources, few projects had avoided implementation problems. Project difficulties included procurement delays, equipment breakdowns, lack of administrative and logistical support, delays in making key decisions, lack of trained personnel, lack of financial resources, and poor cost estimates.

## Some projects relatively successful

Despite general implementation problems, AID has made progress in several areas. The road maintenance and construction projects are the most successful. As a result of 8 years of AID support, Haiti's road maintenance agency has become a well functioning and reliable organization. Because of its effectiveness and importance to road maintenance, a substantial budgetary increase was obtained when few Government agencies received increases.

We observed work crews repairing roads in rural areas on several occasions. Their presence was the most notable evidence of public services we observed outside the capital. Officials from a multilateral bank told us that AID efforts to strengthen Haiti's road maintenance capacity have been very effective, and the donor community participating in road building depends on maintenance performed by Haiti's road maintenance agency.

AID assistance for road construction has also been relatively effective. The Ministry of Public Works, with AID support, has constructed over 250 kilometers of agricultural feeder roads. We visited several sites where road construction was in process and verified that the crews of locally hired Haitians were working and that progress was being made. Other examples of AID's more effective projects are its operational program grants to provide clean water to remote, rural areas. During our visits to recently dug wells and capped springs in two areas of Haiti, we observed large numbers of Haitians using the water. Some had come from as far as 8 miles away to gain access to this clean water.

Even AID's most successful projects have not been free of problems. AID road construction and maintenance projects have had numerous implementation problems. Only 35 percent of the originally planned roadways were constructed, and the road maintenance project was criticized for administrative difficulties and mis-spent expenditures. Both projects also suffered delays.

According to the AID Mission Director, the critical issue in 1982 is whether or not the program for the future, still fraught with risk, can build effectively on the last 8 years to become more effective and efficient in forging economic and social progress in Haiti.

## Reasons why AID has had difficulties

AID officials offered the following reasons for their past program difficulties.

--Haiti's development needs and barriers are unusually formidable.

- Government of Haiti performance has been poor.
- AID project designs have been unrealistic.
- AID has not influenced the Government of Haiti in improving its development performance.

#### Development needs and barriers

During the 1960s, the already limited development structure was allowed to deteriorate substantially. Roads were not maintained, rural areas were neglected, and political power was centralized. As a result, when AID returned to Haiti in the early 1970s, Haiti simply lacked the social and economic capacity to absorb large amounts of development assistance.

Faced with development problems of all kinds, AID initially had to decide which needs should be addressed. For example, farmers needed technical assistance to increase productivity. In addition, farm-to-market roads were practically nonexistent and farm products had to be carried on horses along mountain trails. At the same time, the rural population was illiterate, malnourished, and plagued by a variety of illnesses. AID also had to deal with Haitian social traditions which emphasize individual initiatives as opposed to cooperative actions; a pervasive cynicism that nothing was going to improve; and superstitions which made development efforts difficult.

#### Government performance has been poor

AID officials said that poor Government of Haiti participation/involvement has been a major reason that the AID projects have had problems. In addition, the Government has not made policy reforms needed for development to improve. Further, the financial and human resources in Haiti's development ministries and agencies are extremely limited. The lack of adequate resources and the absence of trained and experienced personnel have caused delays and failure to perform agreed-upon tasks. According to AID, lack of commitment to the development process is a root cause of Haiti's poor performance.

Examples of poor performance cited by AID officials included

- failure to reform the tax and tariff system to provide additional revenue for development;
- failure to reform the coffee export and other producer taxes which act as deterrents to production;
- frequent and capricious changes of key Haitian development personnel for allegedly political reasons; and

--failure to meet both human and financial resource commitments to development projects.

AID officials also said that corruption may be a problem, but probably not a major one. AID was aware of only two cases of fund diversion or misuse involving AID projects and has already corrected those problems. AID officials stated that it is difficult to monitor final disposition of Public Law 480 generated counterpart currencies, and that as much as 10 percent of AID funding could be subject to corruption or misuse.

#### AID project designs unrealistic

In the rush to provide assistance to Haiti, AID project designs failed to recognize the magnitude of development barriers and the limited Government of Haiti capabilities. As early as 1975, the former AID Director expressed concern that assistance to Haiti was moving too fast and that Haiti did not have the capacity to properly administer large amounts of assistance. Nevertheless, AID continued to increase assistance to Haiti. Worse, AID designed projects which placed a heavy burden on Haiti's limited human and financial resources. AID officials said that staffs initially assigned to Haiti in-country and in Washington were accustomed to working in Latin America where host-country governments have more capability and human and financial resource shortages are less severe. As a result, they designed projects which placed greater project implementation responsibilities on the Government of Haiti than it was capable of carrying.

We noted that designs were also unrealistic in that they did not fully consider development needs and barriers. An AID official and a contractor stated that one project was aimed at developing technology which was too expensive and too sophisticated, considering the Haitian peasants' level of poverty and limited concern for more than short-term economic survival. Further, project designs to encourage cooperative actions did not consider traditions of "every man for himself," thereby causing implementation problems. Some projects also overestimated expected project results.

#### AID has not influenced Haiti to improve its development performance

AID efforts to encourage better Government of Haiti performance have not been effective. AID claims to have tried to influence changes in performance on numerous occasions. At meetings with Haitian officials, U.S. criticism of the Government has been frank and direct. According to AID officials, however, Government performance did not visibly improve.



AID cannot force the Government of Haiti to perform differently. Nevertheless, AID believes there are two correctable problems which have detracted from dialogue with the Government on development questions: (1) high AID staff turnover and (2) poor donor coordination.

Of the 28 U.S. direct-hire employees assigned to the U.S. Mission in Haiti as of September 1979, only 5 are still serving. AID officials believed that this turnover detracts from continuity of dialogue with the Government, but AID has had difficulties getting staff to extend their assignments in Haiti. In addition, there have been three U.S. Ambassadors in the last 2 years and a period of 6 months in 1981 when the position was vacant. According to the former AID Director, the frequent changes and vacancies in the Ambassador's position have also detracted from U.S./Haitian dialogue on development matters.

Donor coordination appears to be a major problem which has detracted from donor ability to influence the Government of Haiti to improve its participation in the development process. Individually, the donors have tried to promote policy changes with little results. Collectively, the donors and the Government meet semiannually through the Organization of American States sponsored Joint Commission to set policy for foreign assistance. Several donors commented that this has not been an effective forum either, partially because the meetings are chaired by the Government of Haiti. With nearly two-thirds of Haiti's development budget and 38 percent of Haiti's total budget coming from external donors, it would seem that the donors, as a group, would have sufficient economic clout to (1) hasten policy reforms which are in the interest of Haiti's economic development and (2) require improved project implementation performance.

#### RECENT AID ACTIONS TO IMPROVE PROGRAM EFFECTIVENESS

To improve upon past program results, AID has taken several corrective actions. In June 1981, AID completed an overall assessment of its program and developed recommendations for program changes. This study was needed because the program had received considerable criticism from the Congress and the media. AID has now begun to implement these changes.

#### AID concentrates on project implementation

Recognizing past project implementation problems and delays, AID has concentrated on project implementation in the last 2 years to decrease the amount of project funds obligated but not spent. As of September 30, 1981, these funds amounted to only \$20.6 million, compared to \$38 million at the end of fiscal year 1978. AID officials expect that project expenditures will continue to catch

up with past obligations and that the obligated but unspent funds may reach as low as \$12 million by the end of fiscal year 1982.

AID program review surfaces  
recommendations for change

In April 1981, the AID Administrator dispatched a high-level team of AID officials to Haiti to find solutions to the project problems. The specific mission of the study team was to determine whether continuing the assistance program was feasible. Courses of action for AID to pursue were also to be decided.

The study team developed the following recommendations, which the Administrator approved in June 1981.

1. Terminate AID support of two projects, reprogram or terminate three other projects, and refocus one project.
2. Concentrate development efforts in the Northwest and Southwest regions of Haiti.
3. Refocus the AID agricultural development strategy to shorter-term, high-impact projects.
4. Change current emphasis on long-term, institutional development to support only for those public sector institutions which evidence significant Government support and cooperation.
5. Expand efforts to support private sector development.
6. Reinforce donor coordination efforts.
7. Condition increased assistance on Government performance in implementing ongoing assistance projects, as well as performance in implementing economic and fiscal reforms.

Implementation of  
recommendations has begun

Between July and September 1981, AID assigned a new Management team (Director, Deputy Director, and Agricultural Development Officer) to implement the recommendations. Because the new management team had just arrived, they had only begun to implement the recommendations when we completed fieldwork in early October 1981. Nevertheless, their initial actions appeared to be appropriate and provide hope for improved program effectiveness. Following is a discussion of actions taken and planned to implement the recommendations.

## Project terminations

AID has terminated the Small Farmer Improvement, Appropriate Technology, and Legal Assistance to the Poor projects, allowing \$2.6 million to be returned to the U.S. Treasury. Two other projects--Small Farmer Marketing and Agricultural Development Support--will also be terminated unless AID and Haiti can agree on effective redesign of the projects before the end of fiscal year 1982. Further, the Integrated Agricultural Development Project has been scaled down and will be terminated next year unless implementation improves. AID officials said that project reviews are continuing and that other projects may be terminated or refocused if serious difficulties continue.

## Studies to support program changes and correct problems

In September 1981, the new AID Director initiated three studies to guide future agriculture sector approaches, disaster assistance, and Government of Haiti administrative reforms. These studies will be completed by early 1982. Plans for the studies were outlined, as follows:

1. The agricultural sector study will serve as a basis for a new agricultural development strategy. The study will synthesize existing studies and supplement them with current interviews and observations to present AID with a set of strategy options for promoting food security, assisting the development of the Haitian agricultural sector, increasing its contribution to overall Haitian development; increasing the contribution of U.S. Public Law 480 imports in furthering the above goals, and supporting Haitian economic and institutional development in general. This study should determine the potential for agro-industry in the Northwest and Southwest areas of Haiti.
2. The disaster assistance study will review AID's past disaster relief efforts and develop a plan for future disaster relief efforts. In the past, AID's disaster relief efforts have suffered from management and coordination failures. The Director hopes that this study will help AID to avoid problems experienced in the past.
3. The administrative reform study will investigate the feasibility of administrative reform in terms of its potential to contribute to socioeconomic development in Haiti and to provide recommendations to Haiti to assist reform efforts recently announced by the President of Haiti.

## Actions to promote private sector involvement in development

AID has assigned one officer to coordinate efforts on private sector involvement to develop Haiti. AID has also held discussions with Florida State officials to discuss possible approaches to assist private sector initiative. AID claims strong interest in promoting private sector initiatives and advised us that concrete actions are planned and arrangements for investment missions have been made. Embassy commercial officers and an Inter-American Development Bank official told us that the private sector is the key to developing Haiti. They point out that low Haitian wages have already encouraged rapid growth in product assembly industries in Haiti, providing employment, thereby reducing the number of Haitians working in the overcrowded agricultural sector.

## Working for better donor coordination

AID officials stressed the importance of effective donor coordination, stating that they would be making every effort possible to bring it about. AID has suggested that Haitian Government and donor working groups be established for each development sector. These working groups could meet semiannually to more closely coordinate donor efforts and Government plans in these areas. In addition, donor committees should receive a Government report on the progress on reforms and measures implemented to improve the control of Government expenditures.

AID strongly supports changes to the existing mechanism for donor/Government dialogue. The Joint Commission is studying possible changes to the existing mechanism. In addition, according to World Bank officials, Haiti has applied to become an active sub-group member of the Caribbean Group for Cooperation in Economic Development, thereby giving the donor community another tool for influencing Government behavior.

## Improving project implementation

AID has recently initiated a new project management method to improve project implementation. This method, called the Joint Project Implementation Plan (JPIP) involves joint AID/Haiti development of performance expectations, assignment of persons responsible, and establishment of time frames for each project. Several project managers said that in the past, verbal performance agreements were not unusual. They believe that better documented project expectations will avoid misunderstandings about what is expected, and will show which specific actions are delayed and who is responsible. Documentation of performance can then be used as an accountability tool for those responsible. AID officials expect that JPIP will be fully implemented by early 1982.

We met with the Government minister responsible for coordinating all development projects to discuss JPIP. He expressed his full support for JPIP and shares AID optimism that it will improve project implementation. He is currently working with each Haitian development agency to reach full agreement on the JPIP process. The Minister said that in the past, Haiti has over-committed itself on development projects by agreeing to provide more money and personnel than was available. He believes that JPIP will make it easier for Haiti to manage its development commitments and avoid promising to do more than can realistically be expected. He hopes that in the future, JPIP or a similar method will be used to manage all development projects requiring Government of Haiti participation.

AID also hopes that JPIP can improve the management of project implementation responsibilities. In addition, AID plans to use JPIP to measure Haiti's performance on project implementation and will consider this performance in deciding future assistance levels.

#### Increased dialogue with the Government

The recently arrived Ambassador and new AID management team have emphasized dialogue with the Government. In addition, several U.S. delegations have visited Haiti to discuss development issues.

We could not document the dialogue; however, based on discussions with AID, Embassy, and Haitian officials, there appears to be a greater sense of cooperation and willingness to work together. In addition, AID success in reaching tentative understandings on JPIP, donor coordination, and administrative reform are all indications of increased dialogue.

#### CONCLUSIONS

Past AID programs have not worked well. Recognizing this, AID has begun corrective actions. Those actions appear reasonable. Other necessary actions must await further study, bilateral and multilateral discussions, and concrete evidence of whether or not the Government will improve its performance as promised.

Documentation prepared under JPIP should record future Government and AID performance in implementing development projects. Such documentation should be available by June 1982. Review of this documentation at that time will provide an update on AID project implementation.

JPIP also should assist both AID and the Government of Haiti in managing project implementation responsibilities. If it does prove to be an effective management tool, JPIP, or a similar

method, could be used to manage/coordinate all donor projects requiring Government of Haiti participation, thereby assisting both Haiti and the donor community in their respective implementation responsibilities.

#### RECOMMENDATIONS

If JPIP proves to be a useful project management tool, we recommend that the Administrator, AID, encourage other donors to use JPIP or a similar approach in development projects requiring Government participation.

## CHAPTER 3

### EXAMINING ALTERNATIVE

#### APPROACHES TO ASSISTING HAITI

We examined several development approaches which the United States can use to assist Haiti. These include

- approaches used by other donors,
- working directly with the Haitian people at the grass-roots level,
- continuing long-term institution-building, and
- providing minimal assistance if Haiti does not meet performance expectations.

To some extent, AID's current program is a mixture of these approaches. This chapter discusses the advantages and disadvantages of each approach and our observations on their current and potential use.

#### OTHER DONOR APPROACHES

In 1981, overall donor funding decreased from prior years. In part, the decreases are due to donor funding limitations, but problems with project formulation and implementation have also led to donor cutbacks. The major multilateral donors are the World Bank, Inter-American Development Bank, and the United Nations. In addition to the United States, the most active bilateral donors are Canada, West Germany, and France.

We met with officials of these donor agencies and learned they had basically the same experiences as AID in trying to implement projects. They also had difficulty dealing with the Government of Haiti, citing as common problems slow progress, frequent personnel changes in ministries, slowness in adopting economic reforms, and poor internal coordination. Donors also commented on general problems associated with absorptive capacity and the misuse of funds. To cope with these difficulties, the donors have used various approaches, most of which are designed to lessen dependence on Government performance for project success.

#### Deemphasizing sectors where project success is least likely

Donors have found that implementing projects through some ministries is particularly difficult. Everyone agrees that Haiti lacks a sufficient supply of basic food. For this reason, the Government has made agricultural development its first priority by allocating 29 percent of its development budget to this sector for

the 1982-84 period. Yet all donors agree that agriculture is one of the most difficult areas in which to work because of poor management and lack of intergovernmental coordination. AID and some other donors also complained that the Minister of Agriculture does not always honor commitments made by predecessors. Recently, Ministers of Agriculture have been changed almost annually.

Although some donors continue to assist the agricultural sector because of its importance, they generally have fewer difficulties in other sectors, such as transportation, public works, and power. The Inter-American Development Bank is funding a \$35-million storm drainage project in Port-au-Prince. The World Bank approved \$38.5 million for two successive power projects and \$11 million for port development. Projects in these sectors often generate income and, therefore, receive Government support. In addition, the ministries responsible for these sectors are considered better than others at implementing projects.

Since 1973, over one-fourth of AID assistance has been for agriculture and rural development projects. Deemphasizing this sector, like some donors have done, might decrease implementation difficulties. It would also deemphasize what AID believes is the most crucial development need and would be inconsistent with Government of Haiti priorities and with the basic directions of the U.S. foreign assistance legislation. To improve project implementation, AID has chosen to deemphasize institution-building in those sectors where, based on past performance, future success is unlikely.

#### Using outside contractors rather than local personnel

The World Bank, Inter-American Development Bank, and Germany rely heavily on outside consultants and contractors to implement certain projects. Reasons given were (1) lack of trained Haitians, (2) difficulties dealing with Government ministries, (3) the need to speed up project implementation, and (4) uneven results in institutional development. The advantage to this approach is that projects get implemented faster with better accountability in the short-term. The disadvantage is that donors fail to contribute to the institutional capacity of Government ministries and the training of local contractors to carry out long-term development projects. This could affect project continuity. For example, Haiti must maintain roads built by outside contractors. If neither the Government nor local contractors develop technical and organizational expertise by being involved in the road projects, the roads will eventually deteriorate. Fortunately, AID assistance to Haiti's road maintenance institution has been relatively effective, and it appears that donors funding road-building projects can depend on future maintenance to assure long-term project results.



Short of this approach, AID could increase control of funds by performing contracting and procurement functions. This would lessen chances of misuse of funds and speed up project implementation; however, it would require more staff and would not increase Haiti's future contracting and procurement capabilities.

#### Encouraging semi-autonomous Government agencies to administer projects

Some donors try to set up special project implementation offices for their projects within Government ministries. Although part of the Government, these offices have some degree of autonomy or independence and have the ability to work around the Government bureaucracy. Donors hope to improve project implementation by this approach, but, as one donor pointed out, it still took 3 years to get the people assigned to the project office on one activity. Further, critics of this approach believe that donors are straining the Government's already scarce human resources by establishing special offices for their projects and removing qualified personnel from the Government bureaucracy.

#### GRASSROOTS APPROACHES

To assist the people of Haiti directly while lessening the project responsibilities placed on the Government of Haiti, the United States could also

- increase use of PVOs,
- establish a Peace Corps program, and
- implement AID projects by working directly with the Haitian people.

#### Increased use of PVOs

Most donors have encountered difficulties trying to implement their programs through the Government ministries. A possible solution is funneling more funds through PVOs. We noted that AID has had relatively few difficulties in PVO projects such as its water resources program on La Gonave Island and in the Northwest. Further, based on our observations and discussions with AID, PVOs are often staffed with highly qualified and dedicated people who, for moral or religious reasons, are willing to work at low salaries and endure extreme hardships.

In recent years, AID has funneled increased funding to Haiti through PVOs, such as CARE and Catholic Relief Services. These and other PVOs distribute Public Law 480, Title II foods and assist in disaster relief. Some PVOs also manage operational program grants, which normally are small technical assistance projects jointly financed by AID and the PVO.

AID plans to use PVOs where possible in the future. One new reforestation project (\$8 million over a 4-year period) will be implemented through CARE and the Pan-American Development Foundation and eventually may involve other PVOs. GAO visited the pilot project site for this reforestation effort, Operation Double Harvest. Based on this visit and our discussions with AID and CARE, chances for eventual project success appear good. The use of PVOs to the maximum extent practicable in Haiti may have been reached, as several large PVOs told us they lacked the administrative and technical abilities to handle more AID projects.

#### Establishing a Peace Corps program might promote development

Since 1968, the Peace Corps has been trying to establish a program in Haiti. In 1976, a country agreement was drafted but no further action was taken. In 1980, attempts to introduce a program were resisted by Haitian officials. Now resistance appears to be fading. A Government minister for development said Haiti would like to have Peace Corps volunteers and is discussing a possible program with the U.S. Ambassador. AID development officials and other donors told us that Peace Corps volunteers could be useful to development in the rural areas. Projects specifically mentioned which could benefit from Peace Corps volunteer participation are the rural health, malaria control, and agro-forestry projects.

If agreement is reached on a possible Peace Corps program, current budgetary constraints could limit program size or even prevent its establishment. A Peace Corps official said a possible reallocation of resources would be considered so that a small Peace Corps program of less than 10 volunteers could be set up in Haiti. The volunteers would be assigned to those sectors considered to be the least controversial by the Haitians.

#### Working directly with the Haitian people

During our project visits, we were impressed with the interest of local Haitians in the development process. Increased emphasis on working directly with these people may hold opportunities for short-term impact which would not depend on Government performance.

We visited one site of the Integrated Agricultural Development Project to observe efforts to control soil erosion. The AID contractor-in-charge was in the process of developing water shed management plans, but had delayed implementation measures until Haiti assigned counterpart personnel to work with him. At the site, the contractor was joined by numerous local Haitians who seemed genuinely interested in implementing conservation measures and were anxious to begin.

AID officials explained that this project was an institution-building effort. They reasoned that until Government counterpart personnel were assigned to work with the contractor, implementation of soil conservation measures would be premature because Government of Haiti personnel would not be trained. Nevertheless, implementation of soil conservation measures, by working with the Haitian farmers, would achieve tangible results until the Government can assign counterpart personnel. Achieving visible improvements might even accelerate assignment of counterpart personnel because of the Government desire to be associated with an effective development effort. The Mission Director pointed out that there is the real risk that once contractors begin to work directly with the people, Haiti institutional support will not materialize and the entire project will fall directly upon AID contract personnel. He said this has happened to other donors who followed this strategy. He also said that although the Mission does not want to abandon institutional development, it has no intention of letting weak and inefficient public sector agencies block progress. He suggests the use of alternative, not-for-profit institutions or the creation of autonomous public sector agencies.

These latter alternatives are discussed elsewhere in this chapter. The alternatives suggested may be appropriate if after starting implementation, working directly with the Haitian people, Haiti Government support still does not materialize.

#### PERSEVERE WITH INSTITUTION-BUILDING

The effective implementation of development projects in all sectors and at all levels in Haiti is hampered by the lack of trained personnel and inadequate Government funding. AID's past strategy, therefore, has emphasized project elements to strengthen Government institutions through technical assistance, improved management, and training. In addition, AID has encouraged increased Government contributions to development. To overcome past difficulties, AID now plans to support only those institutions where Government cooperation is evident (such as road maintenance, family planning, rural credit, and rural health services).

Several AID officials believed that past emphasis on institutional development should be continued. They told us that efforts to strengthen Government institutions take a lot of time but, with patience, there will be an eventual payoff. As an example, one AID official cited the support to the Haitian road maintenance organization. This effort, begun in 1974, appeared ineffective until 1979 when the project began to show results. Now the Haitian road maintenance project is one of AID's success stories, applauded by outside evaluators and other donors. Further, the traditional AID approach has stressed institution-building.

The proponents of continued emphasis on institution development argue that development efforts in Haiti can only succeed if the Government implementing institutions are greatly strengthened. They doubt that working around the Government to achieve economic growth can be successful because this deliberately keeps the Government out of the development process which they ultimately must be responsible for. They acknowledge, however, that institution-building is a long and frustrating process which may produce little tangible short-term results.

PROVIDING MINIMAL ASSISTANCE IF  
PERFORMANCE EXPECTATIONS ARE NOT MET

The Government failure to provide essential services to its people, has led to growing doubts about the Government commitment to development and its ability to improve performance in implementing effective projects to address many serious problems. Although Haiti has pronounced its intention to improve its performance in fiscal matters and development, it remains to be seen whether Haiti will back up its pronouncements with actions.

If Haitian performance continues to be poor on current development projects and if there are no indications of any significantly greater Government commitment to development, AID may be forced to limit its program. AID could then focus on humanitarian and relief efforts financed by the Public Law 480, Title II program. At the same time, AID could maintain a presence so that if Haitian performance improved, AID could quickly respond with additions to its minimal program. This option would require the least financial resources and would avoid project difficulties AID has already experienced. A minimal program of humanitarian relief could, however, have negative repercussions on stability and would do little to change the living conditions of the Haitian people.

The United States could also curtail all assistance if Haitian performance does not improve. IMF has already done this, by informing Haiti that no additional assistance would be provided unless Haitian fiscal performance improved. This occurred December 1980, when Haiti entered into an agreement with IMF to borrow about \$20 million for balance-of-payment support. Shortly thereafter about \$20 million was used to fund extrabudgetary projects which depleted scarce resources and foreign exchange. Further, financial support under the agreement had been withheld until Haiti complied with agreed-upon expenditure ceilings and upon certain key fiscal reforms. Based on Haiti performance the last quarter of calendar year 1981, IMF did approve (December 23, 1981) a Compensatory Finance Facility for approximately \$20 million and it will be considering a new Standby Agreement in early calendar year 1982. A new agreement will be reached only if the Government continues to improve its fiscal performance. If the Government does not comply with the performance requirements, IMF will be forced to disapprove the proposed Standby Agreement. Because the

United States strongly supports the IMF position, the United States could consider terminating assistance if Haiti does not satisfy IMF performance requirements. Terminating all U.S. assistance may be unrealistic, given humanitarian as well as its strategic concerns in the Caribbean. On the other hand, it must be recognized that if Haiti abides by IMF rather rigid borrowing guidelines, its resources availabilities for counterpart contributions to development projects will be greatly constrained. The AID Mission Director said donors may have to pick up more of the local and recurring costs of projects so that the Government can stay within the IMF borrowing guidelines but still meet its development investment targets. Clearly, one cannot impose fiscal austerity on a government and yet expect it to invest more heavily in a growing development portfolio. The AID role in this could well be to use the title I and III mechanisms to create more local currency during this crisis period. AID intends to explore these possibilities.

### CONCLUSIONS

The strategy AID uses depends on U.S. development objectives, the results of past performance, and the availability of Haitian resources. Some approaches, such as institution-building, take a long time and final results are uncertain. Efforts to accelerate the pace of development by proceeding with reduced Government participation also have risks, such as adversely affecting relations with Haiti, limiting which sectors are assisted, and failing to build Haiti's development capabilities. No single development approach is an ideal solution to Haiti's development problems.

Overall, AID should remain flexible in its use of development approaches throughout project execution to avoid lengthy delays. If projects continue to be delayed by Haiti's failure to assign counterpart personnel, AID should seek an alternate implementation approach before terminating the project.

### RECOMMENDATION

We recommend that the Administrator, AID, explore alternate approaches to project implementation and decide which ones should be followed. In the meantime, however, we believe that AID should attempt to avoid delays in project implementation and recommend that the AID Mission work directly with the Haitian people until Government of Haiti counterpart personnel are available or another alternative approach is chosen.

## CHAPTER 4

### DETERMINING APPROPRIATE PROGRAM DIRECTION

AID's current program will not likely result in a fundamental turnaround to Haiti's dire economic condition, nor will it substantially alter the economic factors encouraging emigration. AID officials believe that a larger program is needed if the United States wants to achieve a substantial impact on Haiti's poverty-stricken population. The AID Director in Haiti plans to propose such a program soon. How much assistance should be provided to Haiti and what development approaches should be used depends, in part, on what the United States hopes to accomplish in terms of meeting U.S. objectives through its assistance program.

### IMPACT ON ECONOMIC DEVELOPMENT

We visited several areas of the country to view, firsthand, the extent of development problems. On each visit, we saw little evidence of human services. We did see development needs of all kinds. On one visit, we toured a small hospital Northwest of Haiti. There were no medical doctors present and the only professional care provided was from a team of American dentists visiting for 2 weeks. According to these volunteers, no dental care had been available in the vicinity for 8 years, and the problems they were treating were very serious and simply overwhelming. On other visits, we encountered inadequate roads, seriously malnourished children, severely eroded hillsides still under cultivation, and other conditions which must change if Haiti is to develop.

Correcting these development problems will not be easy. AID health officials estimated the cost of eradicating malaria in Haiti at \$30-50 million (\$6-10 million for 5 years). If AID were to undertake this important task along with its planned portfolio, it would mean nearly doubling the development assistance level over fiscal year 1981 for the next 5 years. However, the AID Mission will be proposing a multidonor effort on malaria with AID picking up no more than 25 percent of the total program costs. This would hold the direct AID-proposed contribution to the eradication/control program to about \$2 million per year for the ensuing 5 years.

AID officials in the agricultural sector were concerned that their programs were not of a scale to have significant impact. Although acknowledging difficulties in implementing projects, one agricultural officer believed that even if existing projects were being implemented effectively, they would be insufficient to overcome the barriers which limit agricultural production. Another agricultural project official said that current AID agriculture projects could, at best, slow down the gradual deterioration of Haiti's agricultural land base.

We also noted that much of the U.S. assistance is for food and disaster relief rather than development. Since 1973, less than half of the U.S. assistance (44 percent) has been for development projects. The remainder has been for concessional food sales (24 percent); food donations (29 percent); and disaster relief (4 percent). Although these programs do have some development impact, 1/ the primary purpose of the food sale and donation programs is the short-term avoidance of malnutrition and starvation; the purpose of disaster relief is to recover from a natural disaster. Therefore, these programs are more holding actions to control human suffering than actions to bring about development progress. The AID fiscal year 1981 program was even more slanted toward relief programs with about three-quarters of total assistance primarily for relief.

In fiscal year 1982, AID plans to provide Haiti \$21 million of food through the Public Law 480 program. AID's estimated budget for development projects for fiscal year 1982 is \$11.5 million. At this funding level, AID officials told us they will be unable to pursue new initiatives, and will be unable to influence improvements in Government performance by offering increased economic assistance.

We compared 1981 assistance to Haiti and four neighboring countries in Central America and the Caribbean. This comparison shows that Haiti receives relatively little assistance even though all poverty indications show that Haiti is much poorer. For example, on a per capita basis, nearby Jamaica receives over four times as much assistance even though its per capita GNP is four times that of Haiti.

U.S. Assistance to Haiti and its Caribbean  
and Central American Neighbors

<u>Country</u>	<u>Population (thousands)</u>	<u>Per capita GNP</u>	<u>Estimated 1981 assistance --(millions)--</u>	<u>Assistance per capita</u>
Haiti	5,138	\$ 260	\$ 33.1	\$ 6.44
Honduras	3,649	480	31.0	8.50
El Salvador	4,825	660	64.5	13.37
Dominican Republic	5,422	910	35.6	6.57
Jamaica	2,218	1,110	58.7	26.47

1/Haiti uses the local currency generated by the sale of Public Law 480, Title I commodities for development purposes, such as the Government counterpart contribution to AID projects; title II food donations are often used in food-for-work projects.

Finally, to get a better idea of the magnitude of Haiti's poverty, we compared relative per capita GNP levels to determine the amount of additional income needed to bring Haiti up to a level comparable to its neighbors. Using this comparison, an increase of \$1.3 billion in income would raise per capita GNP in Haiti to the level of Honduras, the second poorest country in the hemisphere. To increase Haiti's per capita GNP to that of nearby Jamaica would require an increase in income of \$4.4 billion.

This is not to say that Haiti should receive more assistance or that increased assistance would necessarily have a substantial impact on Haiti's poor. Other factors including Haiti's ability to administer assistance will also affect the potential impact that economic assistance can achieve.

#### IMPACT ON EMIGRATION

The United States and Haiti recently signed an interdiction agreement which permits the U.S. Coast Guard to intercept boats on the high seas which are transporting Haitians trying to illegally immigrate to the United States. Hopefully, this will discourage migration in the short-run. Only by eliminating the economic factors which encourage migration--abject poverty with little hope for a better life--can the desire to migrate be controlled on a long-term basis. AID officials told us that in the short-run, U.S. assistance raises Haitian incomes which may increase the number of people who can afford boat passage to the United States. In the long run, economic assistance should, in theory, reduce the number of people choosing to leave their homes.

Because AID's current program can have only a limited impact on Haiti's economic condition, AID is attempting to increase program impact by focusing efforts in the Northwest and Southwest. These regions were selected, in part, because they are considered to be major origin areas not only for illegal immigrants, but also for the massive migration to Port-au-Prince. Embassy officials indicate that emigration is a widespread problem not confined to these geographical areas. A recent AID study confirmed these observations. Further, emigration from Haiti is not a recent phenomena; other countries with considerably better living conditions are also sources of illegal immigration. For these reasons, AID officials are uncertain about how current economic assistance will affect Haitian migration.

#### NEW PROPOSAL BEING DEVELOPED

In addition to recent program changes, the AID Director in Haiti is developing a new assistance proposal which he believes would be of sufficient magnitude to visibly affect economic conditions and perhaps eventually discourage emigration. He plans to propose a major development effort in the Northwest or Southwest



section of Haiti whereby AID and multilateral donors, such as the World Bank, would support a Regional Development Corporation. This proposed program would provide assistance and incentives for the development of agro-industry and other private sector initiatives. The Director indicated that his proposal would require resources well above present levels as well as a Government agreement to relinquish some authority over taxes, export policies, and other such areas. Specifics of the proposal will be developed in early 1982 after the Mission completes its analysis to identify potential opportunities and constraints to agriculture development in Haiti.

ROLE OF ASSISTANCE IN MEETING  
U.S. OBJECTIVES NOT CLEAR

Selection of the most appropriate development approaches and assistance budget for Haiti should depend on what the U.S. goals and objectives are, the role that economic assistance can play in meeting them, and the degree of impact desired. In Haiti, we were unable to determine the precise role of economic assistance in terms of meeting U.S. objectives. As a result, we could not fully evaluate the program or conclude what development approaches and budget levels are best.

AID and Embassy officials as well as AID documents describe the AID role in vague terms. According to one document, economic assistance (1) expresses America's compassion and sense of justice, (2) helps build a prosperous economy and assures access to natural resources, (3) helps eliminate the causes for illegal immigration, and (4) helps keep the peace.

In Haiti, we asked what AID should be accomplishing in terms of meeting U.S. political, economic, security, and humanitarian objectives as well as the objective of reducing illegal Haitian immigrants to the United States. We were told that, hopefully, economic assistance favorably affects all these objectives, but the actual or desired extent of impact was uncertain.

Selecting the best development approaches depends on how quickly visible results are desired and the type of desired results. Whether or not additional assistance should be provided to Haiti depends partially on how much the United States hopes to accomplish.

CONCLUSIONS AND RECOMMENDATIONS

AID has not developed criteria to guide decisions on program size and approach. Before this can be determined, AID must reach a better understanding of program purpose, including AID's role in meeting U.S. objectives in Haiti and the impact economic assistance can realistically achieve given Haiti's limited resources and past performance.

We recommend that the Administrator of AID, in cooperation with the Department of State, develop a statement that better defines U.S. objectives in Haiti and the role AID can play in achieving them.

(471981)

GPO 887-711



**AN EQUAL OPPORTUNITY EMPLOYER**

**UNITED STATES  
GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548**

**OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID  
U. S. GENERAL ACCOUNTING OFFICE**



**THIRD CLASS**