

**REPUBLIC OF HAITI**

**A WINDOW OF OPPORTUNITY FOR HAITI**

**Interim Poverty Reduction Strategy Paper  
(I-PRSP)**

**September 27, 2006**

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## ***ABBREVIATIONS***

BRH	Bank of the Republic of Haiti
ECBM	Survey on Household Consumption Budgets
ECVH	Survey on Living Conditions in Haiti
EMMUS	Survey on Mortality, Morbidity and Use of Services
GSHDI	Gender-Specific Human Development Index
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries
HPI	Human Poverty Index
ICF	Interim Cooperation Framework
IDB	Inter-American Development Bank
IHSI	Haitian Institute for Statistics and Data Processing
IMF	International Monetary Fund
I-PRSP	Interim Poverty Reduction Strategy Paper
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEF	Ministry of the Economy and Finance
MENJS	Ministry of National Education, Youth, and Sports
MPCE	Ministry of Planning and External Cooperation
MSP	Ministry of Public Health and Population
NICT	New Information and Communication Technologies
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
RGDH	General Population and Housing Census
TDI	Technology Development Indicator
UBN	Unmet basic needs
ULCC	Anti-Corruption Unit
WB	World Bank

## History

Since 1986, successive Haitian governments have on several occasions declared the reduction of poverty to be a priority. However, poverty reduction has never been the subject of a systematic policy or of a coherent program with precisely defined measures and objectives. In 2000, the government subscribed to the Millennium Development Goals (MDGs). In 2003, the government backed the Integrated Program to Respond to the Urgent Needs of Vulnerable Communities and Populations (PIR) launched by the United Nations. The goal of this program was to provide a coordinated, rapid and targeted response to the urgent needs of a growing portion of the population. However, despite all these initiatives, no realistic path leading to attainment of the MDGs has yet opened up.

In mid 2003, the government began preparing an Interim Poverty Reduction Strategy Paper, thereby taking advantage of the methodological framework provided by the Bretton Woods institutions, together with the monetary incentives usually associated with them. However, political troubles at the end of 2003 and the beginning of 2004 resulted in the fall of the government and also brought the preparation of the interim PRSP to an end. Nevertheless, some lessons can be learned from that aborted experience.

The 2003 process attempted to be broadly participatory and in fact involved a coordinated effort by the government and the donor community, and an opening to and dialogue with the political class and civil society (notably, representatives of NGOs and socio-professional associations). However, when the participatory process was being launched, numerous controversies arose as to the legitimacy of political power. Some participants acknowledged the need to undertake the process of drawing up the interim PRSP despite their discomfort with the leadership of the then-current political power. Consequently, they refused to participate in meetings with government officials. This in turn resulted in delays and negative consequences regarding the effective ownership of the I-PRSP by Haitians.

For the 2003 process, the participation of actors from territorial governing bodies was also solicited. However, this effort took a form more closely resembling an awareness and information campaign than an actual involvement of the bodies in question in shaping policy choices. Consequently, when the departmental workshops came to a close—i.e. the major instrument of cooperative consultation in 2003—there emerged no data able to serve as inputs for formulating a strategy.

The 2003 process also suffered from a lack of planning. The number of participating organizations mushroomed and weighed down the evolving process. The tasks and roles of the various component participants lacked definition and working methodologies seemed non-existent.

In 2004, the International Community and the Transitional Government came to an agreement on the need to draw up an Interim Cooperation Framework (ICF) for the period 2004-2006. Although not strictly speaking a poverty reduction strategy, the ICF sought indirectly to lower the incidence of poverty, since the priority objectives were expressed in terms of the four strategic axes found in all poverty reduction programs, namely: (i) strengthening economic governance and institutional development; (ii) improving access to

basic services; (iii) fostering economic recovery; and (iv) strengthening political governance and promoting national dialogue.

In 2005, the transitional government, acknowledging the important role played by the I-PRSP in obtaining a PRGF and qualifying Haiti for the HIPC Initiative, took the initiative to relaunch the I-PRSP preparation process once again, with the goal of providing a draft proposal to the government resulting from the 2006 elections. In fact, a draft proposal was drawn up and submitted to the President elect's team in March of 2006, for revisions and finalization.

Revision of the initial document followed these guiding principles:

- Create mechanisms for matching the I-PRSP with the other initiatives and policy documents in the process of being drawn up and/or implemented, and in particular the Interim Cooperation Framework extended to September 2007, the Social Appeasement Program (PAS) and the 2006-2007 Public Investment Program (PIP).
- Restrict the time frame for drawing up the I-PRSP so as to accommodate adoption of the 2006-2007 budget in timely fashion, as well as eligibility for the PRGF and the decision point for the HIPC Initiative.
- Restrict I-PRSP interventions to actions, measures and policies actually able to be financed and implemented in the short term (12-month horizon), taking into account constraints of time and availability of human and financial resources.
- Include in the I-PRSP the objectives and programs designed by the government in the working document presented at the International Conference on Economic and Social Development in Haiti held in Port-au-Prince on July 25, 2006.
- Avoid transforming the I-PRSP into an exhaustive government program. Retain the focus on a national strategy involving policy choices aimed at reducing poverty.

## INTRODUCTION

1. Over the last 25 years, the drop in production and vigorous demographic growth combined with a dearth of appropriate public policies, have led to the impoverishment of Haiti's population. Real per capita GDP now equals only 70 percent of 1980 GDP as the result of a drop in production greater than 12 percent and population growth in excess of 60 percent. Poverty in Haiti persists, and some indicators, like the Human Poverty Index (HPI),<sup>1</sup> have worsened during some subperiods of the last two decades. In terms of the Human Development Index, Haiti continues to occupy one of the last positions (ranking 153 out of 177 countries, with 76 percent of the population living below the poverty threshold of US\$2 per day). On average, the poorest households (55 percent of the population) have a daily per capita income amounting to only 44 percent of the poverty line, or US\$0.44.
2. The negative trend in production results from a variety of endogenous and exogenous factors: political crises; poor governance combined with natural disasters; deterioration in the terms of trade (lower coffee prices, rise in international oil prices, etc.); economic sanctions,<sup>2</sup> rioting and pillaging, etc. These and other misdeeds have eroded the investment climate, degraded social and economic infrastructures, set off an exodus of qualified workers and provoked a brain drain, caused chaotic urban growth, erosion of arable land, depleted the environment, and drained capital from the private sector (formal and informal). Social solidarity has been negatively impacted. To make up for the failures of the governing apparatus—i.e. the under-administration or indeed the poor administration of the state—Haitian economic agents have had to obtain essential services from private sources, in order to continue productive activities (e.g. security services and electricity). Furthermore, some basic public services are only available to a minority, who procure them at relatively high costs (drinking water, education, and health are striking examples).
3. Access to basic public services (health, education, running water, sanitation) is very unreliable and social indicators are alarming. Infant mortality is estimated at 76/1,000 or two times the regional average, and life expectancy is about 18 years short of the regional average. Moreover, less than half of the population has access to drinking water in both rural and urban areas, compared to regional averages of 71 percent and 93 percent, respectively. Access to improved sanitary facilities is available to a very small portion of Haiti's population: 16 percent in rural areas and 50 percent in urban areas, whereas in Central America and the Caribbean, these percentages average 49 percent and 86 percent, respectively. The literacy rate among adults and youths varies from 50

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<sup>1</sup> According to the *Rapport National sur le Développement Humain* (2002), the HPI worsened significantly between 1987 and 1999-2000.

<sup>2</sup> In the wake of the military coup of September 1991, the Organization of American States (OAS) and the United States declared a trade and financial embargo on Haiti.

percent to 66 percent, and HIV/AIDS prevalence in adults was estimated at 5.3 percent in 2002.

4. The repeated suspension of foreign assistance and the breakdown of cooperative arrangements caused even greater problems in the provision of social services, access to essential goods, and the functioning of the productive apparatus. To make up for the deficiencies of the public sector, some members of the international community made the private sector and NGOs their preferred assistance partners. This had the effect quite often of fostering the creation of structures parallel to public institutions, further weakening government structures and contributing to even greater lack of consistency of the actions taken.
5. Despite the foregoing, it must be acknowledged that humanitarian assistance—though not always sufficient in times of acute crisis—continues to be provided in a variety of forms: distribution of food, clothing, basic drugs to the destitute, and even in some instances farming inputs such as seeds and pesticides. This sort of assistance, combined with funds sent home by expatriates, has more often than might be imagined saved Haiti from a humanitarian catastrophe.
6. At the present time, the Haitian people, owing to their mass participation in free and democratic elections on February 7, 2006, have chosen leaders to assist them in giving concrete expression to their basic claims. The people expect the government to respond appropriately to their legitimate aspirations. These latter can be summed up as a distinct improvement in the very short term in the daily lives of the most disadvantaged populations, creation of an appropriate climate for attracting private investment (Haitian and foreign), job creation, and the implementation of measures to reduce poverty significantly over the medium and long terms. To accomplish these ends, economic, social, and institutional constraints must be tackled immediately. In addition, measures must be adopted to strengthen democratic institutions, restore the security of lives and property, prevent and combat corruption, and protect the environment. Anti-poverty programs that fail to take these factors into consideration cannot produce satisfactory results.
7. The overall economic and social development strategy consists of the following:
  - (i) give first priority to investment projects with social and human benefits;
  - (ii) ensure that programs are distributed equitably among regions;
  - (iii) set clear and realistic objectives that take into account the actual availability of resources (i.e., resources acquired since the transitional government and resources currently being sought), and the ability to absorb foreign assistance;
  - (iv) insist on the accountability of the various participants whose performance is to be evaluated periodically based on pre-established indicators;
  - (v) establish an effective partnership with grassroots organizations, the private sector, and the international community;
  - (vi) ensure the consistency and coordination of programs, especially among NGOs and international financing agencies.

8. On July 25, 2006, the strategy outlined above was presented by the government to the International Conference on the Economic and Social Development of Haiti, held in Port-au-Prince. At this meeting, donors and major participants in the process of helping to rebuild Haiti gave their support to the government's objectives for the period from July 2006 to September 2007. The donors agreed to increase support by US\$750 million.
9. The interim PRSP is, above all, a draft of the strategic framework for reducing poverty in the medium term, which will be drawn up between September 2006 and July 2007 with the participation of all sectors of Haiti's national life and presented to Parliament in July along with the draft budget for fiscal 2007-2008.
10. The interim PRSP is based in particular on a significant increase in the yield of taxes and duties and a judicious revision of the ICF, which, together with budget resources and additional commitments from donors, should serve as its chief financial tool. It assumes effective coordination of external assistance and ongoing concertation among participants, on the one hand, and interest groups and targeted beneficiaries of the selected programs, on the other. The government's leadership role in coordinating assistance is a key factor in making this coordination effective. Efficient management of communications and establishment of an effective information system are obvious prerequisites of effective coordination.
11. The first part of this document presents a profile of poverty and indicates briefly the stakes and challenges involved, using available quantitative and qualitative data to specify the targeted objectives to be reached.
12. In the second part, the actions to be taken are first positioned within a macroeconomic framework for which short- and medium-term objectives are specified, together with an outline of sectoral policies. These latter particularly concern government finance, the external sector, and the monetary, financial, and credit policy. They also extend into the realm of structural reforms to be undertaken in order to strengthen institutions, fight corruption, foster private initiative, and ensure the decentralization of government power and the deconcentration of Haiti's central government.
13. Part three presents the major sectoral priorities of intervention: first, growth favorable to the productive sectors (agriculture, industry, trade, environment, craft industries, transportation, electricity, communications, and tourism). Next comes governance and institutional reforms (justice and rule of law, fiscal transparency, modernization of the management of public affairs, deconcentration and decentralization), followed by development of the social sectors properly speaking (health, HIV/AIDS, education, water, sanitation, and housing). Omission of a sector or subsector from the interim PRSP should not be construed as exclusion or failure to acknowledge its relative importance in the fight against poverty. The explanation arises simply from the need to concentrate over the coming twelve months on those sectors that can be effectively financed, given the time constraints and the availability of human and financial resources. The programs and projects currently in progress as well as all the initiatives

likely to improve the living conditions of Haitian communities must be pursued, regardless of whether or not they are included in the interim PRSP.

14. Part four sets forth the participatory process, identifies the structures and means of implementation, and discusses the strategy to be followed in drawing up the full PRSP.

## PART I.

### PROFILE OF POVERTY

14. In 2003, the Haitian population, estimated at more than 8.3 million, had the highest incidence of poverty in the western hemisphere. Fifty-five percent of the population, or 4.4 million people, live on less than US\$1 PPP per person per day. This amounts to generalized poverty or poverty on a massive scale, characterized by a chronic failure to meet basic needs, and in particular the need for food. Table 1 summarizes the key indicators and compares them with the figures available for Latin America and the Caribbean, as well as the averages of the LACs.

**Table 1.**  
**Haiti: Basic Social Indicators**

	Haiti	LAC <sup>1</sup>	LDC <sup>2</sup>
Population (million, 2002) <sup>3</sup>	8.3	540	2,615
Of which, rural (%)	62.5	23.3	69.8
Annual population growth (%) (2003-2015)	1.4	1.3	1.6
Life expectancy at birth (in years, 2003)	51.6	71.9	58.4
Per capita income (2005 for Haiti, 2004 for LAC and LDC) <sup>4</sup>	450	3,576	507
Incidence of poverty (% of population below US\$1/day poverty line, 2001 data for Haiti; 2002 data for LAC) <sup>5</sup>	56	8.9	--
Literacy ratio (for population aged 15 and over, 2003)	51.9	89.6	60.8
Net enrollment ratio (2001) <sup>6</sup>	55	--	--
Infant mortality rate (per thousand live births, 2003)	76	27	80
Child mortality rate (per thousand, 2002)	118	32	124
Maternal mortality rate (per 100,000 live births, 2000)	680	194	682
Access to safe water (% of population, 2002)	71	89	77
Prevalence of HIV/AIDS (% of persons aged 15-49, 2003)	5.6	0.7	2

<sup>1</sup> Latin American and the Caribbean (LAC) region.

<sup>2</sup> Least-Developed Countries (LDC).

<sup>3</sup> UNDP, Human Development Report 2005.

<sup>4</sup> World Bank, 2006 World Development Indicators (for LAC and LIC). World Bank, staff estimates (for Haiti). Calculated using the World Bank Atlas method.

<sup>5</sup> IHSI-FAFO, Profil de la pauvreté en Haïti, Port-au-Prince: IHSI-FAFO, 2003.

15. The most recent poverty profile for Haiti was made on the basis of the Survey of Living Conditions in Haiti (ECVH) undertaken by the Institut Haïtien de Statistique et d'Informatique (IHSI) in 2001, with the collaboration of FAFO-Institut d'Etudes Internationales Appliquées (Norway). Another survey on perceptions of poverty in Haiti was undertaken in July 2003 by the Ministry of Economy and Finance, in collaboration with IHSI, and published in June 2005.
16. The Poverty Map for Haiti drawn up with financing from the Inter-American Development Bank in 2000 and updated in 2002 and 2004, is a valuable instrument for better understanding poverty in Haiti and its spatial distribution, for monitoring its

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<sup>3</sup> An approach that combines basic needs and incomes would have had greater significance. The failure to include the "income" approach in Haiti's case is explained mainly by the lack of such data at the municipality and municipal subdivision level.

trends and planning the required interventions at the basic territorial level (municipality) in order to reduce it. The map is based on recent social and administrative statistics, the results of thematic surveys (including the Survey on Mortality, Morbidity and the Use of Services, of 1999-2000 (EMMUS-III), the Survey on Living Conditions in Haiti (ECFH), the Survey on Household Consumption Budgets (ECBM), as well as the General Census of Population and Housing of 2003 (RGPH), based on the approach titled unmet basic needs (UBN).<sup>4</sup> The map provides precise information on the lack or insufficiency of important basic social services, namely access to basic education, primary health care, primary sanitation services and running water in Haiti's 133 municipalities.

17. The major conclusions of the poverty map are the following: (i) Haiti is a poor country with pockets of extreme poverty: 77 percent of the municipalities have a troubling lack of basic services; hence “the evidence not only of a widespread misery, but also and especially, of structural poverty;” (ii) access to the various basic social services varies from *département* to *département* and the least advantaged are those with mountainous topography, whereas the most advantaged are in plains and in chief towns and major cities; (iii) some municipalities have handicaps associated with urban poverty, often caused by the inadequacy and poor quality of basic infrastructures for dealing with migratory movements; (iv) disparities in income between places of residence and between geographical *départements* are substantial, and the relatively low income in rural areas compared to urban areas can be explained by the fact that the absence of infrastructures and public services in rural areas results in reduced returns in physical and human capital; (v) the most important sources of household income are independent work, transfer income, and income from wages, with a higher share of transfer income in urban areas.
18. To make up for weaknesses in the income or consumption approach, several analysts use the Human Development Indicator (HDI), which provides an overview of the relationship between economic growth and human development. Less well known is the Gender-Specific Human Development Indicator (GSHDI), which places Haiti at a higher ranking level because of the relative progress made in gender equity in Haiti compared to other countries.
19. Other analysts use the Human Poverty Indicator (HPI), a composite indicator with three components: (i) the deficit in longevity terms, measured by the percentage of individuals at risk of dying before the age of 40; (ii) the deficit in terms of education, measured by the adult illiteracy rate; and (iii) deficits in terms of living conditions, measured by access to health services, access to drinking water, and the percentage of children under 5 years of age suffering from malnutrition. The HPI for Haiti appears to have dropped from 46.2 percent in 1987 to 31.8 percent in 2000. It remains to be seen if that improvement has diminished or even been erased in the wake of conditions of violence and insecurity from 2004 to 2006.

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<sup>4</sup> UNDP, *La bonne gouvernance: un défi pour le développement durable en Haïti*, p. 87.

20. Despite the existence of numerous studies on human development and poverty, no ongoing system of systematic observation of changes in poverty in Haiti has been adopted. The methodology of the poverty map provides a good working basis. It will be used for the PRSP as the basic tool for deepening understanding of the phenomenon of poverty and for specifying policy measures for dealing with it. Throughout the process of I-PRSP implementation, and as the full PRSP is drawn up, the map will be revised with a view to strengthening the model: (i) by more precise targeting of populations by taking into consideration more disaggregated spatial units such as “municipal subdivisions;” (ii) by taking account of income parameters; (iii) by including additional indices of basic services such as food/nutrition, housing, electricity, transportation, and communications; (iv) by possibly including indices related to unmet non-material needs, in terms of cultural participation and identity. Use of the expression “unmet non-material needs” can refer, for example, to the fact that a significant percentage of the Haitian population lack civil status documents, making it difficult to participate in political life; to the lack of recognized property titles, which limits access to credit and elective offices; or to the small percentage of the population who understand French (10 percent), despite the fact that most administrative and legal documents are drawn up in that language.
21. Improvement of the poverty map as a tool calls for efforts to create, strengthen and continually update databases. The project to establish an Observatory of Poverty and Social Exclusion is a step in that direction. The Observatory would be an arena for deepening and coordinating the databases required for monitoring and assessing poverty reduction policies.
22. According to the various assessments undertaken, Haiti stands no chance, with the public policies adopted thus far, of reaching most of the Millennium Development Goals by 2015. Out of the seven groups of indicators used internationally for measuring progress made, Haiti is likely to meet only two of the Objectives, namely gender equity and the fight against AIDS and other infectious diseases. More troubling is the fact that instead of poverty reduction in recent years, some indicators—e.g. regarding forest coverage and infant malnutrition—have deteriorated.
23. Still other analysts use a variety of other indicators such as the rate of satisfaction of food needs, which is strikingly low in Haiti. Only 19 percent of the national population and 13 percent of the population in rural areas receive the minimum daily ration defined by the World Health Organization. Another source of figures that should be cited is the Technological Development Indicator (TDI) which measures access to information and the development of new technologies. The TDI was calculated on the occasion of the Internet Summit organized in Haiti in December 2001: Haiti’s score was 0.093, ranking it among “the small group of countries on the margins of technologies.”<sup>5</sup> The low level of the Haitian indicator is attributable in particular to the

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<sup>1</sup> see table for geographic distribution

population's lack of access to the older technologies such as the telephone and electricity, which impedes access to the new information and communications technologies (NICT), especially in rural areas.

24. Reducing poverty permanently and significantly first requires study of the causes of poverty. As mentioned above, poverty is evidenced in particular by low incomes and poor access to basic services. Attacking the sources of these weaknesses is the equivalent to attacking the causes of poverty.
25. The above information provides the following lessons: (i) massive investments must be made in order to increase the provision of basic services nationwide, and especially in highly disadvantaged areas; (ii) priority must be given to basic education; (iii) shantytownization and insecurity in urban areas are closely related to rural emigration, itself caused by the non-satisfaction of the primary needs of the population and the inaccessibility of basic social services; (iv) policies bearing on the distribution of basic services must be structured in the short term around the municipality, since the municipality is the smallest administrative unit having financial autonomy mandated by the constitution and possessing statistical data; (v) the other factor that must be the subject of action if poverty is to be reduced remains the income factor, i.e. productive, well-paying jobs must be created and farmers and providers of other goods and services must be helped to increase the added value of their production.

## PART II.

### MACROECONOMIC FRAMEWORK AND GOVERNANCE

#### A. Recent developments in the Haitian economy

26. Recent developments in the Haitian economy reflect a burdensome heritage. They confirm the disastrous impact of political instability, external shocks and “chaotic” efforts at adjustment. In fact, the last two decades have been punctuated by efforts aimed at macroeconomic stabilization and structural adjustment, with the support of the International Monetary Fund, without serious thought being given to growth properly speaking. Following the structural adjustment of 1986, whose performance was largely considered to be a success, there followed a succession of financial programs (Stand-by Arrangements, Enhanced Structural Adjustment Arrangements, bridging programs), whose implementation was almost always interrupted by the outbreak of crises, especially political ones.
27. Nevertheless, the structural reforms bearing on foreign trade and government finances undertaken in the course of implementing financial programs—although often unfinished—and commitments made at the international level over the last 25 years have modified the framework within which the Haitian economy evolves.
28. These changes—mostly “desirable”—were also accompanied by external shocks and harmful practices and policies, with grave consequences for the macroeconomic framework. Thus, at the time the transition government assumed power, certain practices resulted in a reduction in the tax-to-GDP ratio, loss of control over price increases, loss of competitiveness despite a significant depreciation of Haiti’s currency against the USD, flight of private investment, smothering of the credit market and dollarization of the economy.
29. Given the gravity of the situation, the government decided to give priority to macroeconomic stabilization and the strengthening of governance, while counting on increased donor support. The 2003-2004 Staff Monitored Program (SMP) was restarted by the transitional government in order to restore the credibility of the Haitian state. Following an in-depth diagnostic of the situation, an Interim Cooperation Framework (ICF) was drawn up. In July 2004, promises of financing totaling US\$1.2 billion over 20 months buttressed the action taken by the government.
30. On the whole, the strategy followed during the 2004-2006 transitional period was to restore the major macroeconomic balances and apply principles of good governance, with financial and technical assistance from multilateral donors (IMF, World Bank and IDB) and bilateral donors (Canada, United States, France, Spain, etc.). The results of this approach were convincing, both in terms of quantifiable indicators and institutional progress. Since specific emphasis was not placed on growth, the results were negligible and there was no improvement in the living conditions of Haiti’s citizens.

31. Another observation is that the external current account deficit excluding grants accounted for 7.5 percent of GDP in 2004, and is projected to reach 10.3 percent in 2006. Meanwhile, the central bank's net foreign exchange reserves were strengthened significantly: from covering two weeks of imports at the start of 2004, the reserves now cover more than a month and a half of imports.
32. Regarding improvements, the foreign exchange market was generally stabilized despite some jitters at end-2005 in the wake of the monetization of the deficit and the negative prospects arising from insecurity and the worrisome and uncertain climate that preceded the elections. Haiti's currency appreciated somewhat in 2005 and stabilized in the vicinity of 43 gourdes to the dollar in 2006. The dollarization process slowed and interest rates became less prohibitive, decreasing from an average of 34 percent to 16 percent.
33. The major points of institutional progress are: (i) elimination of the improper use of current accounts; (ii) establishment of a transparent temporary system for procurement; (iii) establishment of a degree of transparency in the management of public enterprises through account rehabilitation and audits; (iv) ongoing implementation of a flexible price-setting system for petroleum products; (v) higher wages for civil servants; (vi) publication of the *Tableau des Opérations Financières de l'Etat* [Summary of Government Financial Operations]; (vii) return to budgeting on an annual basis; (viii) elimination of certain deficiencies and bottlenecks in the process of executing the budget by doing away with prior control by the Cour Supérieure des Comptes [Supreme Audit Institution], significant simplification of steps required for executing expenditures by requisition; (ix) introduction of legal provisions governing the accountability of ministerial accountants; (x) creation of an Anti-Corruption Unit (ULCC).
34. The following additional points of progress should also be noted: (i) publication of the new law on preparing and executing the budget; (ii) adoption of two new decrees—one on central administration and the other on the general statutes of the civil service; (iii) strengthening of the function of auditing the Treasury accounts by adopting the new decree on the structure of the Cour Supérieure des Comptes et du Contentieux Administratif; (iv) implementation of a new nomenclature for revenues and expenditures; (v) strengthening of the Road Maintenance Fund; (vi) creation of a civil society oversight mechanism regarding implementation of economic governance reforms; (vii) implementation of the National Port Security Code (ISS); and (viii) adoption of the decree creating the General Finance Inspectorate (IGF).
35. By contrast, certain reforms have not progressed at the desired pace and/or have yet to be implemented: for instance, the reform of the administrative and financial management of public enterprises and the lack of progress in revising contracts for purchasing electricity in view of establishing a system based on competitive market principles.

36. The restructuring and modernizing of AGD and DGI has also progressed very little. First of all, much remains to be done to strengthen government capacity and guarantee the effective functioning of the institutions. Secondly, economic recovery, the primary influence for fiscal policy, is taking effect slowly and the economy remains structurally vulnerable to external shocks, especially due to the lack of diversification of production and export systems. Table 1 (page 21) shows the change in some of the current macroeconomic indicators.

### ***B. Short- and medium-term objectives***

37. Haiti's macroeconomic policy for the next three years is focused on three axes: (i) maintain macroeconomic stability; (ii) target actions to reduce poverty; (iii) create conditions conducive to continuous and sustainable growth driven by private initiative.
38. The reform programs and policy measures to be implemented will aim precisely at attaining realistic short-term objectives—i.e., by 2008: (i) average real GDP growth of 4 percent yearly up to 2014, reaching a GDP equivalent to 80 percent of 1980 GDP; (ii) a rate of inflation under 10 percent; (iii) a noticeable reduction in poverty evidenced throughout the country by improved access to basic social services and significant improvement in household incomes, and by a lower jobless rate; (iv) institution of permanent “good governance” structures enabling the state to play its role fully as regulator and corrector of market imperfections and as promoter of private initiative. This improvement in governance implies a significant reduction in the incidence of corruption.
39. The strategies and policies are divided into groups of sectors and aim at the overall objectives set forth above, which are also reflected at the level of the key sectoral variables. Their function is to ensure that gains are consolidated, with particular reference to government finance; the external sector; and financial, monetary and credit policies. The strategies and policies will be supported by efforts to strengthen institutions and by decentralization and deconcentration. These macroeconomic policies will be supplemented with actions in the priority areas identified to attain the objective of poverty reduction.

### ***Government finance***

40. Budgetary discipline, transparency and efficiency in managing public resources constitute the key principles guiding fiscal policy measures and financial management of government entities. To improve the government's ability to fulfill its obligations and attain its objectives in terms of social and economic investment, a significant increase in the tax burden is indispensable. To that end, a series of measures will be implemented to combat fraud and tax evasion effectively, broaden the tax base and increase the yield from taxes and duties. These measures will include restructuring and strengthening collection agencies, holding their employees accountable, revising the system for granting exemptions, making tax decisions transparent and eliminating discretionary power in the enforcing of tax laws.

41. In addition, in order to lessen the vulnerability of the budget to external shocks and enhance equity in petroleum taxation, the flexible system for pricing petroleum products will be retained. In consultation with grassroots organizations and the private sector, crossed subsidies will be revised on the basis of in-depth studies of household consumption patterns and connections between tax policy, protection of the environment and vulnerability of the most disadvantaged segments of society.
42. Budgets will not only be effective forecasting tools, but also actual instruments for implementing economic and social policies. In allocating budget resources (from taxes and external contributions), a greater portion will be set aside for expenditures to support priority action areas in the social sectors. The geographical distribution and social and human benefits of the projects will be taken into account in adopting the annual Public Investment Program (PIP).
43. On the expenditure side, transparent management principles will be adhered to and people responsible for managing public monies will be required to account for their actions. Efforts to automate procedures and to publish the execution of the budget will be strengthened. To that end, gradual implementation of program budgets and elaboration of the Summary of Government Financial Operations by category are essential. Every government entity will be instructed to undertake only those expenditure commitments that can be covered with the appropriations they receive. The accumulation of payment arrears to service providers beyond the administratively acceptable time frames will not be tolerated. To these must be added important measures such as the strengthening of budget controls, improvement in the management of public enterprises and road maintenance through the Road Maintenance Fund.
44. In the short term, a strategy will be implemented to eliminate internal payment arrears and appropriate measures will be adopted to profit as quickly as possible (within three years) from initiatives to lower and eliminate external debt (HIPC, MDRI). A coherent debt policy will be implemented. It will be guided by the objectives of compliance with debt ceilings to be set by Haiti's competent authorities and governed by the need to make a single entity responsible for borrowing decisions and the monitoring of debt service. The debt policy will be one of the major inputs of the external cooperation strategy, in which the emphasis will be placed on seeking grants to finance government activities, before having recourse to borrowing.
45. The basic requirement is that external agencies must try their best to adhere to the conditions contained in the Paris Declaration, in particular those that foster national leadership and predictability of assistance. These conditions are: (i) ownership, requiring partner countries to exercise effective leadership over their development policies and strategies and coordinate development actions; (ii) alignment, requiring donors to base their overall support on partner countries' national development strategies, institutions, and procedures; (iii) harmonization, requiring that donors' actions be more harmonized, transparent, and collectively effective. Donors must

implement common arrangements and simplify their procedures. This last point not only relates to the initial requirement above, but also revives the ideas that guided the elaboration of UNDAF with respect to the United Nations system.

46. The general principles guiding policy in the external sector begin with the fundamental agreement of external agencies to support the efforts of the government in matters of development. With government priorities effectively defined, it is important that external agencies do all they possibly can to assist in their realization. It is crucial to understand that the arrangements entered into between agencies and the government, especially concessional loans, despite their advantageous character, often include excessively rigid provisions such as the requirement to pay penalties when there are delays in the use of allocated funds, even when it is acknowledged that the country is suffering from problems linked to its low absorption capacity. These provisions should be categorized as “friction costs” or transaction costs likely to slow the PRSP process and generate major budget constraints, with the possibility of the government eventually considering private borrowing on highly disadvantageous terms and exposing the country to needless risks, as seen in the major international crises. External agencies should therefore seek terms and conditions that do not engender this sort of situation, since such agencies are there precisely to support the efforts of the government.
47. The other major avenues of external sector policy are: (i) to retain the floating exchange rate policy; (ii) to revise tariff policy in the light of commitments to WTO and CARICOM and the major challenges of global and regional integration, all the while bearing in mind the fiscal and social impacts of revisions; (iii) to strengthen export infrastructures, and in particular to reduce the costs and delays in docking access, loading and unloading, and movement of containers both internally and externally—as these costs and delays currently represent competitive disadvantages; (iv) to define an effective partnership with cooperation agencies, including NGOs, to ensure that their programs do in fact support development and poverty-reduction policies, and to ensure that program actions are harmonized (without overlapping, duplication, or contradictions in commitments/conditions) and effectively coordinated.

### **C. Monetary, financial and credit policies**

48. The guiding principles for the monetary, financial and credit policies to be adopted are: (i) strengthen the financial and administrative autonomy of the central bank; (ii) strengthen administrative and legal structures established to combat money laundering and illegal drug trafficking; (iii) modernize and strengthen mechanisms and resources for oversight of the financial sector, including the insurance and pensions sector; (iv) diversify and energize the instruments of monetary policy: lower the statutory reserve rate, open the bond market; (v) increase efforts to foster access to credit, especially for microenterprises and small businesses, through the following measures:

- budget discipline and elimination of monetary financing of the deficit, gradual lowering of the statutory reserve rate, enabling a reduction in the cost of borrowing;
  - formalize the assets of the informal sector;
  - revise the law on guarantees.
49. These principles will be enhanced by strengthening central bank revenues, adopting a revised banking law to increase supervisory powers, and orienting monetary policy primarily towards reducing inflation.

#### **D. Strengthening institutions and improving economic governance**

50. Satisfactory performance in sectoral policies requires strengthening of institutions and improving governance. To those ends, emphasis will be placed on three essential objectives:
- *Fighting corruption.* Corruption weakens the credibility of the state, leads to the misappropriation of resources and impedes implementation of policies. The state will not limit itself to combating corruption, but will also prevent it. Accordingly, a series of minimum actions are required. Changes in the personal wealth of elected officials and public sector authorities will be closely monitored, procedures providing for discretionary actions will be modified, mechanisms governing bidding on public contracts will be strengthened, as will mechanisms ensuring oversight of administrative and financial management of the state, such as CSCCA and the General Finance Inspectorate.
  - *Modernizing and strengthening the central administration.* First of all, rethinking government structures (the number, mission and function of ministries and autonomous agencies) and streamlining civil service employment and wage policy. Even while Haiti appears to be under-administered, it has a plethora of institutions whose usefulness remains questionable. Moreover, while public services are lacking—especially outside the capital—the number of civil servants can be considered excessive when one takes into account the sheer size of support personnel and the dearth of technical capacities, their geographical distribution and the unavailability of material resources required for proper functioning of administrative agencies. An effort will therefore be made to professionalize the civil service. To that end, the operations of the state professional institutions of higher learning such as ENAF, CTPEA and the Customs Institute will be reviewed.
  - *Modernizing public enterprises.* Public enterprises will be managed using principles characteristic of private businesses—efficiency and maximizing results. They will no longer be able to play the part of social security agencies. Accordingly, efforts to rehabilitate their finances will be pursued as well as solutions tailored to each of them, aimed at government withdrawal from their management.

- *Decentralizing governmental power and deconcentrating administrative services.*  
The current situation is characterized by ambiguity between the respective missions of the central government and those of local authorities, and the virtually exclusive mobilization of national resources by the central government (99.5 percent), to the detriment of local governing entities. What is therefore needed is a redefinition of the role of the central government and the local governments with a view to attaining the objectives of providing community-based services and fostering inclusion and participation on the part of all levels of society. This implies:
  - Defining land management that promotes growth sectors;
  - Providing support structures to local authorities and devolving autonomous financial resources to local authorities, e.g. by streamlining the Fonds de Gestion des Collectivités Territoriales (FGCT). The same concept applies to the drawing up, adoption and implementation of local taxation and a local civil service.
  - Strengthening and multiplying the paths of communication between the municipal subdivisions, which tend to be isolated (rural roads, intermunicipal roads, etc.).
  
- *Strengthening the instruments for promoting and facilitating investments, by emphasizing:*
  - Protection of private property;
  - Putting in place a functioning facilitation center for investors;
  - Revision of the relevant economic and tax laws;
  - Energizing the bodies governing the Investment Code and the law on duty-free zones.

## Box 1

### Trends in selected macroeconomic indicators

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006*
Inflation rate (annual average, %)	5.71	10.55	38.40	23.85	14.85	14.20
Annual real GDP growth rate as %	-1.04	-0.25	0.36	-3.52	1.80	2.50
Domestic absorption/GDP as % (nominal)	1.22	1.24	1.32	1.29	1.24	1.22
Public saving as % of GDP	-1.32	-1.32	-0.08	1.02	0.83	-0.37
Total revenue as % of GDP	7.59	8.34	9.10	8.98	9.67	9.80
Total expenditure as % of GDP	10.75	11.70	12.58	11.14	10.10	10.70
Monetary financing as % of GDP	2.63	3.08	3.04	2.07	0.00	0.14
M3, annual change (%)	5.25	17.17	39.75	9.10	20.31	10.17(a)
Currency in circulation, annual change (%)	8.07	20.52	26.00	12.34	19.45	7.53(a)
Annual change in nominal exchange rate against the US\$ (%)	21.79	13.99	52.39	-4.43	-1.59	6.4(b)
Net exchange reserves (US\$ million)	108.81	50.51	38.77	56.37	70.56	124.61
Exports of goods and services (US\$ million)	444.87	421.09	468.37	510.24	597.28	631.40
Imports of goods and services (US\$ million)	-1,316.25	-1,250.03	-1,416.99	-1,546.50	-1,760.00	-2,016.00

\* Preliminary data

(a) Variation rate as of April

Sources: MEF/DEE calculations based on data from IHSI, BRH, and MEF.

Table 1

**Haiti: Medium-term macroeconomic policy framework**  
**Fiscal year ending September 30**

	2004	2005	2006	2007	2008	2009
		Prel.		Proj.		
<b>Real sector (annual change as %)</b>						
Real GDP	-3.5	1.8	2.5	4.0	4.0	4.5
Inflation (CPI, end-period)	21.7	14.8	12.0	9.0	8.0	7.0
<b>Government finance (as % of GDP)</b>						
Overall central government balance (including grants)	-2.5	-0.7	-2.0	-2.6	-3.0	-3.2
Total revenue and grants	10.2	13.1	13.4	15.2	14.6	15.0
Total revenue	8.9	9.6	9.8	9.9	10.4	11.0
Total expenditure	12.6	13.8	14.9	17.4	17.4	17.8
Domestic financing	2.1	0.0	0.1	-0.1	0.0	0.0
External financing	0.4	0.7	1.3	2.3	2.8	2.8
<b>Money and credit (annual change as %)</b>						
Broad money	9.1	20.3	11.2	9.4	13.0	10.7
<b>External sector (as % of GDP)</b>						
Trade balance	-23.6	-19.7	-22.4	-22.1	-20.8	-20.5
Services (net)	-5.8	-7.3	-7.7	-7.2	-6.8	-6.7
Revenue (net)	-0.4	-0.9	-0.4	-0.2	-0.1	0.0
Private transfers (net)	25.2	21.5	22.4	20.4	20.1	19.7
External grants	3.2	7.6	7.7	8.1	6.3	6.2
Current balance (including official transfers)	-1.3	1.3	-0.3	-1.0	-1.3	-1.2
Current balance (excluding official transfers)	-4.5	-6.3	-8.0	-9.1	-7.6	-6.7
Resource gap	0.0	0.0	0.0	2.1	2.3	2.4
<i>Of which:</i> central government	0.0	0.0	0.0	2.1	2.3	2.5
Gross exchange reserves (US \$ millions)	207.4	228.5	308.9	376.4	468.6	572.0
In months of imports in the following year	1.4	1.4	1.6	1.9	2.2	2.5
<b>Memorandum:</b>						
Nominal GDP (millions of gourdes)	140,387	168,034	193,033	220,611	251,217	283,035
Nominal GDP (millions of USD)	3,538	4,310	4,607	5,324	5,835	6,232

### **PART III.**

#### **PRIORITY ACTION AREAS: TOWARDS PRO-POOR GROWTH**

51. The inventory of poverty showed that, because of the very low growth generated over the last four decades, the Haitian citizen's per capita income deteriorated by an average 1 percent yearly. Given this state of affairs, real economic growth even greater than the growth of population cannot by itself contribute to poverty reduction. Pro-poor growth aims at identifying priority action areas wherein the state can broaden the spectrum of opportunities provided to disadvantaged and marginalized sectors.
52. In this context, the sectors identified by the Public Investment Program (PIP 2006-2007) are the following: (i) agriculture; (ii) industry, trade, crafts; (iii) roads, transportation, communications, energy; (iv) tourism; and (v) environment. Total public investments forecast for the period from July 2006 to September 2007 are on the order of G 38,250 million, or about US\$956 million, of which US\$860 million (nearly 90 percent) will come from the international community (See Annex 1, Matrix of sectoral policies).

#### ***A. Pro-poor growth***

##### ***53. Agriculture***

54. Agriculture is one of the main pillars of a program designed to fight poverty. Improvement of the level and quality of life of low-income groups in general and of rural communities in particular depends to a large degree on the availability of agricultural products that ensure food security and increased incomes. Accordingly, modernization of the agricultural sector is a necessity that will enable this sector to increase its productivity.
55. Government action will give priority to improving farmers' access to credit and basic farming inputs, rehabilitation of agricultural infrastructures, and security of land ownership; this security is necessary to make the best of policies aimed at promoting investment in irrigation, public transportation, communications and storage and marketing infrastructures. This priority will also be given to products promising the greatest possibilities of profits.
56. More specifically, the Ministry of Agriculture, Natural Resources and Rural Development (MARNDR) will draw up and implement a strategy designed to increase the production of basic foodstuffs, so as to enlarge the supply of food as quickly as possible. Agricultural areas with high potential (irrigated plains, damp plains, rainy mountains) will be planted. The Ministry will promote foods that are harvested early (maize, sorghum, sweet potato) as well as crops requiring slightly more time (rice, bananas, tubers). Cuttings of early varieties of potatoes will be distributed to farmers. Credit facilities may also be granted to banana producers on the Plaine d'Arcahaie and

the Plaine du Nord, especially for the purchase of inputs, and massive distributions of banana sucker shoots will be made. Special attention will be given to export foodstuffs.

57. MARNDR will also continue vaccination programs, labor-intensive works projects designed to open up rural trails and clean out irrigation canals and drains; other projects will provide the support necessary for fruit crops, marketing and processing of products and intensification of small livestock operations, etc.
58. During the period covered by the interim PRSP, from 60,000 to 80,000 hectares of new plantings of the above-mentioned products is expected to be accomplished.
59. Policy decisions regarding the protection (or not) of the agricultural sector, as well as the level of possible protection of this sector, will be made and applied, taking into account all factors including the negotiations with CARICOM and their applicability to the macroeconomic policy of the government.
60. ***Industry, trade, crafts***
61. The industrial sector has the potential to become one of the most dynamic sectors of the Haitian economy, both in terms of growth and job creation. For more than 30 years, assembly plants were the most visible branch of industry. In 1990, more than 250 businesses provided work to nearly 40,000 people, mainly women, each of whom supported an average of four dependents. Almost 20 percent of the population of Port-au-Prince depended on assembly work.
62. The coup d'état of September 29-30, 1991 and the embargo that followed (imposed on Haiti by the international community to force the authors of the coup to negotiate a return to constitutional governance) struck a severe blow to the industrial sector. When the embargo was lifted in 1994, there remained only 44 businesses employing some 5,000 people. At the present time, around 15,000 people are employed in the textile industry. The profile of investors and owners has changed: prior to the coup, a large number of companies belonged to foreigners, whereas currently, the great majority of businesses belong to Haitians.
63. In addition to problems related to political instability, the major constraints on development of the industrial sector are the lack of space, the lack of qualified personnel and the lack of financing. The government will make sure that public services and basic economic and social infrastructures are extended outside the Port-au-Prince metropolitan area, so as to encourage the creation of industrial zones. In partnership with the private sector, the government will support the creation and strengthening of appropriate business training programs. As regards access to credit, fiscal discipline and the pursuit of a prudent monetary policy should help lower the cost of credit.
64. ***Roads, transportation, communications, energy***

65. Sustained economic growth is necessary for the success of any poverty reduction program. But economic growth cannot be sustained if basic physical infrastructures are lacking or are of poor quality. In Haiti, these infrastructures are in a very advanced state of deterioration. Only 5 percent of roads are in good condition and 15 percent in a condition considered average, whereas 34 percent of the network was still in acceptable condition in 1991. Approximately one-half of the tertiary road network has been withdrawn from the official road registry because of its extremely deteriorated condition. For the two-thirds of the population living in rural areas, tertiary roads constitute an essential infrastructure that absolutely must be rehabilitated and maintained. This will be one of the government's priorities in terms of basic infrastructure rehabilitation, especially since rehabilitation and maintenance activities require intensive labor, thereby creating thousands of jobs. Around 1,600 km of rural trails and 1,200 km of intermunicipal roads will be rehabilitated and/or built. Works on the main highways will be continued and enlarged. In addition, the lack of upkeep of rehabilitated roads reduces their life expectancy considerably, which underscores the importance of allocating sufficient public resources to road maintenance.
66. In the ports and airports sectors, the deterioration of infrastructures, together with inefficient management and poor institutional capacity threaten the integrity of the logistic chain in the short term. Moreover, the airport authorities of New York and Miami have permanent signs warning passengers that the Port-au-Prince airport no longer complies with international security norms and standards, and that passengers use the Haitian infrastructure at their own risk. In line with its decentralization objectives, the government will begin modernizing the port facilities in Gonaïves and Cap-Haïtien.
67. The docks in Port-au-Prince will undergo dredging, buoy marking and other repairs. At the international airport, rehabilitation work will be carried out on the landing runway, parking areas, and taxiway. A modern radar system will also be installed.
68. A productive, competitive sector needs a reliable energy supply and other production factors at competitive prices. In Haiti, petroleum product consumers fall into three groups: the transportation sector, which absorbs 62 percent of imports; the formal sector of national industry, including Electricité de Haïti (EDH), which absorbs 30 percent; and households and small manufacturing, which consume 8 percent. Per capita energy consumption is one of the lowest in the world, namely 47 kWh or 0.5 bboe (barrel of oil equivalent), compared to Jamaica and the Dominican Republic, where these figures are 2,257 kWh (9.8 bboe) and 629 kWh (3.5 bboe), respectively.
69. Wood remains Haiti's principal energy source, accounting for 70 percent of energy consumption. Charcoal by itself accounts for sales worth more than US\$80 million, of which only a fourth returns to the rural population. Under these conditions, Haiti is being steadily deforested, causing environmental deterioration that is reaching alarming proportions. It is estimated that 6,000 hectares of soil is lost each year to erosion due to the destruction of our forests.

70. Substantial investments must be made in the energy sector with a view to finding a solution to the chronic energy crisis that is rife in the country. EDH finds itself in a precarious position, being unable to respond to energy demand either in Port-au-Prince or in the rest of the country. Only 35 mw of its output capacity is operational, whereas total demand is for 200 mw.
71. The situation of EDH has lasted several years now and requires government intervention on a monthly basis to subsidize the supply of electrical power. Disadvantageous short-term contracts are occasionally entered into covering at least 65 percent of the capital's minimum energy needs. The state thus pays out US\$2 million per month (US\$24 million yearly) to buy electricity produced by diesel-fired generators, whereas a good share of this total would be saved if the energy came from small, slower power plants using heating oil. The savings made could supply other priority sectors with resources required for the effective implementation of their projects and programs benefiting the most disadvantaged populations.
72. EDH's permanent emergency condition, together with its inefficient management and its bankrupt finances, have always constituted a sizable obstacle to the implementation of a true plan for reform and rehabilitation of the sector.
73. The full PRSP will propose policy and strategy measures for the energy sector as a whole. Meanwhile, in the short term, the government will regulate the practice of electrical energy purchases by requiring competitive and transparent bidding on contracts, gradually eliminating Treasury subsidies, and restoring EDH's financial autonomy. Once the ongoing audit of EDH is completed, various options will be considered to modernize it, including conclusion of management or leasing contracts.
74. ***Tourism***
75. It is a commonplace notion that Haiti has great potential for developing tourism: its climate, warmth, beaches, sunshine, sand, culture, history, people, etc. Tourism has indeed exerted a significant influence on job creation in sectors and subsectors such as crafts, construction, transportation, trade, services, the arts, food production, etc. In 1979, tourism was the third most important source of foreign exchange for Haiti and contributed to the creation of 30,000 jobs, both directly and indirectly. Since 1979, the importance of tourism has only diminished. Even in the best of times, Haiti has not been able to win more than a minute share of the Caribbean tourist trade (never more than 2 percent).
76. Given the bad press that Haiti has attracted in recent years as well as its endemic insecurity and other related problems, it is not very realistic to imagine developing mass tourism in the short term. It will require some time for Haiti to regain its attraction for foreign tourists. This does not mean, however, that this sector should be abandoned or neglected, only that significant impacts are not to be expected in the short term. Within the framework of this interim strategy, the bulk of the actions will focus on updating the Tourism Master Plan prepared in 1995, with a view to evaluating the

possibility of making the plan feasible in the medium term. In any event, planning for the tourism sector will place the greatest emphasis on the possibility of developing cultural ecotourism, so as to ensure the protection of natural resources from mountain to sea.

77. In line with these objectives, areas identified as having potential for tourism will be zoned accordingly and made secure. The tourist areas will be included in plans for public infrastructure and land management. A joint pro-tourism commission will also be studied, in consultation with the various concerned sectors, including the *Association Hôtelière et Touristique d'Haïti*. Innovative measures and incentives will also be studied, targeting Haitians living abroad.
78. ***Environment***
79. Poverty greatly exacerbates environmental problems in both rural and urban areas. Efforts to reduce poverty and protect the environment can therefore be mutually reinforcing. The urban environment in Haiti has undergone a drastic, negative transformation over the last 25 years. In Port-au-Prince and Cap-Haïtien, for instance, extreme population density, together with commercial and industrial activities, has had serious repercussions on the environment and on public health. This is one reason why the already inadequate public services are now overwhelmed: the problems of providing drinking water, collecting solid refuse, household waste—plus the housing shortage—are all challenges facing municipalities.
80. Special attention will be given to the Environmental Action Plan adopted in 1999. Among its priority actions are the clean-up of cities, including the regular collection of waste and the recycling of a substantial volume of collected garbage. Measures will also be taken to strengthen the legal and regulatory framework pertaining to the environment, including the preparation of environmental action plans, creation of regulations and concrete incentive and penalty systems to foster preservation of the environment.
81. Programs to establish tree nurseries in cities and municipalities will be funded in order to provide interested citizens with appropriate species for reforestation. Management of the environment at the municipal and communal levels will enable the public to participate actively in natural resources management, the strengthening of risk and disaster management, and the creation of a better environment.

## ***B. Governance and institutional reforms***

82. ***Justice, security, rule of law***
83. The importance of justice and security in the fight against poverty is no longer in need of demonstration. None of the proposals made in this document—however consensual

they may be—will yield satisfactory results or even take root if the requisite security conditions and political and social stability are not present.

84. Justice and security are essential if Haitians are to make peace with one another, if confidence is to be restored, and if investments are to bear fruit. This is difficult work that is going to require time and tenacity. The most practical way of achieving these objectives is to forge a long-term partnership between Haiti and the international community.
85. It is unanimously agreed that one of the main causes of poverty in Haiti is bad governance. It has also been shown that insecurity and impunity hinder productive activities and are sources of poverty. Bad governance, insecurity and impunity generally go hand-in-hand, and to believe that one of the three can be acted upon without acting on the other two is quite simply utopian.
86. Everything—or nearly everything—needs to be done in the area of justice. An effective police force without an adequate justice system can become an instrument of repression instead of a guardian of freedom. The entire criminal system needs to be addressed, from the selection of judges to the rehabilitation/construction of prisons, as well as the recruitment and training of personnel and the provision of necessary infrastructures and equipment. The safety of judges and public officials working in the justice and prison systems must be guaranteed.
87. Haiti's National Police, assisted by MINUSTAH, will resume and step-up the disarmament programs. The National Police will be provided with human and material resources needed to combat insecurity. In particular, its intelligence division will be strengthened. Coordination between police stations in outlying districts and in Port-au-Prince will be improved. In addition, better citizen cooperation will be pursued.
88. Justice has suffered not only from governance problems, but also from constraints imposed by the lack of sufficient financial resources. The justice system is characterized by an almost complete erosion of values, an ethical void, corruption, and denial of justice. In most instances, actual gangs are organized with the complicity of all levels of procedure. Consequently, the law has no power.
89. An even more troubling problem is the lack of security, whereas the suppression of impunity has consistently been one of the loudest demands in recent years. Assassinations, crimes and offenses associated with banditry, theft, delinquency and drug trafficking are very rarely punished. In such cases as well, we very often find organized gangs and corrupt police officers and representatives of the law, who let themselves be circumvented by unscrupulous lawyers.
90. To strengthen the justice system, action must be taken on several fronts. The volume of cases assigned to judges and courts will be lessened; more substantial resources will be allocated to judicial administration, and existing resources will be managed more efficiently; methods will also be developed for oversight and assessment. The

government's efforts will aim at ensuring the existence of an independent and effective judiciary that guarantees the rights of citizens and contributes to the swift and effective settlement of disputes.

91. The physical condition of courtrooms, prisons and administrative buildings is deplorable. In the prisons, drinking water, toilets and electricity are lacking. In most courtrooms, there is no electricity or telephone, and a number of judges do not even own a copy of the civil code. More than 80 percent of detainees have not had their cases referred to the appropriate judge. An entire series of measures will be implemented with a view to improving the justice system. Although not exhaustive, the measures aim at:

- Institutionalizing free criminal defense for the destitute;
- Reforming the criminal code by decriminalizing some social deeds and by instituting penalties other than imprisonment;
- Implementing a system to protect the rights of women involved in a criminal procedure;
- Rethinking our prison system by setting up incarceration centers in urban areas for people detained provisionally, with incarceration centers outside of cities for convicted prisoners. In the centers housing convicted detainees, a program of social reintegration adapted to the level and type of crime committed will be established.
- Creating intake centers for minors;
- Reorganizing the public prosecutor's office;
- Reviewing the procedures governing criminal trials (jury vs. bench of three judges, etc.);
- Reviewing the bail bond system, which will apply to all cases except for murder, assassination, drug trafficking, forgery of public documents, rape, etc. Basic bail schedules will be established, with judges empowered to increase bail according to the case.

### *C. Development of the social sectors*

92. To lower the levels of poverty significantly, measures will be implemented in several directions, especially in the drawing up of social policy. The macroeconomic reforms already undertaken—and which will be pursued—are necessary but not sufficient to improve the living conditions of poor people. They must be accompanied by a reenergized national dialogue with a view to instituting a social reform program based on a political consensus. The low level of the development indicators cited underscores the constraints on economic growth and reflects social deterioration that has become widespread over the past 20 years; hence the need to define and implement a social policy that will shift the focus of public expenditure to the social sectors. A lasting reduction of poverty and the improvement of human resources are not possible unless

accompanied by sustained budgetary efforts for the execution of poverty reduction programs. It is imperative that new investments be channeled toward human resources, mainly in the areas of health, education, and professional training.

93. ***Health and nutrition***

94. The overall outlook in matters of health is alarming. Life expectancy is 53 years; the infant mortality rate is 76 per 1,000 live births; the maternal mortality rate is 523 per 100,000 births; a mere 28 percent of the population has access to sanitation facilities. Less than half of the population has access to health services, and the quality is generally poor. Only 30 percent of health institutions are public, and the majority of these institutions are located in urban areas. NGOs provide 70 percent of health care in rural areas and the ability of the MSPP (Ministry of Public Health and Population) to supervise and coordinate is slight.
95. The delivery of health services is often impeded by a dearth of essential drugs and equipment. This state of affairs mirrors the impoverished condition of both the public and the private health systems. Overall, public sector institutions provide 30 percent of health services; the non-profit private sector (NGOs) provides 30 percent; for-profit institutions provide 10 percent. The remaining 30 percent of services are provided by a hybrid sector (undertaken by the private sector, but partially financed by public funding).
96. These deficiencies in matters of health and nutrition constitute a serious impediment to efforts to develop and grow the economy. Only a healthy and well-nourished Haitian population can rise to the challenges of economic and social development. Good health requires good nutrition, and an appropriate diet has direct positive effects on intellectual ability.
97. Emphasis will be placed on preventive measures and on primary health care, on the fight against infectious and contagious diseases, and on reducing maternal-infant and child mortality. In particular, mass vaccination campaigns will be organized for the newborns and children of school age, and intensive hygiene projects will be implemented, notably in the drinking water and sanitation subsectors.
98. Among the institutional problems needing a solution are those currently impeding the MSPP's ability to deal with the epidemiological profile of Haiti. These include: (i) the marked degree of centralization of essential and non-essential functions at the headquarters of the MSPP in Port-au-Prince; (ii) limited capacities at the level of the *départements*; (iii) the very low levels of coverage of basic health services in most cities, including Port-au-Prince; (iv) limited information services for formulating and supervising health care policies.
99. Finally, in addition to expanding access to free health care for the most disadvantaged, the challenge facing the MSPP is to find solutions to governance and implementation

problems, with a view to dealing with urgent needs and alleviating the major problems of access and capacity.

100. ***HIV/AIDS***

101. Because Haiti is the regional country with the highest incidence of HIV/AIDS, special attention will be given to this pandemic, which exceeds the framework of the health sector by a wide margin. Specific measures designed to control this illness and guarantee ongoing care will be taken, in line with the MDGs. Action will be taken to reduce both risk and vulnerability factors. These actions will be developed with both Haitian civil society and the international community. The government will take the leading role in mobilizing political sectors (justice, parliament, the executive), economic sectors (finance, business owners), and social sectors (health, education, social affairs, culture, status of women, etc.). To that end, the government undertakes to: (i) develop a national reference framework for the fight against HIV/AIDS that is effective, integrated, and respectful of the principles of inclusiveness, universality and equity; (ii) establish a high-level, multi-sectoral national body concerned with HIV/AIDS; (iii) draw up integrated HIV/AIDS sectoral plans; and (iv) establish a national oversight and assessment framework.

102. There are sufficient resources available to fight the HIV/AIDS pandemic effectively in Haiti. The problem needing a solution is that of distributing resources so that they reach the largest possible number of beneficiaries. A dynamic public/private partnership based on the four points listed above ought to yield more than satisfactory results.

103. ***Education and professional training***

104. One of the strong points advanced as a priority in the government's program is that education for all is the basis of equal opportunity and long-term poverty reduction. However, Haiti's education system suffers from a twofold deficiency: more than 40 percent of children are not enrolled in school and the quality of teaching is mediocre. Moreover, more than 75 percent of enrolled children are in private schools. This state of affairs calls for a dual priority: (i) increase public school availability; and (ii) improve the quality of both public and private schooling. In other words, the government is obligated to provide not only more schooling, but also and especially better schooling.

105. In fact, government participation in the financing of schooling and the provision of services is minimal, whereas families—including the poorest of them—contribute nearly two-thirds of the financing. This situation is unique in the world and reflects the Haitian government's complete lack of real involvement in education. However, in a public school system able to take in only 10 percent of school age children, no free choice is possible. The condition of the schools in Haiti is the expression of a market failure, and it is clear that the school system is incapable of improving the well-being of the human community.

106. A higher level of training is especially important for strengthening economic and social development. Investments devoted to education have direct effects on the productivity of the labor force, and consequently on employment possibilities. Such investment therefore constitutes a necessary complement to investments in equipment. Only an educated people can benefit from the transfer and assimilation of scientific knowledge and new technologies. Politically speaking, democracy can endure only when the electorate is educated and informed. Education also contributes to reducing inequalities in income distribution, facilitates social mobility and has particular importance for women. The illiteracy rate for Haitian women is 46.1 percent, and girls enter the labor market well before boys. Around 10 percent of girls 9 years of age and 33 percent from 10 to 14 years of age are economically active. This trend must be curbed.
107. The Ministry of National Education and Professional Training (MENFP) will be provided with the resources needed to implement the National Education and Professional Training Plan (PNFP) on an accelerated basis; the plan sets forth the major strategic choices for education in Haiti. The plan has been in the process of execution since 1997, determines the medium- and long-term objectives, and translates them into action programs. It also provides a good example of what can be achieved through concerted efforts. Also on the list of items to be strengthened are: measures supporting governance, improved access, and the quality and conditions of apprenticeship. As regards professional training, the capacities of INFP (National Professional Training Institute) will also be enhanced.
108. Improvements in the areas of preschool, primary, and secondary education will be linked as much as possible to health and nutrition services. Accordingly, the MENFP will strengthen the nutritional food program for pupils of the three cycles of elementary school, using student canteen programs, so as to provide 1.5 million meals per day, including essential vitamins. Also scheduled to be strengthened is the program distributing school supplies and uniforms to the least advantaged pupils—an important component in the fight against the high cost of living and critical poverty.
109. Technical and professional instruction and the reform and modernization of higher education must be oriented so as to encourage the working public to respond and adapt to economic challenges brought about by globalization in the 21<sup>st</sup> century.
110. Finally, partnership with the private sector will be renewed and strengthened. The terms of a consensus and regular consultation with the teaching staff will be negotiated so as to minimize the risk of interruptions.
111. ***Drinking water and sanitation***
112. The link between poverty and an inadequate supply of drinking water is very strong, and no program seeking to reduce poverty will produce satisfactory results if there is no improvement in the supply of water. The benefits of access to water by the poor are reflected not only in improved productivity in the workplace and a better state of health, but also by the enhancement of social status and a greater sense of personal dignity.

Throughout Haiti's territory, the drinking water supply is grossly inadequate, and wastewater evacuation and treatment services are generally left to individual initiative. The level of infrastructure is not adequate to meet demand. Consequently, drinking water/sanitation coverage (EPA) is very poor. In 2002, 54 percent of the population had access to drinking water and 31 percent to sanitation services. These percentages may have declined since that time.

113. There are two main reasons for the poor quality of EPA services: gradual deterioration of existing infrastructures and institutions; demographic pressure—i.e. large migrations toward urban centers, especially Port-au-Prince.
114. It can be said that the system is in disarray and the two state enterprises responsible for providing these services—CAMEP (Autonomous City Drinking Water Plant) for Port-au-Prince and SNEP (National Drinking Water Service) for the rest of the country—are remarkably inefficient. At times, water is available only a few hours a day; it is not tested, and its quality is doubtful. In some cases, 80 percent of water bills are unpaid.
115. Although an increase in the coverage of rural populations with drinking water has been observed, this is certainly due to the activities of numerous NGOs. However, 27 percent of households in secondary cities and 50 percent of rural households continue to supply their own drinking water, either from an unexploited source or from a river.
116. In 2001, the percentage of households stating that they do not have a bathroom available either inside or outside the home was 9.3 percent in the metropolitan area, 39 percent in other urban centers, and 59 percent in the countryside. These percentages may have increased since that time.
117. In recent years, the rate of flow from many exploited sources supplying water to rural communities, secondary cities and the metropolitan area has diminished greatly as a result of deforestation. Numerous well fields (springs or wells) have not been fenced off, and consequently the risk of biological pollution is high.
118. The overall objective, within the framework of the MDGs, is to provide better quality water in greater quantities, with improved and expanded sanitation infrastructures. Accordingly, the government will implement measures designed to: (i) reorganize the EPA sector institutions; (ii) increase the rate of coverage in drinking water from 54 percent of the population in 2002 to 70 percent by 2010; (iii) undertake reforestation programs and programs to protect drainage basins uphill from drinking water sources; (iv) ensure the regular collection of solid waste; (v) increase the coverage rate for basic sanitation from 31.1 percent in 2002 to 40 percent in 2010, by means of an intensive campaign to construct latrines and other sanitation infrastructures.

## PART IV: THE PARTICIPATORY PROCESS

### A. Lessons and principles learned

119. The participatory process selected was defined on the basis of previous participatory experiences observed in Haiti over the past few years, and on lessons learned from the preparation of PRSPs for low-income countries.
120. Four Haitian experiences are particularly noteworthy: 1) the participatory process used in 2003 to prepare the I-PRSP was confined to a small number of one-day workshops in chief towns at the departmental level. These workshops strove to gather together local government institutions, NGOs working locally, and representatives of the associative, religious and economic milieus. The groups represented had received, in advance, brief training in the methodology and content of the approach. Given the format of the I-PRSP, it was not necessary to attempt a more in-depth participatory process (see Annex 2). ii) Preparation of the New Social Compact, carried out from 2003 onwards by a civil society organization called the Group of 184; iii) The National Bicentennial Commission established by the Transition Government in 2005 to mobilize the population around the commemoration of the two hundredth anniversary of Haiti's independence; and finally (iv) the Steering Committee on National Dialogue, likewise established by the Transition Government in an attempt to initiate dialogue among all Haiti's stakeholders.
121. The aforementioned experiences all have one characteristic in common: i.e., the main impetus came from the capital city, and the effort to seek ownership at the departmental level was secondary. The issue is not the centralized nature of the impetus, but rather its quality. Quality depends on the capacity to mobilize institutions, individuals and groups around objectives and projects that are defined by them, but that can be part of a national framework. Within such a framework, the centralized impetus is not a problem in itself. It is important to ensure that it is operating on a solid foundation that is not devoid of substance.
122. The goal of the process is, first and foremost, to ensure that the interests of the most disadvantaged, i.e., those living in extreme poverty, are taken into account.
123. Given the current status of democratic governance in Haiti, it is crucial that any process of sustainable participation begin with a broad consultation of the core entities of civil society that are capable of mobilizing their members in all of the country's departments.
124. A sustainable participatory process must also take into account the institutional requirements set forth in the current Constitution. These requirements are based upon territorial divisions, i.e., the *sections communales* (municipal subdivisions), *communes* (municipalities), and *départements*. While it is true that the installation of legitimate territorial entities and authorities is lagging, it is also true that the inhabitants of these

territorial divisions have put in place some functional *ad hoc* structures. This is the case, for example, in the Northwest and Northeast *départements*, where dynamic ad hoc structures now exist. It is therefore important, in terms of the department-level steering of the PRSP preparation process, to take advantage of them pending the emergence of other structures.

125. In the same way, and in connection with PRSP preparation at the department level as such, it is important to strengthen and support the department-level directorate of the Ministry of Planning and External Cooperation (MPCE), as well as the two other coordinating departmental directorates, i.e., for Economy and Finance and of the Interior and Territorial Collectivities.
126. In each *département*, one generally finds NGOs with enough experience and skill to support the participatory process. It is important to use them for this purpose for the duration of PRSP preparation.
127. Each *département* possesses religious or lay associations or groups with a great capacity for mobilizing volunteers. It is important to take advantage of this capacity in the collective grassroots interest. The same is true of regional associations of Haitians living abroad.
128. There is a dynamic link between sectoral consultations at the central and departmental level and the participatory process at the departmental level. It creates a continuous flow of information exchange between the central and departmental levels. Ultimately, and particularly during project implementation, it should make it possible to establish indices of local beneficiary satisfaction with regard to essential public or private services.

### ***B. Objectives, approaches, and constraints***

129. Strengthen and improve information exchange and sectoral discussion at the central level.
130. Strengthen the existing departmental structure for information exchange and collaboration, i.e., the Departmental Consultation Table (*Table de concertation départementale*, TCD). Broaden the makeup of the TCD and transform it into a Departmental Poverty Reduction Committee (*Comité Départemental de lutte contre la pauvreté*, CDLP). Integrate newly elected territorial authorities into this structure as soon as possible. If elections occur as scheduled in early December, the new territorial authorities will be in place as of January 2007. Establishment of the CDLP can occur from February onwards with these new authorities.
131. Strengthen the existing planning structure at the departmental level, i.e., the departmental directorate of the Ministry of Planning and External Cooperation (DD-MPCE).

132. The impetus from the central level, i.e., from the National Poverty Reduction Commission, consists of defining: i) the national poverty profile; ii) growth-inducing and pro-poor structural and macroeconomic policies; iii) the priority national intervention themes. In addition to this impetus, the STN also provides technical assistance to support this process at the departmental level.
133. All of this work therefore constitutes the common core, and comes before the creation of the CDLP and capacity-building within the DD-MPCE.
134. The interface with departmental authorities will occur as soon as the process begins. However, the actual consultation work between entities that have been grouped at the departmental level will probably not be able to take place before January 2007.
135. If the elections occur later than forecast, it would be advisable to set up the CDLP immediately with non-elected members, according to the above-indicated formula.
136. Ten (10) months are allocated for the preparation exercise, which is relatively little time compared to that allowed for similar exercises in other countries.
137. The capacities of the various stakeholders are generally inadequate for the implementation of such a process. It will therefore be necessary to conduct specific strengthening interventions, particularly within MPCE, MEF, and MICT.

## **PART V**

### **Preparation Strategy and Institutional Framework**

#### **A. PRSP preparation strategy**

PRSP preparation consists of five phases:

Phase 1: Definition of the national and departmental poverty profile

Phase 2: Definition of the national macroeconomic and sectoral policy framework

Phase 3: Definition and validation of strategic national intervention axes

Phase 4: Definition and validation of priority action axes at the departmental level

Phase 5: Validation of the final document at the national level

Phase 6: Approval of the PRSP by the Council of Ministers

Phase 7: Organization of the National Forum for the launch of the PRSP.

#### ***PHASE 1: Definition of Haiti's national and departmental poverty profile***

138. **Objective.** The objective is to improve knowledge of poverty in Haiti.

139. **Approach.** The qualitative approach to poverty analysis is aimed at identifying perceptions, scope, manifestations, and causes of poverty. The quantitative approach, on the

other hand, is aimed at identifying the thresholds, characteristics, profile and dynamics of poverty. The aim here will be to identify existing studies, assess their relevance, and update them.

140. **Actors.** For implementation, specialists from the National Technical Secretariat (*Secrétariat Technique National*, STN) at the central level, in collaboration with the Haitian National Statistics Institute (*Institut Haïtien de Statistique et d'Informatique*, IHSI) and, for validation, the National Poverty Reduction Commission.

### ***PHASE 2: Definition of the national macroeconomic and sectoral policy framework***

141. **Objectives.** At the macro level, objectives are related to a concern with broad economic equilibriums (and particularly public expenditures and balance of payments) and the maintenance of a pro-poor environment conducive to strong and sustained growth. At the meso level, objectives consist essentially of achieve efficient allocation of resources between markets and the collectivity. Micro-level objectives are mainly to lift constraints facing economic operators, e.g., by developing economic and social infrastructures.

142. **Approach.** The macroeconomic approach consists of: i) analyzing macroeconomic performance and its impact on poverty (e.g., economic growth, inflation, underemployment, unemployment, deficits, external debt, etc.); ii) analyzing the role of macroeconomic policies in poverty reduction; and iii) deriving lessons for the definition of pro-poor macroeconomic policies. The approach at the sectoral policy level involves: i) analyzing sector performance; ii) analyzing supply and demand; and iii) drawing conclusions for the definition of pro-poor sectoral policies.

143. **Actors.** For implementation: the National Technical Secretariat, in collaboration with the working groups, the Ministry of Economy and Finance, the Ministry of Planning and External Cooperation, and the technical and cross-sectoral ministries; and for validation, the National Poverty Reduction Commission.

### ***PHASE 3: Definition and validation of strategic national intervention axes***

144. **Objective.** The objective is to identify strategic axes, establish priorities, and justify their relevance at the national level.

145. **Approach.** The approach consists of three steps:

#### *Step 1: Identify strategic axes*

146. A strategic axis is defined as an orientation chosen in order to reduce poverty. The identification of strategic axes is a process involving several sectors and requiring the participation of several actors. These actors may sometimes pursue contradictory objectives and strategies if they are not incorporated into a coherent frame of reference. Planning minimizes duplications and contradictions. This process therefore entails

arbitrage and often requires difficult tradeoffs; hence the need to determine promising avenues of strategic intervention that will be effective in reducing poverty. Thus, sectoral strategies and policies must be harmonized with the national poverty reduction strategy by means of consultation between the MPCE and the sectoral ministries.

147. In order to justify a strategic axis, one must take into account not only the results of collaborative work, but also examine all other factors that might increase the chances of success in the area of poverty reduction. It is therefore important to proceed on the basis of:

- the analysts' knowledge and experience in their areas of expertise;
- working documents summarizing the status of knowledge in each sector deemed important;
- the results of macroeconomic and sectoral policy assessment;
- the conclusions of the various working groups and consultative workshops.

*Step 2: Define the broad objectives of the strategic axes and identify priority actions*

148. The objectives defined for each strategic axis are those that are likely to express the chosen orientation effectively. A national objective must be realistic, measurable, and sufficiently specific that it can be assessed.

149. For each strategic axis, a set of realistic priority actions must be identified that will contribute to the attainment of the national objectives chosen.

*Step 3: For each strategic axis, define the relevance and implementation framework of priority actions*

This step contains seven components:

- 1) Justify the priority action;
- 2) Define the objectives of the priority action;
- 3) Develop the intervention strategy for the priority action;
- 4) Develop the timetable for implementing activities associated with the priority action;
- 5) Develop a tentative budget;
- 6) Determine the distribution of responsibilities;
- 7) Define the results expected and the critical conditions of success.

150. **Actors.** For implementation, the National Technical Secretariat, with the support of working groups and sectoral ministries; for validation, the CNLP and a parliamentary commission.

***PHASE 4: Definition of priority intervention axes at the departmental level***

151. **Objective.** The objective is to identify the priority axes at the departmental level, establish priorities, and justify their relevance.

152. **Approach.** On the basis of strategic axes developed at the national level, and validated at the national and departmental levels, the aim will be to identify priority actions and to define the relevance and implementation framework of priority actions for the department. The approach here (Steps 2 and 3) is the same as at the national level.
153. **Actors.** For implementation, the Departmental Technical Secretariat, with support from local administrative structures; and the Departmental Poverty Reduction Committee for validation. The National Technical Secretariat oversees the preparation of departmental documents.

***PHASE 5: Validation of the final document at the national level by the CNLP***

***PHASE 6: Approval of the PRSP by the Council of Ministers.***

***PHASE 7: Organization of the National Forum for the launch of the PRSP.***

## **B. Institutional Framework**

The final PRSP will deepen the agenda of structural reforms by supplying details on sectoral strategies. It will assess the costs of the policies and programs proposed, and will clearly define priority expenditures on the basis of funds available. It will design an effective participatory mechanisms for monitoring and evaluation during implementation of the Poverty Reduction Strategy (PRS), and will establish strategic measures and progress indicators.

154. The institutionalization of the process is an arduous and difficult phase. It is nevertheless expected to guarantee the effectiveness of mechanisms in place to ensure participation, consensus and transparency in the management of activities and projects. The approach adopted involves empowering all actors at all administrative and sectoral levels, and is conveyed through the PRSP preparation process.
155. This institutional framework exists at two (2) levels: national and departmental/local.
- A. The National Poverty Reduction Commission (CNLP) is positioned at the national level. Created by presidential decree, the CNLP will be the guiding entity for the entire mechanism. Its mandate is to:
- define broad policy and strategic orientations;
  - oversee the preparation and implementation process at the national, departmental, and local levels;
  - ensure the participation of all actors in the preparation and implementation process;
  - approve the document and submit it to the government for approval;

- assess the impact of implementation on the country's economic and social development, especially with regard to the most disadvantaged segments of the population.
156. The CNLP is convened in ordinary session once per month by its Chairman and may meet in extraordinary session as required. It is comprised of:
- The Prime Minister, as Chairman;
  - The Minister of Planning and External Cooperation, as Vice-Chairman;
  - The Minister of Economy and, as Vice-Chairman;
  - Three other Ministers appointed by the Prime Minister, as Members;
  - Seven (7) representatives of civil society from broad organized sectors (business, associations, religious bodies, universities, women, young people, NGOs), as Members;
  - Ten (10) members of the Interdepartmental Council or, if they are unavailable, ten (10) prominent non-civil-service individuals chosen by simple majority by the members of the ten (10) Departmental Consultative Tables, as Members.
157. The Donor Support Committee (CABF). This Committee constitutes a structure to accompany and support the process of preparing the full PRSP. It consists of seven (7) resident representatives of bilateral and multilateral development aid agencies in Haiti, appointed by consensus by the agencies themselves. The CABF is responsible for:
- maintaining ongoing dialogue between the CNLP and donors on the process of preparing the PRSP and monitoring its implementation;
  - fostering coordination and harmonization of various donor actions;
  - facilitating the mobilization of funds needed to prepare and implement the PRSP;
  - assessing, jointly with the CNLP, the impact of the use of funds allocated to the PRSP;
  - conducting, jointly with the CNLP, the required financial arbitrations.
158. The CABF is chaired by the Minister of Planning and External Cooperation. Regular consultative meetings will be organized with the CNLP to share ideas, governmental orientations, information, and the status of work involved in preparing the full PRSP. These meetings will also make it possible to jointly identify and plan any technical and financial assistance actions that the government may request in support of preparation and implementation of the full PRSP.
159. The National Technical Secretariat (STN) performs the secretarial functions for the CNLP and is responsible for carrying out all activities involved in the preparation, planning, monitoring, and assessment of implementation of the Poverty Reduction Strategy Paper (PRSP). Its tasks are the following:
1. prepare the draft PRSP;
  2. draw up the budget for PRSP preparation;
  3. prepare the timetable of activities;

4. determine the profile and volume of technical assistance needed for PRSP preparation;
  5. assemble and set up the sectoral, thematic, and cross-sectoral working groups;
  6. coordinate technical aspects of PRSP preparation: establish the Working Groups (WG), defining their terms of reference; centralize and synthesize the results of their work; and issue revised versions thereof for submission to the various structures specified;
  7. support the work of the aforementioned working groups by providing them with the required resources, sequencing their activities in a coherent manner, providing them with relevant documentation and information, and organizing their respective meetings;
  8. define field-level outreach missions and the content of workshops, and support their implementation;
  9. develop and implement a strategy for communicating with the various structures involved, in furtherance of PRSP goals;
  10. ensure sound and rational management of available resources.
160. This National Technical Secretariat (STN) consists of a core of experienced high-level technicians specializing in public policy and in the management of development programs and projects, and is headed by a Coordinator. The Technical Secretariat reports to a Steering Committee made up of the Director General of MPCE, the Director General of MEF, the Director General of MICT, the Permanent Coordinator of the Strategic Reflection Unit, and the Coordinator of the STN. The Director General of the MPCE serves as the coordinator of the Steering Committee.
161. The coordinator is appointed by presidential decree upon the recommendation of the Minister of Planning and External Cooperation. He may propose a specific number of local consultants to the Steering Committee for approval, and will receive institutional support from the Ministry of Planning and External Cooperation (MPCE), the Ministry of Economy and Finance, and from other ministries and public institutions.
162. The operating resources of the National Technical Secretariat are provided out of the Public Treasury and may be supplemented by other financial and technical support provided by bilateral and multilateral cooperation sources in furtherance of its mandate.
- B. Within each *département*, a Departmental Poverty Reduction Committee (CDLP) will be established. The CDLP will be supported by the existing Departmental Consultative Tables, and will have the following mandate:
- definition of the departmental poverty profile;
  - definition of the main priority intervention axes at the departmental level;
  - oversight of the preparation and implementation process at the departmental and local levels;
  - ensuring the participation of all actors in the preparation and implementation process;
  - validation of the departmental poverty reduction program.

163. The CDLP is convened in ordinary session once each month by its Chairman, and may meet in extraordinary session as required. It is made up of:

- The President of the Departmental Council, as Chairman;
- The departmental delegate, as Vice-Chairman;
- The Departmental Director of the Ministry of Planning and External Cooperation, as Secretary;
- The Departmental Director of the Ministry of Economy and Finance, as Assistant Secretary;
- Four (4) representatives of municipalities, as Members;
- Four (4) representatives of municipal subdivisions, as Members;
- Two (2) representatives of NGOs active in the department;
- Two (2) representatives of the business sector;
- Two (2) representatives of the associative and labor union sector;
- One (1) representative of women's movements and associations;
- One (1) representative of the religious community;
- One (1) representative of the university milieu;
- One (1) representative of young people's movements or associations;
- One (1) representative of regional associations or groups of Haitian nationals living abroad.

164. The Departmental Technical Secretariat (STD) performs the secretarial functions for the CDLP and is responsible for all activities of planning, monitoring and preparation of the Departmental Plan. Its mandate is as follows:

1. develop the departmental poverty profile;
2. prepare a timetable of activities;
3. create and establish the departmental technical working groups for sectoral, thematic and cross-sectoral themes;
4. support the work of the aforementioned technical groups by providing them with the required resources, sequencing their activities in a coherent manner, providing them with relevant documentation and information, and organizing their respective meetings;
5. define field-level outreach missions and the content of workshops, and support their implementation;
6. develop a department-level communication strategy;
7. ensure sound and rational management of available resources.

165. Secretarial functions of the STD will be performed by the Departmental Directorate of the Ministry of Planning and External Cooperation, with assistance from the Departmental Directorate of the Ministry of Economy and Finance.

## PART VI

### Deadlines and schedule for preparation of the full PRSP

166. The following provisional schedule has been set:

- September 2006: Creation of the National Poverty Reduction Commission (CNLP) and Donor Support Committee (CABF). Establishment of the Permanent Technical Secretariat. Development of participation strategy in collaboration with the same actors and partners, including donors. Institutional set-up and establishment of structures intended to implement the PRSP preparation process.
- October 2006: Organization of seminars to promote ownership of the draft PRSP for:
  - Ministers and General Directors within the government;
  - Members of Parliament;
  - Other government entities;
  - Entities representative of the private sector, civil society and the press.
- November-December 2006: Development of methodological instruments and participatory tools, as a function of topics selected.
- January-February-March 2007: Development of the strategy by means of the participatory process. Organization of forums at the *département* and local levels.
- April-May 2007: Submission of the draft PRSP.
- June 2007: Preparation of final version of the full PRSP and its submission to government for approval.
- July 2007: Submission of the full PRSP to Parliament, the IMF, and the World Bank.
- August-September 2007: Approval of the national budget.
- October 2007: National Forum for the launch of the PRSP.
- October 2007: Start of PRSP implementation.

## **PART VII**

### **Risks and Limitations**

167. Preparation of the PRSP will be aided by participatory experiments conducted over more than twenty years throughout the country and in nearly all milieus. The current situation in which the legitimacy of the country's leadership has been reestablished is expected to have a positive impact. Nonetheless, there are factors that could slow the process:

- The great diversity of participants with differing stakes and strategies, along with the unprecedented nature of the experience of participatory preparation of such a document, could generate lengthy and passionate debate, thereby slowing the activity.
- Disruptions in implementation of the 2006-2007 Public Investment Program could undermine the confidence of most actors and alter their willingness to be involved in the process of preparing the full PRSP. This would be especially true if the disruption were to be caused by key partners, such as donors. Indeed, heavy dependency upon international financing has revealed its weaknesses in the past: significant delays in disbursements, as well as large discrepancies between commitments and outlays, have been observed.
- Emergencies or external shocks – such as natural disasters, social unrest, epidemics, or significant changes in the prices of imported and exported products on international markets – could disrupt planning.
- Failure of efforts by the government of Haiti and its international partners to increase absorptive capacity and coordinate external aid.

168. The following measures could mitigate these risks:

- True ownership, on the part of governmental entities, of the I-PRSP and of the process of preparation of the full PRSP, so that appropriate decisions are taken, in collaboration with various interest groups and the international community, to deal with contingencies.
- True and sustained commitment from the international community, and steadfastness on the part of the government.
- Targeted measures to correct any weaknesses in the structures and mechanisms put in place to increase absorptive capacity and improve the coordination of external assistance.
- Effective leadership on the part of managers of the various structures created.

## **ANNEXES**

ANNEX 1

SECTORAL POLICY MATRIX

Area	Objectives	Strategies	Implementation period	Technical assistance
Revenue	Increase the tax burden from 9 percent to 13 percent and establish appropriate tax collection structures	<p>Strengthen customs control posts at entry to Port-au-Prince and in the provinces in the next three years. ASYCUDA will play a role. The draft of a new customs code already exists.</p> <p>Reorganize the DGI and the AGD and ensure data exchanges between them.</p> <p>Publish data on Haiti's external trade.</p> <p>Render operational the central taxpayer registry.</p> <p>Modernize merchandise control and verification procedures.</p> <p>Strict oversight of the granting of customs exemptions under 'free trade zone' laws and Investment Code.</p>	2006-09	IMF, IDB, Canada, USA, EU
Budget management	<p>Reestablish the budget preparation and approval process</p> <p>Reduce time required for processing of requisitions</p> <p>Limit the use of current accounts in ministries and public institutions</p>	<p>Submission of the budget, and its approval by Parliament, by the end of the fiscal year preceding the one to which it pertains.</p> <p>Dissemination of budget through Official Gazette, explanatory brochures, and the MEF website.</p> <p>Expand SYSDEP to all public institutions.</p> <p>Operationalize integrated financial management system.</p>		IMF, World Bank
Budgetary controls	Ensure greater transparency in execution	Prepare and publish Treasury accounts and budget review laws as well as budget review laws specifically for the CSCCA.		IMF, World Bank, IDB, Canada, USA, France, EU

	Adhere to standards for government budget execution.	Recruit and install public accountants and financial comptrollers in all public institutions.		
Public procurement	Improve transparency and efficiency of public procurement	<p>Start operation of the General Finance Inspectorate (IGF)</p> <p>Introduce requirement of CNMP approval for contract awards over G 1 million.</p> <p>Reduce number of sole-source public procurement contracts.</p> <p>Develop procurement plan.</p> <p>Introduce a supplier database.</p>	2006-09	World Bank, IDB
Anti-corruption efforts	Combat corruption in public sector	<p>Asset declarations from senior government officials and civil servants, with revision and submission to parliament of a law concerning this matter.</p> <p>Adoption of a national anti-corruption strategy..</p>	2006-09	World Bank, IDB
Human resources management	Modernize the management of public sector human resources	<p>Construction and update of a database of civil service employees.</p> <p>Define procedures for merit-based hiring and promotion.</p> <p>Implement new decrees on the civil service and the strengthening of central government.</p>	2006-09	World Bank
Public enterprises	<p>Improve transparency of financial and administrative management of public enterprises</p> <p>Introduce modern system of public enterprise management</p>	<p>Include in the budget a line for each public institution to pay for water, electricity, and telephone usage.</p> <p>Implement recommendations emerging from previous audits and accounting rehabilitation.</p> <p>Hire a statutory auditor for each public enterprise.</p> <p>Conduct financial audits of accounts of Ed'H, APN, TELECO, CAMEP, etc.</p> <p>Computerize APN management system.</p> <p>Submit draft Telecommunications Law to Parliament.</p>	2006-09	World Bank, IDB, EU, Canada

		Launch bid for purchasing petroleum for electricity production.		
		Conduct quarterly independent audits of mechanism for monitoring Ed'H subsidies.		
Investments	Stimulate and increase volume of foreign direct investment	Stimulate activity of Investment Promotion Center with a view to identifying new export markets.	2006-09	
	Enhance the country's capacity for economic negotiation	Revise and modernize tax laws and regulations. Launch training on trade negotiations. Develop a medium-term plan to promote exports and investment. Enhance the country's trade negotiation capacity vis-à-vis WTO. Make Haiti's position in trade agreements such as ALENA, CARIFTA, EBA, etc. more dynamic.		
Financial sector	Modernize the financial sector	Expand BRH bond auctions.	2006-09	IDB, World Bank.
	Ensure its financial viability	Recapitalize the BRH through securitization of claims on the Treasury.		
	Remove obstacles to its expansion	Submit to Parliament a new law on the independence of the central bank (BRH). Diminish the gourde component of required reserves against foreign currency deposits. Strengthen commercial bank inspections.		

The sectors will adhere to the targets identified within the framework of the MDGs

Education

	<p>Improve enrollment and education, particularly for most disadvantaged children</p> <p>Promote access to primary education for all children, particularly for those with learning problems</p> <p>Boost adult literacy rate, and especially that of women, by 50 percent</p> <p>Ensure access to basic and continuous education for all adults</p>	<p>Continue the teacher training program.</p> <p>Subsidize school supplies.</p> <p>Expand and strengthen the school canteen program.</p> <p>Build/refurbish and equip new classrooms in each municipal subdivision.</p> <p>Strengthen the professional training program.</p> <p>Develop literacy and training program for adults, young dropouts, unschooled youth, and children experiencing difficulties.</p>	2006-2011	World Bank, EU, Canada, IDB, USA
<b>Health</b>	<p>Improve health service coverage, quality and accessibility of care for the most disadvantaged.</p> <p>Reduce incidence and prevalence of infectious pathologies</p>	<p>Expand Municipal Health Units (<i>Unités communales de santé</i>, UCS).</p> <p>Strengthen essential drugs program.</p> <p>Strengthen anti-malarial sanitation program.</p> <p>Expand vaccination program.</p> <p>Strengthen the Epidemiology Service.</p> <p>Strengthen the outreach/information program on STD/HIV/AIDS and the care taking of persons living with HIV.</p> <p>Construction, rehabilitation of health centers and hospitals, with emphasis on maternal health.</p> <p>Maternity equipment and supplies for dispensaries and hospitals.</p>		IDB, World Bank, EU, Canada, USA, France
Water and				

## Sanitation

Improve the quality of and access to drinking water by vulnerable populations

Strengthen institutional capacities in this sector.

Improve water capturing systems in rural areas.

Raise public awareness of the importance of proper hygiene

Create more infrastructures in public places.

Expand infrastructure in public places, latrines and sanitation facilities, particularly in violence-prone areas.

## Agriculture

Increase agricultural sector production and productivity  
Strengthen comparative advantages of export products

Intensify agricultural production and facilitate access to fertilizers.

Ensure stable/reliable production of crucial crops such as rice and plantain bananas.

Promote a renewed supply of exports.

## Decentralization

Promote underlying dynamic of local development

Establish decentralized and deconcentrated participatory structures in conformity with the principles of the 1987 Constitution

Elaborate with a participatory approach **local development programs.**

Prepare and discuss national territorial management scheme.

## Jobs and social safety nets

Increase number of jobs

Give priority to highly labor-intensive public works.

Increase credit availability

Promote the development of a network of microfinance institutions geared to needs.

Address needs of children and youths experiencing difficulties

Establish a free/reduced-cost meal program (*cantines populaires*).

		Establish socio-cultural activity/outreach centers.
		Establish centers for the social integration and rehabilitation of young people.
		Channel credit toward productive activities.
		Promote a health micro-insurance system.
		Reform the civil pension system to optimize the use of accumulated funds.
Environment		
	Improve safety and reduce vulnerability of populations	Promote switch from charcoal to replacement fuels.
	Ensure informed risk and disaster management	Promote renewable energies.
Gender		Implement National Risk and Disaster Management.
	Promote principles that ensure gender equality	Expedite processing of high-priority dossiers.
		Finalize proposed legal reforms aimed specifically at eliminating violence against women.
		Take action to promote gender equality.
		Establish a framework for partnership with civil society organizations to promote actions aimed at improving the lives of women.

## ANNEX 2

### I-PRSP PARTICIPATORY PROCESS REPORT ON *DEPARTEMENT*-LEVEL WORKSHOPS (2003)

#### I. OBJECTIVE / OVERVIEW

To adhere to the participatory approach underlying the preparation of the Poverty Reduction Strategy Paper (PRSP), which involves all actors representing government departments, the private sector, civil society, and development partners, a series of nine (9) workshops were held at the *département* level from October 30 through November 19, 2003.

These workshops were part of the work of the “Information and Training” Technical Working Group of the Technical Secretariat of the Steering Committee guiding preparation of the Interim PRSP.

##### ◆ *General objective of the workshops*

- ⊙ To inform and consult with participants regarding the process of preparing the Poverty Reduction Strategy Paper (Interim PRSP).

##### ◆ *Specific objectives of the workshops*

- ⊙ To communicate information to the government’s *département*-level managers and to representatives of organized civil society and private sector groups;
- ⊙ To consult with participants (all stakeholders in society) on planning the participatory process to be used in preparing the full PRSP.

In terms of its **organization**, each *département*-level workshop was preceded by preparatory meetings aimed at raising the awareness of potential participants.

These workshops were attended by nearly 753<sup>1</sup> representatives of:

- civil society;
- the private sector;
- deconcentrated and decentralized entities of the public administration; and
- development partners.

The work done in the *département*-level workshops was followed by representatives of all actors involved in preparation of the I-PRSP.

#### **II.- CONDUCT OF SESSIONS**

The work sessions consisted of:

- a presentation on “New Poverty Reduction Strategies”, which focused on:
  - the issue in its broader context;
  - characteristics of a PRSP;
  - operationalization of the PRSP in Haiti; and
  - the institutional framework envisaged for implementation of the PRSP.
- a presentation on participatory methods and techniques
- Practical training (in a participatory environment) through role-playing exercises performed by some participants. These role-playing exercises served to highlight the prerequisites for effective, non-formal participation.

**A. DEPARTEMENT-LEVEL WORKSHOPS**

<i>DEPARTEMENTS</i>	<i>WORKSHOP DATES</i>	<i>ATTENDEES</i>
South-East (Jacmel)	October 30, 2003	106
South (Cayes)	November 7	132
North (Cap – Haïtien)	November 10	40
Grand-Anse (Jérémie)	November 17	98
North – West (Port-au-Prince)	November 12	40
Center (Hinche)	November 13	68
North – East (Fort – Liberté)	November 14	80
Artibonite (Xaragua)	November 15	159
West (Port-au-Prince)	November 8 (Women)	20
West ( Port-au-Prince)	November 19 (Technicians)	50

At each *département*-level workshop, participants were grouped as follows into three **Workshop Groups** dealing with:

- deconcentrated public administration;

- territorial governing bodies; and
- civil society.

Each group included a “facilitator” and a “rapporteur”, and was required to express its thinking on the same points:

### **III.- POST-PRESENTATION DISCUSSIONS**

The discussions that followed the presentations were extremely frank and to the point.

The main topics were:

- **Trust / Distrust / Awareness**

Much of the discussion indicated, on the one hand, distrust of the government and, on the other, an awareness of the crucial need to restore trust among the country’s various sectors.

- **Decentralization**

Local actors stressed very strongly the need for decentralization, due to the need to take local particularities into account and the weakness of deconcentrated institutions in terms of both organization and resources.

- **Corruption / Governance**

Several participants emphasized the governance issue, denouncing what they perceive as corruption within the government.

They therefore recommended that mechanisms be set up to bring about an efficient transfer of resources to local collectivities and grassroots actors.

It is important to note that these various viewpoints were expressed by participants from all sectors represented: civil society, territorial governing bodies, and deconcentrated administrations.

### **IV. QUESTIONS AND MISCELLANEOUS REMARKS**

It should be emphasized that the discussions dealt mainly with diagnostic matters rather than with the PRSP preparation process itself.

Emphasis was placed on:

- the education and training needs of young people and women, to ensure that society and its various actors regain a sense of direction and hope for the future;

- the need for infrastructures allowing that which is produced to be brought to market;
- the need to rely upon local resources and strengths, concentrating first on key sectors and on the preservation of existing advantages, while at the same time seeking better focus and coordination of external assistance.

The following table summarizes the results of the group workshops.

**V.- SUMMARY TABLE – RESULTS OF DEPARTEMENT-LEVEL WORKSHOPS**

QUESTIONS	CIVIL SOCIETY	DECONCENTRATED ADMINISTRATION	TERRITORIAL GOVERNING BODIES
<p>1) What is your understanding of the process presented? What basic principles of the process do you remember? What issues and concerns are involved in the process?</p>	<p>The government needs the participation of civil society to change the way the population lives. The participatory process is a good approach, but we are skeptical about its applicability to Haiti.</p>	<p>The main principles remembered are: Boosting awareness (shed light in a rational manner)</p> <ul style="list-style-type: none"> <li>o Leadership;</li> <li>o Unity and total cooperation by everyone</li> </ul>	<ul style="list-style-type: none"> <li>o Our leaders need to be more aware;</li> <li>o If we are to start afresh, we need to trust our leaders;</li> <li>o The process must begin at the grassroots level;</li> <li>o Leaders must shoulder their share of responsibility.</li> </ul>
<p>2) How can the process be carried out in a way that makes the actors and those affected identify with it? What have past experiences, constraints and opportunities been like in the area of participation? What conditions must/should be met to ensure participation?</p>	<p>-Establishment of a joint (i.e., Govt./private) municipal monitoring structure that operates as a network. This structure must ensure both top-down and bottom-to-top flow of information.</p>	<p>- A climate of trust is the main precondition for the success of the process.</p>	<ul style="list-style-type: none"> <li>- Share the results of this workshop with people in the organizations and groups that we represent;</li> <li>- Inform the public at each stage of the process;</li> <li>- Collective raising of awareness.</li> </ul>
<p>3) What must be done, i.e., what activities or actions are needed, so that the actors involved feel that they are an integral part of the process?</p>	<ul style="list-style-type: none"> <li>- The MPCE needs to organize periodic meetings with the various sectors</li> <li>- Officials of the various Ministries must ensure that their representatives actually participate in the sessions.</li> <li>- Circulate information.</li> </ul>	<p>- Assign responsibilities and use an institutional mechanism that emphasizes interdependence.</p>	<ul style="list-style-type: none"> <li>- Eliminate corruption within the administration;</li> <li>- Place the common good above individual interests.</li> </ul>

**ANNEX 3**  
**IMPLEMENTATION PLAN FOR COMPLETE PRSP**

<u>Areas</u>	<u>Party responsible</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
		<b>1. Establishment of institutional framework at central level</b>	<b>Office of PM &amp; MPCE</b>									
1.1 Appoint CNLP members	Office of PM	X	X									
1.2 Install members of CNLP (office, equipment, salaries, tc.)	Office of PM		X									
1.3 Organize STN	MPCE		X									
1.4 Recruit CTPs, communications and training advisers, and accountants and financial officers	MPCE & C-STN		X									
1.5 Install CTPs and other advisers (office, equipment, salaries, etc.)	MPCE & C-STN			X								
1.6 Establish thematic and cross-sectoral groups	C-STN			X								
1.7 Identify and conclude contracts with the NGO(s) responsible for capacity-building	C-STN			X								
1.8 Prepare and implement a capacity-building program	CONSULTANTS			X								
<b>2. Develop the communication strategy</b>												
2.1 Implement the communication strategy	C-STN/CC			X								
2.2 Organize PRSP familiarization/ownership seminars (for Ministers, etc.)	C-STN			X								
<b>3. Establish institutional framework at departmental level</b>	<b>C-STN</b>											
3.1 Appoint CDLP members	MPCE					X						
3.2 Install members of CDLP (office, equipment, salaries, etc.)	STN					X						
3.3 Organize STD	STN				X	X						
3.4 Recruit CTPs, communications and training advisers, and accountants and financial officers	STN					X	X					
3.5 Install CTP and other advisers (office, equipment, salaries, etc.)	STN					X	X					
3.6 Establish thematic and cross-sectoral groups	STN						X					
3.7 Identify and conclude contracts with NGO(s) for capacity-building						X	X					
3.8 Develop and implement a capacity-building program	CONSULTANTS						X					
<b>4. Develop methodological instruments and tools for participation</b>	<b>STN</b>					X	X					
<b>5. Define national and departmental poverty profile</b>	<b>STN-STD</b>			X	X							
5.1 Identify existing studies and update them	STN-STD				X							
5.2 Conduct supplemental studies	STN				X	X						
<b>6. Define national macroeconomic and sectoral policy framework</b>	<b>MEF-MPCE</b>				X	X						
6.1 Validate national macroeconomic and sectoral policy framework	MEF-MPCE					X						
<b>7. Define national strategic intervention axes</b>					X	X						

<u>7.1 Determine national strategic intervention axes</u>	<u>OFFICE OF PM/MPCE</u>					<u>X</u>	<u>X</u>							
<u>Define general objectives of axes, and identify priority actions</u>	<u>MPCE-STN</u>						<u>X</u>	<u>X</u>						
<u>Define relevance and implementation framework of priority actions</u>	<u>MPCE-STN</u>						<u>X</u>	<u>X</u>						
<u>Organize national and local forums</u>	<u>STN-STD</u>								<u>X</u>					
<u>9. Define priority intervention axes at the departmental level</u>	<u>STD</u>								<u>X</u>					
<u>10. Define overall objectives of priority axes</u>	<u>STN</u>							<u>X</u>	<u>X</u>					
<u>11. Define the relevance and implementation framework of priority actions</u>	<u>STN</u>								<u>X</u>					
<u>12. Validate the departmental document (departmental forums)</u>	<u>STN</u>									<u>X</u>				
<u>13. Establish Investment Funds for department-level implementation of projects focusing specifically on basic services</u>	<u>MPCE</u>											<u>X</u>		
<u>14. Presentation of draft</u>	<u>STN</u>											<u>X</u>		
<u>15. Presentation of final version</u>	<u>MPCE</u>												<u>X</u>	
<u>16. Presentation to Council of Ministers</u>	<u>MPCE</u>													<u>X</u>
<u>17. Submission to Parliament, IMF, World Bank and other donors</u>	<u>MPCE</u>													<u>X</u>
<u>18. Approval of national budget</u>	<u>PARLIAMENT</u>													<u>X</u>
<u>19. National forum for launch, and beginning of implementation</u>	<u>STN</u>													<u>X</u>