Chairman's Report of Proceedings

1. Attached is the Chairman's Report of Proceedings of the Meeting of the Consultative Group for Haiti held in Paris, January 30-31, 1995. The following annexes are attached to this report (in order of appearance at the meeting):

   Annex I: List of Delegates
   Annex II: Agenda
   Annex III: Statement by Mr. Smarck Michel, Prime Minister of Haiti
   Annex IV: Statement by Mr. Enrique Iglesias, President of the Inter-American Development Bank (IDB)
   Annex V: Report of Mr. Lakhdar Brahimi, Special Representative of the UN Secretary General
   Annex VI: Statement by Ms. Marie-Michèle Rey, Minister of Economy and Finance of Haiti
   Annex VII: Statement of Mr. Edilberto L. Segura, Director, International Development Association (IDA)
   Annex VIII: Statement by Mr. John Thornton, Deputy Division Chief, International Monetary Fund (IMF)
   Annex IX: Statement by Mr. Philippe Liétard, Director, Corporate Finances Department, IFC
   Annex X: Statement by Mr. Jean-Marie Chérestal, Minister of Planning and External Cooperation
   Annex XI: Statement by Mr. Miguel E. Martinez, Manager Regional Operation Department II, IDB
   Annex XII: Statement by Mr. Fernando Zumbado, Assistant Secretary General, UNDP
   Annex XIII: Press Releases

2. Comments or corrections should be sent to the Vice President and Secretary or Deputy Secretary of the Bank by May 26, 1995.
Distribution:

Executive Directors for:  
Argentina  
Belgium  
Brazil  
Canada  
Chile  
Denmark  
France  
Germany  
Italy  
Japan  
Korea  
Mexico  
Netherlands  
Spain  
Sweden  
Switzerland  
United Kingdom  
United States  

Executive Director for Haiti (Bank)  
Executive Director for Haiti (IMF)  

Directorate General for Development Policy, European Union  
European Investment Bank (EIB)  
FAO  
IFAD  
IFC  
Inter-American Development Bank  
International Monetary Fund  
International Organisation for Migration  
OECD/DAC  
OPEC Fund  
Organization of American States  
Pan-American Health Organization  
UN Special Representative of the Secretary General for Haiti  
UNDP  
UNESCO  
UNFPA  
UNHCR  
UNICEF  
UNIDO  
UNIDO  

For Information:  
European Office
Meeting of the Consultative Group for Haiti
Paris, France, January 30-31, 1995
Report of the Proceedings by the Chairman

I. Introduction

1. The Consultative Group for Haiti held a meeting in Paris, France on January 30 and 31, 1995, under the chairmanship of Mr. Rainer B. Steckhan, Director, Special Operations, Latin American and the Caribbean Region. The Haitian delegation was headed by Prime Minister S.E. Smarck Michel. In attendance were representatives from Argentina, Belgium, Brazil, Canada, Chile, France, Japan, Korea, Mexico, the Netherlands, Spain, Switzerland, and the United States of America. In addition to representatives of the International Development Association (IDA), representatives from the following international organizations participated in the meeting: the European Commission (EC), the European Investment Bank (EIB), Food and Agriculture Organization (FAO), Inter-American Development Bank (IDB), International Finance Corporation (IFC), International Fund for Agriculture Development (IFAD), International Monetary Fund (IMF), International Organization for Migration (IOM), Organization of American States (OAS), Pan American Health Organization (PAHO), United Nations (UN), United Nations Children's Fund (UNICEF), United Nations Development Programme (UNDP), United Nations Educational, Scientific, and Cultural Organization (UNESCO), United Nations High Commissioner for Refugees (UNHCR), and the United Nations Industrial Development Organization (UNIDO). Italy, Sweden, the International Telecommunication Union (ITU) and the Organization for Economic Co-operation and Development (OECD) participated as observers. A list of delegates is provided in Annex I.


II. Opening Statement by the Chairman

3. The Chairman greeted the participants and expressed a particular welcome to Prime Minister S.E. Smarck Michel, head of the delegation from Haiti, and Mr. Enrique Iglesias, President of the Inter-American Development Bank (IDB). He noted signs of progress in the five short months since the informal donor meeting in August 1994, including: the return of President Jean-Bertrand Aristide in October, the successful joint multi-agency mission completed under the auspices of the IDB, and, thanks to the generosity of a number of the donors present, the clearance of Haitian arrears to international financing institutions (IFIs) in December. He cited the major components of the Haitian Government's program, including reform efforts in health,
education, the environment, and governance, areas which would be principal topics of discussion for the meeting. The Chairman also outlined the agenda for the meeting (Annex II).

III. **Emergency Economic Recovery Program (EERP)**

i. **Statement of the Prime Minister of Haiti**

4. S.E. M. Smarck Michel, Prime Minister of the Republic of Haiti, thanked the organizers of the meeting and the international donor community for the support displayed by their participation in the Consultative Group for Haiti. The Prime Minister described the effect that three years of military rule had on Haiti: the civil society was destroyed as political and social groups and organizations were prosecuted by the military regime; the economy deteriorated as private companies were abandoned or taken over by the privileged few, and turned into centers of corruption; the GDP of Haiti fell by one-third during the three-year rule of the military; the country's institutions deteriorated as the military rulers neglected to provide services, and much of the population was forced to survive without electricity, and with limited food and water supplies. However, thanks to the staunch determination of the Haitian people and the support of the international community, Haiti has begun to rebuild itself.

5. The Prime Minister indicated that the first priority of the Haitian Government, during this present phase of rehabilitation would be to preserve the safety and security of every Haitian citizen. In order to accomplish this, Haiti must break with its violent past, demilitarize society, decentralize productive activities, debureaucratize the government, and reactivate the economy. Much progress has been achieved toward these ends during the past few months. In the area of civil service reform, various political groups have been incorporated into the new government, the Supreme Court has been reinstituted, the legislature has been strengthened, the armed forces are being revamped, and the national police force is reestablished and trained with international support. In addition, new ministries have been created, including: the Ministry of the Environment, the Ministry for the Study of Women and Women's Rights, the Ministry for Haitian Expatriates Living Abroad, and the Ministries of Civil Service and Culture. In the area of economic reform, the Government has reinforced tax discipline and fiscal austerity, adopted a market-based exchange rate, and liberalized its trade system. Further, fiscal responsibility over development projects was delegated to local authorities. This process of decentralization will provide the dual benefit of enhancing the implementation capability of municipalities to implement future projects while broadening the services delivered to the furthest reaches of Haiti.

6. In closing the Prime Minister focused on the future of Haiti's recovery and development. He outlined the Emergency Economic Recovery Program (EERP), supported by technical and financial assistance of the donor community. Under the EERP some US$ 105 million will be dedicated to current humanitarian needs and about US$ 266 million will be apportioned to priority projects in the sectors of energy, privatization, agriculture, environment,
and education. Additional key priorities under the EERP would include construction of social housing, repatriation and economic reintegration of expatriates, health services, transport infrastructure, and democratic institution building. The Prime Minister emphasized the determination of Haiti to comply with its commitments to the international community, and to strive toward an open and democratic government and a dynamic economy, and he expressed his gratitude to the international donor community.

ii. **Statement of the President of the IDB**

7. The President of the IDB congratulated the representatives of the international donor community, as well as the Government of Haiti, for the significant steps taken during the past three months toward development and the recovery of democracy. He stated that Haiti's first priority must be macroeconomic reconstruction, a vital prerequisite for the country's development and recovery. The second priority for Haiti must be the revitalization of the private sector. The entrepreneurship of the Haitian people is one of the major engines of the country's economy, and will be a fundamental point in the reconstruction of the country. Regarding IDB's contributions, the President indicated that the institution would try to be more flexible with its procedures in order to facilitate the implementation of EERP projects. IDB had recently approved US$ 70 million in lending, of which US$ 44 million would be quick-disbursing funds for infrastructure, to be allocated immediately. IDB's overall lending portfolio for 1995 will reach approximately US$ 300 million, with significant funding earmarked for road infrastructure and energy.

iii. **Statement of the UN Special Representative of the Secretary General**

8. The UN Special Representative warned against unrealistically high expectations for the nation's recovery and development. He reminded the Haitian delegation, the people of Haiti, and the international donor community, that President Aristide returned only three months ago, and that the process of development will be arduous. He recommended that initial priorities of the international donor community include a focus on the physical reconstruction of Haiti, providing the Haitian people with visible evidence of the country's rehabilitation. The UN would focus first and foremost on the issue of security in present-day Haiti. The UN Security Council had recently approved the deployment of 6,000 soldiers and 900 police officers to help provide an atmosphere which will facilitate development in the country. The UN will also focus on the reorganization and modernization of the armed forces and civilian police of Haiti.
iv. **Statement of the Haiti's Minister of Finance of Haiti**

9. The Minister of Finance reaffirmed the fact that Haiti would comply with each of the economic agreements and pledges that were made by the Haitian delegation during the informal donor meeting in August 1994. She thanked those members of the international donor community which assisted in clearing Haiti's economic arrears to IFIs. The Minister outlined Haiti's economic program, which will focus on mobilization and efficient allocation of resources, rationalization of government expenditure, and the development of private sector activity. In this context, Government has begun to modernize the tax system. Tax policy reform and computerization of tax data, will assist the Government to establish an efficient system to assure claim collection, especially for the 200 citizens with the greatest tax obligation. The Government has reduced the civil-service by more than 1,000 employees and has nullified illegal political appointments. Finally, the Government has introduced a free-market exchange rate for imports and reduced customs tariffs by 50% in order to facilitate the augmentation of private sector activity. The Minister closed by adding that honesty, transparency, competence, dignity, justice, progress and equity would be the foundations of the Government of Haiti the nation's reconstruction.

v. **Statement of the Representative of the IDA**

10. The IDA Representative noted that social indicators in Haiti are at alarming levels. Important emergency efforts have been initiated by the Government of Haiti and the donor community over the past three months, but to achieve a significant improvement in economic and social conditions, the Government will need to regain the confidence of the private sector, implement far-reaching structural reforms, and rebuild the capacity of the public sector. In the short-term, the shortage of electricity and unemployment are among the most critical challenges that need to be addressed. The IDA Representative agreed with the Minister of Economy and Finance that the active involvement of local non-governmental organizations (NGOs) in the reconstruction effort would be indispensable. The Representative discussed the emergency assistance programs of the EERP, which will cover governance, economic assistance, and humanitarian aid, and US$ 130 million in the form of quick-disbursing funds allocated for short-term reconstruction efforts. He added that during this initial period of 12 to 15 months, much of Haiti's growth will be driven by donor assistance, and aid will remain essential for some time to come.

vi. **Statement of the Representative of the IMF**

11. The Representative of the IMF outlined Haiti's economic adjustment program for the medium-term. The program aims at real GDP growth of 6% over the next few years, the reduction of inflation to no more than 15%, and the strengthening of the balance-of-payments to amount to net international reserves of US$45 million. Other aspects of Haiti's macro-economic
program include: increasing tax receipts by two percentage points of GDP, the elimination of petroleum subsidies, a reduction of public-sector employment, interest rate liberalization, and the fiscal rationalization of public enterprises. Beyond the recent clearance of arrears to IFIs of US$83 million, Haiti will continue its efforts to eliminate the remaining US$ 46.5 million of arrears in bilateral debt. The Representative reminded the donor community that the timely disbursement and efficient utilization of donor assistance would be equally important to Haiti's economic recovery as the quantity of the pledges. The IMF will continue to provide technical assistance to the Government of Haiti in the areas of fiscal policy, tax administration, monetary policy and bank supervision.

vii. Statement of the Representative of the IFC

12. The IFC Representative announced an agreement between his organization and the Government of Haiti mandating IFC assistance in restructuring the country's public enterprises, and assistance to implement a divestiture program. He added that in December of 1994 the United States Agency for International Development (USAID) had agreed in principal to finance the majority part of this effort. This program will diagnose public enterprises and study their potentiality of their sale by the Government. Shares of public enterprises will be sold locally and internationally, with some shares going to victims of past political turmoil. This represents a major effort to redistribute and diversify the country's economic resource base. Another component of the program will ensure that proceeds from the international sale of shares will go to "special purposes", including the construction of public schools and hospitals, and the replenishment of pension funds. The Representative added that, early inquiries by the IFC suggest that there is concrete interest among the international investment community to do business in Haiti.

viii. Discussion

13. In response to the morning's presentations, donor representatives raised numerous issues. The Representative of the United States emphasized the importance of coordination among the representatives of Haiti's various economic sectors. This first step will be pivotal in helping to manage the infusion of external resources in a manner which is comprehensive and beneficial to the country's broader development goals. Focusing on the importance of timely disbursement of committed funds, the Representative of Canada suggested that during the section of the meeting in which donors pledge development assistance, they should also provide a timeframe for resource allocation. The Representative of France drew attention to the fact that while a sound tax system and established tax base are important for economic stability, pressing tax collection too fast could imperil economic recovery. The Representative of the European Commission stressed the need for the international community to be swift in its identification, evaluation, and implementation of development programs. Rapid and efficient initiation of programs is not only preferable for the improvement of the short-term social situation of Haiti,
but also for the long-term success of the programs. Several representatives raised issues addressing Haiti’s macroeconomic framework.

ix. **Statement of Haiti’s Minister of Planning and Cooperation**

14. The Minister of Planning and Coordination noted that the Haitian people agree that this country does not face the question of right-wing or left-wing reforms, but necessary reforms. He stressed several key issues for the EERP. A priority will be to provide quick, subsidized housing for the thousands of Haitian expatriates who return to Haiti and place pressure on the country's social stability. Some 20,000 Haitians have returned to their homeland since the constitutional government was restored, and according to reports from neighboring countries, thousands more are expected to return in the coming months. A second key issue is the limited absorptive capacity of the Government and the people of Haiti to implement their nation's reconstruction plans. This is why the Government encourages the involvement of the nation's private sector, trade unions, and NGOs in the development process, and has taken measures to strengthen their implementation capacity. In this light, he added that the Ministry of Planning and Cooperation itself had been working closely with the UNDP to improve its technical capacity to administer programs. The Minister also expressed serious concern for the widespread poverty, the lack of electricity in many areas, the lack of nutrition assistance and education materials, and the depletion of natural resources, indicating that these areas would also be priorities under the EERP. The Minister closed by noting that the international donor community had adopted more rapid and efficient procedures for allocating funds, and thanked the community for its assistance and solidarity.

x. **Statement of the Representative of the IDB**

15. The Representative of the IDB, and Chief of the Joint Mission to Haiti, stated that the international community must adapt a performance-based approach to implementing the EERP, and that overall implementation should fall under the leadership of the Haitian Government. Toward this end, the Emergency Implementation Unit (EIU) of the Haitian Government was established to take responsibility over priority projects. Training is underway to strengthen the future capacity of the EIU to implement development programs. The Representative agreed, with the various members of the donor community, that issues of speed and coordination of program implementation would be critical to the success of the EERP. He also conceded that much of the proposed programming is not very explicit, including donor support for the financial sector. As an example, the Representative cited the fact that very little specific support was dedicated to the rehabilitation, operation and maintenance of ports, which had greatly deteriorated over the past three years.
xi. Discussion: Human Resources, Governance, Environment, Agriculture

16. The representatives of the international donor community discussed the EERP with a specific emphasis on the aforementioned four sectors, as requested by the Chairman. In the social sectors, the Representative of PAHO noted the fact that social indicators in Haiti, including nutrition, hygiene and infant mortality, continue to decline, and that the donor community must remember that social development and economic reform go hand in hand. The Representative of Canada noted that the EERP document only cites US$ 30 million worth of investment for the education sector, and asked the donor community to address this seemingly low level. The Representative of UNESCO discussed the organization's parallel effort to reconstruct Haiti's education infrastructure while working closely with the Ministry of Education to establish a thorough and decentralized capacity to implement programs. The IDA Representative stated that the institution was developing a proposal for a comprehensive two-stage poverty assessment, initially to organize existing date and subsequently to develop a strategic framework within which government and externally-financed programs could be prioritized and implemented. She also mentioned that IDA would give priority to basic education and rural environmental issues, in future lending to Haiti.

17. The Representative of Spain noted that agriculture provides the principal employment to 60% of Haiti's population, and requested the Minister of Planning and Cooperation to elaborate on the Government's program to enhance agricultural activities. The Minister replied that agricultural activities were specifically considered under the EERP, citing a broad project for the recapitalization of rural farmers. In addition, the Government will implement a program to supply fertilizers, seeds, and credit to all sectors of the country, as well as a project to rehabilitate agricultural access roads under the EERP. The Representatives of the UNDP and the United States emphasized the inter-dependence of agricultural activities and the state of Haiti's environment and natural resources. The Representative of the United States remarked that the U.S. was developing an eco-system protection and management program that may begin in 1996. It was recommended that for the short-term, legislative reform and institution capacity-building, including at the local level, be emphasized in order to halt the depletion of natural resources.

18. In the area of governance, the donor community emphasized the importance of the upcoming elections. The Representative of the United Nations stated that preparations were underway for local and legislative elections to begin in May 1995. For the presidential elections, the process will begin at the end of 1995. Approximately US$ 19 million will be necessary to fund elections. At this point Haiti lacks approximately US$ 6.7 million. Haiti's Minister of Economy and Finance stressed the importance of free, open elections to the Government of Haiti and to President Aristide. President Aristide's conviction is that full democracy will be confirmed only by a peaceful transition of authority, under transparent and reliable circumstances, recognized by the international community. The Minister added that equally important to the process of democracy would be the decentralization of development responsibility to Haiti's municipal leaders, and full, efficient use of the country's human resources. The donor community
also emphasized the importance of addressing the issues of establishing and training the civilian police force, and the strengthening of Haiti's judicial system.

19. The Chairman closed the proceedings for the first day of the meeting. He noted that any road to successful social and economic development would have to reflect the unique social, political and historical situation of Haiti. He commended the IDB and the Joint Mission on their definition of priorities through the EERP, but emphasized it will be vital to proceed on a further definition of priorities on the part of the international donor community. Finally, the Chairman recognized the challenge to the donor community, mentioned by the Prime Minister, to efficiently coordinate the myriad recovery programs and projects that have begun or are about to begin in Haiti.

IV. Technical Assistance, Strengthening Absorptive Capacity, Facilitating the Return of Haitian Expatriates

i. Statement of the Minister of Planning and Cooperation of Haiti

20. In response to remarks and questions of the previous day, the Minister described the dual concern to be addressed by the Haitian Government must address. Haiti's civil service is severely limited and constrained in its absorptive capacity and in need of institutional strengthening. On the other hand, the Government's goal is to make the civil society, private firms, NGOs, volunteer and grassroots organizations, the focus of the nation's recovery. The Minister expressed concern that the Government's lack of absorptive capacity lead some donors to disregard national priorities by the Government. He recognized the weaknesses of Government in coordinating external assistance programs, and called for the support by the international community in this area.

ii. Statement of the Representative of the UNDP

21. The Representative recalled that technical assistance could not be decided unilaterally, and that national leadership would be indispensable in order to set policy and coordinate donor inputs. For this reason the EERP will emphasize the strengthening of government institutions, and the establishment of functioning legislative, judicial, and executive structures as its top priority. The Representative identified a further issue as of primary concern to the donor community: assistance in coordination. In that regard, he noted a proposal of the Haitian Government to establish a special technical management unit within each major ministry, to oversee the implementation of EERP programs. These units will be organized to complement the Government's central Emergency Implementation Unit (EIU), and designed to be absorbed by their respective ministries after the emergency period. In reference to Haiti's local technical capacity, the Representative noted that decapitalization of the private sector, as well as population
flight, has left many municipalities without structures or personnel to carry out technical projects. UNDP currently works with the Government and NGOs to establish a comprehensive roster of Haitian nationals with technical expertise, in order to best utilize and develop the nation's human resources.

iii. Discussion

22. Much of the morning's discussion centered on the issue of donor assistance coordination, and a suggestion by the Prime Minister to nominate a "lead donor" in each of the country's identified development areas. This "lead donor" would work closely with the respective ministries, facilitate consensus-building among the international donor community, and ensure the coordination of a given sector's multiple development programs. The Representative of Canada expressed concern over the concept, noting that some donors may be discouraged from assisting in certain sectors by an apparent domination of one specific donor. The Chairman observed that coordination of donor assistance and the strengthening of Haiti's absorptive capacity were of ultimate importance, because the very credibility of the recovery and development of Haiti were at stake. He suggested to interpret the concept of "lead donor" not as responsibility or control programs in a given sector, but rather to "facilitate" cooperation among different donor programs in one sector, assure regular meetings of the sector's development actors, and maintain communication between the donor community and Haiti's ministries. The Representative of PAHO described how her organization became the facilitator of NGO and international donor cooperation in the health sector during the years of military rule, and how PAHO has continued in this role since President Aristide returned. The Representative of the United States agreed that such an organization's role would be to "facilitate" rather than to "lead". The Representatives of the EC, France, and the United States discussed sectors in which they could take the position of coordination facilitator. The Representative of the OECD assured the Consultative Group and the Government of Haiti that the principal concerns that have pervaded this meeting, including donor assistance coordination and Haiti's assistance absorption capacity, are areas of principal concern for sustainable development on a global basis, and are not limited to the case of Haiti.

V. Donor Indications of Support

23. The Chairman asked the donor community to indicate their programs of financial support for the current year, and where possible, for 1996. The following is a summary of the responses:

24. The Representative of Argentina noted that his country, like the rest of the international community, strongly supports Haiti and President Aristide on its renewed path toward development. In the area of financial aid, Argentina participated with US$1 million in the effort to clear Haitian arrears to IFIs. In addition, Argentina has committed US$2 million in food
aid within the framework of the World Food Programme, and supplies some technical cooperation through the Argentine Fund for Horizontal Cooperation and its Ministry of Foreign Relations.

25. The Representative of Belgium stated that to date his country had not established any bilateral cooperation with the Republic of Haiti, but that Belgium has contributed, and will continue to contribute, assistance through international agencies. He added that his government recently approved US$3 million (BF 100 million) in assistance for Haiti, for areas to be determined, on the basis of discussions at this Consultative Group meeting.

26. The Representative of Brazil remarked that this was the first occasion for his government to participate in the Consultative Group process. The new Government of Brazil took office very recently, and is beginning its own macroeconomic stabilization program, thus no specific figure for assistance to Haiti could be given at this time. Brazil does plan to provide assistance to Haiti in the future, and as a former recipient of international aid and cooperation, Brazil could provide valuable experience in devising and implementing projects from both the donors and recipient point view.

27. The Representative of Canada began by stating that the Canadian Government would provide all of the assistance committed for the return of President Aristide, despite the current tight budgetary situation in Canada. Canada contributed US$ 3.5 million to clear Haitian arrears. In the area of governance, Canada will provide US$ 16 million for the training of the police force, re-establishment of the justice sector and other related projects. In the area of humanitarian aid, Canada will furnish US$ 9.4 million of assistance during 1995, US$ 6.3 million in 1996, and US$ 18.9 million in the following years for a total of US$34.6 million. In the sectors, Canada will provide US$ 3.5 million in health and education, US$ 3.5 million in agriculture, US$ 3.5 million for infrastructure and US$ 3.5 million for energy. In summary, the representative stated that Canada had approved US$ 47.5 million in overall development assistance, with US$ 34 million in new commitments which are awaiting approval, for a total of US$ 81.5 million over the next three years.

28. The Representative of Chile noted that this was his country's first time to participate in a Consultative Group meeting. While he could give no specific figure for development cooperation at this time, Chile would explore how to provide human resources (technical assistance), particularly in the areas of agriculture extension and police training, areas in which Chile provided technical assistance to other nations of Central America.

29. The Representative of the European Commission stated that on November 30, 1994, the EC signed an agreement providing ECU J20 million in development assistance for Haiti for the next years. He added that the timetable provided for rapid disbursements. Of the ECU 120 million fund nearly 40% would be allocated to road development and related projects, while approximately 15% will go to sectors such as tourism, private sector development, microenterprise development, and technical assistance. In addition, ECU 16 million have been
earmarked for rebuilding the energy sector, ECU 19 million for humanitarian aid, and ECU 8 million for emergency food aid. The Representative added that food aid campaigns must be careful in their approach as not to negatively impact domestic markets.

30. The Representative of France stated that his country strongly supports Haiti's current Emergency Economic Recovery Program (EERP) and its path towards development. To date France has contributed 23% of the EC's assistance to Haiti, as well as FF 40 million to clear Haiti's financial arrears to IFIs. In addition, France has provided emergency assistance in the areas of food aid, health, education, justice and energy sector rehabilitation, with a total of US$26 million (FF 126 million) contributed thus far. The Representative stated that the Government of France has approved an additional US$39 million in assistance for 1995, bringing the total of contribution for the year to US$65 million (FF 337 million). The Government of France plans to have disbursed at least 50% of that figure by the end of 1995.

31. The Representative of Japan stated that his government has already provided US$15.69 million in emergency assistance since the return of President Aristide. The Government of Japan has recently approved US$5.65 million to be channeled through multilateral channels of WHO, UNICEF, and the UNDP for medical needs, nutrition programs and refugee repatriation during 1995. The Representative added that his government was currently deliberating levels and allocation methods for additional grants and technical assistance.

32. The Representative of Korea stated that Korea was anxious to join the international community in support of Haiti's recovery. Korea has approved US$200,000 in cash grants and US$100,000 in tied grants for 1995. The Representative added that the Korean Government would explore other means of technical collaboration with the Haitian Government during the current year.

33. The Representative of Mexico remarked that this was the first occasion for the Government of Mexico to participate in the Consultative Group for Haiti. Given Mexico's current financial crisis, his government would have to refrain from committing specific resources to Haiti's development effort at this point, beyond its contribution of US$1 million to the clearance of IFI arrears. However, the Representative added that Mexico was committed to continuing technical assistance, and would soon negotiate, along with the Government of Venezuela, to make Haiti the beneficiary of oil cooperation.

34. The Representative of the Netherlands commended the Government of Haiti for the measures already taken, and reported that the Netherlands committed US$4 million to Haiti during 1994 in the area of emergency assistance and towards the clearance of IFI arrears. The Netherlands also have supported, and will continue to support, health and relief projects of PAHO/WHO, UNICEF and the Red Cross. In addition to extra-budgetary relief funding, the Netherlands will commit US$3 million in assistance during 1995. In closing the Representative commented on the importance of NGOs for the future development in Haiti, and favorably noted the participation of a Haitian NGO umbrella organization in the Government's delegation.
35. The Representative of Spain congratulated the Government of Haiti for its comprehensive document (*A Framework for Sustainable Economic Recovery*) and for their development program. He stated that the Government of Spain, through the Spanish Cooperation Agency, would prioritize the following areas for bilateral assistance: institutional strengthening, social programs, human resource development, and environmental sanitation, as well as tourism and housing. Spain is currently considering project cofinancing amounting to US$2 million for 1995. In addition, US$1 million in emergency food aid has already been approved. He added that further funding for 1995 would be considered.

36. The Representative of Switzerland discussed the considerable potential of Haitian human resources in the agricultural and industrial sectors. He emphasized the importance of transferring much of the responsibility for Haiti's development to the hands of local authorities, through the strengthening of municipalities. The Representative stated that Switzerland had supported humanitarian programs in Haiti since 1986, and would continue to do so. In 1994 the Swiss Government contributed US$ 12 million (SFR 15 million) to the clearance of Haiti's IFI arrears. Additional support for Haiti's balance of payments, in the amount of SFR 5 million, is currently being considered. In 1995 the Swiss Government will provide SFR 2 million to Swiss NGOs active in Haiti, SFR 1 million for UNICEF's PHA program, SFR 1 million for general humanitarian aid, and will fund the IDB's small-projects program with US$ 1.5 million.

37. The Representative of the United States detailed the quantity of U.S. Government assistance according to the categories of the EERP. A total of US$ 206.8 million in grant funds has been approved for 1995. US$ 57.2 million will be allocated to humanitarian assistance, of which US$ 42.2 will be destined for nutrition and health projects, while the remaining US$ 15 million will be used to develop a temporary job program. The Representative added that the majority of these funds would be managed by NGOs in Haiti. US$ 62.5 million will be allocated to the area of governance, of which US$ 11.3 million will go to support municipal, parliamentary and presidential elections; US$ 7.5 million will be made available for judiciary reform and legal services for the poor; US$ 23 million will be utilized to train the civilian police force; US$5 million will go to military demobilization; US$6 million will be used to strengthen municipalities, and US$ 9.7 million will go to democratic institution-building. Finally, US$ 87.1 million will go directly to economic recovery, including balance of payment assistance, clearing of arrears and related activities. Of the US$ 206.8 million total, approximately US$ 76 million already has been disbursed. The United States Overseas Private Investment Corporation (OPIC) will also be providing US$ 100 million in investment guarantees for U.S. businesses investing in Haiti over the next four years. In closing the Representative stated that it is critical for the international community to maintain steady and firm assistance to Haiti in the future.

38. The Representative of the European Investment Bank thanked the organizers of the meeting and pledged continued support to Haiti. He stated that the EIB would make a minimum of US$ 18 million (ECU 14 million) available to the Government of Haiti during 1995.
In addition, other cooperation programs are explored in the energy sector and private sector development.

39. The Representative of the OPEC Fund stated that assistance levels from his organization were tentatively set at US$5 million for 1995. Priority areas for this assistance would be health, education, agriculture, and infrastructure projects.

40. The Representative of the OAS emphasized his organization's commitment to assisting the international community in its assistance to the economic recovery of Haiti. He referred to a letter from the OAS Secretary General to President Aristide which contained a pledge of immediate support, and stated that the specific program of the OAS would be formalized after the upcoming visit of the Secretary General to Haiti. He added that due to the generosity of member nations, the amount of OAS assistance to Haiti for 1995 would amount to some US$ 17.6 million.

41. The Representative of UNIDO congratulated the Government of Haiti for the progress made during their short period of governance. He stated that his organization, as a specialized agency for industrial development, has been involved with programs coordinated by the IDB during the past year. As a result of several fund generating efforts, UNIDO has approximately US$5 million available for Haiti during 1995. Specific target areas are currently negotiated with the Haitian Government.

42. The Representative of UNESCO remarked that his organization, like UNIDO, was a specialized agency thus not a major donor. US$ 300,000 in project funding were made available by UNESCO during 1994, and an annual US$ 200,000 would be made available in the years to come, primarily in the area of personnel and technical assistance.

43. The Representative of UNICEF stated that an interim program had been established for 1995 with US$7 million in funding. This program would target child-care practices, and children's health and education. Implementation of this emergency project has been directed by local authorities, thus having the additional benefit of providing local leaders with experience in implementing these types of projects. To bolster the interim project UNICEF requested US$10.5 million under the EERP for emergency poverty alleviation. The Representative stated that US$ 7.2 million had already been made available thanks to the contributions of the United States, Canada, Japan, the Netherlands, Finland, Denmark, Spain, Luxembourg, Switzerland, Germany and Sweden. In addition, UNICEF plans to provide a three-year program of US$ 30.9 million, of which US$ 10 million will be disbursed during 1995, beyond the assistance already approved.

44. The Representative of IFAD stated that his organization would concentrate on the goal of intensifying food crop production, including the improvement of irrigated plots in Haiti's poorest areas in order to accomplish this goal. He added that IFAD would contribute US$2 million for overall crop intensification and US$ 11 million to initiate a project to expand irrigated
agriculture plots (total US$ 13 million). The Representative closed by remarking that IFAD would be eager to enter into broader projects in collaboration with other international donors, and would seek to make available an additional US$ 10 million for this type of cooperation.

45. The Representative of PAHO stated that his organization's programs would encompass not only traditional health practices such as treatment for disease and hygiene, but would also include preventative issues such as nutrition, sanitation and drinking water practices. He added that US$ 20 million had been designated by PAHO/WHO for 1995, of which US$ 8 million would come directly from the organization and the rest of the funding from other contributors. An evaluation mission would be conducted in March of 1995, in cooperation with the Health Ministry of Haiti, to determine fund allocation. The Representative indicated that PAHO/WHO would like to continue playing the facilitator role of field projects for international donor activities in Haiti's health sector.

46. The Representative of the World Food Program stated that since 1978 the WFP has provided US$4 million per year in food aid. The portfolio of the WFP should continue at or around that level in the coming years. In addition, US$5 million for soil-improvement and soil-restoration in rural hillside areas has recently been approved. The Representative pointed out that the WFP has always emphasized that food aid should be utilized as a building block for sustainable development and as a tool for freeing recipient countries from the need of food aid. In this respect, the WFP programs will accentuate increasing agricultural productivity, development of human resources, and the protection of the environment for future development.

47. The Representative of the UNDP emphasized that NGOs would have a substantial role in the implementation of United Nations financed projects. He referred to the unfortunate crisis caused by Tropical Storm "Gordon", US$ 44 million had been approved for Haiti over a five-year period. In 1995, US$8 million has already been disbursed and an additional US$ 24 million in technical assistance will be delivered during 1995 and 1996 (US$ 32 million to be administered over the next two years). In addition, US$5 million will be made available by associated UNDP funds including the UN Capital Development Fund and the UN Volunteer Program. These resources will concentrate on governance, poverty alleviation, and environmental management.

48. The Representative of the United Nations Secretariat stated that the UN Security Council had recently adopted a resolution which will include the deployment of 6,000 soldiers, 900 civilian policemen, as well as the necessary administrative support. This presence would help create a political contact allowing the Haitian Government and the international donor community to implement projects and programs discussed at this meeting. The United Nations Secretariat will further be involved in organizing legislative elections and presidential elections. The Representative called on other members of the donor community to contact the UN Secretariat if they wished to participate in the election preparation.
49. The Representative of the IDB expressed his appreciation and congratulations to the Government of Haiti for the remarkable strides made during the past five months. The IDB coordinated and participated in a joint-donor mission to Haiti in November 1994, whose results are summarized in the document: Report of the Joint Mission on the Emergency Economic Recovery Program. The Representative stated that the IDB Executive Board is currently reviewing a US$ 70 million loan on concessionary terms. Of the US$ 70 million, US$ 40 million will be in the form of quick-disbursing funds. The IDB had ten projects in the pipeline, worth US$ 132 million, when the constitutional government was interrupted in 1991. The IDB and Government of Haiti recently announced that these projects will be reactivated. The funds will finance primarily highway rehabilitation, energy sector rehabilitation, education, and health-related programs.

50. The Representative of the IMF asserted that discussions concerning Haiti's economic program for 1995 were completed, and that the program received the Fund's full management support. In addition, a standby-by arrangement worth US$ 20 million is expected to be approved very shortly. Discussions between the Fund and the Haitian Government are to begin during 1995 on a three-year, US$ 100 million agreement which would be supported under the Enhanced Structural Adjustment Facility. Under this program, the IMF will provide technical assistance in the areas of tax and customs administration, monitoring programming, bank supervision, and economic statistics.

51. The Representative of the IDA stated that, in terms of assistance, IDA had approved an emergency credit worth US$ 40 million for the short-term immediately following arrears clearance. US$ 20 million had been disbursed within days of that. IDA is preparing a US$50 million road rehabilitation project bringing overall assistance for fiscal-year 1995 to US$ 90 million. IDA estimates its lending program to reach a level of some US$ 220 million over the next three years. Structural adjustment lending, as well as projects in the areas of education and rural poverty/environment, are currently under preparation. Additionally, IDA is preparing a poverty assessment in Haiti and would be ready to assume a facilitation role vis-a-vis poverty-oriented donor activities. The Representative added that IDA's pre-1991 portfolio of six projects totaling some US$100 million had been suspended when the constitutional government was interrupted, but that measures have already been taken to reactivate these loans over the next months.

52. The Chairman briefly discussed possible "next steps" for the Consultative Group. He suggested that the Consultative Group reconvene six months after the new government is elected. In respect to the issue of facilitating donor coordination in individual sectors, he recalled that the following organizations had indicated their willingness to assume a facilitating role: the IDB in the area of infrastructure; PAHO in the health sector; IDA would facilitate and help coordinate Haiti's Social Investment Fund (FIS) and donor activities in the area of poverty alleviation; and France, Canada and the U.S. would facilitate donor coordination in the area of justice reform. Based on earlier comments the Chairman suggested that a donor meeting in Port-
au-Prince could follow up on issues of coordination and absorptive capacity in the coming months.

VI. Closing Remarks

53. The Minister of Economy and Finance expressed her appreciation to the Consultative Group for two very productive days. She expressed the apprehension that the representatives of the Government feel when considering the daunting social, political, and economic problems which continue to face the people of Haiti. However, the solidarity and partnership that have been expressed by the donor community provides a considerable sense of relief. She noted that numerous social problems, including a lack of housing and hygiene, remain and must be handled on an emergency basis, and that the Haitian Government representatives must improve their coordination of assistance. Reflecting on the discussion on facilitators the Minister emphasized that coordination mechanisms must try to avoid that any donor would feel disadvantaged in his efforts to support Haiti’s rehabilitation process. She cited President Aristide, saying that the Haitian people dream of a country in which everyone has a right to do everything. If Haitians and international friends of Haiti pool their energy and resources, there will be no doubt that Haiti will again stand on its own.

54. The Chairman congratulated the delegation of the Government of Haiti on their complete and eloquent presentations during the meeting. He noted the diversity of the delegation, which included members of the Government, the private sector, trade unions, and NGOs, and viewed this as a testimony to the Government's desire to reach a broad consensus for Haiti's development priorities. The Chairman observed that the international donor community had indicated assistance levels up to US$ 900 million in grants and concessionary loans for Haiti. He mentioned that the important issue of Haiti's macroeconomic framework may not have been discussed in detail, but attributed this to the fact that the donor community had overwhelmingly approved the initial measures taken by the Government and the framework to continue to justify these levels of assistance. The Chairman asserted that the international donor community was "compelled to cooperate", and that donor and government representatives must be clear about their development responsibilities. The Chairman assured the Haitian delegation that the Consultative Group would support the Government on the difficult road to recovery, and thanked everyone for their participation.
HAITI CONSULTATIVE GROUP MEETING

LIST OF PARTICIPANTS

Paris, January 30-31, 1995

Chairman
Mr. Rainer B. Steckhan
Director of Special Operations
Latin America & The Caribbean Regional Office (LAC)

ARGENTINA

Mr. Felipe Alejandro Gardella
Economic & Commercial Counsellor
Embassy of Argentina, Paris

BELGIUM

Mr. Michel Bouillon
Ir. Chargé de Mission
Service Amérique Centrale et du Sud
Administration Générale de la Coopération au Développement

BRAZIL

Mr. Paulo Roberto Almeida
Economic Counsellor
Embassy of Brazil, Paris

Ms. Cecilia Gonçalves Malguti de Souza
Consultant
Brazilian Cooperation Agency (ABC)

CANADA

Mr. Pierre Racicot
Vice President Americas Branch

Mr. Serge Fortin
Counsellor, Development Aid
Embassy of Canada, Haiti
CHILE

H.E. Mr. José Manuel Morales
Ambassador of Chile, Paris

Mr. Rodrigo Espinosa
First Secretary (Economic)
Embassy of Chile, Paris

Mr. Ramon Contreras
Scientific and Technical Attaché
Development Cooperation
Embassy of Chile, Paris

EUROPEAN COMMISSION (EC)

Mr. Jacob Houtman
Director
Caribbean, Indian Ocean, Pacific Directorate

Mr. Christian Simon
Haiti Desk
Caribbean Department

Mr. Gaspard Frontini
Head, Structural Adjustment
VIII/3 Division
Directorate General VIII

Mr. Henri Martin
Head of Division
Division VIII, F/4

Mr. Albert Alexis
Division VIII, F/4

EUROPEAN INVESTMENT BANK (EIB)

Mr. Claudio Cortese
Head of Division
External Financing Directorate

Ms. Flavia Palanza
Lead Economist
ACP Division
EIB (cont'd)

Mr. Gustaaf Heim
Senior Loan Officer
Caribbean and Pacific Division

FOOD AND AGRICULTURAL ORGANIZATION (FAO)

Mr. Marc Huertas
Economist
Investment Center Division
Development Department

FRANCE

Mr. Bruno Deletre
Chef du Bureau Afrique - Zone Franc
Direction du Trésor
Ministère de l'Économie

Mrs. Catherine Guillouard
Adjoint au Chef du Bureau Afrique - Zone Franc
Direction du Trésor
Ministère de l'Économie

Mrs. Catherine Boyer Trenque
Attaché principal administration
Direction du Trésor
Ministère de l'Économie

Mr. Paul Deram
Assistant de l'Administrateur représentant
la France à la BID
Washington, DC

Ms. Anne-Marie Frenehard
Chargée de Mission géographique
Division FEC/O
Ministère de la Coopération

Mr. Jean Habert
Chef de Mission de la Coopération à Haïti
Ministère de la Coopération
FRANCE (cont’d)

Mrs. Marie-Claire Gerardin  
Direction d’Amérique  
Ministère des Affaires Étrangères

Mr. Claude Raymond  
Responsable de la Division économique et financière  
Caisse Française de Développement (CFD)

Mrs. Chantal Michel  
Chargé de Mission  
Département COC  
CFD

Mr. Michel Salem-Sermanet  
COC/T2C  
CFD

Mr. Claude Cornuau  
Vice-Président de l’ADETEF  
Division Coopération internationale  
Inspection générale des Finances  
Ministère de l’Économie

Mr. Christian Oquet  
Chef du Département  
Division Afrique de l’Ouest et Caraïbes  
Ministère de la Coopération

INTER-AMERICAN DEVELOPMENT BANK (IDB)

Mr. Miguel Enrique Martinez  
Manager  
Regional Operations, Department II

Mr. Richard Archi  
Chief, Country Division 4  
Regional Operations Department 2

Mrs. Graciela Cintora  
Operations Officer  
Reg. II/Div. 3

Mr. Ziga Vodusek  
Senior Economist  
Special European Office, Paris
IDB (cont’d)

Mr. Jorge Perez Arbelaez
Economist
Finance and Basic Infrastructure Division 2

Mr. Pierre Ericq Pierre
Technical Assistant to Executive Director

INTERNATIONAL FINANCE CORPORATION (IFC)

Mr. Philippe Liétard
Director
Corporate Finance Services

Mr. Reyaz Ahmad
Principal Investment Officer
Corporate Finance Department

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

Mr. Jean-Jacques Garigli
Project Controller
Latin America & Caribbean Division

INTERNATIONAL MONETARY FUND (IMF)

Mr. John Thornton
Deputy Division Chief
Mexico/Latin Caribbean Division
Western Hemisphere Department

Ms. Roberta Carey
Senior Technical Assistance Officer
Technical Assistance Secretariat
Office of the Managing Director

Mr. Jacques Baldet
Deputy Director, European Office
INTERNATIONAL ORGANIZATION FOR MIGRATION (IOM)

Mr. Peter Schatzer  
Director, External Relations  
Geneva

Mr. Jose Angel Oropeza  
Head of Division, Humanitarian & National Migration Programmes  
Bureau for Latin America

JAPAN

Mr. Takahiko Horimura  
Deputy Director General  
Latin America and Caribbean Bureau  
Ministry of Foreign Affairs

Mr. Kenichiro Matsui  
Special Assistant  
Embassy of Japan, Paris

Mr. Hitoshi Shoji  
Representative  
Overseas Economic Cooperation Fund (OECF)  
Paris Office

KOREA

Mr. Raekwon Chung  
Counsellor  
Embassy of Korea, Paris

MEXICO

Mr. Agustin Garcia-Lopez  
Acting Director General for International Financial Affairs  
Ministry of Finance & Public Credit
THE NETHERLANDS

Mr. Sweder van Voorst tot Voorst
Head, Central America and the Caribbean Section
Ministry of Foreign Affairs

ORGANIZATION OF AMERICAN STATES (OAS)

Mr. Carlos Humud
Executive Secretariat for Economic
& Social Affairs

H.E. Mr. Colin Granderson
Executive Director
International Civilian Mission in Haiti

OPEC FUND

Mr. Luis Gonzalez Rosas
Operations Division
Latin America Department

PAN-AMERICAN HEALTH ORGANIZATION (PAHO)/WHO

Dr. Irène Klinger
Chief, Office of External Relations

Dr. Marie-Andrée Diouf
Representative in Haiti

SPAIN

Mr. I. Fernandez de Mesa
Senior Advisor
General Directorate of International Economy
Ministry of Economy and Finance

Mr. Juan Ignacio de la Vega
Senior Technical Advisor
Spanish International Cooperation Agency
SPAIN (cont’d)

Ms. M. Garcia-Hauregui
Assistant to Deputy Director
Commercial Policy Division
Ministry of Economy and Finance

SWITZERLAND

Mr. Thomas Eggenberger
Desk Officer
Development Policy Service
Federal Office of Foreign Economic Affairs

Ms. Crista Cueni Bossart
Latin America & Haiti Desk
Latin America Section
Swiss Development Cooperation
Federal Ministry of Foreign Affairs

UNITED NATIONS (UN)

Mr. Lakhdar Brahimi
Head of Delegation
Special Representative of the
Secretary General
UNMIH, Haiti

Mr. Roger C. Lawrence
Deputy to the Secretary General
of United Nations Conference on Trade & Development (UNCTAD)
Director, Global Interdependence Division
Geneva

UNITED NATIONS CHILDREN’S FUND (UNICEF)

Ms. Elizabeth D. Gibbons
Representative, Haiti
Haiti CG
Paris, Jan. 30-31, 1995

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

Mr. Fernando Zumbado
Assistant Secretary General
Regional Director
Bureau for Latin America
and the Caribbean (RBLAC)
New York

Mr. Gilberto Flores
Acting Deputy Director, RBLAC

Mr. Ross Mountain
Officer in Charge, Haiti

Mr. Juan Manuel Salazar
Deputy Chief
Division 1. RBLAC

UNITED NATIONS EDUCATIONAL, SCIENTIFIC & CULTURAL ORGANIZATION (UNESCO)

Mr. John Beynon
Director
Bureau for Development Cooperation in Education

Mr. Paul Falzon
Chief, Development Banks Section

Ms. Fiorella Nuovo
Coordinator, Haiti Programmes
Development Cooperation in Education

UNITED NATIONS HIGH COMMISSIONNER FOR REFUGEES (UNHCR)

Mr. Olivier Guignabaudet
Deputy Delegate, France

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO)

Mr. Jean-Marc Deroy
Managing Director
Mobilization and Management of Financial Resources for Technical Cooperation Division
UNIDO (cont’d)

Mr. Carlos E. Chanduvi-Suarez
Country Programmes Office
Country Strategy and Programmes Division

UNITED STATES

Mr. Mark Schneider
Assistant Administrator
Bureau of Latin America and the Caribbean
U.S. Agency for International Development (USAID)

Mr. Lawrence Crandall
Mission Director
USAID, Haiti

Ms. Marcia Bernbaum
Director, Office of Caribbean Affairs
Bureau for Latin America and the Caribbean

Mr. Gary Maybarduk
Economic Coordinator
State Department

Mr. John S. Creamer
Economic Officer
Embassy of the United States, Port-au-Prince

Ms. W. Dawn Busby
Director
Office of Export Trading Company Affairs
U.S. Department of Commerce

Mrs. Janice Bruce
Director
Andean/Caribbean Basin Division
U.S. Department of Commerce

Mr. Henry P. Santiago
Division of Energy Assessments
Office of International Affairs
U.S. Department of Energy
WORLD FOOD PROGRAMME (WFP)

Mr. James Conway
Regional Deputy Manager
Latin America & Caribbean Division

HAITI

S.E. M. Smarck Michel
Premier Ministre

S.E. Mme. Marie-Michèle Rey
Ministre de l’Économie et des Finances

S.E. M. Jean-Marie Chérestal
Ministre du Plan et de la Coopération

M. Leslie Voltaire
Chef du Cabinet du Président Aristide

M. Leslie Delatour
Gouverneur de la Banque Centrale

M. Philippe Rouzier
Directeur de Cabinet du Bureau du Premier Ministre

M. Paul Latortue
Directeur du CIU au Bureau du Premier Ministre

Mme. Marjorie Michel-Kernisant
Chargée de Mission au Bureau du Premier Ministre

M. Franck Lanoix
Chargé de Mission au Ministère des Finances

Mme. Ketleen Florestal
Membre du Cabinet du Ministre des Finances

Mme. Marie-Josée Garnier
Membre du Cabinet du Ministre de la Coopération

M. Wilfrid Bien-Aimé
Membre du Cabinet du Ministre de la Coopération

Mme. Monique Pierre-Antoine
Membre du Cabinet du Ministre des Finances

Head of Delegation
HAITI (cont’d)

M. Frantz Verella
Conseiller

M. Roland Pierre
Directeur Général de la Banque Centrale

M. Henri Cassion
Membre du Conseil d’Administration de la Banque Centrale

INVITES/OBSERVATEURS

S.E. Mme. Yolette Azor-Charles
Ambassadeur
Ambassade au Royaume de Belgique

S.E. M. Etzer Charles
Ambassadeur, Délégué permanent auprès de l’UNESCO

M. Marc A. Trouillot
Chargé d’Affaires

M. Jean Edouard Baker
Représentant du Secteur Privé

M. Arnold Saint Vil
Syndicaliste

M. Jacques Deschamps Jr.
Représentant du Secteur Privé

Mr. Carl Braun
Représentant du Secteur Privé

M. Claude Ewald
Représentant du Secteur Privé

Mme. Mirlène Joanis
Inter OPD

EXECUTIVE DIRECTOR

Mr. Marcos de Paiva
The World Bank
WORLD BANK

Mr. Rainer B. Steckhan
Director of Special Operations
Latin America & The Caribbean Regional Office (LAC)

Mr. Edilberto L. Segura
Director
Country Department II
Latin and Caribbean Region

Mrs. Donna Dowsett-Coirolo
Division Chief, LA2CO
Country Department II
Latin and Caribbean Region

Mr. Axel Peuker
Country Economist, Haiti
Country Department II
Latin and Caribbean Region

Mr. Stefan Fluckiger
Country Officer, Haiti
Country Department II
Latin and Caribbean Region

Mr. Jayme Porto Carreiro
Infrastructure Operations Division
Latin America and the Caribbean Region
OBSERVERS

INTERNATIONAL TELECOMMUNICATIONS UNION (ITU)

Mr. Christian Blanquart
Coordinator
Americas Department
Geneva

ITALY

Mrs. Fiammetta Milesi-Ferretti
First Counsellor
Permanent Delegation to the OECD, Paris

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

Mr. James H. Michel
Chairman
Development Aid Committee

Ms. Elena Borghese
Principal Administrator
AMD
DCD

SWEDEN

Mr. Magnus Hellgren
Second Secretary (Political Affairs)
Embassy of Sweden, Paris
<table>
<thead>
<tr>
<th>MONDAY, JANUARY 30</th>
<th>TUESDAY, JANUARY 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00 Chairman's Opening Statement</td>
<td><strong>Strengthening of Absorptive Capacities, Technical Assistance, Facilitating the</strong></td>
</tr>
<tr>
<td><em>Economic Situation, Government Priorities and Program</em></td>
<td><strong>Return of Haitian Experts</strong></td>
</tr>
<tr>
<td>10:15 Statements by</td>
<td>9:00 Statements by</td>
</tr>
<tr>
<td>- Smarck Michel, Prime Minister of Haiti</td>
<td>- Jean Marie Chérestal, Minister of Planning, UNDP</td>
</tr>
<tr>
<td>- Enrique Iglesias, President of the IDB</td>
<td>- <strong>Discussion</strong></td>
</tr>
<tr>
<td>- Lakhdar Brahimi, UN Special Representative</td>
<td><em>(10.00 Parallel Meeting on Haiti Energy Strategy)</em></td>
</tr>
<tr>
<td>11:00 Coffee Break</td>
<td>10:45 Coffee Break</td>
</tr>
<tr>
<td>11:15 Statements by</td>
<td>11:00 <strong>Donor Indications of Interest and Support</strong></td>
</tr>
<tr>
<td>- Marie-Michèle Rey, Minister of Finance</td>
<td>- <strong>Discussion</strong></td>
</tr>
<tr>
<td>- representatives of IDA, IMF and IFC</td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td>- Discussion</td>
<td>15:30 Coffee Break</td>
</tr>
<tr>
<td></td>
<td>15:45 Next Steps</td>
</tr>
<tr>
<td>12:30                                                                 <strong>Sandwiches on conference site</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Emergency Economic Recovery Program</strong></td>
<td>16:30 Closing Statement by</td>
</tr>
<tr>
<td>14:00 Statements by</td>
<td>- Marie-Michèle Rey, Minister of Finance</td>
</tr>
<tr>
<td>- Jean Marie Chérestal, Minister of Planning, Joint Mission Chief</td>
<td>- <strong>(Head of Delegation)</strong></td>
</tr>
<tr>
<td><em>(Overview)</em></td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td>Discussion with particular emphasis on</td>
<td>16:45 Chairman's Closing Statement</td>
</tr>
<tr>
<td>- Human Resources</td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td>- Governance</td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td>- Environment</td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td>- Agriculture</td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td>18:00 End of Discussion</td>
<td><em>(continued)</em></td>
</tr>
<tr>
<td><strong>18.30 Reception on conference site, hosted by the Government of Haiti</strong></td>
<td><em>(continued)</em></td>
</tr>
</tbody>
</table>
INTRODUCTION


3. C’est pourquoi nous avons déjà mis en route ici une politique économique et sociale, cohérente et novatrice, répondant aux difficultés actuelles du contexte haïtien. Une politique haïtienne, crédible et nuancée, pour pousser le pays à repartir, à se construire. Et si la rigueur des options peut sembler excessive, c’est bien parce que le défi est formidable, et la tâche immense,
dans un monde où l'effort de solidarité avec Haïti ne durera pas éternellement et où il faudra tôt ou tard affronter la dure compétition des nations qui n'ont pas arrêté d'avancer pendant ces trois ans.

4. Avant tout, il faut instaurer la confiance et assurer la sécurité de tout un chacun. Pour cela, il faut rompre avec le passé, ouvrir des perspectives nouvelles, et aider ainsi les groupes sociaux à retrouver leur souffle, à reprendre confiance et assurance, à redevenir acteurs de leurs propres destins. Ouvrir des espaces nouveaux, c'est aussi : démilitariser notre société, démocratiser nos institutions, décentraliser nos activités, débureaucratiser notre État, réactiver notre économie. Seuls moyens, dans le contexte actuel, pour parvenir à installer en Haïti un ordre démocratique durable, stable et juste. Et comme l'espérance n'est plus aussi spontanément à fleurir au cœur du peuple d'Haïti, le défi est précisément de lui redonner les conditions matérielles pour qu'elle reprenne racine, retrouve force et dynamisme.

LES IMPLICATIONS DE LA CRISE

5. Il faut partir d'un constat incontournable : la situation sociale, économique, politique d'Haïti a radicalement changé depuis Septembre 1991, et si les objectifs de fond (la démocratie, la justice, l'Etat de droit) du mandat du 16 Décembre 1990 n'ont pas changé, il faut bien les négocier autrement. Les trois ans de gestion de facto, le fiasco des politiques économiques et sociales, la perversité et les séquelles de la répression obligent à poser les problèmes et à orienter l'action de manière différente. Car c'est un pays socialement destructure, politiquement désorienté, économiquement dévasté, moralement traumatisé que nous avons retrouvé. Et ce n'est pas peu dire quand on se rappelle qu'Haïti était déjà le pays le plus démuni de l'hémisphère. L'économie a été asphyxiée, minée, déséquilibrée et pillée. Les circuits économiques ont été atrophiés, usines et entreprises ont dû fermer, entraînant la montée généralisée de la misère. Un seul indice, mais combien révélateur : le PIB d'Haïti s'est réduit du tiers entre 1991 et aujourd'hui !

6. Arraisonné par les militaires, l'appareil d'Etat a été transformé en un instrument d'intimidation sans égal contre les plus démunis d'entre tous. Loin d'être au service de la nation entière, il s'était mué en instrument de l'arbitraire, incapable de garantir le niveau élémentaire de services. L'emprise démesurée de cet appareil sur la vie publique a été aggravée par la
perversion des attributs des entreprises publiques. Autrefois aux mains du privé, elles ont été, au nom de tous, accaparées par quelques-uns et transformées en vaches-à-lait de la corruption. Et leur fonctionnement quotidien maintient le peuple dans l'obscurité et dans l'ignorance du téléphone, le privant de l'eau courante et contraint les plus pauvres à allouer près du cinquième de leur revenu à l'alimentation en eau. Aujourd'hui se pose donc avec acuité la question de ce à quoi elles servent et qui elles desservent. Au vu de leur performance, la question même de leur légitimité paraît inconvenante.

7. Tout cela n'a pas été sans conséquence pour les institutions de la société civile: sans défense, vivant la terreur au quotidien, elles émergent aujourd'hui épuisées et affaiblies. Qu'on songe à cet égard au formidable réseau d'organisations populaires, de coopératives, de groupes de base qui avaient vu le jour après 1986. Quand ces organisations n'ont pas été détruites, et leurs leaders assassinés, elles ont dû se cacher dans la clandestinité, hiberner pour survivre. Les partis politiques et les organisations du secteur privé n'ont pas été épargnés par la tourmente. L'effondrement de la société civile provoque une profonde désorientation idéologique et politique, un désarroi moral, un cynisme désabusé qui pèse encore aujourd'hui lourd sur la façon dont beaucoup d'Haitiens appréhendent leur avenir.

LES ENGAGEMENTS D'AOUT 1994

8. Pendant trois ans, le Peuple haïtien, et le Gouvernement Constitutionnel ont tenu bon. Contre vents et marées ils ont résisté et clamé leurs droits, calmement, inlassablement. Le Gouvernement Constitutionnel est donc là aujourd'hui pour travailler à l'avenir d'Haiti, pour rebâtir ensemble l'espérance. Cette espérance commande la mise en œuvre des grandes réformes auxquelles nous nous étions engagés. Seules ces réformes permettront d'ouvrir ces fameux espaces économiques, sociaux, politiques nouveaux qui, après tant de dévastations, doivent permettre de reprendre souffle et respirer. Le 26 Août 1994, à la réunion informelle du Groupe Consultatif ici même à Paris, les Autorités Constitutionnelles s'étaient engagées devant la Communauté Internationale à:

- Accorder la priorité aux besoins de base du peuple haïtien et mobiliser pleinement son potentiel humain;

Port-au-Prince le 24 Janvier 1995
Changer substantiellement la nature de l'Etat en vue d'un développement durable axé sur la justice sociale et la démocratie;

- Décentraliser l'Etat et déconcentrer le pouvoir exécutif;
- Etablir un système judiciaire indépendant et impartial;
- Démilitariser la vie publique et rétablir la suprématie du pouvoir civil;
- Réduire la taille de l'armée, la professionnaliser et créer une nouvelle Force de Police;
- Renforcer sur le plan institutionnel le Parlement, les gouvernements locaux et les associations de la société civile pour les rendre capables de jouer un rôle constructif et avisé dans la formulation et la mise en œuvre des politiques gouvernementales;
- Réformer l'Administration et la Fonction publique en vue de les rendre efficientes;
- Réduire l'implication du Gouvernement dans la production commerciale de biens et de services et démocratiser la propriété des entreprises publiques;
- Appliquer une politique macro-économique cohérente pour une croissance soutenue et durable fondée sur le rôle clé du secteur privé, l'efficacité du marché, la vérité des prix, l'élimination du tarif douanier et l'exploitation de l'avantage comparatif de l'économie haïtienne pour augmenter la productivité et l'emploi;

9. Résolu à lancer rapidement l'entreprise de reconstruction nationale, le Gouvernement a déjà exécuté une partie importante de ce vaste programme de réformes et des résultats probants se manifestent déjà. Avec succès, le Gouvernement a mis en œuvre, une politique de réconciliation et d'apaisement social dans l'espoir que la stabilité politique et la sécurité retrouvées créeront un climat favorable à la relance de l'investissement privé. Toutefois, la situation sociale et économique de la population demeure néanmoins précaire comme en témoigne la détérioration des indicateurs sociaux. Le retour à l'ordre constitutionnel a suscité beaucoup d'espoirs et le Gouvernement reste conscient des attentes impatientes que le peuple a placées dans le nouvel ordre politique.

LE BILAN POLITIQUE

10. Le processus de démilitarisation de la vie nationale et de normalisation de la vie publique est bien avancé. La constitution du nouveau Gouvernement traduit le souci du Chef de l'Etat
d'établir une ouverture politique réelle pour associer tous les secteurs à l'effort de construction nationale. Plus d'une demi douzaine de formations politiques sont représentées au Gouvernement. De même, un dialogue plus large avec TOUTES les sensibilités politiques a permis de dégager le consensus indispensable à la tenue des élections législatives et locales dans des conditions propres à assurer la crédibilité des résultats. La Cour de Cassation a été normalisée. Le Conseil Electoral, chargé de l'organisation des prochaines élections, a été constitué et son budget approuvé. Il a déjà élaboré un projet de loi électorale qui a été soumis au Parlement pour vote et ratification. La normalisation du Parlement s'est réalisée et le Législatif fonctionne à l'extraordinaire pour voter les mesures devant permettre la reprise. Le renforcement du Corps Législatif est entamé avec l'appui du Programme des Nations Unies pour le Développement. Ce programme a pour objectif de moderniser le fonctionnement du Parlement et d'en augmenter l'efficacité.

11. La loi sur la séparation de la Police de l'Armée a été votée. La Commission de Restructuration des Forces Armées d'Haïti a été créée. Son mandat consiste à établir et à arrêter l'Organisation Générale et les Règlements Intérieurs d'une Armée de 1500 membres. La professionnalisation de l'Armée est entamée. La force de police intermédiaire a été constituée. La Commission de Structuration de la Force De Police Nationale a aussi été créée. Elle a pour mandat d'établir et d'arrêter l'Organisation Générale et les Règlements Intérieurs de la Police Nationale. Les chefs de section ont été révoqués. Pour créer le climat d'apaisement au sein de toute la population et conformément à une vraie politique de réconciliation nationale, un ensemble de mesures ont été adoptées pour tenter de recoudre le tissu social haïtien. En termes politiques, cela veut dire que le Gouvernement reconnaît la nécessité d'une véritable trêve politique. Cela implique qu'il faut donner corps à une entente solennelle sur le principe de mettre fin à la violence comme méthode de gérer les conflits politiques dans le pays, et ainsi nous donner les moyens de repartir de bon pied. Malgré des incidents isolés et regrettables, le niveau de violence a sensiblement décru bien que le Gouvernement demeure préoccupé par le caractère limité du processus de désarmement.

12. Conformément à l'article 147 de la Constitution, la Loi relative à l'amnistie, couvrant les crimes politiques de la période du coup d'État, a été promulguée. Les libertés civiles sont
garanties, la presse et les partis d'opposition opèrent sans entraves. Le Parlement fonctionne en
toute indépendance. Enfin, deux commissions ont été créées en vue de rapprocher des secteurs
sociaux dont l'antagonisme a été exacerbé pendant les trois années de crise. La première, la
Commission Présidentielle Mixte, constitue le moyen d'institutionaliser le dialogue entre le secteur
privé et le secteur public applicable à tous. La seconde est la Commission Tripartite réunissant les
secteurs patronaux et syndicaux avec l'Etat comme arbitre.

13. Mille jours de génocide et de terreur se sont achamés surtout sur les plus vulnérables
d'entre tous. Pour qu'on n'oublie pas. Pour entendre les victimes de ce passé douloureux. Pour
que l'impunité ne soit plus fatalité. Pour que de telles horreurs ne puissent jamais plus se
perpétrer. Pour promouvoir la justice. Pour trouver le chemin étroit entre l'oubli et la vengeance.
Que la vérité se sache. Pour qu'il y ait réconciliation entre tous et justice pour tous. Voilà pourquoi
la Commission Nationale de Vérité et de Justice a été récemment instituée.

14. Le Gouvernement a défini comme secteurs prioritaires la Santé, l'Education, l'administration
de la Justice, l'Environnement et l'Agriculture. Pour répondre à l'impératif de l'ouverture politique
et pour porter une attention particulière à des domaines importants, de nouveaux ministères ont
été créés:
  o le Ministère de l'Environnement,
  o le Ministère de la Condition Féminine et des Droits de la Femme;
  o le Ministère des Haïtiens vivant à l'étranger.

Les Ministères de la Fonction Publique et de la Culture ont été réorganisés de façon
autonome. Des Secrétarières d'État à l'Alphabétisation, à la Jeunesse et aux Sports, au Tourisme,
à la Population et aux Mines sont également créées. Dans le cadre de la mise en œuvre du
processus de décentralisation, ont débuté les travaux d'un projet d'assistance technique à 15
municipalités pour un renforcement organisationnel d'urgence des collectivités territoriales.

Port-au-Prince le 24 Janvier 1995
LE BILAN ECONOMIQUE

15. Dès leur rétablissement, les Autorités Constitutionnelles ont mis l'accent sur la discipline fiscale et la rigueur budgétaire. Au début du mois de Novembre, la subvention sur les produits pétroliers était éliminée et les prix à la pompe réajustés pour refléter les cours internationaux et la décote de la Gourde. De même, au début du mois de Janvier 1995, la décision a été prise de procéder à la valorisation en douanes des marchandises importées au taux de change du marché. Le premier trimestre de l'exercice s'est soldé par un redressement sensible des recettes qui ont permis au Trésor:

- d'éponger tous les arriérés de salaires et de se mettre à jour pour les mois d'Octobre à Décembre;
- de financer certains travaux à haute intensité de main-d'œuvre;
- de subventionner le fonctionnement de l'Electricité D'Haiti (EDH);
- de reprendre le service de la Dette Publique suspendu depuis Septembre 1991.

Par ailleurs, la prolifération des comptes courants qui compliquaient le contrôle effectif des dépenses de l'Etat a été arrêtée et désormais toutes les dépenses budgétaires sont effectuées par l'Administration Centrale selon les normes et procédures établies par la Loi.

16. Le Gouvernement a déjà déposé au Parlement des projets de lois sur:

- le Budget 1994/1995;
- l'élargissement du champ d'application de la taxe sur le chiffre d'affaires;
- l'instauration d'un droit variable sur les produits pétroliers;
- l'établissement d'un accoqmpte de 2% sur les marchandises importées et déductibles de l'impôt sur le revenu;
- la modification du décret relatif à l'impôt sur le revenu;
- la libéralisation des taux d'intérêt;
- l'instauration d'un régime de retraite anticipée;
LES ENGAGEMENTS DE JANVIER 1995


* d'assurer à terme une croissance durable;
* de réduire la pauvreté et les inégalités sociales;
* d'augmenter le niveau de l'emploi;
* de réduire le déséquilibre des paiements internationaux à des niveaux compatibles avec les flux normaux de capitaux extérieurs.

La mise en cohérence des éléments de ce programme devrait articuler au mieux la stabilité macro-économique de court terme, les mesures d'urgence et la stratégie de moyen terme.
19. La mobilisation des ressources domestiques constitue la priorité de la Politique Économique du Gouvernement. Le déséquilibre fiscal haïtien reflète plus l'effondrement de la capacité de mobilisation des revenus que l'expansion des dépenses publiques qui ont été sérieusement érodées en termes réels au cours des dernières années. Un effort intense et soutenu sera déployé pour améliorer l'efficacité de la fiscalité et favoriser l'augmentation du volume d'épargne privée. Parallèlement, le Gouvernement déterminera une meilleure affectation des dépenses publiques. Ces dépenses seront réallouées de manière à fournir de meilleurs services de base à la population, notamment dans les secteurs éducation et santé. Le Gouvernement compte également entamer rapidement un programme de réhabilitation et de modernisation des infrastructures de manière à lever, entre autres, les contraintes au développement du secteur privé.

20. Cette Politique est fondée sur le principe que le marché doit jouer le rôle primordial dans l'allocation des ressources et est ancrée dans la conviction que le dynamisme d'un secteur privé compétitif favorise la croissance nécessaire pour tirer les plus démunis de leur misère infrhumaine. L'État devra, à terme, utiliser ses capacités administratives dans les domaines ne pouvant objectivement pas être pris en charge par le secteur privé. Il accompagnera le secteur privé dans des champs où il n'a pas d'attributions spécifiques.

21. La stratégie de développement économique adoptée est une stratégie de croissance tirée par les exportations. La libéralisation du commerce régime du commerce international constitue de ce fait un élément clé de la nouvelle orientation. Ces réformes visent à promouvoir une concurrence équitable entre tous les agents économiques. C'est le seul moyen d'améliorer l'efficience de notre économie et de libérer la croissance. Ces réformes impliquent non seulement la suppression des barrières artificielles aux échanges mais aussi l'élimination des rentes de situation et des monopoles. Elles seront poursuivies avec fermeté ayant pour boussole la rupture complète avec les pratiques du passé.

22. Le régime tarifaire reste néanmoins complexe et restrictif et, du fait de la grande diversité des taux appliqués et du niveau élevé de certain d'entre eux, a donné lieu à la fraude, à la contrebande, à la corruption et à la persistance de pratiques monopolistiques. Le Gouvernement
poursuivra la libéralisation entamée, et la conduira à son terme. Les barrières artificielles aux échanges internationaux qui subsistent seront progressivement éliminées. La libéralisation se fera en plusieurs étapes de manière à minimiser ses incidences fiscales. Le manque à gagner devant provenir de la réduction des tarifs, sera pris en compte dans le cadre de la réforme fiscale.

23. La première étape de la réforme tarifaire est en voie de réalisation. Le Gouvernement a déjà suspendu toutes les formalités administratives assimilables à des mesures restrictives, en attendant le vote de la loi consacrant leur élimination effective. La valorisation des importations se fera au taux de change du marché. Plus significativement, le dépôt de la loi sur la réduction de 50% de tous les tarifs douaniers témoigne de la détermination du Gouvernement d'avancer rapidement vers l'élimination de la protection.

24. L'objectif de la deuxième étape est de réduire le nombre de tarifs à quatre au maximum. Ces tarifs, qui seront en vigueur dès la fin de cette année fiscale, varieront entre 0% et 15%. La dernière étape consistera à établir les procédures pour arriver au tarif zéro, sauf pour le nombre de produits bénéficiant d'exemptions temporaires. En conséquence, le Gouvernement attend de ses principaux partenaires un traitement similaire de manière à faciliter l'accès à leurs marchés aux exportations haïtiennes.

25. Les déficits répétés des entreprises d'État, leur impact sur les Finances Publiques, leur incapacité à fournir les services à la collectivité et les coûts qu'elles imposent à la société nous contraint à questionner leur maintien dans le portefeuille de l'État. Le désengagement de l'État devrait réaliser l'équilibre entre efficacité économique et équité sociale; et cet équilibre amène à parler de la démocratisation du droit de propriété des entreprises publiques. Dans cette optique considérée, ce désengagement doit permettre une diversification de l'actionnariat (société civile, diaspora haïtienne, couches défavorisées, investisseurs étrangers) pour réduire la concentration de la richesse nationale. Ce désengagement devra nécessairement s'accompagner d'un cadre réglementaire anti-monopole.

Port-au-Prince le 24 Janvier 1995
26. La Société Financière Internationale (SFI) a été engagée afin d'effectuer une évaluation de ces entreprises et de produire des recommandations quant aux modalités pratiques de réforme. Le Parlement devra se prononcer sur la Loi relative à la démocratisation de la propriété des entreprises d'État. Au cours de cette année fiscale la réouverture de Le CIMENT d'HAITI, S.A.M. et de la MINOTERIE d'HAITI se fera dans le cadre de négociations à promouvoir entre les secteurs privé et public. Les autres entreprises publiques, à l'exception de l'EDH, n'accuseront pas de déficit d'opération et ne bénéficieront d'aucun support financier du Secteur Public. À ce titre, sont prévues des réductions de la masse salariale, une politique de prix flexible et une augmentation des recettes.

27. La déficience institutionnelle de la Direction Générale des Impôts (DGI), et l'exiguïté de l'assiette fiscale sont les principales causes de la faiblesse des recettes de l'État. Pour améliorer la performance du système fiscal, le Gouvernement doit agir simultanément sur chacun de ces facteurs. L'objectif est d'augmenter la pression fiscale à 8% du PIB, le niveau atteint en 1991. La Politique Fiscale du Gouvernement prévoit notamment :

- un programme de collecte d'arriérés d'impôts ;
- la mobilisation immédiate de ressources additionnelles par le biais notamment de l'élargissement de la TCA aux services et un meilleur recouvrement des impôts fonciers ;
- Des mesures administratives permettant dans les prochains mois le renforcement de la capacité de collecte des administrations fiscales. A cette fin, sont créés:
  - une unité dite des "grands contribuables" qui veillera au respect des obligations des 200 plus grands contribuables ;
  - un système automatisé de Gestion et de Contrôle, afin d'assurer la fluidité et la disponibilité de l'information. Un tel système permettra la mise à jour de la liste des entreprises redevables de la TCA et à l'unité dite des "grands contribuables " de remplir sa vocation de manière efficiente.

28. Pour élargir rapidement l'assiette fiscale, le Gouvernement réexaminera l'ensemble des éonérations et des exemptions fiscales et fera l'inventaire des immeubles commerciaux ou des maisons d'habitation dont l'estimation de la valeur dépasse un certain montant. Le Gouvernement éliminera les taxes dont le coût de collecte dépasse les recettes générées. Dans le cadre de la décentralisation, certaines d'entre elles seront perçues au niveau local.
29. La Gestion des dépenses publiques se fera plus efficacement. Les dépenses superflues ont été supprimées. Cependant, le niveau des dépenses publiques érodées par l'inflation a plus que doublé. En outre, dans le Budget 94/95, la priorité est accordée à l'éducation, la santé, et la justice. L'enveloppe budgétaire des dépenses de fonctionnement destinées aux fournitures et matériels médicaux, aux manuels et fournitures scolaires, et aux programmes de nutrition ciblés a été relevée. Une importance particulière a été accordée à la réhabilitation des infrastructures. L'augmentation du Budget reflète également l'effort de décentralisation des services de base fournis à la population.

30. La mise en place du cadre institutionnel des collectivités territoriales prévu par la Constitution permettra la concrétisation au niveau local des réformes. Elle fournira les moyens adéquats à la gestion du cadre de vie et à la desserte en services de la population. La politique de décentralisation constitue une des priorités de l'action gouvernementale et le Bureau du Premier Ministre en assurera la coordination et le suivi. Pour promouvoir la décentralisation, le Gouvernement a entamé les premières étapes du processus et les principales propositions de législation seront présentées au Parlement avant la fin du mandat présidentiel. Ces propositions concernent la répartition des champs de compétence entre l'Etat central et les collectivités territoriales et la création des nouvelles institutions prévues par la Constitution. De plus, pour pallier les insuffisances existantes, les réformes porteront aussi sur la réorganisation de l'administration publique, les structures administratives des collectivités territoriales et les dispositions d'accompagnement nécessaires.

31. Parallèlement, le Gouvernement a commencé à créer les conditions indispensables à la mise en œuvre des réformes. La concentration des structures administratives à la capitale, l'extrême faiblesse institutionnelle et le dénuement quasi-total des collectivités territoriales rendent difficiles les transferts de compétence prévus par la Constitution. Aussi, le Gouvernement a-t-il décidé de procéder, dans le cadre de la législation existante, au redéploiement progressif des services et du personnel de l'Etat, à la mobilisation et à la canalisation des ressources au profit des collectivités locales, au renforcement de leurs capacités institutionnelles et à l'exécution de programmes d'intervention d'intérêt local. La structure de coordination de l'élaboration de ces
réformes sera en place dès le mois de Février, alors que les travaux sur la loi-cadre de l'Administration Publique ont déjà débuté.

32. Les allocations budgétaires des Directions Départementales et autres services déconcentrés de l'État, ainsi que les subventions aux collectivités territoriales seront augmentées. Parallèlement, le renforcement de la capacité de collecte des impôts locaux permettra des améliorations de la situation financière des administrations communales. Le renforcement des Directions Départementales des Ministères de la Planification, de l'Agriculture et de la Santé Publique a déjà débuté et des programmes similaires dans les autres ministères sont à l'étude. Dans le cadre du transfert des responsabilités de gestion aux collectivités territoriales, les ONG ont déjà mis en place des programmes de formation pour les élus locaux, le personnel communal et certains groupes de la société civile dans une quarantaine de communes. Le Gouvernement procédera à un inventaire de ces activités de formation en vue d'assurer leur coordination et leur extension à toutes les communes. De plus, la réouverture du FAES permettra le financement d'interventions d'intérêt local.

SUPPORT REQUIS DE LA COMMUNAUTÉ INTERNATIONALE

33. Le Programme d'Urgence et de Relance Economique, objet principal de cette réunion, a été conçu comme l'intervention minimale susceptible d'arrêter la dégradation des infrastructures économiques et des institutions nationales.

Le montant initial du programme d'urgence se répartit comme suit:

- Elimination des arriérés: 82.0
- Assistance humanitaire: 105.1
- Gouvernance / Gestion: 79.0
- Décaissements rapides: 130.0
- Interventions sectorielles: 266.0
- Soit un total de: 662.1

Une partie importante de cette enveloppe a déjà fait l'objet de décaissements, principalement de la part de l'U.S.A.I.D, de la B.I.D, de la Banque Mondiale. Encouragé par ces
premiers résultats, le Gouvernement se sent conforté dans sa détermination de s'engager davantage et de manière irréversible dans son effort de modernisation économique, avec la perspective de finaliser ici, à Paris, le financement du Programme d'Urgence et de Relance Economique.

34. L'exécution de ce programme d'urgence est fondamentale pour rétablir la confiance. Le volet assistance humanitaire de 105 millions de dollars représente donc, en même temps qu'un acte de solidarité envers un peuple courageux, une soupape de sûreté pour traverser une période difficile. Par ailleurs, des interventions s'avèrent impératives dans les secteurs économiques pour rendre disponibles les conditions de relance d'une activité soutenue qui prendra le relais de l'assistance internationale. Ainsi l'énergie, le développement du secteur privé, le système financier, l'agriculture, l'environnement, l'éducation méritent une attention toute particulière et le montant des 266 millions de dollars représente une priorité du programme. Le Gouvernement aimerait obtenir de ses partenaires des engagements explicites. Le soutien de 79 millions de dollars prévus pour renforcer les institutions nationales est un pas de plus vers la consolidation de la démocratie.


36. Le Gouvernement sollicite auprès de ses partenaires la réactivation immédiate des projets interrompus à la suite du coup d'État du 30 Septembre 1991, dont la finalité est l'amélioration des infrastructures de production, de transport ainsi que des services de santé, d'éducation offerts à la population. Les préoccupations légitimes, de court terme, n'empêchent pas le Gouvernement de poursuivre sa stratégie de développement économique à moyen terme. Ainsi pour mener à terme le programme de réformes auquel il s'est engagé, le Gouvernement obtiendra le support de
la Banque Mondiale et du Fonds Monétaire International pour la préparation d'un Programme d’Ajustement Structurel dont les principaux objectifs visent à:

- augmenter le taux de croissance du PIB réel d’environ 6% l’an pendant la période 1996-1998;
- renforcer la balance des paiements;
- accroître la mobilisation des ressources locales.

**ABSORPTION DE L'AIDE EXTERNE**

37. En vue de permettre l’exécution des projets dans les délais prévus, le Gouvernement prendra toutes les dispositions pour éliminer les goulots d’étranglement que constituent actuellement les structures administratives, le manque de personnel compétent aux postes clé et les procédures en vigueur. Pour gérer ce flux important et inhabituel d’assistance externe, le Gouvernement utilisera des structures autonomes pour la gestion des projets du Programme d’Urgence. Il aura recours aux organisations non gouvernementales, aux organisations de base et aux collectivités territoriales pour l’identification de projets dont la réalisation pourra être confiée à des entités privées.

38. L’utilisation des services de firmes indépendantes dans la mise en place de systèmes comptables permettra une gestion saine et transparente. La vérification des états financiers des projets sera effectuée de manière systématique et selon les calendriers établis. Les directions de projets seront pourvues de personnel compétent, lequel sera encadré de toute assistance technique nécessaire. Dans cette perspective, le Gouvernement a déjà entamé, avec l’aide de la Banque Mondiale, un programme d’assistance technique pour le retour des cadres qualifiés de la diaspora haïtienne. Le processus de décision pour la gestion des projets sera décentralisé et les directions de projets seront responsabilisées et dotées d’une autonomie opérationnelle. Le Gouvernement a décidé de simplifier et d’accélérer les procédures pour la sélection et l’approbation des projets, la préparation des demandes de décaissements de fonds externes et de contrepartie, la passation des marchés, la préparation et l’approbation des contrats. Les mécanismes de décaissement à la Banque Centrale seront assouplis et une unité sera créée pour le suivi des opérations et les services bancaires des projets.
39. D’autre part, le Gouvernement réitère auprès de ses partenaires, sa demande d’appliquer des procédures beaucoup plus célébres pour (i) faciliter le redémarrage des projets encore bloqués à cause, des problèmes inhérents au coup d’état; (ii) raccourcir les délais dans les procédures d’exécution, notamment en ce qui concerne les appels d’offre internationaux et le décaissement des fonds. De plus, il leur demande de l’assister en vue de la préparation de dossiers de projets déjà identifiés dans le Programme d’Urgence pour que ces projets puissent être exécutés dans les délais impartis. De plus, à court et à moyen terme, des structures seront mises en place pour (i) le renforcement de la capacité nationale de coordination et de l’utilisation de l’aide par une meilleure gestion des offres et des demandes en matière de coopération; (ii) le fonctionnement effectif des organes déconcentrés des Ministères à vocation nationale pour la supervision de l’exécution des projets; et (iii) le renforcement de la capacité de gestion des institutions publiques centrales et locales.

40. Le Gouvernement se penchera de manière particulière sur la résolution des deux problèmes suivants qui lui tiennent à cœur: les logements sociaux et la réinsertion économique des rapatriés.

41. Le déficit de logements accumulés à travers le temps a été le résultat du développement anarchique des bidonvilles. Il s’est manifesté par une occupation incontrôlée des terrains et une augmentation considérable des sans-abris, y compris des enfants dans les villes. En milieu rural, la dégradation de l’habitat est évidente. Pour faire face à cette situation critique, le Gouvernement sollicite de ses partenaires un montant additionnel de 80 millions de dollars en vue de démarrer un programme de construction de logements sociaux.

42. Les objectifs de redressement économique de ce programme risquent d’être perturbés par l’augmentation de charges sociales qu’engendreraient le rapatriement massif d’haïtiens vivant dans les pays de la région. Déjà plus de 20,000 ont été rapatriés et les projections pour l’année en cours laissent croire à un accroissement de dizaines de milliers d’autres. Aussi, parallèlement aux négociations en cours, en vue d’obtenir des moratoires avec les pays concernés, le Gouvernement espère-t-il obtenir de ses partenaires un financement de 60 millions de dollars pour la réinsertion économique de ces rapatriés.

Port-au-Prince le 24 Janvier 1995
CONCLUSION

Le bilan des réalisations de ses quatre premiers mois de gestion traduit la détermination du Gouvernement Haïtien de respecter les engagements pris devant la Communauté Internationale en Août 1994, ici même à Paris. En dépit de la situation difficile qui a prévalu au cours de cette même période - catastrophe naturelle, précarité de la situation politique, augmentation du chômage, flambée des prix etc... - le Gouvernement a arrêté un ensemble de mesures engageant irrévocablement la réforme de l'État et le redressement économique et social. Il espère avoir donné suffisamment de preuves de sa crédibilité et recevoir ainsi de la Communauté Internationale un engagement ferme et concret l'assurant ainsi de son soutien sur le chemin long et malaisé du développement.

Port-au-Prince le 24 Janvier 1995
REMARKS BY PRESIDENT IGLESIAS

Distinguished delegates, ladies and gentlemen:

On behalf of the Inter-American Development Bank, I would like to welcome you to the Consultative Group Meeting for Haiti. This is an important event for Haiti, and I would like to compliment the Government's representatives for the clarity of their presentation on the state of the economy, and the strong leadership they are demonstrating in their selection of plans and priorities and policy reforms. It is a challenging program that merits our support.

I wish to take this opportunity to comment on the impact of recent events on the development of Haiti's economy and society, as well as on the challenges and risks facing both the government of Haiti and the international community, and discuss the IDB's participation in the recovery effort.

I also want to thank the representatives of the Government for their support for the Joint Assessment Mission which visited Haiti in November 1994 and to recognize the cooperation of the sixteen bilateral and multilateral institutions which participated in the Mission and assisted in the preparation of the assessment. The Report of the Mission, describes the nature of the crisis in Haiti and outlines the dimensions of the economic and social rehabilitation
effort required of both the government and people of Haiti. The response to that effort has been encouraging.

First, the government has re-established itself, is preparing the way for the deepening of the democratic process, has subscribed to a policy reform program summarized in the Policy Letter, and is discussing a Stand-by arrangement with the IMF;

Second, Haiti’s bilateral supporters, led by the US Treasury, have rallied broad support (including three countries from Latin America) to donate US$82 million for debt arrears, thus allowing the resumption of suspended operations by multi-lateral institutions including the IDB;

Third, the donor community has responded rapidly: indeed, within a few days of the return of constitutional government petroleum financed from a U.S. Government grant arrived in Port-au-Prince. Just after the arrears were cleared, the World Bank approved an emergency credit and disbursed the first US$20 million tranche; in early January the IDB approved a US$70 million emergency program; and the IMF is discussing a Stand-by arrangement.
In essence, Haiti now enjoys a unique opportunity, given the considerable attention and financial support that is now available from the international community. In this regard it is important for the Government of Haiti to wisely utilize the resources and the respite which the current confluence of events has provided. Therefore, Government’s commitment to press ahead with economic reform is welcomed and is a critical first step in establishing a sound economic policy framework. While there is reason for optimism, the future is not without risks and the challenges facing the new government are very great. I believe that this meeting should focus on a number of important areas.

In the area of public sector management it will be necessary to reorient the pattern of public expenditure, to reduce tax delinquency, broaden the tax base and undertake reforms in tax and customs administration. At the same time, efficiency in public expenditures can be achieved by carefully scrutinizing spending from discretionary accounts and by introducing accountability in public finances.

I would also like to emphasize that the development prospects will be bleak without a rapid and thorough re-engagement of the private sector and the return of flight capital to Haiti. Private investment is critical for sustainable
development in Haiti. At the same time, providing employment and income
earning opportunities to the poorest segments of the population through
private sector growth presents possibly the most difficult challenge facing both
the new government and the donors alike but promises the greatest rewards.
Consequently, confidence in Haiti's leadership and the stability of the economy
are key elements which will mobilize domestic and foreign investment in Haiti.

Given the deteriorated situation of the environment in Haiti, it is imperative
to restore it. In this regard, measures have to be taken to achieve this
objective in a permanent basis. In consequence, it is with satisfaction that we
welcome, the creation of the Ministry of the Environment which, in its first
stage, could concentrate its efforts in establishing a policy and regulatory
framework, as well as an action plan designed by the Government, with the
help of the donors community, to identify the priorities of the environment.

Of particular importance is the fundamental political changes represented by
the government policy to move toward decentralization. This will place a heavy
burden on the country's leadership and institutions. For vulnerable groups at
the fringes of the economy, equity considerations demand that basic social
services, including education and health, be provided. To do this, the public
sector must be streamlined, its staff upgraded and its key functions sharply focused.

The international community is gathered here today to address these challenges and to actively participate in the revival of the Haitian economy. As we approach this enormous task we should keep in mind three factors which may spell the difference between success and failure:

In view of the project implementation difficulties facing government ministries, donors and government must develop new mechanisms for project execution. This will require the use of alternative arrangements, including resident NGOs, the private sector, municipalities and local organizations while simultaneously focusing on institutional strengthening to assist the government regain the leadership in project planning and execution.

Special emphasis will have to be given to coordination among the donors and between the donor community and the government. Innovative mechanisms for coordination must be established and institutionalized and assistance to the government to strengthen donor coordination mechanisms is clearly a priority to be discussed in depth at this meeting. The practice adopted at the last
meeting of this group to have donors take a lead role in the review of those sectors where they are heavily involved should be encouraged. In this regard, the IDB was selected to take a leading role in infrastructure.

Finally the ability of the new government to absorb donor assistance is limited. We must carefully measure the capacity of local institutions to effectively utilize external resources and excessive requirements on executing agencies should be avoided.
I. INTRODUCTION

1. The present report is submitted in accordance with paragraphs 8, 9 and 14 of Security Council resolution 940 (1994) of 31 July 1994.

2. In paragraph 8 of that resolution, the Security Council decided that, when a secure and stable environment was established by the multinational force and the United Nations Mission in Haiti (UNMIH) had adequate force capability and structure to assume the full range of its functions described in paragraph 9 of the same resolution, the Council, taking into account recommendations from States members of the multinational force, to be based on the assessment of the Commander of the force, and from the Secretary-General, would determine the termination of the mission of the multinational force and the transition to UNMIH.

3. In paragraph 9 of resolution 940 (1994), the Security Council revised and extended the mandate of UNMIH for a period of six months. The present mandate of UNMIH will thus expire on 31 January 1995.

4. In paragraph 14 of the resolution, the Security Council requested me to report on its implementation at 60-day intervals starting from the date of deployment of the multinational force. I submitted the first such report (S/1994/1322) on 21 November 1994. The next report is accordingly due not later than 20 January 1995.

5. The present report assesses the current security situation in Haiti, the threats that may be confronted in the future and the means needed for the international community to assist the Government of Haiti to counter them; it contains my recommendations on the future of UNMIH; and it fulfils the reporting requirements arising from paragraph 14 of resolution 940 (1994).

6. In addition, the United States of America has regularly reported to the Security Council on the activities of the multinational force, in accordance with paragraph 13 of the same resolution.
7. It will be recalled that, at the invitation of President Jean-Bertrand Aristide, I visited Haiti on 15 November 1994. During that visit, I had an opportunity to hold extensive and in-depth consultations with the President and with Prime Minister Smarck Michel and his senior ministers.

8. My Special Representative has visited Haiti on three occasions and will shortly take up residence there. He was received by President Aristide on each of his visits. He also met repeatedly with the Prime Minister and other members of the administration, parliamentarians, foreign diplomats, religious, political and trade union leaders and representatives of non-governmental, human rights and grass-roots organizations.

9. The present report is also based on field assessments by the military and civilian police members of the UNMIH advance team and by staff of the International Civilian Mission in Haiti (MICIVIH). Representatives of United Nations agencies in Haiti were also asked for their input through the Resident Representative of the United Nations Development Programme (UNDP).

II. SECURITY SITUATION

A. Situation before the deployment of the multinational force

10. In the months before the peaceful deployment of the multinational force on 19 September 1994, State violence, perpetrated by the Armed Forces of Haiti (FADH), the "attachés" and the Front révolutionnaire pour l'avancement et le progrès d'Haiti (FRAPH), escalated significantly. In its report covering the first half of 1994 (A/48/532/Add.3 and Corr.1), MICIVIH noted "an alarming increase in extrajudicial executions, suspects' deaths, abductions, enforced disappearances and politically motivated rapes" in the metropolitan area (para. 23). Basic human rights were being trampled on in the interior as well (para. 55). The emergence of FRAPH, which operated in conjunction with FADH in numerous localities, had aggravated the situation (para. 56). The report concluded that Haiti was "experiencing an unprecedented human rights crisis" and that "the aim of the repression" was "to destroy the pro-democracy movement and the associated working-class and peasant sector" (paras. 90 and 93).

11. During the same period, FADH had granted arms permits to tens of thousands of civilians and weapons had been distributed in large numbers. Acts of extortion and smuggling were widespread.

B. Current security situation

12. Following the arrival of the multinational force and the subsequent disintegration of FADH, the human rights situation has improved. Politically motivated violence and human rights abuses have decreased, although individual acts still occur sporadically and MICIVIH, for instance, has investigated beatings of detainees by FADH. It has also received reports of violent attacks by former section chiefs, "attachés" or alleged FRAPH members. Since the killing of the second deputy mayor of Mirebalais on 4 November 1994, however,
MICIVIH has not heard of any murder ascribed to the former military or paramilitary forces.

13. Haitians can now enjoy their fundamental rights, in particular freedom of expression, association and assembly. In a number of places, however, particularly in parts of the Artibonite region, people have said that they are afraid to meet or demonstrate, because of continued activities by former FRAPH members or "attachés". Politically motivated arrests by local judicial officials associated with FRAPH have occurred, but arrests for the expression of political views have largely ceased. Large numbers of displaced people have come out of hiding and returned to their homes. Overall, there is a feeling of liberty and a sense of security that did not exist previously. This is particularly striking in the areas where the multinational force has been deployed.

14. The flurry of acts of vengeance and retribution that erupted immediately prior to and after the return of President Jean-Bertrand Aristide on 15 October 1994 was short-lived. The President has repeatedly called for reconciliation and his appeals have been heeded by the population.

15. On the other hand, the collapse of FADH and the dissolution of the corps of section chiefs have created a security void that has contributed to a marked increase in banditry and criminality throughout the country. This trend is difficult to assess, given the lack of statistical records, on the one hand, and the impact of improved reporting, on the other.

16. In Port-au-Prince, murders are reported almost daily. Unidentified groups are extorting goods and money from local merchants. Other criminal groups are setting roadblocks to stop vehicles and rob their passengers.

17. In the countryside, one or two criminal deaths are reported daily. In a number of departments, people report continuing abuses by section chiefs and the existence of bands composed of former "attachés" or FRAPH members. So far, such bands have sought to intimidate members of local popular organizations rather than engage in actual violence. They are particularly active in the Artibonite region. In some areas, the people are so concerned that they appear ready to welcome the return of the former section chiefs. Land conflicts, many of which are long-standing, are also giving rise to violence, now that they are no longer suppressed as a result of FADH's support for one party to the dispute.

18. There is no evidence so far that these criminal acts are politically motivated. However, they are often committed by gangs armed with high-calibre firearms, including automatic weapons, which indicates a probable link to former paramilitary networks. Whatever their motive, these acts of violence do affect security and will have a destabilizing effect if they are not brought under control.

19. Until the incident on 12 January 1995, when two members of the United States Special Forces were attacked at a roadblock in Gonaives and one of them and one of their aggressors were killed, there had been virtually no incident against international personnel since 24 September 1994, the date of the confrontation between the multinational force and FADH in Cap Haitien.
C. Threats to future stability

20. The relative security currently enjoyed by the Haitian people remains very fragile. The political and social environment now prevailing contains many factors that could lead to future instability:

(a) The disaffection of former FADH members, especially those who have been demobilized, the probable continued existence of paramilitary networks and the availability of arms;

(b) Rising frustration at the inability of the justice system to address past human rights violations and current criminality;

(c) The delay in translating economic measures and development programmes into concrete improvements in the daily life of the impoverished majority of the population;

(d) The additional tension that may be generated by the forthcoming elections.

21. Each of the above factors is discussed below. They must be taken seriously, but they should not make people forget that President Aristide returned to a devastated country only 3 months ago and that his Government has been in place for less than 10 weeks. Much has been achieved during this time, yet the impatience of a population that suffered so much, for so long, is understandable. The future stability of the country requires that the international community live up decisively to its commitment to help the Government of Haiti to achieve its aim of rebuilding the nation.

D. Military and paramilitary forces

22. With few exceptions, FADH is regarded by the Haitian people as their former oppressors. It is seen as corrupt and, in many instances, as harbouring murderers. The decision to reduce the size of the army is, therefore, widely supported by the population. Indeed, there has been a growing number of open calls for the complete disbanding of FADH.

23. In what remains of FADH, confusion over the Government’s plans, particularly over compensation and re-employment of demobilized officers and soldiers who have not been chosen for the Interim Public Security Force (IPSF) and will not be retained in the new army, has created a deep malaise. The incidents that took place on 26 December 1994 at FADH headquarters testify both to the anger of the dismissed FADH members and to the hostility of ordinary Haitians towards them.

24. Steps are being taken towards resettling the demobilized personnel, who have been told that they will be offered jobs in the ministries of agriculture, public works and health. They have also been encouraged to enter the retraining programme of the International Organization for Migration that has just started. In addition, they will receive the severance payments legally due to them. However, a clear resettlement plan has yet to be developed.
25. Paramilitary networks are no longer visible. But Haitians are quick to point out that they have not been effectively disarmed or dismantled. They also point out that, despite the sudden conversion of Mr. Emmanuel Constant to democratic values and his enthusiastic support for national reconciliation, it is hard to believe that his organization, FRAPH, has really undergone a metamorphosis into a legitimate political party. Haitians quote past experience to show that the departure of some leaders of the paramilitary networks into exile or their disappearance from public view is no guarantee that these feared organizations will not re-emerge in the future.

26. Nor have old practices associated with the paramilitary networks ceased completely. Some section chiefs and their auxiliaries still try to earn their living through intimidation and extortion. Hard evidence exists only in a limited number of cases. Yet, rumours, unsubstantiated but persistent, maintain that the practice is common.

27. These rumours, denied by the multinational force, speak even of prominent coup and Duvalierist leaders secretly returning from exile to attend meetings in the middle of Port-au-Prince. Experienced Haitian observers believe that these groups were totally dependent on the protection and leadership of the army. They think it very doubtful that, with that now gone, the section chiefs, the "attachés" and the like could develop any major coordinated operation.

28. It is, however, a political reality that large numbers of Haitians feel insecure. They remember that the paramilitary networks were very well armed and, although no one knows exactly how many weapons are still in the hands of former "attachés", FRAPH members, etc., the common belief is that many arms remain hidden. During a survey in the countryside, United Nations civilian police were told that large weapons caches were buried in the mountains but these allegations have not been substantiated.

29. The multinational force has acted on all information it has received. Very often, no arms were discovered. It is nevertheless the policy of the multinational force to follow all the leads that are offered. I hope that the continuation of the disarmament programme will not only lead to the recuperation of more weapons but, more importantly, reassure the population that the hated paramilitary networks will never exercise their rule of terror again.

E. Lack of justice and possible retribution

30. Reform of the judicial system stands high on the Government's priority list. Judicial officials are inadequate in number and quality and their lack of supporting infrastructure is long-standing. In a few places, nevertheless, judicial officials of some competence command a degree of public confidence. But in many more areas, the situation is confused and the system is not functioning. Little progress has been made so far in confirming or replacing "commissaires du gouvernement", some of whom have records of close involvement with human rights violations under the de facto regime.

31. Growing frustration is being expressed at the inability or unwillingness of the system to prosecute human rights offenders or common criminals. This could
32. According to the Constitution, judges are supposed to be chosen from lists established by local assemblies but the latter do not exist yet. Canada, France and the United States have all expressed willingness to help the Government's judicial reform programme. The Secretary-General of the Organization of American States (OAS) has also made suggestions, some of which could be implemented through MICIVIH. All these projects will take time to materialize. They will address the root-causes of the inefficiency of the Haitian judicial system, but other problems, such as the low level of salaries—often a major cause of corruption—will also need to be solved.

33. The establishment of the Commission on Justice and Truth by President Aristide, earlier this month, was well received by the human rights organizations. If this Commission can accomplish its mandate in the manner expected of it by the public at large, it will help to lessen popular frustration.

34. Besides properly functioning tribunals, decent jails are also needed where prisoners can be detained and treated in a humane way. For the time being, prisoners are kept in appalling conditions, without any medical care and with food usually provided by their families. In many detention centres no records are kept. Escapes are common. The multinational force, mainly through the initiative of the Special Forces, has upgraded the jails in some localities, but there is an urgent need for a comprehensive scheme to improve the facilities and reorganize the detention system. A delegation from the Secretariat's Centre for Human Rights in Geneva and the Crime Prevention Branch in Vienna has paid special attention to this problem. The World Food Programme (WFP) might be able to set up a programme of food for prisoners if the Haitian Government requested it.

35. The return of President Aristide and the repeated promises of aid by world leaders and international financial and development institutions have raised very high expectations of jobs, education and a better life for all. The Government could not be expected to meet these expectations less than two months after its formation. But the traditionally patient Haitian people are starting to complain about high prices and unemployment. On 16 December, a demonstration was organized on these themes by the "Ti Kommunot Légliz", a grouping of religious grass-roots organizations. Other incidents have occurred, such as a demonstration of jobless people at the Finance Ministry on 29 December that United States military personnel and international peace monitors had to disperse. In Port-au-Prince, the number of such demonstrations appears to be increasing.

36. The availability of electricity is essential to the resumption of economic activity, including assembly and light manufacturing industry. It has a significant impact not only on the mood of the population but also on its
safety, as a direct correlation has been shown to exist between blackouts and crimes. The United States military has agreed to remain in charge of fuel delivery until mid-January and has been asked to postpone for a second time the planned transfer of authority to the Haitians. Even when a successful handover can be arranged, three issues will still need to be addressed: the seasonal reduction in power production by the hydroelectric plant of Peligre; the repair of equipment not presently operational; and the management of Electricité d'Haiti.

37. The Government has produced a budget for the fiscal year 1995 and it is now expected that all preconditions (letter of intent with the International Monetary Fund, clearing of the arrears on external debt, etc.) will be fulfilled, thus allowing both bilateral and multilateral development programmes to enter the implementation stage.

38. The United Nations system is already doing its share through UNDP, the World Health Organization (WHO), the Food and Agriculture Organization of the United Nations (FAO), WFP, the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), all of which are represented in Haiti. I would like to take this opportunity to pay tribute to their field officers who worked throughout the past few years, helping the people of Haiti without compromising themselves or their respective organizations with the de facto regime. The same tribute is due to the non-governmental organizations (NGOs) that are also doing a good job in Haiti. The NGOs may however be fast approaching the saturation point in their implementation capacity and donor countries cannot count on them to execute a large part of their development programmes. There is ample room to increase Haiti's own absorption capacity through various schemes of assistance earmarked both in the joint United Nations-OAS appeal and in the emergency economic recovery programme under the chapter of "Governance".

39. The importance of economic development cannot be stressed strongly enough. Haiti is a country that is extremely poor by any standard, and the last crisis has caused further damage to its economic and social conditions. President Aristide himself, acutely aware of his country's realities, has often repeated that his goal, in the first stages of the new order, will merely be to lift Haiti "from misery to poverty".

G. Reconciliation and elections

40. The electoral process has started with the establishment on 8 December 1994 and the inauguration on 22 December 1994 of a Provisional Electoral Council. An electoral bill has been adopted by the Council and election dates are to be announced soon. Technical assistance for the electoral process is being provided in two phases. The preparatory phase started with the visit of a needs assessment mission from 26 October to 1 November 1994. The second phase, in which the bulk of the technical assistance will be provided, has begun with the establishment of the Provisional Electoral Council.
41. Given the present political context, tensions have to be expected before, during and after the elections. While many Haitians do not expect that legislative and local elections will cause a "high electoral fever", they do not rule out violent attempts to disrupt the process. Nor do they exclude the possibility that election time could be an opportunity for people to settle personal scores. They particularly stress the need for better security in the countryside. They believe that, provided security is visibly assured, calls by the President to take part in the elections, coupled with an effective civic education campaign, should ensure a good turnout and results that will be accepted as free and fair.

III. HAITIAN SECURITY FORCES

A. Interim Public Security Force

42. By the end of December 1994, IPSF, trained by the International Criminal Investigative Training Assistance Programme (ICITAP) under a bilateral agreement between Haiti and the United States, numbered approximately 3,000 men. The interim policemen attended a six-day training course dealing mainly with human rights issues and the Code of Conduct for Officials Law Enforcement.

43. IPSF personnel have been selected from FADH by a Haitian committee of four colonels, headed by the new Commander-in-Chief of the Armed Forces, General Bernardin Poisson. The vetting process has been questioned by some popular organizations, such as the office of "Justice et Paix" in Gonaives, which claimed that known human rights abusers had been accepted. On the other hand, it has also been criticized for not giving rejected military personnel the possibility of arguing their case. FADH officers above the rank of captain have not been included in the basic course but may be offered special training sessions in January, after going through the vetting process.

44. President Aristide has placed IPSF under the command of a three-member Commission headed by Major Dany Toussaint, which will report to the Minister of Justice. This should help to clarify how, and under what command, IPSF will function.

45. The IPSF personnel are working with the cooperation of some 800 international police monitors (IPMs), a ratio of more than one IPM for every four Haitian interim policemen. The IPMs are deployed in 10 cities besides Port-au-Prince and have visited over 120 locations. They provide the IPSF members with two hours of on-the-job training per day, on the basis of a structured training programme. However, in some areas, for instance in the north and the south-west, interim policemen have not yet been deployed.

46. The population's acceptance of IPSF varies from place to place. It is said to be improving with the help of the Ministry of Information and Coordination, which has launched a radio campaign explaining the need for a police force and the functions required of it.

47. According to the IPMs, the IPSF's overall performance is good. Its personnel report to work, go out on patrol and are gaining confidence, although
they have seldom operated without the support of IPMs. In a few instances, they have nevertheless arrested alleged criminals on their own.

48. However, the morale of many of them is low, they are not highly motivated and discipline is not always what it should be. This may be due in part to the uncertainty surrounding their future. They will be gradually replaced by the National Police Force (see below), which should reach a strength of 3,000 by January 1996. At this stage, it seems that about one third of the IPSF members (1,000) will join the new Army. The others will be allowed to apply for the National Police, but only if they satisfy the academic and other criteria, which few of them will be able to do.

49. Another demoralizing factor is the fact that arrests seldom receive the proper follow-up for lack of a functioning justice system and decent prisons. If they cannot be presented before a judge within 48 hours, alleged criminals are released, free to avenge themselves and to pursue their criminal activities.

50. In addition to being poorly trained, sometimes unwelcome and demoralized, IPSF lacks essential equipment, particularly communications and vehicles. Here again, I urge Governments and development agencies to speed up execution of the required aid programmes to provide at least the bare minimum of equipment necessary.

B. Guantanamo trainees

51. Some 900 Haitians trained by the United States authorities in Guantanamo had arrived in Haiti by the end of December. These young men and women have received two to three weeks' training as police auxiliaries. They have not been given weapons or trained to use them. First reports indicate that they are eager to carry out their responsibilities and are well accepted by the population. It is too soon, however, to assess their performance and cooperation with IPSF. Both their integration in the chain of command and their status are still to be determined.

C. Policemen trained in Canada

52. About 100 Haitian expatriates have been trained for three months in Canada and are expected in Haiti shortly. Although lacking experience on the ground, they will be the first group to have attended a normal training course. It is not clear yet what their function will be nor how they will be integrated into the future National Police.

D. National Police

53. The law on the creation of the Haitian civilian police was adopted by Parliament on 30 November 1994 and promulgated by President Aristide on 23 December 1994. Candidates for the National Police are being registered and selected. Even though the selection criteria include a minimum education level
of tenth grade for the Police School and the "baccalauréat" for the Police Academy, applicants are expected to number tens of thousands.

54. The first four-month course in the Academy is scheduled to begin on 30 January 1995. Each month, some 375 applicants will start their training by ICITAP, which has recruited United States, Canadian, French and Norwegian instructors. The first graduates are expected to be deployed on the ground at the beginning of June 1995.

E. Armed Forces

55. On 6 January 1995, President Aristide signed a decree authorizing the creation of a Committee to Restructure the Armed Forces of Haiti. Headed by the Minister of Defence, General Wilthan Lhérisson, it will comprise several members of the current High Command, including Brigadier-General Poisson. It will establish rules for the creation of a new army of 1,500 soldiers. Plans for this restructuring have not yet been finalized, though it appears that the new Army will consist of three highly professional battalions. Training will be required as soon as possible.

IV. UNITED NATIONS MISSION IN HAITI

56. UNMIH will consist of civilian, military and civilian police components under the control of my Special Representative, Mr. Lakhdar Brahimi. It will work closely with the joint United Nations OAS Civilian Mission (MICIVIH), whose Director reports to my Special Representative, as well as to the Secretary-General of OAS.

A. Mandate

57. Security Council resolution 940 (1994) provides that the mandate of UNMIH is to assist the democratic Government of Haiti in fulfilling its responsibilities in connection with:

(a) Sustaining the secure and stable environment established during the multinational phase and protecting international personnel and key installations;

(b) The professionalization of the Haitian Armed Forces and the creation of a separate police force;

(c) Establishing an environment conducive to the organization of free and fair legislative elections to be called by those authorities and when requested by them, monitored by the United Nations in cooperation with OAS.

58. The conditions that will prevail in Haiti when the time comes for UNMIH to take over from the multinational force will not be the same as those which were foreseen when resolutions 867 (1993) and 940 (1994) were adopted. It may...
therefore be necessary for UNMIH's mandate to be adapted to the realities on the ground.

59. For example, it had been assumed that the top leaders of the Haitian army would have departed but it was not foreseen that FADH would collapse in a matter of days, thus leaving the country without any security force. In these circumstances, the creation of a Haitian police capacity could not wait until the second phase when UNMIH was to train the new police force. The multinational force understandably went ahead and began training IPSF, as a stop-gap measure. At the same time the United States, through a bilateral agreement with the Government of Haiti, created the Police Academy which, as indicated earlier, will start training the new National Police Force by the end of the current month.

60. It nevertheless remains valid for UNMIH to undertake the tasks originally entrusted to it by Security Council resolutions 867 (1993) and 940 (1994), but their implementation will have to take into account both what has happened and the Government's new objectives.

61. As regards the Army, resolution 867 (1993) provided that UNMIH would, in addition to providing a training programme for FADH, deploy a military construction unit to work with the Haitian military on construction projects relevant to its modernization and of benefit to the civilian population (e.g. road building, well drilling, etc.). As mentioned in paragraphs 13 and 15 of my report of 25 August 1993 (S/26352), these projects have been designed, in consultation with the Government, to give military personnel on-the-job training in relevant construction and engineering skills, including non-combat skills in areas relating to disaster preparedness and relief. Construction materials and other expenditures relevant to the Mission's mandate not normally financed from assessed contributions in peace-keeping missions will have to be funded separately through a trust fund, the establishment of which has been authorized by paragraph 10 of resolution 867 (1993).

62. The task of UNMIH in the police sector will likewise be adapted to the new realities. But the Civilian Police component of UNMIH (CIVPOL) will still assist in the establishment and organization of a national police force separate from the Armed Forces. It will accordingly monitor and provide guidance and training to all levels of the IPSF and later the National Police. Its presence throughout Haiti and the example set by its personnel will have a favourable impact on the manner in which police work is, and will be, carried out in Haiti. The close contacts CIVPOL members of the advance team have developed with the IPMs will enhance their capabilities by giving them the benefit of their colleagues' experience during the multinational force phase.

63. By helping to sustain a secure and stable environment, UNMIH will facilitate the Government's conduct of free and fair parliamentary and presidential elections, culminating in the peaceful transition to a newly elected Government in February 1996.
B. Rules of engagement

64. UNMIH's rules of engagement will be defined in accordance with its mandate under resolution 940 (1994). In accordance with normal practice, they will authorize the use of force in exercise of the right of self-defence, including opposing forcible attempts to impede the discharge of the Mission's mandate. The concept of "assistance" to the Government of Haiti in sustaining the secure and stable environment established during the multinational force phase may include the use of force, if no other means are adequate or available for the above purpose. The level of such assistance will be determined on the ground in the light of prevailing conditions by my Special Representative, in consultation with the Commander of the military component of UNMIH and in close cooperation with President Aristide and his Government.

65. As stated in paragraph 9 of my report of 15 July 1994 (S/1994/828), the assistance to the Government of Haiti by the military component of UNMIH in sustaining public order would not extend to law and order duties such as the arrest, detention and prosecution of individuals. The only exception would be the detention of individuals who attacked members of the force or otherwise endangered the Mission's mandate, but detention would be limited to a brief period until the individuals concerned could be handed over to an appropriate Haitian authority.

C. Structure of the military component

66. The military component of 6,000 personnel will consist of five infantry battalions including Special Forces elements and a number of support units, including a military police battalion, an engineer unit, logistic elements and some smaller support elements such as movement control, military public information, coastal ferry and communications. These will be deployed at 10 locations in 5 sectors throughout the country, with particular attention to Port-au-Prince and Cap Haitien. The military component will also include a quick reaction force, based on infantry and helicopter assets and stationed in Port-au-Prince. The quick reaction force will react to any incident, anywhere in the country, which cannot be dealt with in a timely manner by the sector commander concerned. The Special Forces elements will be used for a period of time to assist the transition from the multinational force to UNMIH and during the elections.

D. Deployment

67. The units will be deployed in such a manner as:

(a) To be conducive to the protection of international personnel and key installations;

(b) To facilitate resupply, command and control and force protection;
(c) To be logistically supportable;
(d) To support the maintenance of the quick reaction force.

Five sectors will be drawn along administrative boundaries to facilitate coordination with the Haitian authorities. Each sector will have one infantry battalion.

68. The Civilian Police component will similarly have a structure of five divisions, each division being co-located with an infantry battalion. This will enhance coordination and cooperation between these two components of UNMIH.

E. Concept of operations

69. UNMIH will establish its headquarters in Port-au-Prince and subheadquarters in the five sectors. With the dispersal of UNMIH military and police personnel throughout the territory of Haiti, logistical requirements will be considerable and will include a minimum of 15 helicopters, 1,400 overland vehicles including 80 armoured personnel carriers (APCs) and 6 Zodiac-type watercraft, as well as a 24-hour communication system.

70. The expanded UNMIH will need to have freedom of movement and communication and to enjoy other rights that would be necessary for the performance of its tasks in Haiti. UNMIH and its personnel will also have to be granted all relevant privileges and immunities provided for by the Convention on the Privileges and Immunities of the United Nations. A status-of-mission agreement will soon be discussed with the Government of Haiti to facilitate the early dispatch of the Mission.

F. Preparations for the transition

71. Security Council resolution 964 (1994) authorized the progressive strengthening of the advance team of UNMIH up to 500 personnel in order to further facilitate planning of UNMIH, identification of conditions required for the transition from multinational force to UNMIH and preparation for the actual transition, as well as to make good offices available for the achievement of the purposes approved by the Council in resolution 940 (1994). The strength of the advance team has accordingly been increased from 51 personnel as of 21 November 1994 (see S/1994/1322, para. 9) up to 110, consisting of 18 military observers, 40 civilian police personnel, 15 military planners and 37 administrative staff.

72. On the instructions of my Special Representative, the military observers and civilian police have been deployed throughout Haiti during the past month for on-site planning for the transition and to assess the security situation. The administrative and logistic personnel have concluded the operational and logistical plans for the Mission’s deployment.

73. In accordance with the usual practice, consultations with Governments have continued at Headquarters to secure the necessary military and civilian police
personnel. The Government of Haiti is kept fully informed of these consultations. My recommendations in this regard will be submitted to the Security Council in due course. But I am glad to be able to report at this stage that, of 80 Governments invited to contribute military and/or police personnel, 27 have offered a total of 7,582 military personnel (staff officers, military observers and formed units) and 18 have offered 1,056 civilian police personnel.

74. There have also been intense discussions, at Headquarters and in Washington, with multinational force officials on problems that need to be solved before the transition from the multinational force to UNMIH.

75. Major-General Joseph Kinzer of the United States of America has been appointed as Commander of the military component of UNMIH. Before making the appointment, I had informed President Aristide of my intention and the President had indicated his concurrence.

**G. Transition timetable**

76. Multinational force personnel and units due to be transferred to UNMIH (approximately two thirds of the military and one third of the civilian police component of UNMIH) will pass under UNMIH command two weeks prior to the date of handover. The multinational force will not complete its withdrawal until UNMIH has adequate force capability and structure to assume the full-range of its responsibilities. It is expected that the transition can be completed on or about 31 March 1995.

77. To facilitate the transition, UNMIH will establish its headquarters by the end of February 1995. This will be done in accordance with Security Council resolution 964 (1994), which authorized the progressive strengthening of the advance team up to 500 personnel. Contingents' advance teams will begin deploying in the first week of March and the contingents themselves by mid-March 1995. The civilian police component's transition will be conducted in a similar fashion with a gradual deployment starting in early March 1995. The structure of UNMIH's military component will be very similar to that of the multinational force at the time of transition. UNMIH will also be provided with resources as close as possible to those of the multinational force. Units that are not sufficiently equipped or trained will be deployed at a later stage, as soon as they become fully operational. The fact that so much of UNMIH'S strength will already be in Haiti with the multinational force will allow for continuity of operations and facilitate the transition.

**V. OBSERVATIONS AND RECOMMENDATIONS**

78. As indicated above, the security situation has improved considerably since the peaceful deployment of the multinational force, the end of the de facto regime and the return of President Jean-Bertrand Aristide. Indeed, Haiti has not enjoyed this level of security for a very long time: people can move freely throughout the country; the constitutional Government exercises its authority...
over the whole country; and the Provisional Electoral Council is making preparations for legislative and local elections.

79. No serious danger to the existence of the Government can be identified. If anonymous threats are received by some members of President Aristide's administration, through the mail or by telephone, this calls for vigilance, not for excessive concern. International personnel, be they United Nations, multinational force or NGOs, travel everywhere, even to the most remote parts of the country, and carry out their missions in reasonably good conditions.

80. The FADH of the recent past exist no more as an organized force. Although Haitians, after bitter experience, are suspicious that the exiled officers, the dismissed soldiers and the feared networks of "attachés" may reorganize and try a comeback at a later stage, the means for them to do so are limited.

81. There is, however, no room for complacency. The unfortunate incident that occurred on 12 January 1995, in which a member of the multinational force and his Haitian attacker lost their lives, was a reminder that everyone needs to be alert at all times, and that utmost care must be the order of the day.

82. There are still all too many crimes: murders, armed robberies, beatings, rapes. Haitians are justifiably concerned that perpetrators are seldom caught and that, when they are, they all too often manage to regain their freedom without proper investigation and due process. That these crimes are not politically motivated is positive. But they are a breach of security and they do negatively affect the social atmosphere in the country.

83. In the remaining weeks before the handover to UNMIH, the multinational force will, I am sure, continue to work actively with the Government of Haiti to improve the security situation. It will continue the disarmament programme even more energetically than before; and will help the Haitian security forces to investigate every unlawful act and, hopefully, arrest some of the thugs who, acting individually or in groups, are responsible for many of the crimes in Port-au-Prince and elsewhere.

84. It is also of the greatest importance that steps be taken urgently to provide IPSF with the equipment it so conspicuously lacks. In reality, it has no equipment at all at present - no vehicles, no radio-communication system, almost no telephones. I understand that a number of countries, including Canada, France, Germany, Japan and the United States, as well as the European Union, have expressed willingness to help the Haitian police with various types of equipment. I strongly urge them, as well as other countries and institutions that can help, to provide the needed support as soon as possible.

85. It is nevertheless clear that, even with these actions by the multinational force and interested Governments, an effective Haitian police force will not yet exist by the time UNMIH takes over. IPSF is untested and lacks, besides basic equipment, the experience and self-confidence that are indispensable to any police force - especially in so delicate a stage as the one Haiti is going through at this time. An added complication will be the sensitive issue of integrating 3,000 former FADH soldiers who will have received one week's training locally, 900 young people who have had a three-week training programme
in Guantanamo and 100 graduates from a three-month course in Canada. Only in June 1995 will members of the National Police begin to appear on the streets after graduating from the Police Academy at the expected rate of 375 police officers each month.

86. In these circumstances, the task of the civilian police in UNMIH will be quantitatively greater and qualitatively more demanding than has been the case in previous peace-keeping operations in which United Nations civilian police have been deployed. For this reason they will carry personal weapons. Their core mandate will be to train, guide and monitor the fledgling Haitian police force as it assumes its functions and learns to deal effectively with the threats to security and stability described above. But in the early stages UNMIH, like the multinational force at present, may itself have to take coercive action from time to time, in the closest consultation with the Government of Haiti and in accordance with the rules of engagement described in paragraphs 64 and 65 above.

87. I am confident that UNMIH can accomplish this mission if it is given the resources it needs. In this connection, it was originally thought that 567 civilian police officers would be the minimum strength required to carry out UNMIH's mandate in this field. Given that the present stage of development of security forces in Haiti is what it is, that it is now necessary to deploy CIVPOL throughout the country and that the multinational force considers that its 800 IPMs were not enough, I recommend that the police component of UNMIH be increased to 900 civilian police officers.

88. Some of the CIVPOL personnel who will serve in UNMIH are already in-country as IPMs with the multinational force. Their experience and their familiarity with Haiti, its people and its culture will be invaluable. It is also an asset that nearly two thirds of the military component of UNMIH will also roll over from the multinational force and will also, therefore, be familiar with the country.

89. Last but not least, generous commitments have been made to help Haiti out of its very serious economic difficulties. I call on all those - Governments, international development agencies, regional organizations, NGOs, as well as members of the United Nations system who are engaged in Haiti - to work together and to coordinate their efforts for the implementation of the emergency economic recovery programme. I have instructed my Special Representative to give special attention to this aspect of his mission and to help in every way possible the institution of harmonious and efficient cooperation between the Government and people of Haiti on the one hand and the various representatives of the international community on the other.

90. UNMIH's present mandate expires on 31 January 1995. I recommend that the Council authorize its extension for a period of six months, to 31 July 1995. Based on my consultations with potential contributors of military and civilian police personnel (see para. 73 above) and with the United States as the leader of the multinational force, I expect that UNMIH will be able to take over on or around 31 March 1995. This means that part of the forthcoming election campaign will take place during the multinational force phase, while the rest of the campaign and the actual election will take place after the handover to UNMIH.
Discussions will continue throughout the coming weeks to make sure that the handover does not affect, during the critical election period, the effectiveness of the support the international community has undertaken to give Haiti and its people.

91. I am confident, and so are all the people involved with the planning of the Mission, that UNMIH will be able to fulfill its mandate satisfactorily and give all necessary assistance to the Government of Haiti to sustain a secure and stable environment. To do so, however, it will need both the continued commitment of all those who provide its human and material resources and the continued cooperation of the people of Haiti.

92. Contributing Governments are fully aware of the tasks expected of the soldiers and police officers they will contribute, as well as the Mission’s time-frame. I am sure they will stay the course and I am grateful to them for their cooperation and support.

93. As for Haiti, everything suggests the overwhelming majority of its people are determined to defend their newly recovered freedom and that they will oppose with determination any attempt to bring them back to the hated past of intimidation, exploitation and humiliation. The Haitian people do not need reminding that the goodwill of the international community towards their country is no substitute for their own efforts to build their future, stand up for their rights and protect their dignity.
ALLOCATION PRÉSENTÉE PAR MME MARIE-MICHELÈ REY, MINISTRE DE L'ECONOMIE ET DES FINANCES RÉUNION ANNUELLE DU GROUPE CONSULTATIF SUR HAITI 30 JANVIER 1995

MERCI MONSIEUR LE PRÉSIDENT,

MONSIEUR LE PRÉSIDENT,
MONSIEUR LE PREMIER MINISTRE,
MESDAMES ET MESSIEURS LES DÉLÉGUÉS,
CHERS COLLEGUES ET INVITES

LA RESTAURATION AU POUVOIR DU PRESIDENT ARISTIDE ET LE RETABLISSEMENT DU PROCESSUS DEMOCRATIQUE ONT PERMIS AU GOUVERNEMENT ET AU PEUPLE HAITIEN DE PRENDRE UN NOUVAU DEPART POUR LE DEVELOPPEMENT DE NOTRE PAYS AVEC L'APPUI DE LA COMMUNAUTE INTERNATIONALE. LE BILAN DES CENT PREMIERS JOURS DEPUIS LE RETOUR A L'ORDRE CONSTITUTIONNEL QU'A DRESSE CE MATIN, AVANT MOI, LE PREMIER MINISTRE, TEMOIGNE DE NOTRE DETERMINATION A PRENDRE TOUTES LES MESURES QUI S'IMPOSENT EN VUE DE
L'ÉTABLISSEMENT D'UN CADRE MACROÉCONOMIQUE ADEQUAT DONT LE PROGRAMME D'URGENCE ET DE RECUPERATION ÉCONOMIQUE CONSTITUE UN ÉLÉMENT IMPORTANT.

MON INTERVENTION CE MATIN VISE TOUT D'ABORD À REAFFIRMER LA VOLONTE DU GOUVERNEMENT À RESPECTER LES ENGAGEMENTS SOUSCRITS SUR LE PLAN ÉCONOMIQUE LORS DE LA DERNIÈRE RÉUNION À PARIS EN AOUT 1994. DEPUIS, CES ENGAGEMENTS ONT ÉTÉ PRÉCISÉS NOTAMMENT DANS LA LETTRE DE POLITIQUE DE DEVELOPPEMENT ADRESSEÉE À LA BANQUE MONDIALE ET À LA BANQUE INTERAMÉRICaine DE DEVELOPPEMENT EN NOVEMBRE DERNIÈRE ET DANS NOTRE LETTRE D'INTENTION ACHEMINEÉE CE MOIS DE JANVIER AU DIRECTEUR GÉNÉRAL DU FONDS MONÉTAIRE INTERNATIONAL POUR LA SIGNATURE TRES PROCHAINEMENT D'UN ACCORD DE CONFIRMATION. JE SOUHAITE ÉGALEMENT VOUS EXPOSER BRIEvement LES MESURES QUE NOUS AVONS PRISES ET LES REFORMES QUE LE GOUVERNEMENT METTRA EN APPLICATION DURANT LES SIX (6) PROCHAINS MOIS ET VOUS INVITER À APPUYER NOS EFFORTS.

FINANCIERES ONT PERMIS À HAÏTI D'ACQUITTER SA DETTE ENVERS LES INSTITUTIONS MULTILATÉRALES.

LE PROGRAMME DE REFORMES ENVISAGE VISE À CRÉER UN ENVIRONNEMENT ÉCONOMIQUE PROPICE AU DÉVELOPPEMENT HARMONIEUX DE L'ÉCONOMIE ET À L'ÉPANOUISSEMENT DE LA DÉMOCRATIE. CE PROGRAMME S'APPUIE SUR UN ENSEMBLE DE MESURES DE POLITIQUE QUI DEVRAIENT PERMETTRE À TERME D'ASSURER UNE CROISSANCE DURABLE ET LE RETRECISSEMENT DES INÉGALITÉS PAR UNE RÉDUCTION DES DÉSEQUILIBRES FINANCIERS, L'ÉLIMINATION DES DISTORSIONS ET L'AUGMENTATION DU NIVEAU DE L'EMPLOI.


SUR LE PLAN DE LA REFORME FISCALE, LES PREMIÈRES RÉALISATIONS SONT ÉGALEMENT PROBANTES. AU PREMIER TRIMESTRE, L'EFFORT FISCAL ET LE RECOUVREMENT DE CREATANCES ONT PERMIS D'ATTEINDRE DES RECETTES MENSUELLES DE PLUS DE 116 MILLIONS DE GOURDES. CES RÉSULTATS ONT
PERMIS AU GOUVERNEMENT NON SEULEMENT DE FINANCER LES DEPENSES COURANTES DE L'ETAT, MAIS AUSSI D'HONORER DES ARRIERES DE PAIEMENTS HERITES DES EXERCICES PRECEDENTS NOTAMMENT AU TITRE DES SALAIRES ET ET DE FINANCER QUELQUES TRAVAUX A HAUTE INTENSITE DE MAIN D'OEUVRE A LA FIN DU PREMIER TRIMESTRE DE L'EXERCICE. PAR AILLEURS, L'USAGE ABUSIF ET ILLEGAL DES COMPTES COURANTS QUI COMPLIQUAIENT LE CONTROLE EFFECTIF DES DEPENSES DE L'ETAT A ETE SUPPRIME ET DESORMAIS CELLES-CI SONT EFFECTUEES SELON LES NORMES ET PROCEDURES ETABLIES PAR LA LEGISLATION BUDGETAIRE.

PREAVIS ET LICENCES D'IMPORTATION QU'AVAIT MENTIONNEES LE PREMIER MINISTRE. ELLES PREVOIENT EGALEMENT LA REVISION PROGRESSIVE DU TARIF DOUANIER DANS LE SENS DE LA SIMPLIFICATION ET DE LA REDUCTION A DES TARIFS OSCILLANT ANTRE 0 ET 15% EN FIN D'EXERCICE AVEC POUR OBJECTIF ULTIME UNE TARIFICATION NULLE. ENFIN, IL S'AGIT AUSSI DE REVISER LE TARIF POUR PERMETTRE UN TRAITEMENT AUTOMATIQUE DES DONNEES DU COMMERCE EXTERIEUR PAR LE BLAIS DE LA MISE EN OEUVRE DU SYSTEME SYDONIA.

LA DEFICIENCIE INSTITUTIONNELLE DE LA DIRECTION GENERALE DES IMPOTS (DGI), ET L'EXIGUITE DE L'ASSIETTE FISCALE SONT LES PRINCIPALES CAUSES DU DESEQUILIBRE DES FINANCES PUBLIQUES. POUR EN AMELIORER LA PERFORMANCE, LE GOUVERNEMENT DOIT AGIR SIMULTANEMENT SUR CHACUN DE CES FACTEURS. AUSSI DANS SA POLITIQUE FISCALE LE GOUVERNEMENT PREVOIT NOTAMMENT:

- UN PROGRAMME DE COLLECTE SUBSTANTIELLE D'ARRIERES D'IMPOTS;
- LA MOBILISATION IMMEDIATE DE RESSOURCES ADDITIONNELLES PAR LE BLAIS DES REFORMES FISCALES SUSMENTIONNEES;
- DES MESURES ADMINISTRATIVES PERMETTANT DANS LES PROCHAINS MOIS LE RENFORCEMENT DE LA CAPACITE DE COLLECTE DES ADMINISTRATIONS FISCALES ET DOUANIERES. A CETTE FIN, SONT CREEES:
  - UNE UNITE DES "GRANDS CONTRIBUTABLES" QUI VEILLERA AU RESPECT DES OBLIGATIONS DES 200 PLUS GRANDS CONTRIBUTABLES;
  - UN SYSTEME AUTOMATISE DE GESTION ET DE CONTROLE, AFIN D'ASSURER LA FLUIDITE ET LA DISPONIBILITE DE L'INFORMATION;
  - DES COMMISSIONS D'APPUI ET DE MISE EN APPLICATION DES REFORMES FISCALES ET DOUANIERES AU MINISTERE DE L'ECONOMIE ET DES FINANCES.


SUR LE PLAN DE LA COOPERATION, AU COURS DE SES 100 PREMIERS JOURS LE GOUVERNEMENT A MENE DE MULTIPLES NEGOCIATIONS AVEC LES
BAILLEURS DE FONDS D'HAITI. CES NEGOCIATIONS SE SONT SOLDEES PAR:
DES APPUIS FINANCIERS CONCRETS NOTAMMENT AU TITRE D'UN ACCORD
DE DON AVEC LA USAID POUR UN MONTANT DE 45MM$, AU TITRE D'UN
ACCORD DE CREDIT DE 40MM$ AVEC LA BANQUE MONDIALE, ET AUSSI AU
TITRE D'UN CONTRAT DE PRET AVEC LA BANQUE INTERAMERICAINE DE
DEVELOPPEMENT POUR UN MONTANT DE US$70 MM ET UN DON DE $4MM.

EN CE QUI A TRAIT AUX ENTREPRISES D'ETAT, LES DEFICITS REPETES DE
CELLES-CI, LEUR IMPACT SUR LES FINANCES PUBLIQUES, LEUR INCAPACITE
A FOURNIR LES SERVICES A LA COLLECTIVITE ET LES COUTS QU'ELLES
IMPOSENT A LA SOCIETE NOUS CONTRAINSENT A QUESTIONNER LEUR
MAINTIEN DANS LE PORTEFEUILLE DE L'ETAT. LE DESENGAGEMENT DE
L'ETAT DEVRAIT REALISER L'EQUILIBRE ENTRE L'EFFICACITE ECONOMIQUE
ET EQUITE SOCIALE; ET CET EQUILIBRE AMENE A PARLER DE LA
DEMOCRATISATION DU DROIT DE PROPRIETE DES ENTREPRISES PUBLIQUES.
DANS CETTE OPTIQUE, LA SOCIETE FINANCIERE INTERNATIONALE (SFI) A ETTE
ENGAGEE POUR EFFECTUER UNE EVALUATION DE CES ENTREPRISES ET
PRODUIRE DES RECOMMANDATIONS QUANT AUX MODALITES PRATIQUES DE
REFORME. LA PREMIERE MISSION EST DEJA A PIED D'OEUVRER AU NIVEAU DE
L'AUTORITE PORTUAIRE NATIONALE. AU COURS DE CETTE ANNEE FISCALE
LA REOUVERTURE DU CIMENT D'HAITI, S.A.M ET DE LA MINOTERIE D'HAITI
SE FERA DANS LE CADRE DE NEGOCIATIONS A PROMOUVOIR ENTRE LES
SECTEURS PRIVE ET PUBLIC. LES AUTRES ENTREPRISES PUBLIQUES, A
L'EXCEPTION DE L'EDH, N'ACCUSERONT PAS DE DEFICIT D'OPERATION ET NE
BENEFICIERONT D'AUCUN SUPPORT FINANCIER DU SECTEUR PUBLIC. A CE
TITRE, SONT PREVUES DES REDUCTIONS DE LA MASSE SALARIALE, UNE
POLITIQUE DE PRIX FLEXIBLE ET UNE AUGMENTATION DES RECETTES. D'UN
AUTRE COTE, LE PARLEMENT DEVRA SE PRONONCER SUR LA LOI RELATIVE À LA DÉMOCRATISATION DE LA PROPRIÉTÉ DES ENTREPRISES D'ETAT.

ALORS QUE LE GOUVERNEMENT CONCENTRE TOUTE SON ACTION DANS UN PROGRAMME DE REFORME ÉCONOMIQUE SUSCITANT LA CROISSANCE ET CREALT LES CONDITIONS FAVORABLES À L'ÉPANOUSISSISMENT D'UN SECTEUR PRIVE ACTIF, TOUS SES EFFORTS PEUVENT SE REVELER VAINS SI LA PERFORMANCE DU SECTEUR ENERGIE N'EST PAS IMMEDIATEMENT AMÉLIORÉE. A CET ÉGARD, NOUS VOUS DEMANDONS VOTRE ENGAGEMENT POUR QUE L'EDH PUISSE ATTEINDRE ET MAINTENIR UNE CAPACITÉ DE GÉNÉRATION NÉCESSAIRE À LA REPRISE DES ACTIVITÉS ÉCONOMIQUES ET UNE ASSISTANCE TECHNIQUE POUR UNE MEILLEURE GESTION.

LE GOUVERNEMENT SE PENCHE ÉGALEMENT DE MANIÈRE PARTICULIÈRE SUR LA RÉSOLUTION DE DEUX PROBLÈMES QUI LUI TIENNENT À COEUR: LES LOGEMENTS SOCIAUX ET LA RÉINSERTION ÉCONOMIQUE DES RAPATRITÉS. CES PROBLÈMES SONT SI GRAVES QU'ILS PEUVENT AISEMENT COMPROMETTRE LA RÉUSSITE DE NOTRE PROGRAMME ÉCONOMIQUE ET DE STABILISATION SOCIALE.

MONSIEUR LE PRÉSIDENT.
M. LE PREMIER MINISTRE,
MESDAMES ET MESSIEURS LES DELEGUES,
CHERS COLLEGUES ET INVITES

REFORMER, RESTRUCTURER, RECONSTRUIRE HAITI, LA SORTIR DU CHAOS DANS LEQUEL L'A ENTRAINE LE DRAME DES TROIS DERNIÈRES ANNEES NE
SERA PAS TACHE FACILE. IL NOUS REVIENT DONC, APRES MILLE JOURS DE CRIMES, DE TERREUR, DE RAPINES, D’IRRESPONSABILITE, DE GABEGIE ET D’IMPUNITE, DE FAIRE RENAITRE DANS NOTRE PAYS...L’ESPERANCE. CETTE ESPERANCE QUI NOUS ANIMAIT LORSQUE LA NATION AVAIT SAISI SA CHANCE ET PRIS LE POUVOIR LE 7 FEVRIER 1991. CETTE ESPERANCE D’UN PAYS OU LA PROBITE, LA TRANSPARENCE, LA COMPETENCE, LA DIGNITE, LA JUSTICE, LE PROGRES ET L’EQUIE SERAIENT LES FONDEMENTS DE L’ACTION DES POUVOIRS PUBLICS. CETTE TACHE NE PEUT S’ACCOMPLIR QU’AVEC LA VOLONTE POLITIQUE DU GOUVERNEMENT, LA DETERMINATION DU PEUPLE HAITIEN ET AUSSI AVEC VOTRE SOUTIEN TANT FINANCIER QUE TECHNIQUE. NOUS ARRIVERONS ENFIN A CONSTRUIRE UN PAYS POLITIQUEMENT STABLE, ECONOMIQUEMENT VIABLE ET OU LA MAJORITE DE LA POPULATION SORTIRA DE SA MISERE INFRA-HUMAINE POUR ACCEDER A UN SEUIL DE PAUVRETE DECENTE.
Mr. Chairman, Ladies and Gentlemen

As we meet today to discuss Haiti's needs for donor assistance to rebuild the country and address the dire necessities of its population, we can look at a number of important accomplishments since our last meeting here in Paris. Foremost among them, President Aristide was able to return to his country, and Haiti is now under constitutional rule. Also, the Government has been able to advance with its ambitious agenda presented to the donor community in August 1994. Nonetheless, there remain many challenges which we need to address if we want to overcome the current emergency and establish a suitable policy framework for growth and poverty alleviation.

In the following, let me briefly describe these challenges, present the accomplishments to-date, and discuss the future policy reform and assistance requirements.

The Challenges

The challenges facing Haiti are enormous. Over the recent years, Haiti's economic and social indicators have worsened dramatically.
per capita income has fallen well below US$250, and the country has again become the poorest nation in the western hemisphere. It suffers from macroeconomic imbalances, a dilapidated infrastructure, depleted productive assets, alarming social indicators and a severely degraded environment. To give but a few indications of Haiti’s severe economic malaise: GDP declined by about 30 percent over the last three years; inflation doubled to 52 percent; government revenues declined to less than 3.5 percent of GDP. Clearly, the population has suffered badly by any measure; to mention but a two telling social indicators: the infant mortality rate is estimated to exceed 100, and of the surviving children, an estimated 25 percent suffer from malnutrition.

To improve this difficult economic and social situation, Haiti will need political stability, good governance, a sound economic policy framework, a productive dialogue with the private sector to build investors’ confidence, and strengthening of public institutions to increase absorptive capacity. And there are other critical short-term challenges. The situation with respect to electricity supply is deteriorating by the week. The economic and political consequences if this issue is not addressed cannot be underestimated. Also, a very large number of Haitians refugees will need to be repatriated during the next fifteen months. Then there is the urgent need to demonstrate the benefits of the return to constitutional rule at the grass roots level. Institutions like the Economic and Social Fund need to be operating without further delay. Haiti’s population has already suffered greatly, and it must perceive that the proposed reforms yield tangible benefits. In this connection, generous donor assistance will remain
indispensable for some time to come if Haiti is to move forward on the path of sustainable development.

The Accomplishments

Let me pause here in my discussion of Haiti's challenges to acknowledge some of the important accomplishments achieved to-date.

First and foremost, constitutional rule has been reestablished in Haiti. Second, Haiti's arrears to the multilateral agencies were cleared on December 19. And I am proud to add that, third, within four days of arrears clearance, IDA's Emergency Economic Recovery Credit became effective and US$20 million were disbursed to Haiti. Fourth, as elaborated in the previous statements, the Government has already initiated critical economic policy reforms:

- it established a trilateral Presidential Commission which gives voice to the concerns of the private sector and the trade unions, whose representatives I would like to welcome here to this meeting;
- it presented a fiscally responsible budget to Parliament with a marked shift towards social expenditures;
- it submitted laws to increase tax revenues, reduce tariffs and facilitate civil service reform;
- it agreed on a draft Memorandum of Understanding to be presented to the Board of the IMF; and
- it entered into a contract with IFC to explore the best ways of privatizing its public enterprises as it had promised in the August '94 donor meeting.

Policy Reform Needs

These accomplishments notwithstanding, the agenda for policy reform in Haiti remains quite ambitious. To rekindle sustainable growth, the Government will first need to gain the confidence of the private sector, which should be consulted in the decision making process and be well informed about the Government's envisioned policy framework.

Second, the Government will need to implement a far-reaching economic policy reform program, including restructuring and privatization of public enterprises. It will be impossible to attract investors if phones don't work, energy is not available, and ports are costly and congested. Policy reform should further focus on resource mobilization -- strengthening tax and customs administrations and increasing the efficiency of the tax system. Also, the second phase of the tariff reform should set in soon, to reduce uncertainty among the private sector. Finally, the whole legal and regulatory framework for private sector development is in dire need of modernization.

Third, these reforms need to be complemented by institutional strengthening of the public sector. This will require both a leaner and a better equipped public service. Too many funds are spent on salaries
without providing the staff the means to work efficiently: functioning computers, copy machines and faxes are hard to come by in Haiti’s public service these days. Also, there is but a thin layer of well trained and skilled public servants, who are admirably committed and hard working but hopelessly over-stretched.

Perhaps, I should add here a note of caution, but also of promise. Even with the best of intentions, it will take time to induce the private sector to invest in Haiti. In the initial period, much of the growth will have to come from donor assisted projects. We are optimistic that the international community is ready to step in during this critical period. For our part, IDA is certainly there to help the Government: both in its policy reform effort and in supporting public investment.

Assistance Needs

As we all know, Haiti’s assistance needs are substantial. The indicative financing requirements for the proposed emergency assistance program amount to about US$586 million. This covers the areas of governance, economic assistance and humanitarian aid, excluding costs for military or civilian observers. As we will discuss Haiti’s assistance needs in more detail later, I will confine myself here to a brief overview of these components of the assistance program.

The governance component of the assistance program aims at resurrecting good governance in Haiti. Essential to this effort will be the ability of the Government to attract qualified Haitians to the public service -
- a topic which we have the opportunity to discuss in more detail on Tuesday morning.

Economic assistance will be key to bring about economic recovery and facilitate social stability. Economic assistance would comprise quick disbursing funds of US$130 million, the sector components of the Emergency Economic Recovery Program -- in short: EERP -- and resumption of 'ongoing' projects.

The EERP is to provide support to Haiti's economy over the first twelve to fifteen months and initiate the economic recovery. It includes supplies, civil works and technical assistance to create employment, restore basic services to the population and rehabilitate infrastructure. The multi-agency mission has estimated that the sector interventions would cost about US$272 million. We hope that this meeting will allow us to focus on some priority needs within the EERP for which donor coordination might be of particular importance, such as poverty, energy and environment. Here, I would like to reiterate my earlier remarks: financial and technical support to resolve Haiti's immediate problems will have a decisive impact on the developments over the course of the year and on the prospects for medium-term reform. And so will the speed with which Government and donor efforts yield clearly visible benefits at the grass roots level to Haiti's rural and urban population.

Continued humanitarian aid would remain an essential component of the emergency assistance program. The needs for 1995 are estimated at
about US$105 million. Thereafter, humanitarian assistance should be gradually replaced by development assistance.

**Concluding Remarks**

In concluding, a major effort will be required to overcome Haiti’s governance, economic and social problems. We have heard today the resolve of Haiti’s authorities to do their part in this effort, and we strongly encourage the authorities to swiftly translate their development objectives into actions. IDA is certainly ready to assist the Government, and we are confident that the international community will join in this effort and support the proposed emergency assistance program.
Haiti has experienced a major deterioration in economic and social conditions since September 1991. By 1994, estimates suggest that real GDP may have declined by about 30 percent and inflation rose to 52 percent. Per capita income had fallen to about US$260 in 1994, making Haiti by far the poorest country in the Western Hemisphere. The overall public sector deficit narrowed slightly but this reflected the virtual absence of capital investment over the period and the deficit was financed by recourse to central bank credit and the accumulation of arrears. In the external sector, exports fell from US$200 million in 1991 to under US$60 million in 1994, and the external current account deficit (excluding grants but including interest due) reached 6.7 percent of GDP in 1993/94. As usable foreign exchange reserves were virtually exhausted, the deficit was financed largely by humanitarian aid and arrears to multilateral agencies and bilateral creditors.

Since the resolution of the political crisis, the Government has moved quickly to begin a major adjustment effort aimed at securing a sustained economic recovery. In close coordination with the donor community and the staff of the Fund, the Government has adopted an economic program for 1995 which provides the basis for its request for a 12-month stand-by arrangement to be considered by the Fund's Executive Board in early March 1995. The program is set in a medium-term framework aimed at achieving real GDP growth of around 6 percent a year in the period 1995-98, bringing down inflation
sharply, and strengthening the balance of payments. After a temporary widening of the fiscal deficit to meet immediate reconstruction needs, the strategy calls for a steady reduction in fiscal imbalances to reduce reliance on external assistance over time, privatization of most public enterprises, liberalization of the trade regime, and elimination of regulations and restrictions that impede private sector development.

The program’s macroeconomic targets for 1995 include the reduction of inflation to no more than 15 percent and an increase in net international reserves of US$45 million. Real GDP growth is expected to recover to around 4.5 percent (after a 10 percent drop last year) based on a pickup in public sector construction and a rebound in agricultural and manufacturing production. The program includes new tax measures of about 2 percentage points of GDP, the elimination of petroleum subsidies, some reduction in public sector employment, interest rate liberalization, import tariff reform, measures to improve the finances of the public enterprises, and the start of public enterprise divestment.

The fiscal element of the program provides for an overall public sector deficit (before grants) of around 9.7 percent of GDP. This is significantly larger than over the last three years but is needed for rebuilding infrastructure and rationalizing government services. Central government expenditure is programmed to increase by around 2 percentage points to around 10 percent of GDP and the expenditure composition is being strengthened. The program envisages a significant rise in spending on goods
and services for basic maintenance, which was virtually ignored during the three years of military rule, selected wage increases and allowances to rehabilitate and decentralize health and education services, and the expansion of a new national police force. This is being offset by the elimination of petroleum subsidies and a cut in military spending by more than one half. In addition, there is to be a reduction in employment of 1,100 people following the decision to lay off all "illegal" appointments made after May 11 when the new President appointed by the military took office.

Central government revenue is projected to increase by 3 percentage points to 6.3 percent of GDP as a result of an increase in petroleum taxes (which went into effect in October), the change with effect from January 1995 in the valuation of imports for customs duty purposes at the prevailing market exchange rate and a 1 percent administrative fee on all imports, including most imports that currently enjoy exemptions. Also, the Government has formulated a comprehensive program to collect about G 80 million in tax arrears (which is already beginning to show results) and to improve tax administration.

The public enterprises as a group are projected to register a current surplus of 0.9 percent of GDP, reflecting the strong financial position of the telephone company (TELECO) and measures to improve the finances of the electricity company (EDH). The finances of EDH have been weak because of poor collections, failure to adjust rates in line with the depreciation of
the gourde and an increasing wage bill. The corporation has embarked upon a program to collect arrears and reduce operating costs through labor retrenchment and electricity tariffs are to be increased by an average of 20 percent by end-March 1995.

Public sector investment is programmed to rise to 7.2 percent of GDP in 1994/95, almost entirely financed by external grants and concessionary loans under the Emergency Economic Recovery Program that has been finalized in collaboration with several multilateral and bilateral donors. Investment will focus on the rehabilitation of economic and social infrastructure and will involve labor-intensive works providing temporary jobs for an estimated 60,000 people.

The authorities' medium-term fiscal profile targets a return of the revenue ratio to 10.5 percent of GDP by 1999, primarily through a tax reform program with technical assistance from the Fund. Central government expenditures are projected to return to around 9 percent of GDP as from 1996 with the aid of a public sector reform program which will focus on significant cuts in employment. This should permit a significant reduction in reliance on foreign grants to support current operations.

The monetary program for 1995 provides for tight credit restraint. Bank credit will continue to be administered through reserve requirements which are currently at an average of 43 percent of bank liabilities. With technical assistance from the Fund, the authorities will begin work on the
development of market-based instruments that could be used to mop up liquidity and permit a reduction in reserve requirements. The authorities intend to eliminate the existing statutory ceilings on commercial banks' lending rates with effect from January 1995.

During 1995 maximum import tariffs will be lowered from 57 percent to 15 percent and the tariff regime will be simplified. Tariff rates on sensitive agricultural products will be reduced from a range of 40-50 percent to 7.5-10 percent; on automobiles, from 20 percent to 15 percent, and most other products will be at a rate of 5 percent. As noted earlier, this tariff reform will be accompanied by a change in customs valuation to the prevailing market exchange rate and a review of the extensive system of import duty exemptions. Quantitative restrictions which apply to seven commodities have been suspended pending passage of legislation for their elimination. Also, the authorities intend to eliminate the 40 percent export surrender requirement by the end of the program period.

The external current account deficit is projected to increase to about 21 percent of GDP in 1995. Imports are projected to rise sharply for restocking and investment. Exports are expected to show only a modest increase as the assembly firms that left Haiti because of the political instability and the trade embargo are not expected to return immediately.

On December 19, external payments arrears to the multilateral agencies of US$83.3 million were cleared with external grants of US$64 million and
US$19.3 million of Haiti's reserves which were held in blocked accounts at
the U.S. Federal Reserve. The Government is committed to eliminating the
remaining external arrears of US$46.5 million (mainly to bilateral
creditors) by the end of September 1995.

Concessional assistance for 1994/95 is tentatively estimated at US$524
million (27.6 percent of GDP), including the grants for the clearance of
arrears to the multilateral agencies, budgetary support, governance, and
project aid under the EERP, and concessional loans from the World Bank and
the IDB through special emergency credits and project loans. Assistance on
this scale is essential but large relative to the size of the economy. To
be effective in Haiti's reconstruction effort, donors will need to assist
the Government to ensure the timely disbursement and efficient absorption of
these commitments.

The staff of the Fund will continue to assist the Haitian authorities
in the implementation of their adjustment strategy. To support the
authorities' program of medium-term structural reform, we envisage that the
stand-by arrangement would be replaced (perhaps by September 1995) by a
three-year arrangement under the Fund's Enhanced Structural Adjustment
Facility. In addition, the Fund is to provide technical assistance in
fiscal policy and tax administration, monetary policy and bank supervision,
and in statistics. The Fund staff is working with the World Bank, the IDB,
and the UNDP to coordinate the technical assistance programs.
The Government's economic program for 1995 represents an important contribution to stabilizing the economy and beginning the process of structural reform. However, the economic problems of Haiti are enormous and protracted and require sustained implementation by the authorities of comprehensive policies over the medium term. Given Haiti's weak external and debt-servicing position, substantial and continued donor support on highly concessional terms will be essential.
Mr. Chairman,

Last August, the Haitian delegation presented to this meeting its privatization policy as an important element of its economic recovery program. The policy statement was both clear and ambitious. It stated that the control of substantial productive assets by the state had proven to be a major economic and social catastrophe, and that the consolidation of a democratic and social order compelled the Government to dispose of these assets.

Earlier this month (on January 21), the Government of Haiti signed with IFC an agreement mandating IFC to help conceive the restructuring of its public enterprises, and to carry out the divestiture program. And last December, the USAID agreed to finance the bulk of the work that will be required. Also, discussions have started with other donors to permit their participation in this major exercise.

So, I am glad to report that the implementation of the Government’s divestiture program has now started. As a first step, a review of all the enterprises slated for privatization will be carried out, so as to arrive for each of them at a recommendation for the Government’s review and decision on an optimum privatization strategy. Several teams of IFC staff and specialist consultants have already visited Haiti or will do so in the near future (two teams are in fact in the country now) to start their enterprise diagnostic review.

Although this is very early in the process, there are some characteristics of Haiti’s privatization program that I would like to review briefly.

Firstly, the program is impressive for its scope. Ultimately, all public enterprises are meant to disappear from the public books. More immediately, nine enterprises are included in the IFC mandate and cover practically all sectors of the economy: finance (with the Banque Populaire d’Haiti and the Banque Nationale de Crédit); power (with Electricité d’Haïti); telecommunications (with TELECO); transport (with the Autorité Portuaire Nationale, the port and the Autorité Aéroportuaire Nationale, the airport); construction (with Le Ciment
d'Haiti); and agribusiness (with the Minoterie d'Haiti, and the Entreprise Nationale des Oléagineux, ENAOL).

Such a massive shift intended in the control of its productive and service assets puts Haiti in the league of those countries that have chosen privatization as a primary means to transform irreversibly the landscape of their economies. Representing an organization whose mandate is to promote private sector development, I must applaud the bold decision taken and confirm that IFC intends to be an active participant in this process to ensure its success. And this is because it is the surest way to convey to the international investment community the clear signal that Haiti is now re-opened for business.

Secondly, the program will serve a purpose that goes beyond the mere transfer of ownership from public to private hands. While typically, the state-owned enterprises will be sold (or in some cases leased) to foreign strategic investors, the shares not sold to those foreign partners will be allocated to redistribute wealth among those in the Haitian population that so far have not had a chance to access it. In concept, this approach is not dissimilar from the special scheme of allocating shares developed in Eastern and Central Europe and in the former Soviet Union, with which we are all familiar and which IFC has helped implement.

The Haitian version of popular capitalism and the efforts at a more equitable distribution of wealth are still in their formation stage. But two important notions must be mentioned to help understand how the process will be carried out. The first one is that part of the shareholding not sold to a foreign partner would be reserved for special groups of the Haitian population, such as funds to help the victims of the past political turmoil. A corollary is that the privileged segment of the population will not be permitted to accumulate increased wealth under the program. The second notion is that the proceeds of the sales to the foreign strategic partners would be allocated for special purposes, such as construction of public schools, of hospitals, and the replenishment of pension funds.

To reflect the special purpose of its privatization program, the Haitian Government refers to it as a democratization of public assets which describes better the social and political dimensions of this privatization process.

The targets set by the Government are ambitious, but achievable. The early inquiries we have made with the foreign investment community indicate that the appetite for Haitian assets does exist in practically all sectors covered by the program. Of course, this will need to be tested against the business value of the assets being offered. Hence the need to start with the diagnostic review of the enterprises.

So, the Government has chosen to submit Haiti to the rigorous tests of the market. A move encouraged by all but not without risks.
Firstly, the quality of the macro-economic framework discussed at this meeting, and the credibility of its being maintained will, of course, be of paramount importance to attracting foreign investors. There is simply no way that we, at IFC, can promote Haiti to the business world without the conviction that the Haitian decision makers will continue to implement the program being discussed at this meeting. This is particularly true for Haiti, as through its democratization program, it is making renewed efforts to attract foreign investors.

Secondly, the definition of this program (and indeed the content of the IFC mandate) has inevitably been the object of the lengthy, and I suspect difficult, discussions within the Government. The debate now concluded, the credibility and the success of the democratization program will now largely depend on the ability of the Government to act swiftly and consistently through the several decision points of its implementation. This will nurture investors confidence and greatly help forge Haiti’s image as a reliable business partner.

Finally, practically all privatization sales will require some changes in the legal conditions under which the state-owned enterprises have operated so far. This will of course be true of the general legislation that will allow the privatization transactions to be executed and business to be transacted, (such as tax laws, labor legislation, bankruptcy laws, investment protection laws, arbitration legislation). But also, specific new or revised legislation will be required to regulate some of the utilities businesses once they pass into private hands.
Mr. Chairman,

Before I conclude, I would like to say a few words about the power sector. The sector is important to many aspects of Haiti’s economy and to the Haitian people. As you have mentioned, it has been the object of a lot of attention from the international lender and donor community represented here. The last three years have seen a marked deterioration in the performance of the sector, and as a result, an increasing burden on state funding to keep the installations in working order.

The Government has decided to include EdH in the list of enterprises to be privatized. From IFC’s experience in the sector and in the Western Hemisphere, such privatization should attract serious industry interest.

However, its realization will take time, first to conceive and put in place the regulatory framework required to attract serious investors, and then to negotiate the details of the transaction. In the meantime, it is essential to start some rehabilitation work at the EdH facilities to serve the needs of the population and of the business community. Ample non-utilized funding is available, but it is also important that no action or work be initiated that would jeopardize the chances of success of the privatization. Coordination like the one organized tomorrow should continue, including with IFC, to define the best option route towards ultimately a well run power utility company.

Mr. Chairman,

Five months ago, the Government of Haiti announced a major initiative to increase the role of the private sector in the running of public assets. The Government’s thinking has since been developed and refined, and the work has now started. IFC’s contribution, together with that of USAID and of others, should ensure that the momentum is kept. Much work remains to be done, but clearly, the chances of success of the program of democratization of public assets will depend greatly on the ability of the Government to keep the macro-economic discipline on track, as well as on its ability to move boldly to take decisions and permit closures.

Under these circumstances, we expect that a few transactions will close during this calendar year, and help establish a record and maintain a momentum in an important component of Haiti’s economic recovery program.

Thank you.
Discours du Ministre de la Planification et de la Coopération Externe,
Monsieur Jean-Marie Chérestal
au Groupe Consultatif

Paris 30-31 janvier 1995
Monsieur le Président
Monsieur le Premier Ministre
Monsieur l'envoyé spécial du Secrétaire Général des Nations-Unis
Messieurs les chefs de délégation
Mesdames, Messieurs,

Au cours de la session de ce matin, la délégation haitienne par la voix de son président, le Premier Ministre Smarck Michel et par celle du Ministre de l'Economie et des Finances, madame Marie-Michèle Rey, vous a déjà fait part de l'appréciation du peuple et du gouvernement haitien pour la célérité avec laquelle la Communauté Internationale s'est mobilisée pour assister Haïti dans sa lourde tâche de reconstruction nationale. Au nom du gouvernement constitutionnel de la République d'Haïti et en mon nom propre, je vous renouvelle mes remerciements pour la grande solidarité que vous ne cessez de manifester à l'égard d'Haïti.

En fait, cette solidarité internationale a contribué à modifier le cours de l'histoire chez nous: l'ordre constitutionnel a été rétabli, le Président Aristide a été restauré dans ses fonctions au service du peuple haitien, un programme d'urgence de récupération économique a été préparé en un temps record et le Gouvernement a tenu sa promesse d'initier dès les premiers jours de la restauration un train de réformes susceptibles d'améliorer l'environnement socioéconomique du pays.

Les résultats jusqu'à date, en dépit de quelques difficultés, semblent confirmer qu'à la veille du 21ème siècle, les haïtiens sont convaincus qu'en ce qui concerne Haïti, "il n'y a pas de réforme de gauche ou de droite, il n'y a que des réformes nécessaires" pour parodier un analyste célèbre. Les réformes à implanter sont donc indispensables et le Gouvernement a délibérément choisi la voie de la concertation et de la négociation.

Cependant, toutes ces réformes institutionnelles ne peuvent produire des effets positifs et durables sans des actions rapides, concrètes et efficaces destinées à soulager la grande détresse du peuple haïtien, loger les sans-abri, combattre l'ignorance, l'insalubrité et les maladies et
protéger l'environnement, car les trois ans de gestion de facto en ont pour résultat une aggravation des problèmes structurels qui aujourd'hui atteignent des proportions alarmantes.

Ceci dit, mesdames et messieurs, je ne m'attarderai ni sur l'ampleur des problèmes à résoudre (vous les connaissez déjà), ni sur le diagnostic exhaustif des secteurs (beaucoup d'entre vous ont participé à son élaboration). Néanmoins, je vous rappellerai succinctement les actions sectorielles envisagées dans le Programme d'Urgence de Reprise Economique pour apporter à court-terme une solution aux problèmes les plus cuisants.

Ainsi, mesdames, messieurs, 180 projets ont été retenus dans le programme d'urgence. 28% d'entre eux sont destinés à renforcer la capacité institutionnelle de l'État et à fournir un appui technique et financier au secteur privé. les 72% restant concernent les secteurs ayant une incidence très forte sur l'activité économique et le niveau de vie de la population dont la situation aujourd'hui se révèle dramatique: je veux parler de l'agriculture, de l'énergie, de l'éducation, de la santé, des infrastructures routières et portuaires, de l'eau et de l'assainissement, ainsi que de l'environnement.

Dans le cadre de ce programme pour résoudre les problèmes de décapitalisation du secteur agricole, de la faible capacité des agriculteurs à se procurer les intrants et les ressources financières nécessaires à la production des denrées, l'accent est mis sur la réfection et la réhabilitation des systèmes d'irrigation, l'appui à la production de semences et à la protection animale, l'assistance technique pour l'encadrement institutionnel et la constitution d'un fonds auto-renouvelable d'urgence pour le crédit aux paysans.

Pour ce qui est du secteur "énergie", la situation devient de plus en plus difficile avec les interruptions fréquentes et prolongées du courant électrique, la faible couverture du pays, sans oublier les problèmes d'ordre financier et de gestion qu'il confronte. Conscient qu'une solution durable doit être apportée aux problèmes de ce secteur, il est envisagé un ensemble d'actions à effets immédiats et surtout une série de dispositions susceptibles de résoudre définitivement le problème de l'énergie en Haïti. Une séance spéciale est prévue à cet effet.

Quant aux secteurs sociaux, ils ont été durement touchés par la crise au point qu'après...
les avancées obtenues sur le plan sanitaire et éducationnel une nette régression a été constatée. C'est pour y remédier qu'il est prévu des projets de réhabilitation des infrastructures, l'approvisionnement pour l'un, en matériel scolaire, pour l'autre en aide alimentaire et nutritionnelle aux enfants d'âge scolaire en milieu défavorisé et aux groupes vulnérables, ainsi que la formation de professionnels pour ces deux secteurs.

Le programme prévoit également des travaux de réfection et de réhabilitation des routes, la construction et la réhabilitation d'ouvrage d'art pour faire face à la détérioration, par l'absence prolongée d'entretien des infrastructure routières et portuaires.

Pour résoudre dans l'immédiat les problèmes de rareté d'eau potable, les problèmes d'insalubrité que pose l'accumulation des déchets et l'écoulement des eaux usées dans les différentes villes du pays, il est prévu au programme la mise en œuvre d'action visant la réhabilitation des systèmes d'approvisionnement en eau potable en milieu urbain et rural, la construction de fontaines publiques, le ramassage et l'entreposage conditionné des détritus ainsi que la réhabilitation des systèmes d'égouts collecteurs en milieu urbain.

De même, pour marquer la volonté du Gouvernement de freiner le processus de dégradation de l'environnement, en plus des projets sectoriels de reforestation, de contrôle, de conservation de sol, d'assainissement, le programme privilégie des actions d'ordre institutionnel, tels l'établissement d'un cadre juridique, l'assistance technique et la formation aux instances et aux groupes intervenant dans le domaine, notamment les municipalités, les juges et les groupements de base.

Monsieur le Président,

Les interventions prévues dans ces différents domaines seront exécutées en privilégiant autant que possible les techniques à haute intensité de main d'œuvre de manière à générer le maximum d'emplois afin de soulager la misère des couches les plus vulnérables.

Le Gouvernement et l'ensemble des haïtiens sont d'avis que le travail demeure le
principal moyen par lequel les citoyens exercent leurs droits démocratiques. Dans cette conjoncture particulière, la création d'emplois constitue pour le Gouvernement un levier puissant pour baisser les tensions génératrices de malaises socio-politiques.

De même, le Gouvernement cherche à promouvoir à travers ce programme l'intégration des Collectivités Territoriales, des associations Socio-professionnelles et des groupements de base dans la prise en charge des actions de développement de manière à responsabiliser les élus locaux et les membres de la Société Civile en général dans l'effort commun de reconstruction nationale.

Mesdames, messieurs, à ce stade de mon exposé, je voudrais solliciter votre compréhension et vous demander de bien vouloir considérer comme annexe au rapport de la mission conjointe, un volet spécial relatif aux logements sociaux et à la réinsertion des haitiens qui sont en train d'être rapatriés massivement. Il s'agit pour le Gouvernement d'un problème majeur dont la gravité n'avait pas été clairement établie au moment de l'élaboration du programme d'urgence. Mais, depuis quelques temps, s'observe un mouvement massif d'occupations incontrôlées des propriétés privées et publiques par des sans-abri. S'il est vrai que le gouvernement prend des dispositions nécessaires pour assurer la protection de la propriété privée dans le cadre des lois en vigueur, l'une des solutions durables à ce phénomène réside dans la construction de logements sociaux au service des démunis.

Le problème des rapatriés se pose avec la plus grande gravité et appelle à des solutions urgentes. Plus de 20.000 réfugiés ont regagné Haïti après le retour du Président Aristide. Les informations récentes établies à partir des informations officielles reçues des pays voisins font état de l'arrivée prochaine de plusieurs dizaines de milliers de nouveaux réfugiés.

Aussi, compte tenu de l'ampleur et de l'urgence de ces problèmes, la délégation haïtienne apprécierait vivement que les agences intéressées à assister le Gouvernement sur ces deux sujets prennent contact avec monsieur Lesly Voltaire, chef de cabinet privé du Président Aristide, pour explorer, au cours d'une réunion élargie les possibilités de leur coopération.
Monsieur le Président,

Mesdames, messieurs,

Je voudrais maintenant partager avec vous les mesures que le Gouvernement a commencé à appliquer pour améliorer sa capacité d'absorption et la capacité d'exécution des projets.

Ce problème constitue pour nous des préoccupations majeures, mais ce que vous ne savez peut-être pas c'est que le Gouvernement est très conscient du fait que ces aspects conditionnent dans la réalité le succès des opérations de financement que nous pouvons mener ensemble.

C'est pourquoi, il encourage par tous les moyens la participation active des organisations de la société civile, du secteur privé, des syndicats, des ONG dans l'exécution non seulement de son agenda économique mais aussi de son agenda social. La présence dans notre délégation de représentants du secteur privé à but lucratif et à but non lucratif, de la classe ouvrière n'a pas d'autres motifs que de les intégrer dans le processus global de négociation avec nos partenaires internationaux pour qu'ils puissent apporter par la suite une meilleure contribution dans notre programme de relance économique. En outre, et comme vous avez pu le noter dans le document distribué par la délégation haitienne, le Gouvernement a décidé de redéployer progressivement les services et le personnel de l'administration centrale, à la canalisation de ressources au profit de collectivités locales ainsi qu'au renforcement de leur capacités institutionnelles. A cette fin, et dans le cadre du transfert des responsabilités de gestion aux collectivités territoriales, des programmes de formation pour les élus locaux et le personnel de l'Administration Communale sont en cours d'exécution dans une quarantaine de communes.

Le nouveau budget de fonctionnement de la République prévoit des moyens de supporter la prise en charge par les collectivités locales des actions dans les secteurs éducation et santé.

Avec la création de l'Unité Centrale de Gestion du Programme d'Urgence (PURE) financé par la BID, il se confirme que le Gouvernement veut utiliser des structures légères jouissant
Thank you for this opportunity to address this Group. I wish to open my remarks with a note of appreciation for the achievements of the Government of Haiti since the return of constitutional government. Their willingness to redress the economic, social and institutional problems facing the country has been mirrored by the support which the international community has demonstrated. This support has been significant: the country’s debt arrears have been cleared, paving the way for the resumption of multilateral and bilateral programs; balance of payments support has been provided by the United States, the World Bank and the IDB; and the Government’s Letter of Intent to the IMF not only will lead to additional resources, but also sends an important message to both donors and private investors alike that Haiti is now fully committed to, and actively participating in, the recovery and restructuring effort.

While the strength of this commitment is evidenced by the IMF Letter of Intent, I would like to underscore the importance of an enabling policy environment to
encourage the participation of the private sector in the restructuring process.
Private investment is critical for sustainable development in Haiti because it
provides employment and income earning opportunities to the poorest segments of
the population. Indeed, other countries in the region have discovered that a
conducive policy environment attracts more private capital, both domestic and
foreign, than can be provided by all the donors taken together. I encourage the
government to continue pursuing policy reforms which will mobilize domestic and
foreign investment in Haiti.

Among these reforms, I would like to underscore the need to reorient the pattern
of public expenditures in order to improve the delivery of health, nutrition and
education services. To do this, operating and maintenance expenditures should be
increased, the public sector investment program reviewed, unnecessary and wasteful
expenditures eliminated and accountability returned to procurement procedures.

For its part, the IDB has been a very active partner in the recovery and
restructuring effort:

→ When this Group met in this room last August with the government in exile
to plan for the return of President Aristide, the IDB pledged to have an
emergency program approved within four months of the return of constitutional government. I am pleased to report that on January 11, 1995, less than three months after the return of President Aristide, our US$70 million Emergency Recovery project was approved along with a technical cooperation grant to support an Emergency Implementation Unit. We are ready to disburse up to US$15 million from the balance of payments component.

The IDB led a mission of sixteen bilateral and multilateral institutions to Haiti in November to prepare the Emergency Economic Recovery Report which you have before you.

As agreed in August, the IDB has taken the leadership role in the infrastructure sector.

In a narrow sense, one could say that the IDB has fulfilled the bulk of its commitment to the rehabilitation effort. However, I want to emphasize that the IDB is here for the duration of the recovery effort, and that we intend to contribute significantly to the huge reconstruction task that lies ahead. Here is our agenda:

First, we are reformulating and reactivating all of our stalled operations --
ten loans and six technical cooperations with a value of US$132 million in undisbursed funds -- which were suspended because of the embargo including an important $44.5 million Pont Sondé Mirabelais road construction and maintenance project. Project teams visited Haiti in November to discuss each project with their Haitian counterparts and a reformulation package has been approved by Bank Management. The reformulation focused on streamlining implementation and disbursement procedures with emphasis on employment and income generation. Next week, an eight-person project implementation mission will visit Port-au-Prince to finalize the reformulation and jump-start the implementation process.

Second, two new loan operations are being prepared. The first is the US$45 million Road Rehabilitation and Maintenance Project (HA-0041) to be co-financed with the IDA and the German Bilateral Aid (total cost US$125 million). The Loan proposal for this operation has been completed and will be considered by our Board early in February. The second new operation is the US$48 million Energy and Transmission Project (HA-0015) to be co-financed with the European Investment Bank for electrical transmission lines linking Haiti’s three major population centers and for the
construction of two diesel power generating units. The project could be ready for Board review in 1995 subject to the GOH response to an IFC study concerning privatization options for the sector. In order to respond quickly to the current energy crisis through this loan, we need clear indications as soon as possible from Government on their plans for reforms in the energy sector.

Third, education and health missions have been sent to Haiti to help formulate operations in the social sector, and a private sector mission is scheduled for February 1995 to review ways to encourage the return of investment capital to Haiti and to mobilize domestic investment.

Next, the IDB is increasing the staffing of our Representation in Haiti to support the implementation of Bank operations. Bank specialists in infrastructure, agriculture and environment, and social sectors, carefully selected to meet the unique challenges in Haiti, will begin to arrive in the next few weeks. Also indicative of a return to normalcy, a Bank programming mission is scheduled for mid-year to discuss with the government the Bank’s project pipeline for 1996 and beyond.
While the Bank is doing everything it can to jump-start emergency activities and resume normal operations, we face implementation bottlenecks. I seek government assistance in the following areas:

→ There are now two key operations which have just been ratified by the Haitian Parliament which require publication in the Moniteur: the new US$70 million emergency operation approved by the Bank on January 11 and the US$12.4 million Economic and Social Fund Project approved prior to the embargo. These two operations have enormous short-term employment and income generation implications and merit rapid implementation. Likewise, notification of Parliamentary approval of the Artibonite Irrigation project, which is part of our stalled portfolio, needs to be published in the Moniteur so that disbursement can begin.

→ The newly-established Emergency Implementation Unit within the office of the Prime Minister will oversee the execution of the emergency sub-projects. A Director has been named, office space has been provided and funds can be disbursed when key international and local staff are in place. This is a priority action, and a quick response is required.
The IDB project implementation mission which will visit Haiti in February has already pinpointed a series of actions required by the executing agencies to accelerate project start-up. These deal mostly with the designation of counterpart teams and other organizational and administrative measures normally within the authority of the line ministries to approve. A positive and rapid response is required before the reformulated projects can be implemented.

We expect to receive Board approval of the Road Rehabilitation and Maintenance Project within a few weeks. Rapid Parliamentary ratification of this operation would accelerate project implementation.

Finally, while Haiti’s bi-lateral friends have been instrumental in removing debt arrears, it is essential that the Government remain current in order to avoid disrupting operations.

The large disbursements that could be realized from rapid action on both emergency and reformulated projects (with available resources of over US$200 million) would make a significant contribution to covering the emergency requirements outlined in the EERP Report and would touch the lives of all
Haitians. We seek government assistance with this task by giving execution of Bank operations a high priority in its agenda.

Finally, I would like to note that the Bank has reserved impressive sums of our most concessional resources to support the restructuring effort in Haiti. We are willing to return to our Board with additional operations to be identified in the programming mission if we can show that projects in the portfolio are being implemented on schedule and that funds are being disbursed. Solid performance on the current portfolio can lead to a larger portfolio as Haiti prepares itself for the 21st century.
Mr. President,
Mr. Prime Minister,
Ministers of the Government,
Ladies and Gentlemen,

I would like to congratulate the World Bank for convening this meeting and the Government of Haiti for a very clear presentation on the socio-economic situation prevailing in the country and the national priorities for Haiti.

I have been asked to focus my intervention on certain aspects of the problems of capacity for programme implementation in Haiti and the role of the technical assistance in tackling bottlenecks. International assistance is fundamental at a time when the people and the Government of Haiti, with the assistance and support of the international community, have demonstrated their resolve to establish a democratic regime in Haiti and to lead the country to development. Allow me first to describe the situation at hand, then outline an approach, and a number of mechanisms in addition to the traditional use of international expertise, which in our opinion, could permit the international community to support the Government attain its short and long term goals.

I. BRIEF DESCRIPTION OF SITUATION

The first fact which emerges from the Economic Emergency Recovery Programme is the overwhelming requirements for external assistance in Haiti. Taking into account the urgent needs of Haiti and the pressures on the Government in the face of high expectations of the population, we hope that the totality of the funds needed will be committed by the end of the meeting. The very future of the country is at stake and we are confident that the international community will not turn its back on the people now that Constitutional Government has been at last restored and it is working on the consolidation of democracy, the reactivation of the economy and the provision of some basic social services.

We cannot, however, downplay the exceptional size of this aid package and the difficulties in its delivery, especially considering that a substantially smaller amount, some $150 million dollars was spent annually in Haiti in official development assistance of all kinds (food aid, balance of payment support, investment projects and technical cooperation).

We also have to recognize that international aid has not yielded the desired results in the past as evidenced by both macroeconomic and human development indicators. International cooperation to Haiti has had two basic deficiencies: minimal
impact and no sustainability. A National Technical Cooperation Assessment Programme launched by the Government of Haiti and the United Nations Development Programme in 1990, puts this negative performance down to:

Firstly, the weak absorptive and management capacity of the Government. This ineffectiveness arises from, among other things, the lack of qualified staff, the inertia of the public service, centralized decision-making and the lack of mechanisms to coordinate and direct international assistance towards commonly agreed development objectives.

Secondly, contradictions and shortcomings in the donor community. With few exceptions, donors often focused on inputs rather than results and had limited knowledge of the local realities. Also they generally adopted uncoordinated and unsustained approaches that underutilized local resources, paying heavily for external technical assistance, they spread themselves too thin, and did not give adequate attention to the crucial question of national ownership.

Moreover, the political crisis has further weakened the traditional ineffective political, judicial and administrative structures of the Government and civil society to manage and effectually absorb development assistance beyond that recorded in 1990.

Even if it is well known that national capacity to implement cooperation programmes goes beyond Government structures encompassing all actors of civil society - the private sectors (formal and informal, urban and rural), non-Governmental organizations, local authorities and community groups, the absorptive capacity currently available in Haiti is limited, especially viewed against the volume of external cooperation necessary for national reconstruction.

National reconstruction and capacity-building require substantial efforts and definitively is a long term endeavour. In the short term, however, the donor community can assist strengthening of national capacity through the judicious use of technical assistance. Nevertheless, such measures need to be implemented in a way that will not damage longer term efforts and sustainability. In this way, external aid will be used effectively towards national reconstruction.

II. STRATEGY

In order to correct the mistakes of the past, technical cooperation should address the following issues:

(a) National Ownership: It is the Government that exercises leadership to define goals and ensure that development cooperation efforts of the international community in Haiti are relevant to these goals in a manner that will be sustainable following the withdrawal of aid. This requires the participation of beneficiaries in the selection and
implementation of programme activities. The Haitian Government's strong emphasis on the decentralization and deconcentration of Government to departmental and municipal levels is especially important in this connection.

(b) **Programme Effectiveness:** National programmes with measurable development objectives and timetables need to be established to provide a framework for external assistance. These programmes should be accompanied by mechanisms to allow joint monitoring involving all participants.

(c) **Sustainability of External Assistance:** The evidence of past performance indicates that insufficient attention has been paid to the economic, social, environmental and cultural sustainability of development programmes in Haiti. Indeed, through setting up alternative project management mechanisms external aid has in some cases weakened Government structures. Ensuring the technical financial and managerial capacity of Haitian counterpart agencies is of crucial importance. Decentralizing and broadening involvement by extra governmental agencies representing beneficiaries enhances the prospect of sustainability.

In short to be of lasting value to Haiti and its people technical assistance cannot be unilaterally decided. It must be conceived as part of a national and local effort.

In order to implement this strategy, the following issues should be addressed:

1. **Strengthening Government Capacities**

   National leadership accordingly is indispensable to set the policy framework that will enable coordination of donor inputs and link the emergency phase with the longer term. Such management cannot take place in an institutional void. Thus the emphasis in the EERP on helping put in place functioning legislative, judicial and executive structures.

   Specific support is also essential to enable sectoral ministries to properly exercise their roles as policy makers, priority setters and programme designers in their respective areas. The Central Government has clearly indicated that it sees its role in the policy area, leaving to other actors - the private sector, NGOs, local structures - the responsibility for implementation of programmes.

   Their role is an exacting one both for the technical ministries and for those coordinating bodies such as the Prime Minister's Office and the Ministries of Planning and Finance. A strong development cooperation coordination scheme is needed within Government with access to a proper formulation facility, an effective national information system on external cooperation and in establishing targets
and joint programme monitoring and evaluation mechanisms. As noted by the Minister of Planning and External Cooperation yesterday, UNDP has already committed funds to his ministry for this purpose.

Though long term measures are necessary to revamp the Haitian civil service, it is indispensable in the short term to strengthen the operational capacity of the civil service by providing intensive training programmes in specific areas. This will allow not only the improvement of the efficiency of the public administration but will also increase the absorptive capacity of the Government.

2. **Institutional Support**

Within this context proposals have also been endorsed that foresee the establishment of special technical management units within each major ministry that can provide immediate expertise to substantially manage and follow up EERP programmes related to their sectors. Again these need to be organized so that at the conclusion of the emergency period the units can be absorbed by the respective ministries and continue with longer term programme concerns.

Institutional support to public institutions will allow them to formulate national policy, manage programmes and projects and reinforce the capacity of other institutions responsible for the implementation of projects with NGOs and the private sector. The Government of Haiti has decided to establish a Central Implementation Unit with the financing provided by the Inter-American Development Bank to facilitate the rapid implementation of projects included in the EERP. UNDP has already offered the Government to make available our extensive experience in the region in supporting implementation of external cooperation, including bank loans, so that the Central Implementation Unit can become operational in the shortest possible time.

3. **Utilization of All Development Actors**

Absorptive capacity must also be developed beyond the national governmental level in the private sector, amongst NGOs and community organizations. During the political crisis, NGOs became major agents for the execution and implementation of projects in Haiti. Yet there are limits to their present capacity to take on additional tasks. Again the private sector continues to suffer from decapitalization as a result of the crisis, and few municipalities and grassroots organizations have structures and personnel that can execute substantial programmes.

The task to be accomplished in the next 12 to 18 months, will require the involvement of all partners of civil society - NGOs, the private sector, professionals and
community organizations. Indeed the sustainability of the programmes should benefit from this broader partnership. Progress must however be urgently initiated to enlarge the capacity of each of these groups. For example, we plan to work with the private sector to develop capacity among local contractors to be able to participate in the competitive bidding process for labour intensive public works.

4. **Greater Use of Qualified Nationals**

One out of four Haitians lives outside the country, some of them possess skills and qualifications which meet international standards. Haiti has been exporting talent to the world during the decades of repression, yet very substantial expertise remains within the country/expertise that can and must be harnessed to the national development effort. Some have been attracted to work with the new Government but the addition of their capacity to the efforts of the private sector and NGOs is also very important. Even before training abroad we must seek to mobilize the expertise in country. In terms of Government service one difficulty is the low salary normally available. A somewhat higher remuneration for a limited number of national consultants to the Government has been devised but the whole issue of salary scales for a quality civil service (including judges, prosecutors and others in the justice system) needs to be carefully reviewed in the context of a root and branch reform at La Fonction Publique with a view to attracting the quality required at levels of remuneration that can be sustained by Government.

The resources of the Haitian diaspora offer the possibility to reinforce national capacity in the short run. Indeed, the Government has given special attention to the mobilization of the diaspora for the development of the country and its institutions.

UNDP is assisting the Government to identify Haitian specialists who are willing to lend their services to the Government or civil society and a roster is being established in collaboration with a Haitian NGO. Usually such specialists are initially willing to come on an expenses only basis for a limited period of time. Longer term expert assignments can and should also be supported and arrangements are in place - and others are planned - to facilitate such reinforcement of governmental capacity in particular. One difficult issue that arises in such circumstances is the level of remuneration (including when funds are available from international sources), as it needs to recognize the contribution of others already in Haiti equally well qualified, who have accepted Government service, the likely impact on civil service salary claims, and the sustainability in the longer term.
Finally, in this aspect, I would like to mention that in addition to the United Nations Volunteer Programme which will provide international expertise to the country, we are also working with NGOs to establish a national volunteer programme.

5. Coordination in the Country

It goes without saying that the proposed mechanisms to strengthen national capacities will have a limited impact in the absence of coordination of sources of funding and activities in the developmental field. Traditionally, coordination is understood as coordination amongst the donor community and/or national institutions at the national or sectorial level. This kind of coordination is necessary in Haiti because of the expected flow of aid. Recently, within the framework of the Emergency Programme Appeal, sectorial coordination mechanisms (for example in the protection of environment, water and sanitation), including public and private, NGOs and members of civil society, were established. These mechanisms should lay the foundation for the coordination of developmental activities in the EERP. The role of the Ministry of Planning and External Cooperation in the coordination of official development aid is pivotal.

During the political crisis a series of sectoral coordination mechanisms were established under the coordination of relevant UN agencies involving national and international NGOs, donors, ministers from the Constitutional Government and the private sector covering Health, Education, Food Aid, Water and Sanitation, Agriculture, Environment, Gender Issues, etc. These mechanisms are still operating and constitute a foundation for the coordination of developmental activities in the EERP under the management of the Government through specifically the Ministry of Planning and External Cooperation. Other donor concentration mechanisms also have been initiated with UNDP support. It would however be remiss to ignore here the day to day consultation that goes on between donors based in Port au Prince and the Minister of Planning and External Cooperation in particular.

With decentralization and the new Government strategy to place emphasis on projects targeting local beneficiaries, local mechanisms are being established in different parts of the country to facilitate local coordination. This will be linked to local authorities and decentralized Government offices while ensuring the participation of NGOs and grassroots organizations, UN agencies and others. The task is to avoid reaching the same beneficiaries through multiple mechanisms. An integrated approach for the provision of services should be instituted.
Again, as emphasized earlier - and especially in the long term perspective - to avoid the dispersion of development aid, a programme-approach could be adopted by the Government which would allow for resources, be they national or international, public or private, to be utilized coherently for the funding and implementation of national programmes. Indeed, the experience of these last years has clearly indicated that isolated initiatives or projects do not yield expected results.

In conclusion, Mr. Chairman, the task is enormous not only for the Government but for all of us - UN agencies, bilateral programmes, the private sector, NGOs, community organizations, municipal authorities - but if we heed the Government's call for flexibility of approach and truly apply ourselves to achieving results for the people of Haiti in the shortest possible time frame we can do better than we have in the past - we can collectively make a difference.

Mr. Chairman, my colleagues will present a full statement of UNDP's present and planned activities in the fields of Governance, Poverty Alleviation and Environment this afternoon.

Thank you very much.
PRESS RELEASE
For Immediate Publication

Donors Meet to Coordinate Aid to Haiti
and Support Government's Reform Efforts

Paris, January 31, 1995 -- The first international donors meeting since President Aristide’s return in October, 1994 met in Paris on January 30-31, 1995 under the chairmanship of the World Bank. The Haitian delegation was led by H.E. Mr. Smarck Michel, Prime Minister, and included H.E. Mrs. Marie-Michèle Rey, Minister of Economy and Finance, H.E. Mr. Jean Marie Chérestal, Minister of Planning and Cooperation, Mr. Leslie Voltaire, Chief of Staff of the President, Mr. Leslie Delatour, Governor of the Central Bank, as well as representatives from the private sector and non-governmental organizations.

The Consultative Group Meeting, chaired by Mr. Rainer Steckhan, Director for Special Operations in the Latin America and Caribbean region of the World Bank, convened over twenty bilateral and multilateral donors in support of Haiti. The Government of Haiti presented the elements of a coherent economic and social reform program. The international donor community warmly welcomed the government’s efforts and pledged up to US$900 million in support of Haiti’s emergency recovery needs and developments for the next twelve to fifteen months. Participants placed particular emphasis on the necessity of aid coordination among donors.

In response to the request of the Government of Haiti, informal coordination mechanisms were agreed to, including an emergency implementation unit and informal sectoral coordination committees organized jointly by the Government of Haiti and donor partners.

The government’s economic program is designed to ensure macroeconomic stability and liberalize trade, and to overhaul the regulatory framework with the aim of creating growth and employment and an environment favouring the development of the private sector. Programs to improve health, education and nutrition services will provide a safety net for the seventy percent of the population that live in abject poverty. The government further highlighted some of Haiti’s priority issues, particularly the urgency of international support to health, education and social housing programs, to justice and administrative reform, to the repatriation of Haitian refugees, to the protection of the environment and to the prevention of an energy
crisis. A parallel meeting took place on the energy sector which underlines the urgent need for support to this sector.

Earlier efforts to support the rehabilitation of Haiti had begun with an informal meeting among donors and representatives of the Haitian government, organized by the World Bank in Paris in August 1994, well before the departure of the military government. Following the return of President Aristide on October 15, 1994 and the appointment of a new government in November, 1994, a multi-agency mission, coordinated by the IDB, visited Haiti. Working in close cooperation with the government and non-governmental organizations the mission updated an emergency economic recovery program which served as a basis for the Consultative Group Meeting.

On December 19, 1994, the Government of Haiti, with the help of international donor contributions, paid back its arrears to the World Bank, the IMF and the IDB, clearing the way to new resource flows and assistance from international financing institutions. The day after, the International Development Agency (IDA), the World Bank's concessary lending affiliate, approved an SDR 26.8 million (US$40 million) credit to support the economic recovery program, US$20 million of which have been disbursed. On January 11, 1995, the Inter-American Development Bank approved an Emergency Credit of US$70 million on concessional terms to support the economic recovery program and a grant of US$4 million to support the creation of a Special Implementation Unit in the Prime Minister's office for the implementation of the Emergency Program. The IMF has completed discussions with the Haitian authorities on an economic program to be supported by a twelve-month stand-by arrangement of about US$30 millions; the arrangement is likely to be approved in early March, 1995.

The meeting was attended by delegations from Argentina, Belgium, Brazil, Canada, Chile, France, Japan, Korea, Mexico, the Netherlands, Spain, Switzerland, the United States, the European Commission, the European Investment Bank, the Food and Agricultural Organization, the Inter-American Development Bank, the International Finance Corporation, the International Fund for Agricultural Development, the International Monetary Fund, the International Organization for Migration, the Organization of American States, the OPEC Fund, Pan-American Health Organization/World Health Organization, the United Nations, the United Nations Children's Fund, United Nations Development Programme, United Nations Educational, Scientific & Cultural Organization, the United Nations High Commissioner for Refugees, the United Nations Industrial Development Organization, the World Bank and the World Food Programme. Italy and Sweden, and The International Telecommunications Union and the Organisation for Economic Co-operation and Development attended as observers.
PRESS STATEMENT

In the context of the January 30-31 Consultative Group Meeting for Haiti, a special sub-group meeting was held to address the urgent issues in the energy sector. The sub-group meeting agreed on a time-bound action plan to ameliorate the energy crisis in the coming months and pave the way for a longer-term solution. The action plan includes assistance to strengthen the public energy company EdH’s management and operations, procure 20MW of mobile generators, and refurbish some 37MW of generation capacity. This emergency plan is designed in the context of a longer-term strategy for the energy sector which envisions increasing private sector involvement to ensure Haiti’s future energy supply. The implementation of this action plan would yield first results as early as March of this year. Currently, on account of dilapidated generation, transmission and distribution capacity and the dry season affecting hydro-power supply, a short-fall of 60MW is causing prolonged black-outs. This affects both security and prospects for growth in this poorest country in the western hemisphere. Both Government and donors stressed that, in spite of the advances of today’s meeting, Haiti is facing a chronic energy problem which cannot be solved in the short-term nor without more active involvement by the private sector. The Government is exploring alternatives to achieve its objective of democratisation of ownership with technical assistance from the International Finance Corporation (IFC) and expects to develop a medium-term plan within the next few months.