

Report No. 410-HA

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# Current Economic Position and Prospects of Haiti

**April 18, 1974**

Latin America and the Caribbean Regional Office

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International Development Association

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### CURRENCY EQUIVALENTS

|                  |   |              |
|------------------|---|--------------|
| Gourde 1         | = | \$US 0.20    |
| Gourde 5         | = | \$US 1.00    |
| Gourde 1 million | = | \$US 200,000 |

|         |                                                                                    |
|---------|------------------------------------------------------------------------------------|
| AGC     | - Administration Générale des Contributions                                        |
| AGD     | - Administration Générale des Douanes                                              |
| ENRH    | - Banque Nationale de la République d'Haiti                                        |
| CAMEP   | - Centrale Autonome Métropolitaine d'Eau Potable                                   |
| COALEP  | - Coopérative pour l'Amélioration en Eau Potable des Communautés de l'Arrière Pays |
| CONADEP | - Conseil National de Développement et de Planification                            |
| HASCO   | - Haitian-American Sugar Company                                                   |
| IDAI    | - Institut de Développement Agricole et Industriel                                 |
| IHPCADE | - Institut Haitien de Promotion du Café et des Denrées d'Exportation               |
| ONAAC   | - Office National d'Alphabétisation et d'Action Communautaire                      |
| SEN     | - Société d'Équipement National                                                    |
| SNEM    | - Service National d'Eradication de la Malaria                                     |

### FISCAL YEAR

October 1 - September 30

This Report is based on the findings of an economic mission which visited Haiti in September 1973. The mission was led by Ian Scott and included: General Economist, Raul de Campos; Public Investment Analyst, Jean-Pierre Béguin; Human Resources Specialist, Marc Botti(UNESCO Consultant).

The report incorporates the findings of Professor Vito Tanzi, who visited Haiti on behalf of the Bank as a Consultant in Fiscal Affairs in May 1973.



# CURRENT ECONOMIC POSITION AND PROSPECTS OF HAITI

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## COUNTRY DATA- HAITI

AREA  
27,750 km<sup>2</sup> /aPOPULATION  
4.3 million (mid-1971)DENSITY  
493 Per km<sup>2</sup> of arable land/a,b

## SOCIAL INDICATORS

|                                                       | Haiti      |              | Reference Countries |                 |                |
|-------------------------------------------------------|------------|--------------|---------------------|-----------------|----------------|
|                                                       | 1960       | 1970         | Honduras<br>1970    | Senegal<br>1970 | Guyana<br>1970 |
| GNP PER CAPITA US\$ (47:AS BASIS) /1                  | 120 /c     | 110 /d       | 280 /d              | 230 /d          | 370 /d         |
| <b>DEMOGRAPHIC</b>                                    |            |              |                     |                 |                |
| Crude birth rate (per thousand)                       | ..         | 44 /e        | 49                  | 44              | 34             |
| Crude death rate (per thousand)                       | ..         | 20 /e        | 16                  | 22              | 7              |
| Infant mortality rate (per thousand live births)      | 180-200 /f | ..           | 34                  | 156 /g          | 38 /g          |
| Life expectancy at birth (years)                      | ..         | 45 /e        | 52                  | ..              | 66 /h          |
| Gross reproduction rate /2                            | ..         | 2.0 /e,ad    | 3.3                 | ..              | 2.4 /g         |
| Population growth rate                                | ..         | 1.6          | 3.3                 | 2.4             | 2.5            |
| Population growth rate - urban                        | ..         | 4 /a,1       | 5                   | ..              | ..             |
| <b>Age structure (percent)</b>                        |            |              |                     |                 |                |
| 0-14                                                  | ..         | 42 /k        | 47                  | 42              | ..             |
| 15-64                                                 | ..         | 53 /k        | 51                  | 54              | ..             |
| 65 and over                                           | ..         | 5 /k         | 2                   | 4               | ..             |
| Dependency ratio /4                                   | ..         | ..           | 1.0                 | 1.1 /1          | ..             |
| Urban population as percent of total                  | 12 /i,m    | 20 /i,k      | 32                  | 29 /n           | ..             |
| Family planning: No. of acceptors cumulative (thous.) | ..         | ..           | ..                  | ..              | ..             |
| No. of users (% of married women)                     | ..         | ..           | ..                  | ..              | ..             |
| <b>EMPLOYMENT</b>                                     |            |              |                     |                 |                |
| Total labor force (thousands)                         | ..         | ..           | 800                 | 1,600           | 210            |
| Percentage employed in agriculture                    | ..         | ..           | 67                  | 73              | 32             |
| Percentage unemployed                                 | ..         | ..           | 8                   | 7               | 15             |
| <b>INCOME DISTRIBUTION</b>                            |            |              |                     |                 |                |
| Percent of national income received by highest 5%     | ..         | ..           | ..                  | ..              | ..             |
| Percent of national income received by highest 20%    | ..         | ..           | ..                  | ..              | ..             |
| Percent of national income received by lowest 20%     | ..         | ..           | ..                  | ..              | ..             |
| Percent of national income received by lowest 40%     | ..         | ..           | ..                  | ..              | ..             |
| <b>DISTRIBUTION OF LAND OWNERSHIP</b>                 |            |              |                     |                 |                |
| % owned by top 10% of owners                          | ..         | ..           | ..                  | ..              | ..             |
| % owned by smallest 10% of owners                     | ..         | ..           | ..                  | ..              | ..             |
| <b>HEALTH AND NUTRITION</b>                           |            |              |                     |                 |                |
| Population per physician                              | 10,600 /o  | 13,210 /p    | 3,760               | 15,120 /p       | 4,810 /p       |
| Population per nursing person                         | 9,220 /o,q | 7,340 /p,r   | 1,440               | 2,200 /p,s      | 210 /p,t       |
| Population per hospital bed                           | 1,790      | 1,350 /p     | 590                 | 740 /p,u        | 220 /p         |
| Per capita calorie supply as % of requirements /5     | ..         | 77           | 79 /v               | 96 /v           | 83 /h          |
| Per capita protein supply, total (grams per day) /6   | ..         | 40           | 49 /v               | 64 /v           | 47 /h          |
| Of which, animal and pulse                            | ..         | 18           | 21 /v               | 28 /v           | 22 /h          |
| Death rate 1-4 years /7                               | 27         | 33           | ..                  | ..              | ..             |
| <b>EDUCATION</b>                                      |            |              |                     |                 |                |
| Adjusted /8 primary school enrollment ratio           | 38         | 40 /a        | 89                  | 44 /g           | 100 /p         |
| Adjusted /8 secondary school enrollment ratio         | 4          | 4 /a,v       | 10                  | ..              | 46 /p,x        |
| Years of schooling provided, first and second level   | 13         | 13           | 12                  | 13              | 12 /z          |
| Vocational enrollment as % of sec. school enrollment  | 21         | 19 /g,s      | 14                  | ..              | 5 /p           |
| Adult literacy rate %                                 | 10 /aa,ab  | 10-20 /aa,ab | 45                  | 10 /aa,ab       | ..             |
| <b>HOUSING</b>                                        |            |              |                     |                 |                |
| Average No. of persons per room (urban)               | ..         | ..           | 1.8 /o              | ..              | ..             |
| Percent of occupied units without piped water         | ..         | ..           | 67                  | ..              | ..             |
| Access to electricity (as % of total population)      | ..         | ..           | ..                  | ..              | ..             |
| Percent of rural population connected to electricity  | ..         | ..           | ..                  | ..              | ..             |
| <b>CONSUMPTION</b>                                    |            |              |                     |                 |                |
| Radio receivers per 1000 population                   | 5          | 17           | 57                  | 69              | 105 /z         |
| Passenger cars per 1000 population                    | 2          | 3            | 5                   | 10              | 25             |
| Electric power consumption (kwh p.c.)                 | 17         | 28 /h,ac     | 120                 | 73              | 440            |
| Newsprint consumption p.c. kg per year                | 0.05 /z    | 0.08 /z      | 0.5                 | 0.08            | 0.9            |

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970.

/1 The Per Capita GNP estimate is at market prices for years other than 1960, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of under 15 and 65 and over age brackets to those in labor force bracket of ages 15 through 64.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking

account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by USDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a 1965; /b Excluding forests and pastures; /c Computed by applying to the 1970 figure the growth rate of the GNP/cap. in real terms from 1960 to 1970; /d 1970 figures based on 1965-71 average exchange rate; /e 1965-70; /f 1962; /g 1968;

/h 1967; /i Definitions of urban unknown; /j 1950-71; /k 1971; /l Ratio of population under 15 and 65 and over to total labor force; /m 1950; /n Over 10,000 population; /o 1961; /p 1969; /q Including midwives; /r Including assistant midwives, nurse-midwives and assistant nurses; /s Including assistant nurses, midwives and assistant midwives; /t Nurses and midwives; number on the register; not all working in the country; /u Including local or rural hospitals and medical centers; /v 1964-66; /w Not including private vocational schools; /x Government maintained and aided schools only;

/y Including full secondary cycle (junior and senior level); /z Estimate; /aa 15 years and over; /ab Definition of literacy unknown; /ac UN source; /ad Net reproduction rate; /ae Excluding the area of adjacent islands.





# ECONOMIC INDICATORS<sup>1/</sup>

## GROSS NATIONAL PRODUCT IN 1972

## ANNUAL RATE OF GROWTH (% constant prices)<sup>e</sup>

|                           | US\$ Mln. | %     | 1960 -65 | 1965 -70 | 1972  |
|---------------------------|-----------|-------|----------|----------|-------|
| GNP at Market Prices      | 539       | 100.0 | 1.2      | 1.9      | 4.7   |
| Gross Domestic Investment | 34        | 6.3   | -5.9     | -7.7     | 4.5   |
| Gross National Saving     | 34        | 6.3   | -1.2     | 1.3      | 1.9   |
| Current Account Balances  | -         | -     | -        | -        | -     |
| Exports of Goods, WFS     | 63        | 11.7  | -1.4     | 2.5      | -15.1 |
| Imports of Goods, WFS     | 85        | 15.8  | -1.2     | 1.6      | 4.0   |

## OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 197

|               | Value Added |       | Labor Force <sup>1/</sup> |       | V. A. Per Worker |       |
|---------------|-------------|-------|---------------------------|-------|------------------|-------|
|               | US\$ Mln.   | %     | Mln.                      | %     | US\$             | %     |
| Agriculture   | 241         | 46.9  | ..                        | ..    | ..               | ..    |
| Industry      | 82          | 16.6  | ..                        | ..    | ..               | ..    |
| Services      | 170         | 34.5  | ..                        | ..    | ..               | ..    |
| Unallocated   | -           | -     | -                         | -     | -                | -     |
| Total/Average | 493         | 100.0 | -                         | 100.0 | -                | 100.0 |

## GOVERNMENT FINANCE

|                           | General Government |                    |                    | Central Government |                    |                    |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                           | (Gour. Mln.)       | % of GDP           |                    | (Gour. Mln.)       | % of GDP           |                    |
|                           | 1972               | 1972               | 1970-71            | 1972               | 1972               | 1969-71            |
| Current Receipts          | 326                | 12.0               | 12.0               | 279                | 10.3               | 10.0               |
| Current Expenditure       | 291                | 10.7               | 10.4               | 276 <sup>2/</sup>  | 10.2 <sup>2/</sup> | 10.4 <sup>2/</sup> |
| Current Surplus           | 35                 | 1.3                | 1.6                | 3                  | 0.1                | -0.4               |
| Capital Expenditures      | 853 <sup>3/</sup>  | 3.13 <sup>3/</sup> | 2.93 <sup>3/</sup> | ..                 | ..                 | ..                 |
| External Assistance (net) | 43                 | 1.6                | 0.7                | -7                 | -0.3               | -0.2               |

## MONEY, CREDIT and PRICES

|                               | 1969  | 1970      | 1971        | 1972        | May 1972 | May 1973 |
|-------------------------------|-------|-----------|-------------|-------------|----------|----------|
|                               |       | (Million) | outstanding | end period) |          |          |
| Money and Quasi Money         | 182.6 | 198.2     | 251.2       | 321.1       | 298.7    | 395.5    |
| Bank credit to Public Sector  | 193.1 | 189.2     | 202.5       | 213.5       | 201.3    | 206.5    |
| Bank Credit to Private Sector | 59.4  | 65.3      | 78.5        | 93.9        | 88.6     | 148.3    |

## (Percentages or Index Numbers)

|                                   |       |       |       |       |                    |                    |
|-----------------------------------|-------|-------|-------|-------|--------------------|--------------------|
| Money and Quasi Money as % of GDP | 8.2   | 8.4   | 9.1   | 10.5  | 10.1               | 12.0               |
| General Price Index (1963 = 100)  | 119.0 | 123.2 | 128.9 | 135.6 | ..                 | ..                 |
| Annual percentage changes in:     |       |       |       |       |                    |                    |
| General Price Index               | 4.9   | 3.5   | 4.6   | 5.2   | .. <sup>4/</sup>   | .. <sup>4/</sup>   |
| Bank credit to Public Sector      | 13.6  | -2.1  | 7.0   | 5.4   | -0.1 <sup>4/</sup> | -4.7 <sup>4/</sup> |
| Bank credit to Private Sector     | 5.7   | 9.9   | 20.2  | 19.6  | 19.6 <sup>4/</sup> | 98.9 <sup>4/</sup> |

**NOTE:** All conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

<sup>1/</sup> Data refer to fiscal years ending September 30.

<sup>2/</sup> May include small amount of fixed investment.

<sup>3/</sup> Includes current expenditures associated with development projects.

<sup>4/</sup> Implied annual percentage change.

.. not available  
 . not applicable  
 e staff estimate



# TRADE PAYMENTS AND CAPITAL FLOWS

## BALANCE OF PAYMENTS

|                             | 1970             | 1971  | 1972  |
|-----------------------------|------------------|-------|-------|
|                             | (Millions US \$) |       |       |
| Exports of Goods, NFS       | 53.0             | 64.5  | 63.0  |
| Imports of Goods, NFS       | 69.3             | 78.8  | 84.7  |
| Resource Gap (deficit = -)  | -16.3            | -14.3 | -21.7 |
| Interest Payments (net)     | 0.3              | 0.3   | 0.3   |
| Workers' Remittances        | -                | -     | -     |
| Other Factor Payments (net) | 3.3              | 3.6   | 4.3   |
| Net Transfers               | 21.9             | 18.9  | 26.3  |
| Balance on Current Account  | 1.8              | 0.8   | 0.1   |
| Direct Foreign Investment   | 2.8              | 3.4   | 4.2   |
| Net MLT Borrowing           |                  |       |       |
| Disbursements               | 1.4              | 3.8   | 4.0   |
| Amortization                | 3.3              | 3.3   | 3.6   |
| Subtotal                    | -1.9             | 0.5   | 0.4   |
| Capital Grants              | 0.8              | 1.0   | 0.6   |
| Other Capital (net)         | -                | -     | -     |
| Other items n.e.i           | 2.9              | 3.4   | 5.4   |
| Increase in Reserves (+)    | +6.4             | +9.1  | +10.7 |
| Gross Reserves (end year)   | 14.2             | 10.9  | 20.7  |
| Net Reserves (end year)     | 0.6              | 9.7   | 20.4  |
| Fuel and Related Materials  |                  |       |       |
| Imports                     | 2.9              | 3.8   | 3.7   |
| of which: Petroleum         | 2.8              | 3.7   | 3.5   |
| Exports                     | -                | -     | -     |
| of which: Petroleum         | -                | -     | -     |

## RATE OF EXCHANGE

|                     |                     |
|---------------------|---------------------|
| Through - 1971      | Since - 1971        |
| US \$ 1.00 = G 5.00 | US \$ 1.00 = G 5.00 |
| G 1.00 = US \$ 0.20 | G 1.00 = US \$ 0.20 |

## MERCHANDISE EXPORTS (AVERAGE 1970-72)

|                       | US \$ Mln | %     |
|-----------------------|-----------|-------|
| Coffee                | 15.6      | 38.5  |
| Handicrafts           | 8.2       | 19.6  |
| Bauxite               | 6.3       | 14.5  |
| Sugar                 | 3.2       | 7.3   |
| Essential Oils        | 3.0       | 7.5   |
| Sisal                 | 1.0       | 2.5   |
| Copper                | 0.9       | 2.2   |
| All other commodities | 3.8       | 9.6   |
| Total                 | 43.1      | 100.0 |

## EXTERNAL DEBT, DECEMBER 31, 1972

|                               | US \$ Mln |
|-------------------------------|-----------|
| Public Debt, incl. guaranteed | 28.6      |
| Non-Guaranteed Private Debt   | ..        |
| Total outstanding & Disbursed | 37.6      |

## DEBT SERVICE RATIO for 1972<sup>1/</sup>

|                               | %   |
|-------------------------------|-----|
| Public Debt, incl. guaranteed | 6.2 |
| Non-Guaranteed Private Debt   | ..  |
| Total outstanding & Disbursed | 6.2 |

## IBRD/IDA LENDING, (Feb. 28, 1974) (Million US \$):

|                               | IBRD | IDA |
|-------------------------------|------|-----|
| Outstanding & Disbursed       | -    | 0.4 |
| Undisbursed                   | -    | -   |
| Outstanding incl. Undisbursed | -    | 0.4 |

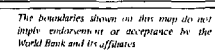
<sup>1/</sup> Ratio of Debt Service to Exports of Goods and Non-Factor Services.

.. not available

.. not applicable

Country Programs I  
Latin America and the Caribbean  
Regional Office  
April 3, 1974







## SUMMARY AND CONCLUSIONS

### Introduction

1. A poor resource endowment, a rudimentary administrative and physical infrastructure, and long periods of political instability have, together, made Haiti one of the poorest countries in the world, and the only Western Hemisphere nation to be included in the U.N. list of the 25 least developed countries. Notwithstanding that its rugged terrain is basically hostile to agriculture, 80 percent of Haiti's 4.5 million people live in rural areas where land tenure is characterized by excessive fragmentation, where population pressures have led to overcultivation, soil exhaustion and severe erosion, and where poor maintenance has reduced the efficiency of a small irrigation network. Transport and communications between the capital, Port-au-Prince, and the rest of the country remain exceedingly difficult while power generation capacity is well below the Latin American average.

2. GNP per capita in 1972 was about \$120, but high infant mortality (about 200 per thousand live births), low nutrition standards (malnutrition and gastro-enteric diseases account for over half the deaths in the country) and high illiteracy (between 80 and 90 percent of the adult population) are better indicators of the standards of living of the Haitian population.

3. In marked contrast to the previous decade, Haiti has enjoyed relatively rapid, though unbalanced, economic growth in the last five years. Annual increases of GDP have averaged 4 percent, mainly as a result of the expansion of small-scale manufacturing, tourism and construction, all of which are in Port-au-Prince. Agriculture has shown little dynamism and value added in agriculture increased at only 2 percent per annum during this period; on a per capita basis this implies near stagnation. Recent growth began from a very depressed level of economic activity. GDP in 1968 was the same as in 1960 and only in 1973 did the per capita product surpass the 1960 level. These trends thus reflect recovery but are not in themselves reliable indicators of longer term prospects. In 1973, supply rigidities in agriculture together with imported price increases led to a rapid rise in consumer prices.

4. Recent growth has, moreover, been achieved with little new fixed investment. Available data suggest that since 1969, outlays for fixed capital formation have averaged little more than 5 percent while domestic real savings have amounted to only about 2 percent of GDP. The business community appears, however, to have regained confidence in the economy. Relatively large private investments in construction and industry are now being made or are at an advanced stage of planning, while the establishment of three new commercial banks in Port-au-Prince since 1971 is also indicative of the recovery of confidence. Competition in the banking sector has, moreover, led to an increase in interest rates on deposits, and savings accounts have increased since 1970 from 2.5 to 4.4 percent of GDP.

5. Public investment in recent years has focused on the construction of the hydro-electric station at Peligre where the last of three turbines was put into operation in late 1973. Other major public investments in the period 1969-72 include improvements to the harbor, and to the telephone system, in Port-au-Prince. Overall, public expenditures have played only a minor direct role in economic recovery.

#### Resource Requirements

6. In the future, however, the public sector will have to expand its role if sustained economic growth is to be achieved and if its benefits are to be distributed among the 4/5 of the Haitian population who live in the impoverished rural areas. The priorities are fairly clear. The first is the development of a basic transport infrastructure which will serve to facilitate the flow of agricultural products to markets. The rehabilitation of the "Northern Road" (from Port-au-Prince to Cap Haitien) and the construction of the "Southern Road" (from Port-au-Prince to Les Cayes) are expected to begin in 1974. Other major transport investments under consideration include a road to Jacmel and a central road to the north coast through Hinche. Second, further investments in the power sector will be required to meet increasing demands in the capital. Third, public expenditures in agriculture (which are likely to have a greater impact once transport and power constraints have been removed) will include the rehabilitation of coffee trees, the expansion and improvement of the irrigation network, the development of new programs for rural communities, and the development of improved extension services. Fourth, with respect to human capital, while financial, institutional and technical constraints may limit development expenditures in education and health in the short and medium term, long run sustained growth cannot be achieved without the expansion of these services. Population planning ranks high among the country's needs. Population growth has so far been kept below 2 percent by high death and emigration rates, but a reduction of these rates would increase already severe population pressures.

#### Resource Mobilization

7. To finance these needs, public sector development expenditures will have to increase rapidly. On the basis of studies which have been completed for the agriculture, power, telecommunications and transport sectors, it is estimated that development expenditure requirements for the period 1975-79 will average about G 229 million per year. This compares with average development expenditures of only G 71 million per year in the period 1969-72. Only about 67 percent of the programmed expenditures is for fixed investment (mostly in the transport and power sectors but also including an extension of the irrigation network). The remaining 35 percent includes outlays for maintenance, rehabilitation, extension services, current expenditures associated with development projects and agricultural credit. As a percent of GDP the proposed level of development expenditures would reach 4.5 percent in 1980 as compared to 3.1 percent in 1972. This level of expenditures is seen as a necessary condition of maintaining a real GDP growth rate of about 5.0 percent yearly.



8. Whereas, however, the Haitian Government has in the past three years financed some 42 percent of development expenditures, it is estimated that its contribution could fall to 32 percent in 1975-79. The higher absolute level of development outlays would nevertheless imply that government development expenditures would rise from G 35 million per year in 1971-73 to G 73 million per year in 1975-79.

9. The remainder would be financed by official lending agencies. In the period 1971-73 net external official lending financed only about 4.9 percent of development outlays. On the basis of disbursements of committed loans and of additional external financing which is likely to be forthcoming, it is estimated that official agencies could finance about 45 percent of development expenditures. To maintain the required level of disbursements, commitment levels would have to average between \$25 and \$30 million per year. Technical assistance grants and private donations would be likely to continue to finance an important, albeit declining, share of development outlays amounting to about 23 percent in 1975-79 as compared with 44 percent in 1971-73.

10. With regard to the mobilization of sufficient public sector resources to finance development expenditures, the reallocation of resources rather than increases in tax and other receipts seems to be an appropriate strategy. During a CIAP meeting held in Port-au-Prince in 1972, the Haitian Government suggested that the Matching Fund, the Road Construction and Maintenance Funds and the profits of the Port Administration would be likely sources for financing the counterpart payments for internationally financed projects. The envisaged investment program, however, could not be entirely financed from these sources which would, together, contribute only about 40 percent of the required amount. It would seem that most of the remainder (about 55 percent) could be financed by receipts from numerous small taxes presently included in the Government's extra-budgetary accounts. Many of these taxes are currently earmarked for specific purposes which have been met and no longer require revenues. Another possible source of finance for development expenditures is the Regie du Tabac. Little is known about the actual revenues of this agency, but estimates suggest that current receipts amount to about G 53 million and that they have grown rapidly (at a rate of about 15 percent per annum) between 1969 and 1973. During the CIAP meeting, the Government proposed that the Regie's contribution to development expenditures could increase from G 3 million in 1973 to G 3.5 million 1977. As these amounts were not required in 1973, no contributions were, in fact, made. The budgetary accounts, which cover most Ministerial outlays, are another possible source of funds to finance development outlays. Expenditures from these accounts have risen at a much slower pace than revenues or other government outlays; so that in 1973 these accounts generated a surplus of G 17 million. It would not seem desirable, however, that more than a marginal share of development expenditures be financed with budgetary revenues for two reasons. First, ample resources appear to exist in other government accounts. Second, increasing Ministerial outlays by raising government wages, improving maintenance of public assets and increasing other essential current expenditures, would seem to be the most appropriate way of bettering the quality of public administration.

11. While government revenues have amounted to a constant 12 percent of GDP in the last five years, the regressive nature of most taxes suggests that a shifting of the fiscal burden to progressive levies on income and wealth rather than a higher tax ratio to GDP, merits the Governments's consideration. The bulk of revenues now stem from disincentive taxes on coffee and sugar and excise taxes on food; taxes on income and wealth provide only marginal shares of government receipts. The Government has recognized the need to increase the progressiveness of the tax structure. In August 1973, the specific tax on coffee was replaced by a progressive ad valorem levy. At the current high world price, producer prices are actually lower than they would have been under the previous tax, but if world prices decline the producer should benefit from this change in the coffee tax. In 1973, the Government also lowered taxes on several food products and medicines whilst raising import duties on certain luxury goods. More measures in this direction, including the institution of an urban property tax based on current land values, better income tax administration and higher marginal income tax rates, are still required.

#### Balance of Payments

12. The continuation of current growth trends is likely to have a major impact on the balance of payments. Rising domestic demand and lagging output of coffee and sugar have offset rapid growth in exports of bauxite, and to a lesser degree, essential oils. Even with rising export prices total merchandise exports in current terms have thus increased by only 6.5 percent per annum since 1968. In contrast, merchandise imports have grown at an annual rate of more than 15 percent during the same period. Receipts from tourism have to some extent offset the trade imbalance but the high import content of tourism receipts and their income generating effects have themselves affected import growth. Given that, at least in the short term, domestic demand for coffee and sugar is likely to continue rising (per capita consumption of these two products still has not reached early 1960 levels) and that production problems are not likely to be overcome quickly, the resource gap is expected to grow. Moreover, the substantially higher level of official and private capital flows will also serve to accelerate import growth. By 1980, the resource gap could reach about 6 percent of GDP. However, the current account deficit would amount to only about half the resource gap since current transfers, both private and public, could be expected to finance a large but declining share of the latter.

13. As there has been little net foreign borrowing for the past ten years, the debt service ratio is now low. Moreover, the bulk of debt servicing requirements are related to a small number of relatively large debts. Servicing the debts to suppliers for the power generators at Peligre <sup>1/</sup>, and to the U.S., for agricultural projects executed in the late 1940's and 1950's, accounted for 60 percent of all obligations in 1972 which totalled \$3.8 million (or 6 percent of exports of goods and services). Haiti's total debt outstanding, repayable in foreign currencies, was \$72 million by the end

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<sup>1/</sup> Technically this was a prepayment and is considered as such in the debt statistics.

of 1973. If all borrowing in the future is made on concessionary terms, debt servicing is not likely to become a constraint to growth. But even with a low debt service ratio, borrowing on non-concesssionary terms could lead to debt service difficulties after 1980, when grace periods on the relatively high level of commitments expected for the period 1975-80 would come to an end. In view of its poverty, Haiti will need external assistance to support its domestic efforts for a long time; to the extent possible, assistance should be provided on concessionary terms, if the risk of an unmanageable debt burden is to be avoided.

14. It is expected that higher prices of petroleum will have a small effect on economic growth. Imports of petroleum products represented only 4 percent of imports of goods and services in 1972 and the entry into operation of the Peligre hydro-electric plant reduced the economy's dependence on fossil fuels for power generation. Even allowing for a 10-15 percent per annum increase in the consumption of gasoline and diesel fuel, higher petroleum prices should add no more than \$5 million or about 3 percent to Haiti's annual import bill over the next three years. On balance, therefore, the energy situation merely reinforces the need for the authorities to tighten import management.



## I. THE BACKGROUND TO HAITIAN DEVELOPMENT

### Introduction

1. With a per capita GNP of \$120 in 1972, Haiti is the most impoverished nation in the Western Hemisphere and one of the poorest nations in the world. <sup>1/</sup> Whether its poverty is assessed in terms of current comparison with other countries or in terms of its own past, at least some of the causes for Haiti's faltering economic progress are readily apparent.

2. First, the country is resource poor. Second its physical and administrative infrastructures are rudimentary. Third, the political stability and security which is a sine qua non of economic progress has rarely existed. Finally, the ramifications and interactions of these factors have from time to time produced other constraints to sustained development, including, for example, the virtual isolation of Haiti from the world community during the 1960's.

3. The background to Haitian development thus comprises a brief account of Haiti's resource base, its infrastructures, and, as exemplified by recent trends, the relationship between the political environment and economic progress.

### The Resource Base

#### Physical Resources

4. Haiti's natural resource endowment, particularly in respect of agricultural production, was once such that, given judicious management, it was able to become the richest colony in the world at the end of the 18th century.

5. The country's physique resembles a thoroughly crumpled and crescent shaped form with relatively few lowland areas. This environment has impeded communications, has nurtured internal isolation and has successfully defied physical, economic, social and cultural integration. It is also an environment whose resource base has deteriorated. In 1965, some 870,000 hectares were under cultivation - about 30 percent of the country's surface area - but little more than half of this area was well suited to agriculture. The indiscriminate felling of trees on steep slopes, over-cropping and the absence of appropriate cultivation techniques such as contour ploughing or terracing, have combined to erode and exhaust a vast area of once productive land. As if this were not enough, much of the country suffers from climatic conditions which are hostile to agriculture. Since 1960, the southern peninsula has been struck by hurricanes in four successive years. Elsewhere - particularly

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<sup>1/</sup> Haiti is included in the United Nations list of the world's 25 poorest nations identified for special attention during the Second Development Decade. See U.N. ECOSOC, 54th Session, Agenda Item S, Document E/5269, April 4, 1973.

in the north - floods and droughts have, within the past decade, variously destroyed or diminished agricultural output.

6. Whereas the agricultural resource base might, with better management and/or less severe population pressure, have been preserved, mineral resources are by definition in the nature of a stock. Haiti's known reserves of copper and bauxite were never large and while bauxite exports have recently increased, unexploited reserves are small. In the immediate future only lignite offers some prospect of becoming a new and economically viable mineral resource.

#### Human Resources

7. Population growth has not yet exceeded an annual rate of 2 percent, mainly because of the combined effects of a high death rate and emigration. Haiti is nevertheless one of the world's most densely populated countries. With a total area of only 27,750 sq. km., and a population (in 1973) of about 4.5 million, the average population density is in the order of 160 persons per sq. km. - only slightly less than in India. 1/ Measured in terms of arable land, the average density exceeds 490 persons per sq. km. - over two times as high as in the neighbouring Dominican Republic.

8. Approximately 80 percent of the population lives in rural areas. Of the 20 percent which comprises the urban population, 2/ 12 percent are in Port-au-Prince, and the remainder in provincial towns, only one of which, Cap Haitien, has more than 50,000 inhabitants. Haiti is thus far less urbanized than any other Western Hemisphere country. This is a result of several things: a distinctive pattern of rural land tenure in which small-holdings predominate; the lack of opportunity in urban areas; and in recent times a series of Government policies which have effectively deprived provincial towns of whatever dynamism they once possessed, with the effect that such urban migration as occurred was directed almost exclusively toward Port-au-Prince. This emphasized the primacy of the capital. 3/

9. Standards of health and education are the lowest in the hemisphere. Malnutrition and gastroenteric diseases account for over half the number of deaths and it is estimated that average per capita consumption of calories and proteins is about 25 percent below minimum daily requirements. Life expectancy (45 years) is low and infant mortality (about 200 per 1000) is high. 4/

1/ Excluding the area of adjacent islands which are sparsely populated.

2/ Defined as all inhabitants of settlements with more than 2,500 people.

3/ The ratio of the population size of Port-au-Prince to that of the second city, Cap Haitien, in 1970 is in the order of 10:1. This compares with ratios of 26:1 for Uruguay; 6:1 for Mexico and 4:1 for the Dominican Republic which are other examples of primacy in Latin America.

4/ See Beghin, Fougere and King; Food and Nutrition in Haiti, Presse Universitaire de France, 1970.

10. This poorly nourished and far from healthy population is also poorly educated. Adult illiteracy probably exceeds 80 percent, reflecting the paucity of the education system in the past. School attendance by children aged 6 to 15 does not exceed 30 percent, reflecting the current inadequacies of the system. At higher levels, university students account for only 0.34 per 1000 of the population. However, it is estimated that there are more Haitian physicians in North America than in Haiti and that large numbers of Haitians who complete other professional and technical training in Port-au-Prince have subsequently left the country. As a result, professional and technical skills of almost all kinds are scarce. This is true in Port-au-Prince and is even more true in provincial towns and rural areas. Malnutrition, endemic disease, low life expectancy, the scarcity of skills and educational attainments have clearly retarded the growth of the Haitian economy because they imply low levels of productivity. At the same time they are partial measures of the extent and depth of the grinding poverty which is the way of life of all but a few Haitians.

11. By Latin American standards, income distribution in Haiti is rather unusual. This is closely related to what is also (by the same standards) an unusually fragmented pattern of rural land tenure. The smallest land holdings, in the hands of 20 percent of the rural population occupy 4 percent of farm area. The largest land holdings, in the hands of 5 percent of the rural populations, occupy 20 percent of farm area. 1/

12. The pattern of land distribution is therefore relatively equitable and implies that there are few income contrasts within the rural population. This means in turn that the 45 percent of value added which accrues to agriculture is probably shared fairly evenly between the 80 percent of the total population resident in rural areas. 2/ Whilst this relatively equal distribution of agricultural GDP may be unique in Latin America, the fact that the rural population is so large as a proportion of the whole is, in many respects, a consequence of the fact that the economy is so undeveloped that there is as yet no "middle class" in Haitian society. The table below reflects the stage of Haiti's development and, also, the fact that emigration probably accounted for many of those who, had they remained, would have been members of a "middle income" group. What the table does not show is that almost all of those in the highest income decile are in Port-au-Prince. This may reflect substantial emigration from provincial towns but for which the geographic as well as the decile structure of income distribution might have differed.

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1/ Preliminary results of 1971 Census of Population, Housing and Agriculture. A precise distribution of land ownership is not available because of the deficiencies of the land titling system.

2/ GDP is used in lieu of income because estimates of depreciation are not available.

Table I-1: HAITI: DISTRIBUTION of GDP

|                        | Population |    |            | GDP<br>per<br>Capita<br>(gourdes) | Total GDP |    |            |
|------------------------|------------|----|------------|-----------------------------------|-----------|----|------------|
|                        | million    | %  | Cumulative |                                   | G'000     |    | Cumulative |
| Rural                  | 3.5        | 78 | 78         | 400                               | 1400      | 45 | 45         |
| Urban<br>Underemployed | 0.2        | 4  | 82         | 600                               | 120       | 4  | 49         |
| Urban Wage<br>Earners  | 0.4        | 9  | 91         | 1000                              | 400       | 13 | 62         |
| Public Servants        | 0.3        | 7  | 98         | 2000                              | 600       | 19 | 81         |
| Entrepreneurs          | 0.1        | 2  | 100        | 5800                              | 580       | 19 | 100        |

Source: Mission Estimates

### Infrastructure

13. Another kind of development resource is the infrastructural base comprising the stock of fixed public assets on one hand, and the machinery of public administration on the other.

14. Just as the base for agricultural production has been gradually eroded since the early 19th century, the country's physical infrastructure has also deteriorated. Outside Port-au-Prince and its suburbs there are fewer than 200 kms of well surfaced highways; there are another 100 kms of once paved but poorly maintained roads. <sup>1/</sup> The latter and almost all other roads are impassable at certain times of the year, even in a four-wheel drive vehicle. Provincial towns are consequently almost isolated from each other and from Port-au-Prince, and the flow of goods and people is severely constricted. Given that (in 1969) there were only 2000 functional telephone lines in the whole country and 4400 telephone units (about 1 per 1000 people - the lowest ratio in the Western Hemisphere), the flow of information and ideas was also constrained. Haiti's shape and topography will render the construction and maintenance of a communications network both technically difficult and expensive. But the failure to maintain even relatively new investments (such as the "Northern Road" linking Port-au-Prince and Cap Haitien) was one of the most discouraging features of the Haitian economy in the 1960's.

15. The irrigation network is largely of colonial vintage and after an expansion to 70,000 ha. in the 1950's, has not been subsequently enlarged.

<sup>1/</sup> Data from "Plan d'Action", CONADEP, 1971.



Nor has it been effectively maintained although the emergency reconstruction of part of the Artibonite irrigation system during 1973 is indicative of some improvement in this regard; there have also been some new investments in tubewells.

16. Three other important public investment initiatives occurred in the 1960's. A new airport in Port-au-Prince was completed in 1967, some improvements were made to Port-au-Prince harbor in the late 1960's and what had previously been a totally inadequate level of installed electric generating capacity was greatly increased when the first stage of the Peligre hydro-electric plant was completed in 1971. <sup>1/</sup> Rural areas still have no power supply and provincial towns depend on obsolete gasoline or diesel fired generators. The water supply system also shows a contrast between Port-au-Prince and the rest of the country. In 1961 only 2.6 percent of all dwellings in Haiti had piped water and almost all of them were in the capital. Even there, however, 60 percent of the houses did not have piped water; it is not thought that much improvement has since occurred.

17. Haiti's physical infrastructure is therefore extremely weak, poorly maintained and unequally distributed between Port-au-Prince and the rest of the country. Assessed in terms of its value as a basis for sustained development it is, in almost all respects, inadequate. Economic expansion has been constrained by this inadequacy. There are, however, encouraging signs of improvements which will be discussed in subsequent parts of this report.

18. If the physical framework for development has been (and notwithstanding recent improvements remains) inadequate, the administrative framework has been scarcely more suited to the task of implementing policies. There is a small cadre of capable administrators and technicians. They are, however, concentrated in a few government agencies. Elsewhere, there is a dearth of technical and professional expertise and even in agencies which are, by comparison, well staffed, the situation is far from satisfactory. A further cause of administrative weakness arises from the salary structure of the civil service; many government officials are so poorly paid that they hold two jobs and are consequently less efficient than they might otherwise be. The appointment during 1973 of a number of well trained and competent technicians to ministerial posts has somewhat improved the situation but the basic weaknesses remain, and will persist until a sound basis for a well trained and well motivated civil service is established.

#### The Political Environment and Recent Economic Trends

19. Haiti has enjoyed few and infrequent periods of stable and progressive government. Most recently, the decade of the 1960's was characterized by conditions which favored neither institutional development nor fixed capital formation. Contrarily, Haiti during the 1960's was, in many respects, a place apart. Whereas other nations (in Africa and Asia) were comparably poor in terms of resource endowments, most of them received concessionary public capital from abroad and also managed to attract private foreign investors. Haiti did not. Whereas almost all developing countries were similiary

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<sup>1/</sup> The second stage was completed in 1972 and the third stage in late 1973.

exposed to the vagaries of international commodity markets as arbiters of their foreign exchange earnings, the consequences of this exposure were thus partially tempered by the inflow of external capital. In the Haitian case there were no countervailing factors to offset the declining value of its principal export products as output of coffee, sugar and sisal declined and their market prices fluctuated. Haiti was thus isolated from the international community. Receiving almost no development capital and only a limited amount of technical assistance, considerable ingenuity was required to service the country's outstanding debts with only limited resort to rescheduling.

20. Against the background of acute resource poverty, and poorly maintained physical infrastructure, an inefficient administrative system and isolation from the world community, Haiti's unsatisfactory economic performance in the 1960's is hardly remarkable. But had the political and thus the investment climate been more propitious, the recession of the 1960's might have been avoided. As it was, real GDP fell from 1962 to 1968 and it was not until 1973 that per capita GDP in real terms surpassed the historic peak of 1962.

21. The importance of the political environment as a determinant of economic progress has been demonstrated by the recent reversal of the downward trends of the 1960's. During the two years preceding and three years following the death of President Francois Duvalier (in 1971) and the succession to the Presidency of his son, Jean-Claude Duvalier, there has been a significant change in the political and thus the economic climate.

22. The statistical base for measuring growth is weak (see Technical Note #1). It is nevertheless adequate to support the contention that, since 1968, Haiti has enjoyed a modest recovery summarized in an average annual GDP growth rate of 4 percent, as compared with an average annual rate of 0.5 percent between 1960 and 1968. It is as yet too early to equate this with the beginnings of sustained growth. For one thing, the base from which the recovery began was extremely low. For another, the structural constraints to sustained development, which have been outlined above, have not been removed.

23. Recovery has been led by the expansion of small scale export oriented assembly industries, the growth of tourism and the expansion of the construction industry. Employment in the assembly industries, increased from some 10,000 jobs in 1971 to almost 25,000 in 1973. Gross exports of light manufactured goods to the U.S. (the main market) in calendar 1972 amounted to almost \$23 million as compared with \$12.2 million in 1970 and \$3.8 million in 1967. Tourist arrivals during the past three years have surpassed the historic peaks established in the late 1950's. The recent growth of the construction industry is illustrated by the fact that value added in construction has increased at an annual rate of more than 20 percent since 1968 while cement sales have risen from 70,000 tons in 1968 to an estimated 130,000 tons in 1970.

Table I-2: SECTORAL GROWTH OF GDP

|                                | <u>Share</u> | <u>Average Annual Growth</u> |                |                | <u>Share</u> |
|--------------------------------|--------------|------------------------------|----------------|----------------|--------------|
|                                | <u>1960</u>  | <u>1960-68</u>               | <u>1968-70</u> | <u>1970-73</u> | <u>1973</u>  |
| Agriculture                    | 49.9         | 1.0                          | 1.3            | 2.5            | 46.9         |
| Mining                         | 1.2          | 2.2                          | 13.5           | 6.3            | 1.8          |
| Manufacturing                  | 10.1         | 0.2                          | 2.1            | 9.0            | 10.9         |
| Construction                   | 2.0          | -2.8                         | 24.9           | 20.5           | 3.5          |
| Public Utilities               | 1.0          | 3.9                          | 4.0            | 10.5           | 1.5          |
| Transport and<br>Communication | 3.1          | -1.8                         | -1.1           | 7.5            | 2.6          |
| Commerce                       | 10.8         | -0.7                         | 3.2            | 5.8            | 9.9          |
| Finance                        | 0.8          | 1.7                          | 3.7            | 5.1            | 0.9          |
| Real Estate                    | 8.9          | 1.9                          | 2.3            | 5.5            | 10.3         |
| Government                     | 6.4          | -9.0                         | 10.4           | 9.7            | 5.3          |
| Personal Services              | 5.7          | 2.5                          | -              | 5.7            | 6.4          |
| GDP                            | 100.0        | 0.5                          | 2.5            | 5.1            | 100.0        |

Source: Table 2.1

24. These growth sectors share certain characteristics. First, in two out of three, growth has been achieved with relatively little fixed investment. In the case of the assembly industries, capital requirements are limited to a simple structure to house the activity and low cost tools and machines for assembly work. In the case of tourism, new growth has been mainly accommodated through the more intensive utilization of installed capacity, and few new hotel facilities have been added. In the construction sector, however, growth appears to have been directly responsive to new investment, much of which has been financed by remittances from Haitians living abroad.

25. Second, growth in all three sectors has been largely in response to external demand and a consequence of decisions made outside Haiti. Plans concerning assembly industry contracts, tourist visits and new construction have largely been made abroad, although, to some extent, they reflected a more favorable perception of Haiti. In the case of the assembly industries, domestic demand conditions in the U.S. economy are of key importance. In tourism, the recent buoyancy of the world economy is part of the background to recent growth, while another part refers to developments elsewhere in the Caribbean which may have affected the growth of tourism in certain other countries.

26. The growth of these sectors has also been reflected in recent trends in savings and investment. With due allowance for the approximate nature of the pertinent statistics which probably underestimate investments in the subsistence economy, it is estimated that domestic savings only averaged about 2.0 percent of GDP between 1969 and 1972, but investment as a percent of GDP has risen to 6.2 percent in 1972 as compared to 4.1 percent in 1969. As the table below shows, however, the shares of the public sector in consumption and investment have fallen slightly while those of the private sector have increased. This underlines one of the most important features of the Haitian recovery. The reestablishment of confidence may be interpreted as a contribution of government to economic progress but the direct role of the public sector has been negligible, notwithstanding the effort involved in the construction of the Peligre power plant. Moreover, aside from the general issue of the economic climate, there appear to be few instances of changes in economic policy which have led to important responses from the private sector. Almost all of the new growth which has occurred is therefore attributable either to spontaneous investment decisions or to the spontaneous growth of consumer demand (as in the case of tourism) in the context of an improved politico-economic environment.

27. Notwithstanding the resurgence of certain parts of the economy, other parts have signally failed to show signs of vitality. Most important, there is no indication that the constraints to the growth of the agricultural sector have yet been modified. Any interpretation of recent macroeconomic trends as a new wave of expansion would thus be distorted because it would ignore the characteristics of most of the growth which has occurred since 1968; it would disregard the fact that growth began from a modest base and it would conceal the structural impediments to growth which still remain.

Table I-3: EXPENDITURE OF GROSS DOMESTIC PRODUCT  
(percent of GDP)

|              | 1968   | 1969-72 | 1972   |
|--------------|--------|---------|--------|
| Consumption  | 97.5   | 98.2    | 97.6   |
| Private      | (89.1) | (89.9)  | (89.6) |
| Public       | ( 8.4) | ( 8.3)  | ( 8.0) |
| Investment   | 4.4    | 5.2     | 6.2    |
| Private      | ( 1.8) | ( 3.2)  | ( 4.1) |
| Public       | ( 2.5) | ( 2.0)  | ( 2.1) |
| Resource Gap | 1.8    | 3.4     | 3.8    |
| Exports      | (12.0) | (12.0)  | (11.7) |
| Imports      | (13.9) | (15.4)  | (15.5) |
| GDP          | 100.0  | 100.0   | 100.0  |

Source: Table 2.2

28. Some of these structural weaknesses have been reflected in recent trends in domestic prices. Until 1972 the growth of output had been achieved without significantly greater inflation than the modest 2 or 3 percent which had been customary over the preceding decade. During 1972 and 1973 however prices have risen rapidly. Food prices in the cost of living index <sup>1/</sup> increased by less than 2 percent annually between 1967 and 1971. In comparison, food costs in 1972 rose by more than 8 percent and in 1973 it is estimated that the increase surpassed 25 percent.

29. Structural rigidities and imported price increases appear to have been the principal causes of this inflation. Employment and income generated in the small scale manufacturing, tourism and construction industries have caused a sharp rise in effective market demand, especially for food, which has not been accompanied by an increase in domestic supply. In the last 12 months, Haiti has had to import commodities in which it was previously self-sufficient or of which it was a net exporter, such as sugar and rice. Imports have supplemented domestic production to some extent but the devaluation of the gourde (by about 6 percent since December 1971) and higher landed costs have also added to the acceleration of price rises. The Government response to inflation has been to impose direct controls on prices which have concentrated on soybean oil, soap, shoes, rice, corn, beans, gasoline, flour and sugar - important items in the Haitian family budget. Inflation is a new phenomenon and while Haiti is by no means alone in having to come to terms with it for the first time in the recent past, these trends serve to emphasize some of the economy's major weaknesses. There is no evidence to indicate that food price increases in the market place have led to higher farm prices which could stimulate output.

30. It was observed in para. 26 that the role of government, direct or indirect, had not been an important factor in promoting new economic growth since 1968. It is clear, however, notwithstanding the constraints to efficient administration, which are a result of the scarcity of professional and technical skills, that the government will need to play a central role in shaping the future of the Haitian economy. This implies first that in Haiti's mixed economic system, the public sector should be able to sustain the burden of conceiving and implementing a realistic and effective development program. This implies, in turn, that it should command a sufficient volume of financial resources to finance this expenditure and possess the technical and administrative capability to use and maintain new investments.

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<sup>1/</sup> The accuracy of this index is questionable. Reference is made only to food prices because the erratic behavior of the housing component distorts the price changes indicated by the aggregate index. Table 9.1 in the Statistical Appendix presents all components.

31. It also implies that government should to the extent possible, seek to identify ways and means whereby it can most effectively cooperate with private sector interests to develop appropriate incentives and disincentives and to achieve a mix of private investment which will generate the growth of both output and employment opportunities.

32. Directly and indirectly, through the judicious allocation of public expenditure, and by influencing the savings and investment decisions of the private business community, the Haitian Government must necessarily therefore lead the way in resolving the enormous problems which confront the country. It will also, it is assumed, recognize that the political conditions of the 1960's which resulted inter alia in Haiti's isolation from the world community, represent a situation which could not occur again without similar consequences. To attempt to resolve the nation's formidable problem without the help of the international community would be an almost impossible task. It is, therefore, supposed that the political environment will continue to evolve as one which can sustain the confidence of the world at large.

33. The analysis of the tasks facing government in promoting economic development and of the constraints which may impede it in these tasks is presented in the three chapters which follow, in terms of resource allocation, resource mobilization, and the balance of payments. At the request of the Haitian Government, the Bank has made a detailed study of the fiscal system, the main conclusions of which are contained in Chapter III (detailed issues arising being dealt with in Technical Notes).

## II. RESOURCE ALLOCATION

### Introduction

34. Haiti has a mixed economy in which the government, in addition to fulfilling functions which are in most countries undertaken by the public sector, also participates, directly or indirectly, in a number of productive enterprises. Thus, such sectors as electric power, and telecommunications are now the responsibility of public enterprises (having until 1971 been owned by private foreign interests), in addition to others which have been part of the public sector for a longer time. The public sector is also responsible for agricultural infrastructure and - through the State owned Institut pour le Developpement Agricole et Industriel (IDAI) and its affiliate the Société d'Équipement National (SEN) <sup>1/</sup> - has major interests in the manufacturing sector. The private sector, nevertheless, dominates manufacturing and also tourism and construction, as well as commerce. As observed in Chapter I, most of the recent growth in the economy has occurred in sectors in which private interests predominate, but the public sector will be obliged to play a crucial role in the future if Haiti is to achieve sustained development. The following sector review assesses this role, taking account of the non-financial constraints which would tend to impede growth in the next few years.

35. The analysis is organized in two parts. The first is concerned with a sector-by-sector review of problems and prospects. The sectors are loosely grouped in two categories. These correspond (a) to the productive sectors - agriculture, manufacturing and tourism - in which investment decisions are shared between the public and private sectors and (b) the infrastructure and service sectors - ranging from water supply to education - in which the public sector bears almost all of the responsibility for investment and current expenditure decisions.

36. In the second part of the Chapter, the general implications of the sectoral review are assessed in terms of public expenditure requirements, taking account of budgetary planning and implementation capacity. Against this background a schedule of development expenditures until 1980 is elaborated. The question of how these requirements might be financed is taken up in Chapter III.

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<sup>1/</sup> The flour mill is the only public enterprise in the manufacturing sector not owned by IDAI-SEN.



## The Productive Sectors

### Agriculture

#### General

37. In view of the importance of this sector in terms of output and employment, it is unlikely that sustained and balanced growth can be achieved without substantial improvements in agricultural productivity. About 80 percent of the population derives its livelihood from agriculture, which contributed 47 percent of GDP in 1972 - representing a moderate decline from 52 percent in 1968 as a result of the slower growth of the sector. While agriculture was affected less severely than certain other sectors by the problems of the 1960's, it has also been unaffected by the improved political environment. Moreover, it appears that since the 1950's low producer prices, population pressures and low productivity have contributed to shift production from traditional export commodities (coffee, sugar, cocoa, sisal) to food crops (rice, corn, beans, manioc) and to the expansion of subsistence agriculture.

8. Because of the country's rugged topography much of Haiti is hostile to agriculture. Yet, as discussed earlier in this report, little has been done to improve the productivity of even those areas where the land does lend itself to cultivation.

39. The productivity of approximately 77,000 hectares could be increased by an extension of the irrigation network. In some regions, wells could be expected to provide needed water but outside the Cul-de-Sac and Gonaives Plains there has so far been very little drilling. Moreover, even in these plains there is minimal control over water use and the intrusion of brine into existing wells is a consequent menace to the efficiency of the system. Uncontrolled erosion has reduced the fertility of a substantial part of Haiti's surface and has been a factor in reducing the efficiency of the existing irrigation network, by constantly washing debris and sediment over the diversion dams and canals.

40. The backwardness of Haitian agriculture is further reflected in its production methods. With the exception of some aspects of sugar cultivation, agricultural technology is still at the hoe and machete stage. There is little use of fertilizer, in part because of its high cost, in part because of the lack of an adequate distribution network. Overall productivity is diminished by the practice of the simultaneous cultivation of different crops on the same plot - a device by the small farmer to avert price risks and satisfy his own subsistence requirements. Crop rotation, contour plowing, improved seeds and other techniques which could retard soil exhaustion are **almost unknown. There is virtually no weed or pest control.**

41. Very little credit is available. In 1972 only 3,200 farms received some form of institutional credit - about 0.5 percent of all farms. Moreover, the average amount of credit was only \$72 and was available only in certain regions of the country (mainly the Gonaives Plain) and for financing certain

crops (mostly cotton, peanuts, and beans). For the production of these crops \$72 is sufficient only to finance the purchase of sufficient fertilizer to cover 0.6 hectares.

42. In view of the smallholdings structure of the sector, it is unlikely that the majority of these problems can be overcome without government assistance. What evidence exists, suggests that low rural incomes are a constraint to the generation of savings. Thus the agricultural sector itself can be expected to finance only a small share of its own financial requirements.

43. In the past the Government's efforts to promote agricultural development have been limited. While a multiplicity of agencies is involved, their functions sometimes overlap and given a lack of financial and human resources, the efforts made have been largely ineffective. Wages paid to agronomists in the Ministry of Agriculture, for example, amount to only about \$190 per month. As a result, there is little incentive for these public servants to face the hardships of rural areas. Some extension technicians are stationed in Port-au-Prince rather than in the field. Moreover, the highly centralized decision-making process of these agencies hinders program execution - as in the case of IDAI - while the other government agency which extends agricultural credit, the Bureau de Credit Agricole (BCA), lacks the financial resources to carry out its functions. The entire budget for the Ministry of Agriculture, from which the BCA gets its allocations, increased from G 11.7 million in 1969 to G 13 million in 1973. This represented only about 4 percent of government revenues in 1973. A significant advance is however implied by the decision of the Banque Nationale de la Republique d'Haiti (BNRH) to extend a G 5 million credit to the Government for the purchase of agricultural equipment during 1974.

44. But while government expenditures in agriculture are small, there appears to be a rather substantial transfer of resources from agriculture to the rest of the economy through the price mechanism. Producer prices are generally low. For food crops no minimum prices are set by the government. Since most farmers lack the facilities and resources to store their output, they cannot benefit from favorable seasonal price fluctuations. To meet their immediate cash needs, farmers sell their output to intermediaries at low prices during the harvest period only to repurchase it at higher prices a few months later. High transportation costs caused by the inadequate transport system have also constituted a drain on farmers' incomes which has led them to produce less for market and more for subsistence.

45. Low producer prices for commercial crops have also been a principal factor in the slow growth of agricultural production. There has been some government intervention in the marketing structure for these products, but this intervention has generally been either ineffective or has contributed to the reduction of incentives. Intervention has played a major role in the coffee and sugar subsectors (discussed in the following section) but has also affected the production of other commercial crops.

46. The export monopoly which exists (with official sanction) for cocoa marketing, for example, pays producers \$33/100 lbs of beans and sells at nearly \$60. As a derived effect, exports in 1972 amounted to 42 tons as compared to 2,000 tons in 1950. Moreover, there is virtually no quality control of export commodities and this has led to substantially lower export unit prices than world prices.

47. The needs of the agriculture sector are thus substantial. Higher producer prices are required to offer farmers an incentive to increase output. Cooperatives could have a marked effect on raising these prices. More agricultural extension services to facilitate the introduction of new techniques, the greater use of fertilizer and the cultivation of appropriate crops would also be likely to contribute to production growth. The better maintenance of the existing irrigation network would appear appropriate before new fixed investments are made for infrastructure. Finally, increasing the availability of agricultural credit, especially through the BCA, would serve to improve the position of the small farmer vis-a-vis the intermediary. However, to meet most of these needs it is clear that an increase in the budget of the Ministry of Agriculture would be essential.

48. There is recent evidence to show that the government and official lending agencies intend to increase capital expenditures in the sector. The plans which have been formulated foresee the development of agriculture largely along regional lines. The first major agricultural project to be initiated since 1963 is now under way in the Plain of Gonaives. This integrated regional project has been - and will continue to be - financed in tranches. In 1970 the Government of the Federal Republic of Germany made a \$2.0 million grant for the drilling of 27 wells over a three-year period. In 1973, Haiti received a \$0.8 million loan from the International Coffee Organization; these funds will be allocated to the diversified agricultural development of the area where the wells are located. Also in 1973, the German Kreditanstalt made a \$2.4 million loan which will be used to build an electric power plant in the Artibonite Valley to serve the Plain of Gonaives. The Government hopes to obtain an additional \$5.0 million in 1974 for the distribution of power and for land rehabilitation. Although it is too early to pass judgment on this integrated regional project, its formulation seems sound and its results are likely to bring substantial benefits to the population.

49. The Conseil National de Developpement et de Planification (CONADEP) forecast of total expenditures in agriculture about G 27.2 million (or 14.9 percent of total public investment expenditures) for 1973/74 appears slightly ~~more~~ realistic than those of recent years, but it is still high in relation to the **executive capabilities of the agencies concerned.** <sup>1/</sup> On the basis of recent experience (about G 8.1 million was spent in 1972), the implementation rate is likely to remain low, even though actual expenditures in the Gonaives project could be substantial. The preliminary findings of an IDB/FAO/IBRD

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<sup>1/</sup> The functions of CONADEP, the planning agency are outlined beginning in para. 104.

**Table II-1: PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES**  
(thousand metric tons, unless otherwise indicated)

|                                     | Fiscal Years ending September 30 |       |       |       |       |
|-------------------------------------|----------------------------------|-------|-------|-------|-------|
|                                     | 1968                             | 1969  | 1970  | 1971  | 1972  |
| Coffee (thousand 60 kilogram bags)  | 526                              | 503   | 450   | 543   | 540   |
| Sisal (thousand short tons)         | 19                               | 17    | 17    | 18    | 20    |
| Cotton (thousand 250 kilogram bags) | 4                                | 5     | 7     | 12    | 12    |
| Bananas                             | 174                              | 189   | 189   | 190   | 195   |
| Cacao                               | 2.5                              | 2.7   | 2.9   | 3.1   | 3.3   |
| Corn                                | 220                              | 242   | 240   | 252   | 265   |
| Rice                                | 77                               | 83    | 80    | 81    | 92    |
| Sugarcane <sup>1/</sup>             | 4,300                            | 4,600 | 4,800 | 4,900 | 5,047 |
| Sorghum                             | 189                              | 209   | 210   | 211   | 217   |
| Beans                               | 36                               | 40    | 40    | 42    | 43    |
| Tobacco                             | 1.9                              | 2.2   | 2.2   | 2.2   | 2.3   |
| Potatoes                            | 6.6                              | 7.4   | 6.6   | 7.0   | 7.2   |
| Manioc                              | 111                              | 121   | 130   | 134   | 141   |

<sup>1/</sup> Government estimates. It is not likely that in 1972 production exceeded 2 million tons.

Sources: National Bank of the Republic of Haiti; Ministry of Agriculture; and National Council for Development and Planning.

mission which visited Haiti in 1973 show that the development of the Artibonite Valley (mainly for rice), of the Potecole area in the north (for various crops) of the Central Plateau (for livestock) and the coffee improvement project, deserve the attention of external agencies. But with the possible exception of the coffee project, preinvestment studies will be needed before such projects can be started.

### Coffee

50. There are approximately 371,000 coffee producers who cultivate an area of some 140,000 ha. 1/ Coffee is therefore the main source of income for about 1.7 million people. 2/ Productivity averages about 230 kg/ha, and, given the small size of the average farm, most farmers do not produce more than 4 bags per year; the average income generated is therefore low. 3/ Output of coffee in 1972 was 540,000, 60 kg bags. This compared with 526,000 bags in 1968.

51. While coffee is produced entirely by small farmers, it is marketed by relatively large firms. Between 1,580 and 2,000 speculateurs (middlemen) buy from producers and sell to exporters. However, about 80 percent of these speculateurs are on the payroll of 24 exporters so that in effect producers have little choice concerning to whom and at what price they will sell their output. Moreover, as the 20 percent of speculateurs who are independent lack the financial resources of those who work for exporters, (since banks may be less willing to advance money to them), the dependence of producers on exporters is clear. In 1971, the three largest exporters accounted for 45 percent of total exports and the first ten for 78 percent.

Table II-2: PERCENTAGE OF COFFEE HOLDINGS BY SIZE  
(Hectares or Percentages)

| Size of Holdings<br>(Hectares) | Percent of Holdings |
|--------------------------------|---------------------|
| 0 to 0.66                      | 15.0                |
| 0.6 to 1.3                     | 19.4                |
| 1.3 to 2.6                     | 30.6                |
| 2.6 to 6.0                     | 23.9                |
| Over 6.0                       | 11.1                |

Source: Census of 1950.

1/ This figure is for 1968 but more recent data are not available.

2/ Assuming an average family size of 4.5 persons.

3/ In 1973, assuming a producer price of 1.00 per kg average family income from four bags would have been \$240.

52. This marketing structure and heavy taxes generated very low producer prices when world prices declined in the 1960's. The exporters have the power and the means and, given their small number, are unlikely to compete very actively with one another. The small producers, on the other hand, rely on coffee for livelihood and must frequently borrow against future crops at high interest rates. In doing so they often become committed to specific speculateurs. Not knowing about world prices, they normally accept whatever is paid and it is understood that they receive the same price regardless of quality. There is evidence, however, that with the rise in world prices, competition has increased among exporters and, consequently, producer prices have once again risen, notwithstanding higher tax levels (see para. 54).

53. The historical decline in producer prices of coffee is shown in Table II-2. The effect of the increase in coffee taxation is evident. The share accruing to taxes doubled between 1950-53 and 1964-69 as the average tax per bag of 60 kg rose from \$10.1 to US\$16.0. In the same period, producer prices were also affected by the sharp rise from \$8.5 to \$11.5 in the commercialization margin accruing to exporters in spite of the fact that according to the Coffee Institute (IHPCADE), no improvement in the services they provide has actually taken place. 1/ The unwashed variety, which requires little processing, still accounts for the bulk of coffee exports. Thus, producers had to bear lower world prices after the mid-1950's and higher margins on the part of the intermediary. In 1970-71 taxes and margins amounted to \$28.5 as compared to \$18.6 in 1950-53. It is not likely that in 1970-71 producer prices would have reached their 1950-53 levels even if export prices had done so. The share of export receipts accruing to farmers fell from 71 to 48 percent between these periods. Given this situation, the only defense available to producers was to switch from coffee production to other crops, particularly non-taxed subsistence products. This shift has obviously been costly to the country because it involved a loss in its real income.

Table II-3: DISTRIBUTION OF RETURNS FROM COFFEE EXPORTS  
(\$ per 60 kg bag and percent)

|         | F.O.B.<br>Export<br>Price | Taxes  |       | Intermediaries |       | Producers |       |
|---------|---------------------------|--------|-------|----------------|-------|-----------|-------|
|         |                           | Amount | Share | Amount         | Share | Amount    | Share |
| 1950-53 | 62.8                      | 10.1   | 16    | 8.5            | 13    | 44.2      | 71    |
| 1964-69 | 47.4                      | 16.0   | 34    | 11.5           | 24    | 20.0      | 42    |
| 1970-71 | 54.3                      | 16.3   | 30    | 12.2           | 22    | 25.9      | 48    |

Source: Table 7.3.

1/ See I.H.P.C.A.D.E., Haiti Plan Cafeier National (Port-au-Prince, 1971), Page 20.

54. In August 1973, the Government changed the coffee tax from a specific to an ad valorem basis. The details of this change are discussed in Chapter III. This revision was aimed at reducing the regressive tax burden on producers when export prices are low. As current world prices are relatively high the tax burden has increased and current prices paid to farmers are lower than they would have been if the revision had not been made. However, as mentioned earlier, the rise in the world market price has been reflected in some increase in the producer price.

55. The need to improve and increase assistance to coffee producers is clear, but it is unlikely that such assistance will have a noticeable effect on production unless farmers are paid an adequate price for their output. IHPCADE claims to have organized three cooperatives which have had very positive results in raising the returns on coffee exports to producers and production. The number of farmers affected by this program is still very small. In general, IHPCADE lacks the human and financial resources to carry out its functions effectively. The FAO/IDB/IBRD mission identified a coffee rehabilitation project affecting some 20,000 ha throughout the country. The project would aim at increasing production by about 87,500 60kg bags. Since Haiti's quota under the former International Coffee Agreement averaged 430,000 bags in 1970-72 while exports only averaged 315,000 bags, the implementation of the project should not result in excess production. The total cost of the project would be about G 40 million including feeder roads, washing plants, seeds and technical assistance. The importance of the coffee sector suggests that these expenditures might merit high priority in the formulation of an agricultural program.

#### Sugar

56. Together with coffee, sugar is undoubtedly the most important commodity produced by the Haitian economy. As in the case of coffee, the marketing structure and taxation have played important roles in the evolution of sugar production. Table II-4 summarizes the available statistical information for the 1960-72 period. Production of sugar closely followed the general economic trends: a fall is clearly noticeable from 1960 to around 1967-69, followed by a mild recovery up to 1972. Production in 1973, however, appears to have been less than 70,000 tons.

57. There are three commercial sugar mills with a total estimated refining capacity of 75,000 tons per annum. The largest - the Haitian American Sugar Company (HASCO) - is in Port-au-Prince and the two smaller mills are at Les Cayes and Cap Haitien. The refining capacity of the HASCO mill is around 55,000 tons, that of the Les Cayes mill about 2,000 tons and that of the Cap Haitien mill about 8,000 tons. A second-hand mill, imported from Jamaica, is now being reassembled near Leogane and will have a capacity of about 15,000 tons.

58. The HASCO mill was built in 1915 and up to a few years ago was the only commercial operation. <sup>1/</sup> Because of the terms of its contract, HASCO is obliged to supply the local market at a price set by the Government. If, at that price, the local market does not absorb all of HASCO's output, the company is allowed to export the surplus. In many ways it is, therefore, a

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<sup>1/</sup> It started operating in 1917. The mill in Les Cayes started operating 12 years ago and that in Cap Haitien started to operate in 1970.

forced monopoly which does not enjoy the capacity to fix its prices. In the past, HASCO has exported between 20,000 and 30,000 tons a year. But the increase in local consumption over the past decade and the low domestic price which it received (G 27.50/100 lbs) discouraged HASCO from expanding capacity or from assisting cane producers. Moreover, HASCO must bear the cost of transporting sugar to the retail outlets of the Regie du Tabac by which sugar is sold on the local market.

59. In 1972 the production cost of a 100 lb bag of sugar was G 24.20. In 1973 it rose to G 28.65. HASCO would clearly find it profitable (if it were not for export duties) to export its output given a current world price of over \$10 per 100 lb bag if it were free to dispose of its output as it pleased. Since this was not, however, the case it would not have been lucrative for HASCO to expand its capacity. 1/

60. There are, moreover, no incentives for producers to sell cane to the three larger mills. The price at which cane is sold to the mills is set by the government but even after the increase from G 20.00/ton to G 25.50/ton in 1974, it is low by comparison with other countries in the region where the price of cane often exceeds \$10/ton (G 50.00). Moreover, transport facilities are lacking. Except for HASCO, the mills require the producer to pay transport costs. Delays between cutting and refining reduce sugar yields. Since producers are paid by volume and not sugar content there is no incentive to improve the grade of cane. Little irrigation or fertilizer appears to be used. These factors have not, however, had the effect of reducing production since the guldives (small rural mills) are free to purchase cane at any price, but they have served to divert the production from the larger commercial mills which can produce for export.

61. Government policy regarding sugar sales has been to give priority to meeting domestic demand rather than to the expansion of exports. In 1973 when HASCO's production was insufficient to meet local demand, the government imported 6,000 tons at high world prices and subsidized retail sales.

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1/ If it were assumed that Haiti's export quota would, allowing for exports by the other plants, limit HASCO's exports to not more than 10,000 tons (200,000 bags) this would still imply additional foreign exchange earnings of at least \$2 million. The additional gross profits to HASCO would be at least G 4.0 million. But the internal price HASCO received until January 1974 for a 100 lb bag of raw sugar was G 27.50; that for a bag of refined sugar was G 37.50. The sale price to the Regie is actually US\$7 but \$1.50 is retained by HASCO for internal taxes. The Regie sold the raw sugar for about G 45.00 a bag and the refined sugar for about G 60.00 a bag (see para 158). These figures have to be compared with the average cost of production in 1973 (for combined raw and refined sugar) of G 28.65.



Table II-4: BASIC SUGAR STATISTICS  
(thousands of tons or millions of \$)

| Year | Sugar cane<br>Production 1/<br>(metric tons) | Sugar<br>Production<br>(short tons) | Sugar<br>Consumption 2/<br>(short tons) | Sugar Exports    |               |
|------|----------------------------------------------|-------------------------------------|-----------------------------------------|------------------|---------------|
|      |                                              |                                     |                                         | in<br>short tons | in<br>U.S. \$ |
| 1960 | 4953                                         | 72.8                                | 36.1                                    | 36.7             | 3.9           |
| 1961 | 5041                                         | 83.5                                | 43.4                                    | 45.1             | 4.5           |
| 1962 | 5063                                         | 84.7                                | 66.1                                    | 18.6             | 1.7           |
| 1963 | 5124                                         | 84.8                                | 30.4                                    | 54.4             | 5.5           |
| 1964 | 4813                                         | 79.0                                | 62.8                                    | 16.2             | 2.0           |
| 1965 | 4786                                         | 77.3                                | 51.7                                    | 25.6             | 2.4           |
| 1966 | 4952                                         | 64.8                                | 32.8                                    | 32.0             | 2.8           |
| 1967 | 4900                                         | 60.5                                | 25.1                                    | 35.4             | 4.0           |
| 1968 | 4300                                         | 63.7                                | 36.8                                    | 26.9             | 3.1           |
| 1969 | 4600                                         | 58.2                                | 39.6                                    | 18.6             | 2.1           |
| 1970 | 4800                                         | 63.9                                | 44.0                                    | 19.9             | 2.5           |
| 1971 | 4900                                         | 68.6                                | 45.7                                    | 22.9             | 3.4           |
| 1972 | 5047                                         | 75.4                                | 50.1                                    | 25.3             | 3.4           |

Notes: 1/ These are the official statistics on sugar cane production. A recent OAS study considers these figures too high. See OAS, Haiti, Mission d'Assistance Technique Intégrée, Vol. III, p. 199.

2/ Consumption has been calculated as a residual by subtracting exports from production.

Sources: Mission, based on data from National Bank of the Republic of Haiti, Customs Administration, and Haitian Statistical Institute.

62. In order to avoid further need for sugar imports a series of measures were taken by the government in early 1974. First, the wholesale price of domestically produced sugar was raised to G 50.00/100 lbs from G 45.00/100 lbs in 1973. 1/ Second, the government established that the approximately \$1.80 increase in returns per ton of milled cane which the price increase of sugar is likely to yield is to be distributed as follows:

|                        |               |
|------------------------|---------------|
| Cane grower:           | G 5.00        |
| Cane worker:           | G 1.50        |
| Transport costs:       | G 1.00        |
| Unspecified: <u>2/</u> | G <u>1.50</u> |
|                        | G <u>9.00</u> |

The Government expects that the higher posted price for cane and the specific earmarking of transport costs to be paid, either to producers or mills, will be sufficient to induce a greater flow of cane to commercial mills. Finally, the northern and southern mills were also prohibited from exporting until the Government is assured that domestic demand will be satisfied. But while the price paid to HASCO was raised from G 27.50/100 lbs to only G 32.50/100 lbs, the Regie, which will bear all transport costs of sugar from the mills to distribution centers, will pay to the southern and northern mills, G 45.00 and G 50.00 per 100 pounds respectively, in order to account for productivity differentials. In the short run such discrimination may be justified in order to maintain production levels. It would be desirable, however, that the two smaller mills be encouraged to modernize their facilities so that these price differentials could be eliminated in the future. While it is yet too early to measure the effects of these government actions, it is fairly clear that they are in the right direction. It is also possible that the flow of cane sugar to commercial mills could be increased by encouraging the rural mills to utilize molasses rather than raw cane to produce alcohol and rum.

#### Manufacturing

63. The manufacturing sector has recently been one of the most dynamic, growing at about 9 percent annually since 1970. It is estimated that it contributed about 11 percent of GDP in 1973. While this growth principally reflects the recovery from many years of stagnation, the prospects for continued expansion are favorable. Rising urban incomes have stimulated domestic demand for some of the products (flour, sugar, cement, soap, shoes, etc.) which are produced in Haiti. Moreover, the continued growth of small-scale export oriented assembly industries has been a principal factor in recent economic expansion.

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1/ In effect the price had already been increased for imported sugar in June, 1973.

2/ To be determined upon the examination of the sugar mills balance sheets.

64. The state has equity in a flour mill (60 percent) and a cement plant (16 percent). It also has full ownership of a cotton fibre plant at Gonaives, a slaughterhouse at Les Cayes, a machete factory near Port-au-Prince and in several smaller enterprises. With the exception of the flour mill, state participation occurs through IDAI-SEN. None of the state enterprises receive budgetary support and depend, to the extent they are not self-financing, on private and foreign resources for investment and for working capital. With the exception of the cement plant, the IDAI-SEN industrial enterprises have largely been financed through IDB credits.

65. In private industry there are two groups of manufacturing industries. First, a number of mostly small plants produce soap, clothing, footwear, textile, tobacco products, liquors, essential oils and some basic metal products for the domestic market. Second, there are about 200 assembly plants which export clothing, sporting goods, electronic components and other products -- mostly to the U.S.

66. After many years of operating well below capacity, several establishments are planning expansion in the short- and medium-term. The cement plant is already in the process of expanding its capacity from about 90,000 tons annually to over 300,000 tons in response to the demand generated by the construction industry. The flour mill will expand in the next two years from its present capacity of 1.4 million bags to 3.1 million bags, and the IDAI-SEN owned cotton fibre plant will raise its production from 65,000 lbs per month to 194,000 lbs in the next two years in response to increased domestic and foreign demand for fibre.

67. There are also several new enterprises. A steel plant which will produce sections using imported metal scrap is expected to be an operation by 1974. Negotiations for the establishment of an integrated textile plant are well underway and authorization for the construction of a brewery has been granted. There are other possible investments, including an oil tanker terminal and transshipment facility in the Northeast, but these are less certain. The bulk of financing for most of the new projects will be foreign in the form of suppliers credit and equity capital. Nevertheless, in most projects there is some Haitian participation either from the private sector or from IDAI-SEN or both. Table II-5 shows some of the principal projects for expansion of existing capacity and for new enterprises.

Table II-5: HAITI: MAJOR INVESTMENTS IN MANUFACTURING  
(millions of \$)

|               | Construction<br>Period      | Sources of Financing |          | Total<br>Investment |
|---------------|-----------------------------|----------------------|----------|---------------------|
|               |                             | Foreign              | Domestic |                     |
|               | ----- Expansion -----       |                      |          |                     |
| Cement        | 1972-74                     | 6.2                  | 2.0      | 8.2                 |
| Flour Mill    | 1974-75                     | 2.3                  | 2.4      | 4.7                 |
| Cotton Mill   | 1974-75                     | 0.8                  | 0.2      | 1.0                 |
| Metal Works   | 1974-76                     | ...                  | ...      | 2.7                 |
|               | ----- New Investments ----- |                      |          |                     |
| Textile Plant | 1974-76                     | 7.5                  | 1.5      | 9.0                 |
| Steel Mill    | 1974-76                     | ...                  | ...      | 7.0                 |
| Brewery       | ...                         | ...                  | ...      | 2.0                 |

Source: IDAI and listed enterprises.

69. While this suggests that medium term prospects for industrial growth are favorable, it also reveals a problem which Haiti must face to avoid longer run difficulties. Because of the small size of the domestic market, medium sized industries encounter a problem of scale. Technological constraints imply that productive capacity can only be installed or expanded by certain minimum amounts. As a result, many of the larger investments presently being carried out, or planned, will result in over-capacity, at least in the first instance, unless the enterprises concerned are able to export. At the present rapid rate of expansion, for example, domestic demand for cement will not reach the 300,000 ton capacity of the enlarged plant for five years. Domestic demand for the products of the projected steel plant will be less than half its capacity during the first few years of operation and the textile and clothing enterprise expects losses during its first three years. Most new enterprises have, therefore, submitted requests for formal monopoly privileges and import restrictions on competing products. Such privileges should be very selectively granted, in order to avoid high cost industries which, although reducing certain imports of finished goods, require additional imports of raw materials and intermediate goods.

70. Prospects for the continued expansion of the small-scale export-oriented industries are favorable. Since 1970, the number of jobs in these industries has risen from 10,000 to 25,000. Haiti has a clear advantage in labor costs. The effective wage rate appears to be in the order of G 9.10

(\$1.82) per day <sup>1/</sup> and the productivity of local labor appears to be quite adequate for the work involved. Labor intensive industries have been and should continue to be a major source of new employment. Difficulties in obtaining medium term credit has restricted entry into the sector to those with access to private non-institutional lenders. <sup>2/</sup> As a means of reducing capital requirements, IDAI has planned a 21 hectare industrial park in Port-au-Prince where it will construct and rent industrial buildings. However, although the infrastructure has been in place for several years, construction of the buildings has been delayed because of lack of funds. Financing has now been obtained from the IDB, and it is understood that construction will begin in 1974. The assembly industries have also been hampered by delays in obtaining customs clearance for imported inputs. To expedite processing, the government has recently created a separate customs entity for the international airport.

70. The continued growth of manufacturing in general will certainly depend on the general confidence of the business community, while the prospects of the small scale manufacturing sector will depend largely on economic conditions in the U.S. Assuming, however, that the recent growth trend is maintained, manufacturing can be expected to be an important direct source of new employment and, through the multiplier process, also an indirect source. For the time being, however, it is unlikely, given the infrastructural weaknesses of other parts of the country, that much manufacturing growth will occur outside Port-au-Prince. As a result, this sector cannot be expected to contribute much to the important task of redressing the imbalance between the center and the periphery.

#### Tourism

71. In recent years tourism has been one of the most dynamic sectors of the economy. Foreign visitors increased from 81,000 to an estimated 171,000 between 1970 and 1973 and foreign exchange receipts have risen by more than 35 percent per year to \$16 million in 1973. <sup>3/</sup> It is doubtful, however, whether this rate of expansion will continue because much of the growth can be attributed to recovery. As noted in Chapter I, tourist arrivals had already reached 145,000 in 1959 but fell drastically in the first half of the 1960's as a result of the unfavorable foreign image of Haiti.

72. Largely because growth was retarded by ten or more years, Haiti's share of Caribbean tourism amounts to less than 2 percent of the total. Its growth rate has also been slower: while tourism receipts in Jamaica rose

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<sup>1/</sup> The minimum wage in Haiti is G 5.50 per day; employees in the assembly plants, however, earn substantially more.

<sup>2/</sup> See Chapter III.

<sup>3/</sup> The importance of tourism to the balance of payments is discussed in Chapter IV.

from less than 9 percent to nearly 18 percent of GDP between 1960 and 1970, they represented less than 3 percent in Haiti in 1973 - about the same share as in 1959.

73. Nevertheless, there seems to be ample scope for an increase in Haiti's share of the Caribbean tourist market. A 1972 report on tourism development in Haiti indicates that while Haiti's beaches may be less attractive than those of neighbouring islands, some of them offer potential for development. 1/ Moreover, Haiti's mountainous terrain is spectacular, while its culture may be among the most interesting in the region. Haitian handicrafts are sold as "local products" elsewhere in the Caribbean and the popularity of Haitian art is increasing in Western Europe and the U.S. Finally, the social and political problems which are currently affecting the tourism industry of other islands do not exist in Haiti.

74. These resources cannot be fully exploited, however, for as long as the lack of an adequate transport infrastructure restricts the foreign visitor arriving in Port-au-Prince (the only airport which meets international safety standards) to the attractions of the city and its environs. The nearby beaches are among the poorest in the country and a trip from Port-au-Prince to the Citadelle and the Sans Souci Palace near Cap Haitien can only be undertaken with some difficulty. Infrastructural improvements would be likely to increase the average stay of tourists arriving by air in Haiti (now 6.5 days). Fifty percent of the tourists who have visited Haiti since 1970 have arrived on cruise ships for stopovers of only one day in Port-au-Prince or Cap Haitien.

75. There is room for improvement in the standards of tourist facilities. While prices compare quite favorably with those in other Caribbean islands, there are no establishments offering all of the services which might be expected of a first class hotel. 2/ Employment in the hotel industry accounts for about 900 employees which gives a ratio of only 0.5 per bed, whereas the average ratio of employees per bed throughout the Caribbean is 1.25. Given low labor costs and what appear in most instances to be low outlays for the amortization of fixed investment (the increased number of tourists have largely been accommodated by higher capacity utilization rather than by hotel expansion), recent profits have probably been high. Seen against the background of the long lean years of the 1960s and thus in terms of a 15 year average, however, they are not inordinate. Nevertheless, an expansion of existing facilities, including some upgrading, will be required if growth is to continue; this may well entail a change in attitudes towards means of profit maximization emphasizing a higher volume of tourists at a lower per capita profit.

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1/ Developpement du Tourisme en Haiti, General Secretariat of the Organization of American States; Washington, D. C., 1972.

2/ Except for a recently opened establishment which is, however, extraordinarily expensive (\$150 per day).

76. A further problem concerns urban transport facilities. The few amusements in Port-au-Prince for foreign tourists (nightclubs, a small casino, trips to the nearby mountains) are not now fully exploited because transport facilities are inadequate. Public transport is not suitable for visitors unfamiliar with the city, while tourist cars (with or without driver) must be hired by the day and are, consequently, expensive.

77. In view of these conditions, Haiti now attracts mainly those tourists who are willing to forsake certain comforts obtainable elsewhere in exchange for Haiti's unique features. The Organization of American States (OAS) study estimates that the average age of the visitors to Haiti is generally younger than in other Caribbean countries. This, the high proportion of tourists who arrive on cruise ships, and the short average stay help explain why revenues per tourist in Haiti (about \$95) are less than in other Caribbean islands (\$339 in Jamaica, \$121 in the Bahamas and \$132 in Barbados). 1/

78. The scope for government action to promote tourism is considerable. It relates first to other sectors such as transport, telecommunications, water supply and agriculture. The Northern and Southern roads will benefit tourism by facilitating one or two day excursions to the north and south, but secondary access roads to the beaches and to the Citadelle and Sans Souci Palace (near Cap Haitien) will still be needed. Moreover, both the Citadelle and Sans Souci need to be maintained if they are to become major attractions. With respect to urban transport problems the standardization of taxi rates would perhaps be a first step in improving the existing situation. The water and sewerage systems will need improvement if tourists are to visit the interior. The substantial amount of food imports for tourist consumption indicates that any improvement in the output of the agricultural sector (allowing a greater domestic supply to hotels and restaurants) would considerably increase the net benefits of tourism.

79. Regarding government action within the tourism sector, the budget of the Tourism Office is very small (about G 2.5 million) and much of it appears to have been spent on promotion. Since less than 20 percent of visitors are induced to visit Haiti through promotional campaigns, this seems excessive. The regulation of tourism services and facilities would appear to be the appropriate objective of this institution.

80. A tourism incentive law was passed in early 1972 granting hotel investors exemption from import duties for construction materials and income taxes for ten years. This law was repealed in early 1974. With the high prices and low operating costs of the hotel industry these exemptions were excessive. While the law appears to have encouraged the development of medium sized family operated guest houses, it did not influence any major hotel chain to invest in Haiti. The establishment of a major new hotel in Port-au-Prince would certainly force existing hotels to either improve their services or reduce their rates and could thus help to achieve the necessary upgrading of facilities which legislation alone cannot do.

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1/ Source: OAS Tourism Study.

81. The average annual occupancy rate for 1973 is estimated at 60 percent. Lower prices and improvements in services are now the most important objectives. Once the new roads have been built, increased capacity will become essential in the provincial cities, particularly Cap Haitien, if regional tourism is to be developed. At present, nearly all first-class tourist accommodations in the country are in Port-au-Prince and nearby Petionville.

82. An investment program related to the tourism sector was prepared by the OAS mission in 1971. The total expenditures envisaged in this program amount to G 100 million over a ten year period, of which G 30 million would represent private investments and G 70 million, public investments. Suggested foreign financing of public investment amounts to \$10.6 million. The plan concentrates on the development of the northern part of the country but also calls for some expenditures in the Port-au-Prince region, and includes infrastructure, rehabilitation and hotel capacity expansion. As a first attempt at quantifying the problems and priorities of the Haitian tourism sector, it is a valuable document for the Haitian Government in planning sectoral development. But because the costs associated with specific projects appear to be underestimated (especially in view of the recent increase in world prices) the total expenditures involved will require further examination.

#### The Infrastructure and Service Sectors

##### Transport

83. It has long been recognized by government and international agencies alike that the development of roads is a prerequisite to Haitian development. The decentralization of the economy and the development of the agriculture and tourism sectors is closely dependent on the improvement of the road network. The construction of the two main road axes - the "Southern" and "Northern" roads - is an urgent requirement. The first will link Les Cayes at the tip of the southern peninsula to Port-au-Prince, while the second runs north from Port-au-Prince to Cap Haitien (see map).

84. As a result, construction, rehabilitation and maintenance of roads will receive the largest share of public investment and official foreign assistance. The IDB has approved a \$22 million loan (plus a \$0.6 million grant) for the construction of the Southern Road, and the International Development Association (IDA) has under active consideration a credit of about \$10 million for the partial reconstruction of the Northern Road. It is also likely that about \$2 million will be allocated (under bilateral assistance) to the rehabilitation of the road between Port-au-Prince and Jacmel. Finally, a \$3.7 million road maintenance loan from AID has already been signed. The total cost of these projects, including government contributions, will amount to about G 250 million, and execution is expected to occur over the next 4-5 years. Finally, the BNRH has recently (January 1974) extended a credit of G 5 million to the Ministry of Public works for the purchase of road construction equipment.



85. While these investments will meet the most pressing needs, the road transport infrastructure required for sustained and balanced growth will still be far from complete when they are finished. A transport survey which will define future road priorities is expected to be carried out in conjunction with the Northern Road project. Already, however, it is clear that a road to Cap Haitien through Hinche across the Central Plateau is of interest to the Government. The Central Plateau is now virtually isolated. It is also clear that the Government considers feeder roads linking the population in remote areas to the trunk highways to be an essential tool in integrating the principal agricultural areas to the mainstream of the Haitian economy.

86. Ports represent one of the few sectors where the Government has recently made substantial fixed investments. The main effort has been concentrated on improving the harbor in Port-au-Prince, reflecting a policy of channelling external trade through the capital. The first phase of improvement and extension works was completed between 1969 and 1973. This investment (about G 11.5 million) was financed entirely from the resources of the Port Authority.

87. The second phase of the Port-au-Prince harbor expansion (which is being financed by IDB) has, however, started slowly because of difficulties over the choice of consultants - who will have a general supervisory responsibility over the execution of the new work. But even assuming a quick decision on consultants, the Government's anticipated flow of expenditures seems highly optimistic. It will take time to select the various contractors involved and to get them in the field, and it is unlikely that the project will be completed before the end of 1976.

88. Investments in ports outside that of Port-au-Prince have been negligible. In view of the increase in the number of cruise ships visiting Cap Haitien, the improvement of its port facilities which can now harbor only one ship at a time, would seem appropriate. It would also seem appropriate to review the policy of channelling all external trade through Port-au-Prince. The development of direct exports from some of the provincial cities which already have harbors - such as Jacmel - would surely be consistent with the need to revitalize provincial centers.

89. The international airport in Port-au-Prince was built with domestic resources in the mid-1960s when it became apparent that the lack of a jet airport could jeopardize Haiti's position in the tourism market. Since then, the growth of tourist arrivals has made expansion of ancillary facilities at the airport increasingly urgent. Actual expenditures have so far been modest. In 1972 expenditures amounted to only G 1.2 million, and in 1973 negotiations between the Airport Administration and the Government concerning the distribution of revenues from operations held up further improvements. According to the expansion plan, investments over the next 2-3 years should be approximately G 5 million, but the timing of work undertaken will depend on agreement being reached between the BNRH and the Airport Administration. To encourage tourism elsewhere than in Port-au-Prince, improvements in provincial airports will be needed. CONADEP has budgeted G 3 million for this purpose in 1974 but it is doubtful, financial constraints apart, whether implementation capacity is sufficient to permit this level of expenditure.

### Power

90. Increasingly severe power shortages and blackouts in the Port-au-Prince area in the late 1960's dictated that the country's highest investment priority was the power sector. 1/ Power investment expenditures in 1971 and 1972 amounted to one-third of total public investment expenditures, the hydroelectric plant at Peligre having been financed through a costly suppliers' credit of about \$9 million. 2/ The country accepted the price of a heavy debt service on this loan in order to implement the project quickly. Two 15.7 MW turboalternator groups were installed in 1971 and 1972, and a third group with the same capacity was installed in late 1973. Power is the only sector where actual expenditures consistently exceeded government forecasts between 1969 and 1973, as price increases and devaluation made the suppliers' credit substantially more expensive than was initially anticipated. With the third turbine in place, installed capacity is sufficient to meet expected demand in Port-au-Prince until 1976. Peligre's capacity is now about 45 MW but hydraulic constraints limit average capacity to about 30 MW. Peak demand is now only 21 MW but the new steel plant will in itself add another 7 MW to this level.

91. The Peligre dam appears to be the only economically viable major source of hydroelectric power in the country and future increases in generating capacity will probably therefore have to rely principally on thermal sources. The economic feasibility of exploiting the lignite deposits of Maissade (in the center of the country) for power generation are now being explored by the United Nations Development Program (UNDP). 3/ If their use proves to be economically feasible, a project suitable for financing by international agencies would be formulated. It would probably include a 20 to 30 MW steam unit in Maissade, and a transmission line to Port-au-Prince, as well as badly needed improvements in the distribution system in the city. If

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1/ Until 1971, power was in the private sector. In that year the Government acquired the foreign owned Compagnie d'Eclairage Electrique which became Electricite d'Haiti.

2/ The initial terms virtually amounted to cash payments. Prepayments amounted to at least \$4.5 million. Subsequently this was renegotiated and the present maturity is 1978.

3/ It has been suggested that the lignite deposits could also be used to assist in the struggle against erosion by providing a substitute for charcoal (obtained from tree cutting). This, however, would not be appropriate if the deposits can be used for electric power generation. Moreover, the slow-burning characteristics of lignite would probably make it unsuitable for this purpose.

the use of the Maissade deposits does not prove economically feasible for power generation, a diesel plant in Port-au-Prince would be the best alternative. In view of the high and rising costs of imported fuel, however, a diesel plant would obviously represent a second best solution. There are, for the time being, no known plans for improvements in the power supply to provincial cities.

#### Telecommunications

92. Since 1971, the Government has made increased efforts to improve telecommunications. <sup>1/</sup> To date its investments have been concentrated in Port-au-Prince. In contrast to most other sectors, the implementation rate of expenditures in telecommunications has been good. Some 4,000 lines have been operating in Port-au-Prince since 1969. In 1971 the Government signed a \$0.9 million contract with the Japanese firm OKI for a 3,000 line crossbar exchange which was installed in the spring of 1973.

93. The improvement of inter-urban telecommunications appears to be a necessary condition to decentralize economic activity and the decision making process. In order to facilitate financing by official lending agencies for this sector, the OAS has prepared a long term development plan for local, national and international telecommunications which calls for investments of G 105 million over a 20 year period. The government has taken the view however that the extension of services in the Port-au-Prince area deserved the highest priority and in June 1973 it signed a \$1.7 million contract with a Swedish company for a 6,000 line automatic exchange. The installation of the equipment will take place during 1974. Other planned outlays (about G 10 million) for telecommunications investment in 1974 include some extension of inter-urban services, and a satellite receiving station; this estimate appears optimistic in view of implementation constraints.

#### Water Supply

94. In view of the growing population of Port-au-Prince, there is a clear need to improve its water supply system. This system is presently managed by the Centrale Autonome Metropolitaine d'Eau Potable (CAMEP). In 1965, the IDB made a loan of \$2.38 million for water supply which was followed in September 1970 by a second loan for \$5.1 million. Implementation has, however, been very slow in recent years, partly because of a shortage of drilling equipment for wells. There are also some differences of opinion on technical issues between CAMEP and the consultants retained for the project. It is possible that project content will be reviewed in the light of these differences. In view of rising equipment prices, a rapid agreement could certainly be expected to bring substantial savings to the Government by avoiding cost overruns.

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<sup>1/</sup> The country's national telephone and telegraph system is operated by Telecommunications d'Haiti (TELECO), in which the Government (through the BNRH) acquired a majority participation in September 1971. BNRH's participation has since increased to more than 80 percent. TELECO is the operating company while the Conseil National des Telecommunications (CONATEL) deals with long-term planning.

95. Present plans indicate that investment (financed by the IDB loan and government contributions) in 1974 will amount to G 15 million. It is not clear how this much could be spent in a single year on the Port-au-Prince project when less than \$0.5 million were spent in the last three years. Even if the IDB, CAMEP and the consultants quickly reached a decision on future steps in project execution, further studies may be needed and the execution of the project could be expected to take at least two years.

96. Their present low service levels suggest that water supply systems in provincial cities merit more resources than the G 5 million budgeted for 1974. But in view of the past implementation rate of planned outlays it is doubtful that actual outlays will reach even this sum. Existing distribution systems in several cities date back to the last century. Apart from the obvious need to raise the health standards in smaller cities, improvements to the water supply in provincial towns in the medium term will be necessary if tourists are expected to visit them. Water supply outside Port-au-Prince now falls under the administration of the Cooperative Pour l'Amelioration en Eau Potable (COALEP). This institution lacks the financial and human resources to make more than a small contribution in this sector.

#### Social Services

97. The need to improve the education system is clear. In rural areas only 20 percent of school age children receive any education at all, but in urban areas where expenditures for education are nearly three times higher than in the country, the enrolment ratio exceeds 70 percent. However, an excessively academic curriculum detracts from the effectiveness of the system, as does the fact that only 20 percent of teachers in rural areas and 35 percent in urban areas are graduates of teacher training schools. Retention rates are low; only about 2 percent of children in rural areas reach the end of primary school, while in urban areas about 50 percent of all students enrolled are repeaters. About 150,000 adults have been taught to read and write by the Office National d'Alphabetisation et d'Action Communautaire (ONAAC) since 1969. However, this number is still small in view of the 3.0 - 3.5 million people who remain illiterate.

98. Government expenditures for education are low. Ministerial outlays for education in 1972 amounted to G 25.9 million and development expenditures reached only G 2.3 million. Together these amounts represented only about 1.1 percent of GDP or 9.6 percent of government revenues. These shares have declined in recent years. Education expenditures in 1969 equaled, respectively, 1.0 and 8.6 percent of GDP and government revenues.

99. There are various non-financial issues which must be resolved, however, before higher outlays than at present can significantly affect the quantity and quality of educational services. A set of clear objectives for the sector is essential. These should take account of the high ratio of emigration among professional and skilled technical classes and of the country's need to retain them. Better coordination among public agencies is required to improve the efficiency of the system. Presently there are

four agencies involved in this sector - the Ministries of Agriculture (rural schools), Education (urban schools) and Health (health personnel), and ONAAC (adult education) - but there is little coordination between them. There is a clear need to adapt curricula and teaching methods to local conditions. Instruction in Creole rather than in French would give access to vocational training to a substantially greater share of the population - given that 80-90 percent of the population speaks only the former. A review of the separation of urban and rural school systems is desirable. The original objective of this distinction between the two systems was to instruct rural children in essential agricultural skills. In practice, instructors are not prepared for this task and, as a result, rural children receive largely the same kind of training as urban children, but of a substantially inferior quality.

100. Some positive steps to improve the appropriateness of education are being considered. The Government is considering the use of educational radio to reach the population in the interior. With the help of French, Canadian and UN technical assistance, two more centers for vocational training and a Pedagogical Research Institute are being established. Finally, a joint IDB/UNESCO team is scheduled to visit Haiti in 1974 and is expected to help in determining education priorities.

101. Low health standards warrant an improvement in the quality and distribution of public health services. For the entire country there are about 13,210 people per physician and 1,400 per hospital bed. In the public sector, only the activities of the Service National d'Eradication de la Malaria (SNEM), which has spent most of the G 7.5 million average annual expenditures for health in the Development Budget since 1969, have had a major impact on improving the general health standards of the population. Although precise data are not available, it is generally recognized that progress has been made in reducing the incidence of this disease. <sup>1/</sup> For 1974, about G 10 million has been budgeted for SNEM activities. The emphasis of the program has been shifted to general vaccination of children in rural areas against all transmissible diseases. The effectiveness of other health services is reduced by an excessive concentration of facilities and human resources in Port-au-Prince. For example, in 1970 two thirds of all doctors in public health were stationed in Port-au-Prince. While in the capital there were about 4.3 doctors in the public health service per 10,000 inhabitants, in the rest of the country there were only about 0.3/10,000 inhabitants. Stationing health personnel in the interior or at least ensuring that rural areas are periodically attended would extend the benefits of public health services to 80 percent of the population. Also, more trained para-medical technicians could offset to some extent the small number of physicians in the country.

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<sup>1/</sup> Some reports suggest that there may have been a localized resurgence of malaria in the last year or two.

102. The Government's intention to improve family planning, child and maternity care services are clearly justified by the high birth rate and high density of population, but for 1974 planned expenditures for mother-child care are only G 2.5 million. An increase in expenditures would clearly be desirable. Several multilateral agencies have expressed interest in this field, but it will also be necessary for the Government to increase its own efforts to achieve the success in these areas which are in the long run vital ingredients in promoting the well-being of the Haitian people.

#### Public Expenditure Requirements

##### The Planning Process

103. Economic planning is the responsibility of CONADEP, the titular head of which is the President of the Republic. For most purposes, however, he was until 1973 represented by the Minister of Finance and Economic Affairs, who is also the Executive Secretary of CONADEP. The President was also represented by the Minister of Finance on the main policy-making body of CONADEP, the National Council, which included, in addition, the Minister of Public Works, the Minister of Trade and Industry, the Minister of Agriculture, and the President of the BNRH.

104. In January 1974, a decree was issued whereby CONADEP was reorganized. It is now independent of the Ministry of Finance, although as before, its titular head is the President of the Republic. The status of the Executive Secretary of CONADEP has been raised to that of Secretary of State. The National Council continues to be the main policy making body. It has now been enlarged and includes the Ministers of Education, and Public Health and Population and the Executive Secretary of CONADEP in addition to those who were members of the Council under the former arrangements, except the Director General of the BNRH. There are now five divisions: documentation, economic and social planning, finance, foreign assistance and budgeting, and area development and environmental management.

105. CONADEP has three nominal functions: (a) long run economic planning; (b) the preparation of the development budget, and (c) providing assistance to ministries and semi-autonomous agencies in project preparation.

106. Sophisticated long-run planning is not among Haiti's most urgent needs. A Five Year Plan (1971-1976) was published in 1971. It has not been implemented - even in respect of its development expenditure goals - nor has it been revised. CONADEP has indicated that another five year plan is being prepared for the period 1976-1980. It seems unrealistic to expect that planning in Haiti should aim to accomplish more than the establishment of consistent and well founded priorities for development expenditures, particularly investment. In the past, such a strategic tool was not needed. Haiti was isolated and did not receive external capital assistance. Now, however, a medium-run strategy is required if the external capital, which may become available is to be used efficiently. It will, therefore, be necessary to develop some capability in CONADEP to fulfill this function. The need to do so is, of course, closely linked with the need to prepare a realistic

annual development budget - which represents CONADEP's second function. However, an obstacle to the preparation and control of this budget has been the lack of effective formal communications between CONADEP on one hand and the "planning" or "programming" units of government agencies and departments on the other; there is a clear need to improve these communications if the planning and implementation of the development budget is to be made more efficient. Finally, CONADEP has not in the past played an effective role in assisting other agencies in project preparation, largely for the same reasons, but also because there has been little need to do so, given that few projects were being formulated. Here too, some improvement will clearly be required.

107. The need for improvements in the performance of CONADEP and questions concerning its structure have, within the past year or so, been dramatized by the fact that more decisions - about preinvestment studies, consultants and contracts, for example - have had to be made. Several such decisions now pending have been mentioned in the sectoral discussions above. Furthermore, recent reorganizations within certain agencies - notably the Ministry of Public Works and (pending) the Ministry of Agriculture, have accentuated the need to find ways and means of achieving a better liaison between CONADEP and other agencies.

108. The recent legislative change may help to make CONADEP more effective, but, even though it is one of the Government's best staffed agencies, it is likely to require an infusion of greater technical competence - including that which could derive from technical assistance - if it is to do its job properly. It will also be necessary to determine the most useful relationship between the Presidency and CONADEP. If the former is to make a final decision on matters related to investment, the most useful role of CONADEP would be to acquire the necessary capacity to be able to provide the Presidency with clearly defined alternatives and with judgements and recommendations about their relative priorities. If CONADEP is to function more or less independently - although even in this case the Presidency could be expected to retain final authority - it will still need this capacity. Whatever its political status, therefore, CONADEP must necessarily seek to enhance its technical capability and to focus on the major goal of preparing sound annual proposals within (to the extent possible) a consistent longer-run framework.

#### Development Expenditure Program

109. Based on the foregoing discussion of sectoral priorities, and the various pre-investment studies mentioned in that discussion, which have to some extent quantified Haiti's expenditure requirements, Table II-6 presents a summary development expenditure program for the period 1975-80 and mission estimates for actual outlays in 1974. During the initial years of the program, expenditures are oriented to infrastructure (power, transport), in order to remove the main obstacles to growth; in the latter years, expenditures shift to the production and social sectors.

110. In contrast to past performance, public development expenditures in real terms are projected to increase rapidly over this period, by about 10 percent per annum, as compared to about 3 percent between 1969 and 1972. Such a rate of increase in public outlays would permit average annual GDP growth in real terms to continue at about 5.0 percent, once the autonomous factors of growth described previously in this Report are exhausted. Thus, development expenditures in 1980 would reach about 4.5 percent of GDP as compared to only 3.2 percent in 1972.

111. To a large degree the rapid increase in projected outlays depends on the actual extent of the role of official lending agencies. Until recently, the scope for action by these agencies was limited by the lack of adequate pre-investment studies to permit the identification of investment priorities. As discussed earlier, several such studies have now been completed or will be completed during the next year for agriculture, telecommunications, transport, tourism and education, while a UNDP team is presently in the field examining the alternatives for further expenditures in the power sector.

112. Apart from the financial implications of a higher level of official capital flows (discussed in para 197) lending agencies are likely to assist the Haitian authorities in overcoming the non-financial constraints which have until now been a major factor in limiting the growth of development outlays. Most commitments of foreign assistance contain provisions for assistance in institution building, project preparation and execution, or further studies to determine future investment priorities in each sector. Such assistance will be essential to improve the low implementation rates of the past when, for example, in 1971 and 1972 only 65 and 73 percent respectively of budgeted expenditures were actually made.

113. There is likely to be a marked shift in the sectoral allocation of government expenditures. In spite of the planned thermal electric power project the share of total outlays in the power sector which was about 27 percent in the 1969-72 period can be expected to decline to slightly over 5 percent through 1980, as expenditures for the Peligre hydroelectric plant are terminated and other development expenditures increase. In contrast, the share of the transport sector is projected to double from less than 15 percent of the total in 1969-72 to 30 percent of the total in 1974-80. Most of these investments will take place between 1975 and 1978 when the Southern and Northern Road projects and improvements to the harbor at Port-au-Prince are likely to be executed.

114. Although the average share of expenditures in the agricultural sector is projected to increase only slightly over that of the 1969-72 period (from 12.4 to 15.6 percent), the program suggests that by 1980 agriculture should receive the largest allocation, reflecting the high priority of this sector. The actual level of expenditure in this sector by the end of the decade will, however, depend to a great extent on the completion of the large transport projects now envisaged and thus on the realization of improvements in the project execution capacity of the agencies involved.



115. Between 1969 and 1972, outlays in the social sectors, including health, water supply, education and community development amounted to about 23 percent of the total. As a whole the share projected for these sectors should rise to over 31 percent. As with agriculture, however, the bulk of these outlays will be in the latter years of the period after the high priority transport projects are completed. Most likely, water supply in provincial cities, family planning, vocational and rural education will absorb the largest share of the increment in these expenditures. The remaining 17 percent of government outlays are projected in the telecommunications, industrial and tourism sectors and for urban development. It is assumed that investments in the industrial and tourism sectors will largely be made by the private sector although some investments by government enterprises can be anticipated. The expenditures included for the tourism sector exclude outlays for infrastructure (roads, water supply) which have been listed separately in the appropriate sector, so that any integrated tourism project would include expenditures listed in other sectors. The situation regarding expenditures for telecommunications is presently unclear. The projections largely reflect the proposals of the OAS sectoral study, taking into account the expenditures financed by the recently contracted supplier's credit. Finally, while some expenditures for urban development have been included in the projections, the overwhelming needs of the rural areas indicate that these expenditures should absorb only a marginal share of development outlays, at least in the period through 1980.

116. Projected average annual development expenditures in 1974-80 amount to G 220 million, of which 66 percent consists of fixed investments - about the same proportion as in the past. In the first years of the program the share of fixed investment is projected at a higher level because of the expenditures for transport infrastructure which can be anticipated. However, as the share of total outlays in the agricultural and social sectors increases, fixed investments will probably decline as agricultural credit operations, financing of agricultural inputs, purchase of teaching and health materials and other non-fixed development outlays increase. Moreover, towards the end of the period maintenance of investments made in earlier years is also likely to increase. Nevertheless, the projected level of fixed investments by 1980 should represent about 3 percent of GDP, as compared to only 2.2 percent in 1972.

Table II-6: DEVELOPMENT EXPENDITURE PROGRAM

(Millions of Gourdes)

|                             | 1969-72<br>Average | 1974         |              | 1975         | 1976         | 1977         | 1978         | 1979         | 1980         | 1974-80<br>Average | Percentage<br>Distribution |              |
|-----------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|----------------------------|--------------|
|                             |                    | Budget       | Estimates    |              |              |              |              |              |              |                    | 1969-72                    | 1974-80      |
| Agriculture                 | 8.9                | 27.2         | 11.7         | 19.2         | 24.0         | 29.3         | 46.5         | 52.0         | 57.0         | 34.3               | 12.4                       | 15.6         |
| Power                       | 19.3               | 7.7          | 5.5          | 6.0          | 9.7          | 12.0         | 17.5         | 16.0         | 14.0         | 11.4               | 27.0                       | 5.2          |
| Telecommunications          | 5.5                | 14.8         | 17.0         | 8.5          | 8.0          | 5.0          | 6.0          | 7.5          | 28.0         | 11.5               | 7.7                        | 5.2          |
| Industry                    | 2.8                | 10.7         | 7.0          | 8.0          | 8.5          | 9.0          | 9.5          | 10.0         | 11.0         | 9.0                | 3.9                        | 4.1          |
| Transport                   | 10.4               | 42.4         | 22.1         | 88.2         | 116.0        | 78.5         | 48.3         | 57.6         | 51.8         | 66.0               | 14.5                       | 30.0         |
| Tourism                     | 1.0                | 3.7          | 3.0          | 1.5          | 2.0          | 5.5          | 6.5          | 7.5          | 8.0          | 4.9                | 1.4                        | 2.2          |
| Water Supply                | 2.7                | 19.0         | 4.0          | 8.5          | 10.0         | 11.0         | 15.0         | 17.0         | 20.0         | 12.2               | 3.8                        | 5.5          |
| Health                      | 8.2                | 18.4         | 15.0         | 17.0         | 19.0         | 21.0         | 25.0         | 30.0         | 33.0         | 22.7               | 11.5                       | 10.3         |
| Education                   | 2.5                | 6.9          | 5.0          | 13.0         | 17.0         | 15.0         | 15.0         | 17.0         | 20.0         | 14.6               | 3.5                        | 6.6          |
| Community Development       | 3.0                | 17.2         | 12.0         | 16.0         | 20.0         | 20.0         | 22.0         | 22.0         | 25.0         | 19.6               | 4.2                        | 8.9          |
| Urban Development           | -                  | 2.5          | 2.0          | 2.5          | 3.0          | 3.0          | 3.5          | 4.0          | 5.0          | 3.3                | -                          | 1.5          |
| Pre-investment and Research | 7.2                | 12.2         | 9.0          | 10.0         | 10.0         | 10.0         | 11.0         | 11.0         | 11.0         | 10.4               | 10.1                       | 4.7          |
| <b>Total</b>                | <b>71.5</b>        | <b>182.7</b> | <b>113.3</b> | <b>198.4</b> | <b>247.2</b> | <b>219.3</b> | <b>225.8</b> | <b>251.6</b> | <b>283.8</b> | <b>219.9</b>       | <b>100.0</b>               | <b>100.0</b> |
| Fixed                       | 47.3               | 112.6        | 62.8         | 142.0        | 184.4        | 148.0        | 140.2        | 149.2        | 170.3        | 144.5              | 66.2                       | 65.1         |
| Other                       | 24.2               | 70.1         | 50.5         | 56.4         | 62.8         | 71.3         | 85.6         | 102.4        | 113.5        | 77.5               | 33.8                       | 34.9         |

Source: CONADEP and Mission Estimates

### III. RESOURCE MOBILIZATION

#### Introduction

117. As mentioned in Chapter I, Haiti's recent growth has been achieved with relatively little addition to productive capacity. While domestic savings and investment have increased, they remain low as ratios of GDP and in the period 1969-1972, accounted for 1.8 and 5.2 percent respectively of average GDP for those years. In order to finance the development expenditures outlined in Chapter II, however, Haiti will in the next few years have to mobilize considerably greater volumes of both domestic and foreign resources.

118. This implies an increase in private savings and in direct foreign investment. It also implies that the public sector will need to mobilize sufficient resources to finance higher levels of current and investment expenditures. This might mean an increase in the tax ratio and/or an improvement in the use of public sector resources. It will certainly require a greater volume of external capital inflows. The success of efforts to achieve these goals will, however, be determined at least in part by the preservation of domestic confidence and the maintenance of a favorable international image.

119. The discussion which follows is divided into two parts. The first is concerned with the mobilization of resources for private investment. The second deals with public sector resource mobilization, and contains (a) an analysis of the fiscal system, as such, and an evaluation of its strengths and weaknesses for the purposes of development strategy, and (b) an assessment of possible levels of domestic resource mobilization in the light of the estimated financial requirements of the public sector over the next five years, taking account of the likely availability of external capital.

#### Financing the Private Sector

##### Private Domestic Investment

120. It might be expected in a country as poor as Haiti that private savings would be low. Recent economic growth appears, moreover, to have been paralleled by increasing expenditures on consumption, with the effect that the increase in real savings has not been proportionate to GDP growth. Private consumption expenditures in 1973 are estimated at nearly 90 percent of GDP, while real private savings are estimated at less than 2 percent. Given that most of the agricultural population lives at near subsistence level and that, though new employment opportunities have been created in Port-au-Prince, the prevailing wage rate is only about G9.00 per day, it is plausible that private savings are as low as this ratio suggests. This assumption is supported further by the fact that at higher income levels the increased consumption of luxury goods has absorbed a large part of additional incomes.

121. In the absence of exchange controls and a favorable investment climate, fairly large amounts of financial savings were, moreover, in the past remitted from Haiti in the form of private deposits. During the 1960's this was of course a partial effect of the general economic climate. It was also a response to the fact that no interest was paid on savings deposits in Haiti at that time. Beginning in 1970, however, the BNRH initiated payments of 3 percent interest on savings and time deposits. 1/

122. In 1971 only the BNRH, which functions as a commercial bank as well as the central bank, and a branch of the Royal Bank of Canada operated in Haiti. In response to the improved financial and political climate, three other foreign banks have since then opened branches in Port-au-Prince - First National City Bank of New York, Bank of Nova Scotia and First National City Bank of Boston - and a fourth, the Banque Nationale de Paris, is expected to do so in the near future. More significantly, in late 1973 the Banque de l'Union Haitienne began operations. It is, not only, the first banking initiative by a private Haitian group but, with subscribed capital of US\$2 million, it is the first private commercial bank in Haiti to operate with its own capital. The competition for funds which has resulted from the recent increase in the commercial bank population has pushed interest rates to as high as 6 percent on deposits of over one year during 1973. In response, savings accounts more than doubled in absolute terms between 1971 and 1973 and monetary savings as a ratio to GDP have risen from about 2.5 to over 4 percent between December 1971 and May 1973 (see Table III-1). The relatively high reserve requirement (30 percent on all bank deposits, including savings deposits) is likely to prevent further increases in interest rates paid to depositors for as long as competition from the non-institutional money market limits the ability of commercial banks to raise interest rates to borrowers.

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1/ Legally, time deposits do not exist. But higher interest is paid on deposits which are maintained over long periods.

Table III-1: SUMMARY ACCOUNTS OF THE BANKING SYSTEM

(percent of GDP)

|                          | December 31 |      |      | May 31 |      |
|--------------------------|-------------|------|------|--------|------|
|                          | 1970        | 1971 | 1972 | 1972   | 1973 |
| Foreign Assets (Net)     | 0.1         | 2.0  | 3.9  | 3.6    | 4.5  |
| Domestic Credit          | 11.9        | 12.0 | 11.8 | 11.1   | 11.4 |
| Public Sector (Net)      | 8.9         | 8.7  | 8.2  | 7.7    | 6.7  |
| Private Sector           | 3.1         | 3.3  | 3.6  | 3.6    | 4.8  |
| Other (Net) <u>/1</u>    | -2.7        | -3.3 | -3.4 | -3.3   | -3.2 |
| Total Assets/Liabilities | 9.3         | 10.7 | 12.3 | 11.5   | 12.7 |
| Money                    | 6.7         | 7.6  | 8.4  | 7.8    | 8.5  |
| Currency                 | 4.3         | 4.7  | 4.8  | 4.8    | 4.6  |
| Demand Deposits          | 2.4         | 2.9  | 3.6  | 3.1    | 3.9  |
| Quasi-money              | 2.6         | 3.1  | 3.9  | 3.7    | 4.2  |

/1 Includes capital and surplus, float, long-term delegation SDR allocations and unclassified.

Source: Tables 2.2 and 6.1

123. Although interest rates in the financial centers of the Caribbean (Bahamas, Grand Cayman Islands, Panama, etc.) are still considerably higher (over 8 percent in some instances) a combination of factors, including the improved political and economic situation, has discouraged capital outflow and has indeed led to a substantial repatriation of emigrant funds in recent years. 1/ While these developments serve to indicate the availability of private resources for investment, they also suggest that the Haitian private sector will respond to economic incentives for as long as a climate of confidence prevails.

1/ These factors may include high bank charges on transactions and imperfect knowledge of alternative opportunities.

124. The BNRH has issued directives which limit the medium term lending of commercial banks. Loans of over one year cannot exceed 10 percent of deposits plus paid-up capital. Moreover, the established banks have in the past been reluctant to extend medium term credit (perhaps reflecting a lack of confidence in such transactions) while the mortgage guarantee regulations have been (and still are) such as to disqualify many potential borrowers. In the recent past this has had a particular effect on construction financing, much of the growth in this sector having been financed by remittances from Haitians living abroad and by recourse to non-institutional and informal domestic borrowing. Assuming, however, that the demand for investment resources for this and other purposes continues to grow, it may become necessary to revise certain aspects of existing banking regulations in order to facilitate private domestic investment.

125. As there are no specialized savings institutions, the availability of funds from other than commercial banks is effectively limited to those deriving from the Government-owned Institut de Developpement Agricole et Industriel (IDAI). Its resources originate from taxes of 4 and 6 percent on certain imported goods, and from two loans (\$3.5 million in 1961 and \$1.8 million in 1972) from the IDB. Nearly 70 percent of its industrial lending has been made to its subsidiary, the Societe d'Equipement National (SEN) which has made direct investments in several industries. Because of cumbersome administrative procedures, staff constraints and lending restrictions concerning technical and economic studies and guarantees, IDAI funds have not been greatly sought by private investors. 1/ Consequently, a 1961 IDB loan of \$3.5 million had not been fully disbursed by 1970 and the undisbursed portion was cancelled. A new IDB loan was signed in 1972 and provides for \$1.05 million for industrial development financing as well as \$0.75 million for agriculture. It is doubtful however if without some simplification in existing loan procedures IDAI will be able to play a meaningful role in industrial financing. It has had limited success in the field of supervised agricultural credit. The scale is small and total lending for agriculture is presently less than \$200,000 per year. Credit operations are largely restricted to the Gonaives Plain and to a few crops (peanuts, cotton, rice, beans and corn). The land tenure structure tends to make loan administration costs high and the recuperation rate has so far been low; nearly 70 percent of IDAI's loans were in arrears in 1973.

126. IDAI has therefore played only a small role in development financing. If it is to play a larger one an improvement in its administrative and technical capabilities is probably prerequisite to mobilizing additional external resources which in the immediate future are likely to be the only investment resources at its disposal; the taxes of 4 and 6 percent essentially cover only administrative costs. Unless existing administrative constraints are overcome, it does not seem realistic to suppose that IDAI could function as a savings institution, thus mobilizing its own investment resources. Its role as a conduit is nevertheless an important one.

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1/ This is especially true in the small scale manufacturing sector where entrepreneurs usually require only small amounts, available without any bureaucracy from non-institutional lenders.

127. Rural credit cooperatives, such as that which successfully operates at Milot, can become a major source of credit for small farmers if well organized and administered. Parallel efforts to raise agricultural income, such as have been made at Milot (agricultural school, roads, experimental farm, etc.) are, however, prerequisites to increasing savings in the rural areas and making such cooperatives possible.

#### Foreign Private Investment

128. Although the reduction in the flow of official external capital was more dramatic and probably had a greater impact on the economy in the 1960's, there was a parallel reduction in foreign direct investment. Only one new venture was started during this period - a copper mining project which began export operations in 1963, while many established enterprises allowed their fixed assets to depreciate.

129. The flow of foreign investment has, however, increased appreciably during the last five years and, as compared with an average annual level of less than \$1 million in the 1960's, has reached an annual average of nearly \$4 million in 1970-1973; the latter represented an average of 20 percent of private investment in this period. The several projects outlined in Chapter II which are now being financed or are being considered for financing by private foreign enterprise indicate that a further increase is likely. This is significant not only because of the capital inflow but also because this inflow is linked with the provision of managerial and technical expertise. The Government, recognizing this, has recently sought to improve the machinery for processing applications for concessions and permits for foreign investors. It also appears that following the ministerial changes of 1972 and 1973, it has adopted a revised policy concerning large land concessions; the new policy would appear to be in the country's best interests. Certainly, the importance of separating prospective foreign investors, who have adequate financial backing to contribute to the country's growth, from those whose interests may be of a speculative nature cannot be over-emphasized. Nor can the fact that Haiti's attractiveness to foreign entrepreneurs will be influenced by the Government's relationships with interests already operating in the country.

#### Financing the Public Sector

##### Introduction

130. Against the background of Chapter II, the analysis which follows is concerned with three major questions. First, assuming that Haiti will embark upon a period of sustained development and that the international community will endeavour to assist in this process, the question arises of whether the fiscal system can generate a sufficient volume of resources to finance counterpart expenditures to those financed by external agencies. Second, can the fiscal system, whilst serving this purpose, also serve others such as that of providing adequate incentives to private savings and investment and helping to achieve an equitable distribution of income and assets. Third, is the fiscal system a manageable one, and does it represent a useful tool of

development policy. The second and third questions are basic in the sense that they refer to the structure of the system and this topic is therefore discussed first. The question of whether the system can, with or without modification, be reasonably expected to generate an adequate flow of financial resources is then taken up.

### The Fiscal System

#### (a) The Tax Structure

131. The most remarkable feature of the public finance system is its extreme complexity in a country with an economy which is relatively uncomplicated. This complexity results not only from the very large number of taxes used to raise revenues, but mainly from the unorthodox collection system and allocation pattern of these revenues. The present structure is more the reflection of haphazard historical developments than of national policy decisions.

132. Four public autonomous agencies are engaged in tax collection: the Administration Generale des Contributions (AGC), the Administration Generale des Douanes (AGD), the Banque Nationale de la Republique d'Haiti (BNRH), and the Regie du Tabac.

133. The first, AGC, is responsible for collecting internal taxes. The second, AGD, is responsible for the collection of most foreign trade taxes. The third, BNRH, although strictly not a collection agency, has among its many functions that of receiving some tax payments, mostly related to exports and imports. 1/ The fourth, the Regie, levies taxes (called commissions) on a large number of locally produced goods as well as on many imported products. The AGC and the AGD collect taxes that finance most of the Fiscal Budget accounts and a smaller part of the Development Budget. In addition, they collect extra-budgetary earmarked funds for autonomous institutions (e.g., the Office du Tourisme; the Institut Haitien de Promotion du Cafe) and for particular accounts held in the BNRH to be used for such specific purposes as counterpart payments. Since the AGD and AGC receive an earmarked share of only those taxes which finance the Fiscal Budget, they do not keep records of other receipts. From the receipts of the Fiscal Budget the AGC receives 10 percent of internal taxes and 15 percent of communal taxes, while the AGD receives 7 percent of foreign trade taxes.

135. The funds collected by the AGC and AGD together with the taxes received by the BNRH are deposited in the accounts of the pertinent Ministries and autonomous institutions, often in special accounts. The BNRH, as the public treasurer is the only source of information on total government receipts

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1/ For example, the taxes on sugar for the Fonds Special de la Dette Publique and for "Recettes Internes" are retained by the sugar company, HASCO, and sent directly to the BNRH.



and expenditures which it collects from credits and debits to these accounts. It does not have detailed data, however, on specific sources of revenues or types of expenditure. It is, therefore, impossible to obtain a total figure for all tax revenues of the public sector, and to evaluate the Haitian tax burden in other than general terms.

135. Moreover, revenues are shown at the point of destination (after earmarking) and not at the point of origin (in relation to tax sources). Furthermore, even though the BNRH's accounts are by far the most comprehensive they exclude the transactions of certain autonomous public institutions of which the most important, but not the only one, is the Regie du Tabac (see Technical Note #2 for the methodology used to estimate the revenues of the Regie).

136. The Regie has its own administration and collection system. In the case of imported commodities the Regie collects the "commissions" directly. Imports must be cleared by both the AGD and the Regie. This increases the administrative costs of tax collection. With respect to locally produced products, the Regie either sells directly and collects "commissions" (as in the case of sugar and cement) or commissions are retained by producers and passed on to the Regie (as in the case of flour).

137. An administrative council sets general policies for this institution, but does not seem to have met for the past four or five years. While "commissions" are in theory established jointly by the Ministry of Trade and Industry and the Regie, in practice it seems that the Regie takes these decisions alone. <sup>1/</sup>

138. This complex tax collection structure has resulted from a progressive disintegration of the budgetary process and a trend toward total earmarking. In some cases earmarking has been useful, at least in the short-run, as a means of insulating certain funds from less desirable alternative uses.

139. The Government has little or no control over earmarked funds. Each agency has acquired power in proportion to its accounts, most notably in the case of the Regie. The use of funds in some of these accounts may now, however,

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<sup>1/</sup> For example, in recent months when the world price of wheat went up, the Regie was invited to decrease its "commissions" on flour in order to prevent an increase in its price, and/or losses to the flour mill. In spite of the high level of such "commission" - 12.5 Gourdes per bag of 200 lbs the Regie declined. As a result, through an administrative decision, the tax levied by the Administration Generale des Contributions for the Fiscal Budget accounts was reduced by G 10 per bag. This will cost the budget about G 5 million in lost revenues. Similarly, when recently the price paid to sugar cane growers was increased, a larger increase, considered desirable by several institutions, was prevented by the Regie's opposition.

be unrelated to the original purposes for which they were established. This is almost inevitable when earmarking is maintained for a considerable time; it often happens that resources become larger or smaller than was originally foreseen. A reduction in the use of earmarking would permit some adjustment in the allocation of public sector resources to reflect changing priorities.

(b) Sources of Revenue

(i) Taxes on Foreign Trade

140. Customs revenues are the most important source of revenues. In the Fiscal Budget accounts, foreign trade taxes amount to 52 percent of total revenues, partly because as in most small economies foreign trade represents a relatively large share of GDP (exports and imports of goods and non-factor services amount to 28 percent of GDP) but also because taxation of foreign trade is simple and permits tax authorities with limited administrative capabilities to control a large share of the total flow of goods.

141. - Export Taxes. Coffee is the most important agricultural product and export commodity. As such the coffee sector has for many years been the most heavily taxed. 1/ This has been a major factor leading to slow growth in production. 2/ During the 1950's, the tax on coffee exports became heavier and the number of separate export taxes gradually increased to at least nine for each type of coffee.

142. Table III-2 shows the various taxes to which coffee was subjected, and Table III-3 shows the revenues from these taxes for the period 1968-72. A bag of 60 kilos of unwashed Arabica was subjected to a total tax of G 87.07 (or \$17.4); a bag of washed Arabica was levied at the somewhat lower level of G 68.32 (\$13.7) and a bag of brokenes was levied at G 88.32 (or \$17.7).

143. These differential tax rates were originally applied with the objective of discouraging the production of low-grade coffee (unwashed and brokenes). This policy was already in existence at the time of the United Nations Mission to Haiti but for reasons discussed in Chapter II, does not seem to have been successful. 3/

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1/ The United Nations Mission that went to Haiti in 1949, in its discussions of the taxation of coffee, wrote that "The ... tax on coffee exports ... should be reconsidered with a view to its early repeal, as it unduly burdens the coffee production .. There is need, in fact, for a reform of the whole coffee export-tax structure. Until other revenue sources have been developed in sufficient degree to allow doing away with it entirely, a single and gradually lowered tax - flat or progressive - should be substituted for the three or four separate export taxes now encumbering the coffee production." United Nations, Mission to Haiti, Chapter VI, pp. 310-311; United Nations Publications, 1949, II B 2.

2/ There have also been other factors such as several hurricanes which destroyed many trees. But it is believed that replanting has been constrained by low producer prices caused by the heavy taxation.

3/ United Nations, Mission to Haiti, United Nations Publications, 1949, II 82.

Table III-2: TAXES ON EXPORT OF COFFEE THROUGH SEPTEMBER 1973

(in gourdes per bag of 60 kilos)

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|                                             |       |
|---------------------------------------------|-------|
| 1. Fiscal Accounts                          |       |
| Unwashed Arabice                            | 38.00 |
| Washed Arabice                              | 19.25 |
| Brokens                                     | 39.25 |
| 2. Earmarked Accounts                       |       |
| F.S.D.P.                                    | 15.00 |
| 3. Extrabudgetary Accounts                  |       |
| Coffee Bonds                                | 20.00 |
| Peligre Hydroelectric Project               | 2.50  |
| Development Budget (B.D.P.S.)               | 2.00  |
| International Coffee Agreement              | 2.00  |
| National Coffee Office (I.H.P.C.A.D.E.)     | 5.00  |
| National Office for Alphabetization (ONAAC) | 1.32  |
| National Defense                            | 1.25  |
| Total Per Bag of 60 Kilos                   |       |
| Unwashed Arabice                            | 87.07 |
| Washed Arabice                              | 68.32 |
| Brokens                                     | 88.32 |

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Note: In addition to the taxes shown above, there is a tax called Contribution de Libération Economique of 1.75 gourdes per bag of 60 kilos shared equally by the Development Budget and the National Bank.

Source: Ministry of Finance.

Table III-3: REVENUES FROM COFFEE EXPORT TAXES <sup>1/</sup> 1968 - 72

|                                         | Tax<br>Rate                     | Fiscal Year ending September 30 |          |          |          |          |
|-----------------------------------------|---------------------------------|---------------------------------|----------|----------|----------|----------|
|                                         |                                 | 1968                            | 1969     | 1970     | 1971     | 1972     |
| (In 60 Kilogram bags)                   |                                 |                                 |          |          |          |          |
| Exports of coffee                       |                                 | 320,000                         | 308,166  | 266,025  | 358,463  | 310,627  |
| Washed Arabica                          |                                 | 32,000                          | 29,253   | 30,275   | 41,320   | 23,882   |
| Unwashed Arabica                        |                                 | 286,500                         | 271,732  | 224,861  | 307,600  | 280,317  |
| Brokenes                                |                                 | 1,500                           | 7,181    | 10,889   | 9,543    | 6,428    |
|                                         | (In U.S.<br>dollars<br>per bag) |                                 |          |          |          |          |
| (In thousands of gourdes)               |                                 |                                 |          |          |          |          |
| Total coffee taxes collected            |                                 | 26,806                          | 24,361   | 25,582   | 30,251   | 26,606   |
| Budget revenue                          |                                 | 15,414                          | 13,450   | 14,049   | 18,790   | 16,644   |
| Fiscal revenue                          |                                 | 10,602                          | 9,781    | 9,555    | 12,859   | 11,364   |
| Washed Arabica                          | 3.85                            | ( 520)                          | ( 475)   | ( 583)   | ( 795)   | ( 460)   |
| Unwashed Arabica                        | 7.60                            | (10,028)                        | ( 9,046) | ( 8,545) | (11,689) | (10,652) |
| Brokenes                                | 7.85                            | ( 54)                           | ( 260)   | ( 427)   | ( 375)   | ( 252)   |
| Earmarked revenue                       |                                 | 4,812                           | 3,668    | 4,494    | 5,931    | 5,280    |
| Special Fund for Service of Public Debt | 3.00                            | ( 4,812)                        | ( 3,668) | ( 3,962) | ( 5,214) | ( 4,659) |
| Special budget revenue                  | 0.40                            | ( --)                           | ( --)    | ( 532)   | ( 717)   | ( 621)   |
| Extrabudget revenue                     |                                 | 11,392                          | 10,912   | 11,533   | 11,461   | 9,962    |
| Coffee bonds                            | 4.00                            | 6,339                           | 5,873    | 5,321    | 7,135    | 6,213    |
| National Coffee Office                  | 1.00                            | 1,203                           | 1,156    | 1,330    | 1,792    | 1,553    |
| International Coffee Agreement          | 0.40                            | 1,925                           | 1,233    | 1,596    | 717      | 621      |
| National Office for Alphabetization     | 0.264                           | 1,925                           | 2,034    | 1,756    | 473      | 410      |
| Peligre hydroelectric project           | 0.50                            | --                              | 616      | 1,197    | 896      | 777      |
| National Defense Account                | 0.25                            | --                              | --       | 333      | 448      | 388      |

<sup>1/</sup> Because of timing factors tax collections may not strictly agree with export data.

<sup>2/</sup> Revenues are estimated.

Source: National Bank of the Republic of Haiti

144. As described in detail elsewhere in this report (see paras 50-52), the coffee market is oligopsonistic, i.e., many sellers and few buyers. The exporters have fixed a price at which they buy coffee from producers and this price has reflected the export taxes. The tax has thus involved a transfer of resources from the agricultural sector to the Government which has not been compensated by Government expenditures in the coffee sector or in agriculture generally. 1/

145. Given the untoward effects of this system, in August 1973 the Government revised coffee taxation. The specific tax rates shown in Table III-2 were replaced by a lower specific tax, supplemented by an ad valorem tax progressive with respect to the world price. Table III-4 shows the new schedule. 2/

146. The new tax law retains a specific tax of G 43, which is earmarked for specific purposes. This implies that the effects of any potential revenue loss associated with a fall in the price of coffee would fall entirely on the Fiscal Budget accounts. At a price of \$45/60 kg bag, there would be no revenues for these accounts.

147. However, given the high prevailing world price, no losses in revenue are likely in 1974 as a result of the change in taxation. 3/ If prices were to fall to the levels which prevailed for most of the past decade there would be a sharp reduction in revenues. In this case the new tax system would have the effect of increasing the proportion of revenues which are earmarked from this source, since the ad valorem share, which is not earmarked declines.

148. The ad valorem part of the tax can introduce some administrative problems. In practice the price of coffee may vary from day to day, depending on quality, sales volume, the date of delivery (as contrasted with the date of contract) and even destination. 4/ At present the BNRH is setting the taxable price. This seems to be an appropriate solution even though some inequities may arise. Consultation between the BNRH and IHPCADE which keeps records of international prices could contribute to reducing these inequities. In any case, if exporters fix the price they will have an incentive to lower prices in order to reduce tax payments. This appears to have happened in the post-1945 period when an excess profits tax on coffee exports was introduced.

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1/ Past government expenditures in agriculture are discussed in para 43.

2/ A 60 kg bag of unwashed coffee or brokenes is now taxed at a basic rate of G 43 per bag regardless of price, while a bag of washed coffee is taxed at a rate of G 23 per bag. Up to a world price of \$45 per bag there are no additional taxes. At prices higher than \$45 per bag, the ad valorem tax rises by one percentage point per dollar to a \$60 then a specific tax (without an ad valorem supplement) of G 70 per bag for washed, and G 90 per bag for unwashed and brokenes applies, and at world prices higher than \$75 per bag there are only ad valorem taxes of 19 percent and 24 percent for washed and unwashed or brokenes respectively.

3/ At a price of \$60/bag the new tax system yields G 88 in revenues as compared to the G 87 yield under the previous system. At \$65 the new tax yields G 90.

4/ To give an example based on information supplied by IHPCADE, the price per bag of coffee sales made between May 26 and May 31, 1973, ranged between \$56.50 and \$64.

Table III-4: REVISED COFFEE TAX SCHEDULE

| FOB Price Per 60 kg. |              | Washed Coffee | Unwashed and broken |
|----------------------|--------------|---------------|---------------------|
| From Gds. 0          | to Gds. 225. | Gdes. 23      | Gdes. 43.           |
| 225,01               | 230.         | 23 + 1%       | 43 + 1%             |
| 230,01               | 235          | 23 + 2%       | 43 + 2%             |
| 235,01               | 240          | 23 + 3%       | 43 + 3%             |
| 240,01               | 245          | 23 + 4%       | 43 + 4%             |
| 245,01               | 250          | 23 + 5%       | 43 + 5%             |
| 250,01               | 255          | 23 + 6%       | 43 + 6%             |
| 255,01               | 260          | 23 + 7%       | 43 + 7%             |
| 260,01               | 265          | 23 + 8%       | 43 + 8%             |
| 265,01               | 270          | 23 + 9%       | 43 + 9%             |
| 270,01               | 275          | 23 + 10%      | 43 + 10%            |
| 275,01               | 280          | 23 + 11%      | 43 + 11%            |
| 280,01               | 285          | 23 + 12%      | 43 + 12%            |
| 285,01               | 290          | 23 + 13%      | 43 + 13%            |
| 290,01               | 295          | 23 + 14%      | 43 + 14%            |
| 295,01               | 300          | 23 + 15%      | 43 + 15%            |
| 300,01               | 375.         | 70            | 90                  |
| Over                 | 375          | 19%           | 21%                 |

Source: Le Moniteur, August 20, 1973

149. In addition to coffee, several other exports are taxed, including essential oils and sisal, which are also important exports. Taxes collected from these commodities, however, represent less than 4 percent of receipts from coffee taxes. This is reflected in Table III-5.

150. - Import Taxes. While coffee taxes are the single largest source of revenues, import taxes, as a whole, yield about three times as much revenue as export taxes, accounting for about 40 percent of total budgetary receipts; about 38 percent of the revenues of the Regie, and an unknown proportion of extrabudgetary revenues.

151. In relation to the rates that apply in many Latin American countries, the import taxes of Haiti are generally not high; 27.72 percent seems to be a favored and modal rate applying to a diverse range of products. 1/

152. The decline in the ratio of import duties to imports which has occurred in recent years (Table III-6) is difficult to interpret since import duty rates have been raised in recent years. Three factors, separately or in conjunction, may, however, have contributed to this decline. First, there was a progressive deterioration in the administration of these taxes by the AGD. The Government has recognized the need to improve customs administration and there appears to be scope for increasing efficiency. A review of current personnel policies would probably prove particularly useful, as would some revision of the way in which existing regulations are occasionally interpreted. It might also be helpful if the AGD were to assume supervisory control when merchandise is landed, although the lack of the necessary storage facilities would impede this procedure at the present time. The cost of contraband may be substantial. Some estimates suggest that receipts forgone may amount to as much as G 10 million per year.

153. A second factor may have been a change in the composition of imports toward those bearing lower rates, although precise data are unavailable on the basis of which to judge the significance of this factor. Finally, a third factor has been the increasing importance of items imported under incentive legislation. 2/ In 1970-71, for example, G 82 million (out of total imports of G 352 million) fell into this category.

154. Import taxes have not in general resulted in a distortion of resource allocation. Once the process of import substitution gathers momentum, taxes on imports will assume the additional function of protecting local enterprise against foreign competition. It will, therefore, become important at this stage

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1/ Haitian import tax rates seem to reflect neither equity nor a protective policy, nor any other recognizable objective. Until recently, air conditioners and refrigerators were taxed at 6 percent when antibiotics were taxed at 13.80 percent (or G 0.696 per net kilo) and vaccines of animal origin at 9.18 percent (or G 0.56 per net kilo).

2/ Present legislation allows for duty free imports of construction goods and raw materials for, "new" industries and assembly industries. Imports for hotel construction were also exempted in 1971-73.

Table III-5: EXPORT TAXES, 1969-1972

(in gourdes)

|                       | 1967-68    | 1968-69    | 1969-70    | 1970-71    | 1971-72    |
|-----------------------|------------|------------|------------|------------|------------|
| Coffee Export Taxes   | 26.8       | 24.4       | 25.6       | 30.4       | 27.0       |
| Other Export Taxes    | <u>2.2</u> | <u>1.6</u> | <u>1.2</u> | <u>1.6</u> | <u>1.1</u> |
| Total Export Taxes    | 29.0       | 26.0       | 26.8       | 32.0       | 28.1       |
| Total Exports         | 181.5      | 163.5      | 195.0      | 235.5      | 196.5      |
| Export Taxes: Exports | .160       | .1421      | .137       | .136       | .143       |

Notes: Not all export taxes are shown in the table. While coffee export taxes include all such taxes, other export taxes include only those in budgetary revenues. Thus, taxes such as that for "Obligation Electricité Péligre", or that for "Travaux à Exécuter" are not shown. These other taxes might raise up to a million gourdes but probably less.

Source: Mission based on official data.



Table III-6: IMPORT DUTY REVENUES AS A PERCENTAGE OF IMPORTS, 1968-72 <sup>1/</sup>  
(million gourdes or percentages)

|                        | 1967-68 | 1968-69 | 1969-70 | 1970-71 | 1971-72 |
|------------------------|---------|---------|---------|---------|---------|
| Import Duties          | 51.6    | 54.9    | 57.6    | 61.9    | 64.1    |
| Total Imports          | 183.0   | 218.0   | 259.8   | 292.9   | 317.1   |
| Duties as % of Imports | 28.2    | 25.2    | 22.2    | 21.2    | 20.2    |

<sup>1/</sup> Fiscal years.

Source: Mission on the basis of official data.

to avoid protecting activities in which the country does not have a comparative advantage or for the products of which there is an inadequate market. Coordination of import duties and internal taxes will, therefore, be essential. In this regard, the recent influx of assembly industries might already imply that better coordination is required. Essentially, import duties should reflect the production structure the country wishes to develop. As a long run policy therefore equally heavy import and internal duties might be used to discourage luxury consumption, for example, while higher import than internal duties can be applied to those products whose domestic production appears desirable.

(ii) Taxes on Domestic Trade

155. - Sugar Taxes. Excise taxes provide about 20 percent of the revenues of the Fiscal Budget and 60 percent of those of the Regie (see Technical Note #2) and are second only to customs revenues as a source of Government receipts. Taxation of domestic sales of sugar have provided a large part of these receipts. 1/ As with coffee taxation, those on sugar have, however, as discussed in Chapter II, been a disincentive to production. But whereas only exports are taxed in the case of coffee, domestic sales are also taxed in the case of sugar.

156. The distribution of sugar for domestic consumption is undertaken by the Regie which, with the Ministry of Agriculture, determines the price at which sugar will be bought and sold on the retail market. Until 1973, HASCO alone, under the terms of its agreement with the Government, sold sugar to the Regie for the local market up to its total output. It transported the product to the resale outlets of the Regie where it was sold to retailers from the platforms of HASCO trucks. Losses were borne by HASCO. The Regie's commission was G 5.00 per 100 lb bag of raw sugar and G 10.00 per 100 lb of refined sugar. From January 1974 the Northern and Southern Mills will also be obliged to supply the domestic market; they will only be permitted to export when domestic demand has been fully satisfied (See para. 62).

157. In addition to the Regie commission, (which is unchanged for 1974) there are two additional taxes each of G 3.75 per bag for internal revenues and for the Special Funds for the Public Debt (FSDP). These are paid only by HASCO and are deposited in accounts in the BNRH. The local consumption of unrefined sugar produced by HASCO is thus taxed at an aggregate rate of about G 12.50 per 100 lb while consumption of refined sugar is taxed at an aggregate rate of G 17.50 per 100 lb. The internal prices at which sugar is bought from the Regie by retailers were G 40 and G 55 per 100 lbs for refined and unrefined sugar until 1973. They have been increased to G 50 and G 65 per 100 lbs, respectively. This implies an average tax rate for unrefined sugar of about **25 percent**. HASCO bears one part of the tax burden and passes another onto cane producers in the form of lower cane prices. 2/

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1/ There is also a tax on sugar exports by HASCO, but since its production is no longer sufficient to export, this tax presently yields no revenues.

2/ For a description of the sugar production and processing industry see Chapter II.

**Table III-7: ROAD FUND REVENUES FROM FUEL TAXES, 1968-72**  
(Thousands of Gourdes and Barrels<sup>1/</sup>)

|         | Gasoline                  |          |          | Diesel Oil                |         | Total <sup>3/</sup> |
|---------|---------------------------|----------|----------|---------------------------|---------|---------------------|
|         | Consumption <sup>2/</sup> |          | Revenues | Consumption <sup>2/</sup> |         | Revenues            |
|         | Ordinary                  | Superior |          |                           |         |                     |
|         | B.                        | B.       | G.       | B.                        | G.      | G.                  |
| 1967/68 | 196.9                     | 0        | 3,732.4  | 191.1                     | 1,194.9 | 4,927.3             |
| 1968/69 | 184.7                     | 15.8     | 3,632.1  | 214.0                     | 1,003.4 | 4,635.5             |
| 1969/70 | 159.2                     | 46.1     | 3,598.5  | 239.5                     | 950.8   | 4,549.3             |
| 1970/71 | 147.9                     | 56.5     | 4,002.8  | 353.7                     | 1,359.8 | 5,362.6             |
| 1971/72 | --- 215.1 ---             |          | 4,224.8  | 358.0                     | 1,329.3 | 5,554.1             |

<sup>1/</sup> 1 barrel = 42 U.S. gallons.

<sup>2/</sup> Data on gasoline and diesel oil consumption in this table are not comparable to data on fuel imports from foreign trade statistics.

<sup>3/</sup> Some gasoline is exempted from taxation. Because of this, one cannot derive directly the revenues shown in the table from the consumption figures.

Source: Mission on the basis of information from many sources.

158. - Gasoline Taxes. Excise taxes have had a major effect on the structure of fuel consumption. 1/ From 1968 to 1970 excise taxes on gasoline amounted to G 0.85 per gallon. In December 1970 the rate was increased to G 1.10 per gallon, the present rate for both ordinary and superior gasoline. 2/ As in the case of sugar, the cheaper product is therefore taxed at a higher ad valorem rate than the more expensive kind. Diesel oil is however taxed far less than gasoline. The result is a retail price structure in which the final price of ordinary gasoline (G 4.45 per gallon) is very close to the final price of superior gasoline (G 4.70), while both are higher than the final price of diesel fuel.

Table III-8: TAXES ON FUELS

(Gourdes per gallon)

|                                       | Gasoline | Diesel oil |
|---------------------------------------|----------|------------|
| Import Duty (not earmarked) <u>/1</u> | G 0.92   | Exempt     |
| Excise Taxes, Total                   | G 1.10   | G 0.45     |
| For Roads                             | (G 0.50) | (G 0.20)   |
| For internal debts                    | (G 0.60) | (G 0.25)   |
| Total Taxes (Import + Excise)         | G 2.02   | G 0.45     |

/1 After December 1974 these will be earmarked for road construction and maintenance.

Source: Ministry of Finance.

159. Taxation probably, therefore, promotes the substitution of superior for ordinary gasoline and of diesel oil for gasoline in general. Consumption of ordinary gasoline has been falling, while that of superior gasoline has been rising; at the same time, while the consumption of all gasoline has shown little change, that of diesel oil has increased sharply. While the incentive to consume superior gasoline is likely to have an adverse impact on the balance of payments, the lower rates at which diesel oil is taxed affects negatively government receipts earmarked for road construction.

1/ Taxes on fuels are a major source of counterpart funds.

2/ Fuel oils and lubricants are levied at rates of G 0.10 and G 0.15 per gallon respectively.

Table III-9: EXCISE TAXES: PERCENTAGE BREAKDOWN  
(Percentage and millions of gourdes)

|                              | 1967-68     | 1968-69     | 1969-70     | 1970-71     | 1971-72     | October - March |             |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-----------------|-------------|
|                              |             |             |             |             |             | 1971-72         | 1972-73     |
| Alcool de Jus de Canne       | 2.74        | 3.90        | 2.03        | 1.45        | 1.51        | 1.45            | 1.15        |
| Alcool d'autres matières     | -           | 0.04        | -           | -           | -           | -               | -           |
| Boissons spiritueuses        | 1.61        | 2.65        | 1.81        | 1.83        | 2.10        | 1.46            | 1.50        |
| Boissons vineuses            | 0.77        | 1.85        | 0.84        | 1.05        | 0.78        | 0.77            | 0.89        |
| Boissons gazeuses            | 2.46        | 5.22        | 3.13        | 2.95        | 2.91        | 2.53            | 3.20        |
| Cigars                       | 0.01        | 0.02        | 0.02        | 0.01        | 0.02        | 0.01            | 0.02        |
| Cigarettes                   | 19.12       | 30.55       | 16.99       | 16.29       | 19.76       | 19.65           | 18.00       |
| Huiles                       | 8.36        | 13.70       | 6.63        | 7.13        | 10.18       | 9.33            | 9.20        |
| Saindoux                     | 0.98        | 1.59        | 0.95        | 0.89        | 0.26        | 0.29            | 0.17        |
| Savon                        | 5.88        | 7.88        | 3.57        | 3.16        | 2.66        | 2.31            | 2.14        |
| Tabac réparé                 | 0.01        | 0.00        | 0.00        | 0.00        | 0.00        | 0.00            | 0.00        |
| Tissu fabriqué               | 3.18        | 4.35        | 2.41        | 1.76        | 1.40        | 1.44            | 1.09        |
| Farine fabriqué              | 46.25       | 13.78       | 53.92       | 56.42       | 50.90       | 52.84           | 55.71       |
| Timbre alcool                | 2.72        | 4.57        | 2.56        | 2.25        | 2.36        | 2.63            | 2.09        |
| Produits alimentaire de luxe | 3.62        | 6.16        | 3.40        | 3.42        | 3.30        | 3.44            | 3.00        |
| Chaussures fabriquées        | 0.14        | 0.32        | 0.15        | 0.13        | 0.20        | 0.21            | 0.20        |
| Gas propane                  | 0.28        | 0.34        | 0.24        | 0.16        | 0.24        | 0.21            | 0.24        |
| Aluminum fabriqué            | 0.34        | 0.45        | 0.12        | -           | 0.17        | 0.20            | 0.16        |
| Droits d'accise divers       | <u>1.50</u> | <u>2.55</u> | <u>1.09</u> | <u>0.72</u> | <u>1.18</u> | <u>1.22</u>     | <u>1.24</u> |
| Total                        | 100.00      | 100.00      | 100.00      | 100.00      | 100.00      | 100.00          | 100.00      |
| Total in gourdes             | 14.03       | 9.07        | 18.46       | 21.40       | 26.67       | 12.91           | 16.93       |

Source: Mission on the basis of data from Finance Ministry and Contributions.

**Table III-10: RATES FOR EXCISE TAXES ON SELECTED PRODUCTS**

(Gourdes or Percent)

| Products                                    |                           |
|---------------------------------------------|---------------------------|
| Tobaccos: tax on a packet of 20 cigarettes: |                           |
| locally produced                            | G 0.30                    |
| imported                                    | G 0.50                    |
| Alcohols:                                   |                           |
| Anisette, Eau de vie, Brandy, Bitters, etc. | G 2.50 per liter          |
| Whisky, Cognac, Gin, etc.                   | G 10.00 per liter         |
| Beers, Ales, etc.                           | G 0.25 per liter          |
| Wines, Ciders, etc.                         | G 2.00 per liter          |
| Local Rums (depending on price)             | G 1.00 - G 3.00 per liter |
| Batteries                                   | G 5.00 each               |
| Aluminum products                           | 2 %                       |
| Butter and Margarine                        | G 0.15 per kilo           |
| Biscuits                                    | 3 %                       |
| Belts                                       | 5 %                       |
| Shoes                                       | 2 %                       |
| Chocolate in any form                       | 3 %                       |
| Candies                                     | 3 %                       |
| Marmelade                                   | G 0.20 per kilo           |
| Cosmetics                                   | 3 %                       |
| Silverware                                  | 3 %                       |
| Leather and Leather Articles                | 2 %                       |
| Flour: sack of 200 lb.                      | G 36.20                   |
| Cotton thread                               | 5 %                       |
| Edible oils (soya, cotton, etc.)            | G 0.25 per kilo           |
| Toys                                        | 2 %                       |
| Paper of any type                           | G 0.15 per kilo           |
| Paints                                      | 3 %                       |
| Plastic products                            | 5 %                       |
| Pharmaceutical products                     | 1 %                       |
| Soaps                                       | G 0.15 per kilo           |
| Sugar: sack of 100 lb.                      | G 7.50                    |
| Imported Luxury Foods                       | 5 %                       |
| Fuels and Lubricants:                       |                           |
| gasoline, per gallon of 3.7853 liters       | G 1.20                    |
| gasoil, per gallon of 3.7853 liters         | G 0.45                    |
| fuel oil, per gallon of 3.7853 liters       | G 0.10                    |
| lubricants, per gallon of 3.7853 liters     | G 0.15                    |

Source: Adapted from: Departement des Finances et des Affaires Economiques, Loi sur les Droits d'Accise.

160. - Other Excise Taxes. Besides those on sugar and gasoline there are about 80 other excise taxes which account for about 18 percent of budget revenues. <sup>1/</sup> Some of them could probably be abolished with little effect on revenues. In 1972, the excise tax on flour contributed about 51 percent of these revenues, while cigarette and oil excises contributed 20 and 10 percent respectively. Adding the receipts from levies on alcoholic beverages (2 percent) and alcohol (2 percent) it is possible to account for 85 percent of revenues from excise taxes (excepting those on sugar). Table III-9 shows the relative importance of each tax. The repeal of some of the less important excises might introduce greater administrative efficiency in collecting those which would remain. This would more than compensate for the losses which would arise from cancelling the less important excises.

161. Table III-9 also gives some impression of the incidence of these taxes. The three products which contribute 80 percent of the total are items of mass consumption (flour, cigarettes and oils). Flour alone contributes more than 15 times as much revenue as luxury foodstuffs. This appears to result from the low ad valorem rates which apply to most products consumed by those in relatively high income groups. Greater equity in the tax structure would require more differentiation between luxury and mass-consumed products. Excise taxes were revised in 1971, but the reform did not include changes on such items as flour, oils, soap or fats, and resulted in an increase in the number of products taxed. On the other hand, it increased the excise on domestic cigarettes while it did not change that on imported cigarettes. It nevertheless brought about some improvements in tax collection by introducing changes to facilitate greater control. Table III-10 presents the rates of selected excise taxes.

### (iii) Taxes on Income and Wealth

162. Taxes on income and wealth have not been important in the revenue system of Haiti. In 1972 probably no more than G 30 million was raised from these sources. This is only nine percent of total public sector revenues (including those of the Regie) and only about one percent of GDP. By the standards of relatively underdeveloped countries this is a low figure. <sup>2/</sup> Even if additional revenues were not needed it would be advantageous, both from a resource allocation standpoint and from that of equity, to raise income and wealth taxes while reducing others, such as, for example, those on soap, flour and sugar.

163. Moreover, in terms of nominal structures and application, these taxes are not progressive. The most significant items are shown in Table III-11.

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<sup>1/</sup> Excluding the non-sugar excise taxes imposed by the Regie which contribute about 40 percent of what institution's revenues (see Technical Annex #2).

<sup>2/</sup> For comparison, for the 1966-68 period, the ratio of income tax to total tax receipts is about 20 percent in India, 27 percent in Honduras 12 percent in Paraguay, 16 percent in Pakistan, 12 percent in Guatemala and 33 percent in Turkey. See Chelliah, Trends in Taxation in Developing Countries, IMF, 1970.

Table III-11: TAXES ON INCOME AND WEALTH

(in G million)

|                                         | 1970-71      | 1971-72      |
|-----------------------------------------|--------------|--------------|
| Income Taxes                            |              |              |
| Individuals                             | 3.24         | 3.48         |
| Enterprises                             | 12.56        | 15.52        |
| Other Taxes on Income                   |              |              |
| "Carte d'Identité Professionnel"        | 0.65         | 0.62         |
| "Carte d'Identité"                      | <u>2.54</u>  | <u>2.25</u>  |
| <u>Total Taxes on Income</u>            | 18.99        | 21.87        |
| Taxes on Wealth                         |              |              |
| "Contribution Foncière"                 | 4.51         | 4.57         |
| "Immatriculation Véhicules"             | 2.22         | 2.26         |
| "Droit de Transmission"                 | <u>0.20</u>  | <u>0.18</u>  |
| <u>Total Taxes on Wealth</u>            | 6.93         | 7.01         |
| <u>Total Taxes on Income and Wealth</u> | <u>25.92</u> | <u>28.88</u> |

Source: Mission



164. The income tax law distinguishes three categories of income: profits of enterprises, earnings of professionals and personal incomes. 1/ For the first two categories, the law requires an anticipated payment of income taxes based on established criteria. 2/ This system has led to very low income declarations by firms and professional people, since if actual income is lower than anticipated income, tax is nevertheless due on the latter (higher) level. X

165. Since anticipated incomes are low, declared incomes are also low because taxpayers adjust their final figures to the initial (lower) estimate if actual income exceeds anticipated income.

166. These taxes are not, therefore, really income taxes but rather a type of production tax levied at a rate of one (or 3/4) percent. There is no reason why two enterprises, each with net receipts of G 100,000, should have net profits of G 10,000 each; or why enterprises producing basic necessities should have lower profits than others. It would seem that these taxes are often merely additional costs to the enterprises and as such are reflected in product prices.

167. With respect to personal income taxes, family allowances and exemptions appear excessive and lead to a substantial reduction in yields. An exemption of G 5,000 is accorded to married people while dependents receive an exemption of G 1,500, up to five persons per family. A family with two children would thus have exemptions totalling G 8,000. This means that before the income of this family becomes taxable, it must reach G 10,000. 3/ Given the per capita income of the country (about G 500), it follows that before such a family becomes legally liable to pay income tax, its per capita income must be about five times the national average. 4/ A revision of exemptions would help improve the equity of the tax structure. At present, exemptions do not help the majority of Haitians because their incomes are too low to pay income taxes. Moreover, the levels of taxable income on which the various rates apply appear too high. For example, the highest marginal rate of 50 percent only applies to incomes over G 500,000 about 1000 times the average for the country.

168. Among other taxes on income, the "Carte d'Identite" tax is the most important, raising more than two million gourdes a year (see Table III-11). The law requires all citizens to have an identity card and thus to pay this tax. In practice, only those who pay other taxes, buy property, travel abroad, have to obtain legal documents or work for the Government, are forced to do so.

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1/ The tax on income was introduced in Haiti in 1942. During the thirty years since its introduction, it has been modified several times. The most recent of these changes was the Decree of 5 April 1973 published in Le Moniteur of April 12. This tax is basically a global one though it has several aspects of a schedular tax, especially with respect to the treatment of dividends, bonuses, and incomes of professionals. Income tax rates are presented in Annex 4.

2/ See Technical Annex 4.

3/ The precise amount depends, of course, on the deductions.

4/ Calculated using per capita income of the country and an assumed family of four.

The rate varies according to the activity of the individuals concerned. For a salaried person, the rate is G 10 on a monthly salary of less than G 105 and thus amounts to at least 9.5 percent of his salary. At higher income levels the ratio is lower; at a monthly salary of G 2000, the tax would be G 100 or five percent. For enterprises, traders, professionals, homeowners, etc., the payment is based on other indices.

169. The most important tax on wealth is the "Contribution Fonciere"; a tax on housing and buildings which raises about G 5 million annually. In some respects it is similar to an income tax since it is paid by property owners on the basis of an imputed rent.

170. Collection is hampered by the lack of realistic (assessments of property values). Assessments are in theory revised every five years, but in practice are undertaken less frequently. From 1969 to 1972, new construction permits for the whole country rose from 156 to 424, of which Port-au-Prince/Petionville accounted for 84 and 408 respectively. Rents appear to be rising rapidly but the growth of construction activity suggests that demand for rental housing may still be growing faster than supply. There has, however, been hardly any increase in revenues from this source. It seems that there is considerable evasion and that better administration of this tax involving more realistic assessments could increase its yield.

171. There are two other (taxes on wealth; on car ownership) and (in combination) on the transfer of shares and on the value of the share capital of companies. It seems likely that the former source could be exploited further. New car imports are in the order of 1000 per year. The pattern of car ownership is probably a good proxy index for the distribution of wealth and substantial increases in licence fees, for example, might be considered.

#### (iv) Municipal Taxes

172. The low volume of municipal taxes indicates the degree of centralization of general government finances. Communal taxes are collected by the AGC which allocates them among various accounts, including those of the municipalities, before depositing the funds in the BNRH. 1/ There are 22 such taxes, many of them generating insignificant revenues. In recent years, they have yielded an amount which has increased from G 7.7 million in 1964/65 to G 9.8 million in 1971/72.

173. About 85 percent of the total derives from the combined yields of the "Contribution Fonciere des Proprietes Baties", 50 percent of which is allocated to municipalities; the "Taxe de Patents", 50 percent of which goes

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1/ Eighty-two percent of the communal taxes go to a special fund called "Fonds Communaux". This fund is part of the special accounts at the National Bank and provides the revenues for the municipalities. The remaining 18 percent is shared as follows: 12 percent of the total goes to Contributions, 1 percent to Assistance Mutuelle, and 5 percent to ICAC (Interior Departement).

to communal taxes; and the "Taxe Marches Publics Ruraux et Urbains" 90 percent of which goes to communal taxes. Many local taxes could probably be abolished without much effect on revenues; this might moreover increase the overall efficiency of the system.

(c) Conclusions on the Fiscal System

174. From the viewpoint of development, two features of the fiscal system stand out. First, the complexity of the system is such as to make it an unwieldy and inefficient tool of development strategy. No institution, nor indeed any individual in Haiti, is in a position to have more than partial knowledge of the system and the way it works. Moreover, the unidentifiable nature of some parts of the system means that there is no way of obtaining the information needed to facilitate an overall understanding. The formulation of sound fiscal policy is rendered impossible by the nature of the system which does not reflect any consistent set of economic priorities or objectives. Moreover, in its present form, it is difficult to see that it could be made to do so.

175. It is however unrealistic to expect that the system could be drastically or quickly changed. The dependence on trade as a source of revenue and the importance of earmarking are features which reflect many aspects of Haiti's present stage of development and the administrative constraints to the adoption of a more modern fiscal system. Nevertheless, it will be necessary to attempt gradual change as a means of achieving the general goal of developing a more manageable instrument of economic policy and of achieving such specific objectives as the provision of investment incentives and an improved distribution of income and assets.

Financing Development Expenditures

(a) Recent Fiscal Performance

176. Government revenues have shown substantial growth in recent years. Table III-12 shows a summary of Government revenue trends since 1969. Estimates for 1973 suggest that since 1970 they have risen by over 12 percent yearly. Taxes other than on foreign trade have accounted for about 65 percent of budget revenue growth and have shown the greatest increase. Excise taxes, mainly on sugar and flour, have nearly doubled as rising urban incomes have stimulated demand for basic commodities. Income taxes on business enterprises have also contributed substantially to the rise in budget revenues. The revenues which accrue to the Regie appear to have grown rapidly. Its taxes on a wide range of basic commodities - sugar, cement, flour, soap, textiles, among others - have risen in response to increasing urban incomes. Recent trends also reveal some negative aspects of the fiscal system. Revenues from personal income tax have been far below what could be expected in view of the rapid increase in personal incomes in urban areas. Import duties continued their downward trend in relation to imports apparently as a result of smuggling, under-invoicing and deficient customs administration. Moreover, it also appears that imports of luxury foodstuffs, consumer durables and other goods consumed

Table III-12: REVENUES OF THE PUBLIC SECTOR OF HAITI, 1969-72

(millions of gourdes)

|                         | 1969         |              | 1970         |              | 1971         |              | 1972         |              | 1973 <sup>E</sup> |              |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------|--------------|
|                         | G            | %            | G            | %            | G            | %            | G            | %            | G                 | %            |
| Budgetary Revenues      | <u>122.6</u> | <u>53.8</u>  | <u>142.6</u> | <u>54.8</u>  | <u>155.8</u> | <u>51.0</u>  | <u>173.5</u> | <u>53.2</u>  | <u>192.0</u>      | <u>53.6</u>  |
| Fiscal                  | (99.1)       | (43.5)       | (116.3)      | (44.7)       | (126.1)      | (41.3)       | (141.9)      | (43.4)       | (162.0)           | (44.1)       |
| Earmarked               | (23.5)       | (10.3)       | (26.4)       | (10.2)       | (29.7)       | ( 9.7)       | (31.6)       | ( 9.7)       | (35.0)            | ( 9.5)       |
| Extrabudgetary Revenues | <u>75.0</u>  | <u>32.8</u>  | <u>82.2</u>  | <u>31.6</u>  | <u>107.7</u> | <u>35.2</u>  | <u>105.3</u> | <u>32.3</u>  | <u>117.5</u>      | <u>31.9</u>  |
| Non-fiscal              | ( 1.0)       | ( 0.4)       | ( 0.9)       | ( 0.3)       | ( 1.0)       | ( 0.3)       | ( 0.9)       | ( 0.3)       | ( 1.5)            | ( 0.4)       |
| Development Budget      | ( 6.1)       | ( 2.7)       | ( 7.9)       | ( 3.0)       | ( 7.8)       | ( 2.6)       | (30.5)       | ( 9.3)       | (25.0)            | ( 6.8)       |
| Special Accounts        | (51.9)       | (22.8)       | (56.9)       | (21.9)       | (76.4)       | (25.0)       | (55.0)       | (15.9)       | (69.0)            | (18.8)       |
| Sinking Funds           | (14.2)       | ( 6.2)       | (13.0)       | ( 5.0)       | (17.5)       | ( 5.7)       | (14.7)       | ( 4.5)       | (16.0)            | ( 4.4)       |
| Special Transactions    | ( 1.8)       | ( 0.8)       | ( 3.3)       | ( 1.3)       | ( 5.0)       | ( 1.6)       | ( 4.2)       | ( 1.3)       | ( 6.0)            | ( 1.0)       |
| Régie du Tabac Revenues | <u>30.4</u>  | <u>13.3</u>  | <u>35.3</u>  | <u>13.6</u>  | <u>42.1</u>  | <u>13.8</u>  | <u>47.6</u>  | <u>14.6</u>  | <u>53.0</u>       | <u>14.4</u>  |
| Total Revenues          | <u>228.0</u> | <u>100.0</u> | <u>260.1</u> | <u>100.0</u> | <u>305.6</u> | <u>100.0</u> | <u>326.4</u> | <u>100.0</u> | <u>367.5</u>      | <u>100.0</u> |

Source: National Bank of Haiti, Mission's Estimates, and, for GNP, I.M.F.

by the higher income classes have increased but are not taxed at proportionate rates. In 1970, collection from import duties represented 24 percent of import value. In 1973 this ratio is estimated at around 19 percent. Export taxes have nearly stagnated as a result of lagging exports, especially of coffee.

177. Overall expenditure growth of the budget and extrabudget accounts (excluding some development expenditures financed by international agencies) has been contained between 1970 and 1973, at about 10 percent per year. No data are available on expenditures of the Regie. More effective control of the budget by the Ministry of Finance since 1971 has led to an absolute decline of budget expenditures in 1972, and in 1973 there are indications that in real terms expenditures will again decrease. Wages and salaries have accounted for about 85 percent of budget expenditure growth since 1970. Much of their expansion in 1973 appears to have resulted from the elimination of three months arrears during January-August of 1973 in remuneration of government workers. As suggested throughout this Report, a more rapid increase in fiscal outlays relative to extrabudgetary outlays would be desirable.

178. In the period 1967-71, there was a marked increase in the use of earmarking, evidenced by the substantial rise in extra-budget revenues both in absolute terms and in relation to budget revenues. In 1971 several government accounts which had been previously overlooked were incorporated into the extra-budget revenues so that this rise was accentuated. Since that time, however, the trend towards earmarking has been arrested and extra-budget revenues have decreased from 35 to 32 percent of Government receipts. This is still a high proportion. Moreover, 14 percent of Government revenues (accruing to the Regie) are not allocated through any formal process which could reflect public expenditure priorities.

179. In this respect, it is noteworthy that the improvement in the overall fiscal situation (excluding Regie) reflects a large surplus in the budget accounts (which do benefit from a formal budget process) which compensates for a growing deficit in the extrabudget accounts (mostly earmarked). But even in the budget accounts the allocation of resources does not appear to reflect priorities. Improvement in the regional and sectoral allocation of Government expenditures will be essential to achieving balanced growth, and avoiding the excessive concentration of economic activity in Port-au-Prince.

180. The complexity of the fiscal system prohibits a precise analysis of the financing of past development expenditures. If the estimated revenues of the Regie du Tabac are included, detailed statistics are available for about 55 percent of Government receipts and about 60 percent of outlays. As noted earlier, data on other revenues and expenditures are available only on the basis of aggregated data on debits and credits to numerous Government accounts maintained at the BNRH.

181. It is therefore possible to consolidate Government accounts only on an aggregated basis. On this basis it is possible to obtain a general impression of the financing of Government expenditures in the past and projected

**Table III-13: OPERATIONS OF THE CENTRAL GOVERNMENT**  
(millions of gourdes)

|                                                 | Fiscal Years Ending September 30 |              |              |                   | 1974<br>(Budget) |
|-------------------------------------------------|----------------------------------|--------------|--------------|-------------------|------------------|
|                                                 | 1970                             | 1971         | 1972         | 1973 <sup>E</sup> |                  |
| <u>Total Revenue</u>                            | <u>225.2</u>                     | <u>263.7</u> | <u>278.8</u> | <u>314.5</u>      | <u>166.4</u>     |
| Budget Revenue                                  | 142.2                            | 155.8        | 173.5        | 197.0             | 166.4            |
| Extrabudget Revenue                             | 83.0                             | 107.9        | 105.3        | 117.5             | ...              |
| <u>Total Expenditure 1/</u>                     | <u>228.6</u>                     | <u>273.2</u> | <u>276.4</u> | <u>305.0</u>      | <u>166.4</u>     |
| Budget Expenditure                              | 143.9                            | 167.8        | 163.9        | 179.0             | 166.4            |
| Extrabudget Expenditure                         | 84.7                             | 105.4        | 112.5        | 126.0             | ...              |
| <u>Surplus or Deficit</u>                       | <u>-3.4</u>                      | <u>-9.5</u>  | <u>2.4</u>   | <u>9.5</u>        | <u>-</u>         |
| <u>Net Borrowing</u>                            | <u>8.4</u>                       | <u>13.4</u>  | <u>-3.6</u>  | <u>-9.5</u>       | <u>-</u>         |
| External                                        | 6.4                              | -6.9         | -6.9         | -6.2              | -                |
| Internal                                        | 2.0                              | 20.3         | 3.3          | -3.32/            | -                |
| <u>Use of Cash Balances and<br/>Discrepancy</u> | <u>-5.0</u>                      | <u>-3.9</u>  | <u>1.2</u>   | <u>...</u>        | <u>...</u>       |

1/ Expenditures exclude development outlays financed by unconsolidated debt. These expenditures are included in Table III-14.

2/ Includes use of cash balances and discrepancy.

Source: National Bank of the Republic of Haiti and Ministry of Finance.

financing requirements until 1980. Such a consolidation as presented in Table III-16 of course provides only rough estimated and orders of magnitude. 1/

182. With the exception of the hydroelectric power station at Peligre no major public investments have been initiated in the last four years. The large increase in development expenditures from G 57.4 million to G 80.8 million between 1970 and 1971 is almost entirely accounted for by this project. Since then development expenditures have stagnated at the 1971 level. As a percent of GDP, development expenditures rose from about 2.5 to 3.3 percent of GDP between 1970 and 1971 but declined in the two subsequent years and in 1973 amounted to about 2.7 percent of GDP.

183. One of the principal factors accounting for the stabilization of development expenditures has been the decline of government resources channelled to development purposes. While in 1970 Government resources financed about 64 percent of development outlays, estimates for 1973 suggest that this percentage fell to about 36 percent.

184. This evidence suggests that the substantial resources which have been generated by the recent increase in revenues and which have been freed by rising levels of external financing (mostly technical assistance grants and private donations) have not been allocated to development expenditures. According to the estimates shown in Table III-14, nondevelopment budget expenditures have increased at nearly 15 percent per annum in the period 1970-73. Such a rate of increase would seem appropriate if these additional funds had been used for such purposes as improving public services, teachers' salaries, and agricultural extension services. It does not appear, however, that such outlays have substantially risen, except to the extent that the arrears in public wages were eliminated between January and August 1973.

185. Expenditures from the fiscal budget, which covers all ministerial outlays, rose by slightly less than 8 percent per annum in 1970-73, only about half the rate of increase of total current expenditures. Moreover, only about 25 percent of the increase in fiscal expenditures was made by the ministries concerned with the productive sectors (Agriculture, Public Works, Industry and Commerce) and the social sectors (Education, Social Affairs, Culture, Public Health), while the Ministry of Interior and Defense alone received about 33 percent of the increment. It would also appear that the increasing surplus

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1/ The historical data in Table III-14 is based on data from Table III-13, the revenues and expenditures of the Regie from Table III-12, and expenditures financed by unconsolidated debt. Development outlays represent those in the Development Budget (Plan d'Action) except that CONADEP's accounts include payments to the foreign supplier for Peligre as development expenditures. In Table III-14 these are included as amortization and the full cost of the turbines are added to development expenditures with a contra entry under disbursements of foreign loans. Thus the statistics in the discussion which follows are not entirely consistent with data used earlier in this section. Unspecified current expenditures are obtained as a residual.

of the fiscal budget has been used to finance current expenditures which are included neither in the Fiscal Budget nor the Development Budget. These expenditures, have increased by 30 percent per annum since 1970. It is not possible, to evaluate them because there is no record of their allocation. It seems unlikely, however, that these resources have been used for development purposes. As nothing is known of the expenditures of the Regie it is assumed that they have been approximately equal to its revenues. This would indicate that its outlays have also been rising at a faster rate than ministerial expenditures - slightly less than 15 percent per annum.

(b) Future Requirements

186. To finance the public expenditure program outlined in Chapter II, it is clear that the amount of government resources channelled to development will have to increase substantially. The program assumes that the increasing interest of external lending agencies in Haiti will be reflected by a markedly higher level of external (official) capital flows. Thus, the share of development expenditures financed by the Haitian Government is likely to continue declining to about 3 percent by 1980 and average 32 percent between 1975 and 1979, as compared to an average of about 42 percent in 1971-73. The higher absolute level of development expenditures, however, will require that government resources channelled to development rise from an average of 1.0 percent of GDP in 1973 to about 1.4 percent in 1980 (assuming 5.0 percent annual GDP growth).

187. To mobilize these resources, the Haitian Government, without resorting to Central Bank financing, has three alternatives:

- (a) to increase revenues through higher taxes or improved tax administration;
- (b) to limit overall growth of current outlays;
- (c) to selectively curtail certain current expenditures which at present absorb a large share of government outlays, but do not appear to be directed to development objectives.

188. For the next few years, an increase in tax revenues could have an adverse effect on the economy. The tax burden - about 12 percent of GDP - is relatively high for a country with a GNP per capita of \$120, no substantial mineral resources, and which depends on small farmers for its principal export products. It is not likely that Government revenues could be substantially increased by raising taxes in the next few years, without severely affecting output, growth and welfare. As described earlier, the present tax system is regressive. Increases in most of the existing taxes would probably have an adverse effect on producer incentives and on the welfare of the poor. The only exceptions to this would refer to income and property taxation where lower deductions and improved collection efforts could be expected to add to Government receipts and to improve the progressivity of the tax system.

189. Neither would it seem appropriate at this time to limit the growth of all current expenditures. Presently, there is a clear need to improve



Table III-14: CONSOLIDATED GOVERNMENT ACCOUNTS, 1970 - 80<sup>1/</sup>  
(millions of current Gourdes)

|                                                                    | 1970         | 1971         | 1972         | 1973         | 1974         | 1975         | 1976         | 1977         | 1978         | 1979         | 1980         | Average<br>Annual Growth |             |
|--------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------|-------------|
|                                                                    |              |              |              |              |              |              |              |              |              |              |              | 1970-73 -                | 1974-80     |
| I. <u>Revenues</u>                                                 | <u>260.5</u> | <u>305.8</u> | <u>326.4</u> | <u>367.7</u> | <u>414.6</u> | <u>455.3</u> | <u>497.2</u> | <u>539.9</u> | <u>588.2</u> | <u>640.7</u> | <u>696.7</u> | <u>12.2</u>              | <u>9.0</u>  |
| Fiscal Revenues                                                    | 136.0        | 149.5        | 167.1        | 189.3        | 213.3        | 236.0        | 259.0        | 282.0        | 309.0        | 338.0        | 370.0        |                          |             |
| Matching Fund                                                      | 6.2          | 6.3          | 6.4          | 7.7          | 10.7         | 11.8         | 13.0         | 14.1         | 15.5         | 16.9         | 18.5         |                          |             |
| Road Funds                                                         | 4.5          | 5.4          | 5.6          | 5.6          | 5.6          | 10.9         | 11.2         | 11.6         | 12.2         | 12.8         | 13.5         |                          |             |
| Profits Port Authority                                             | -            | -            | -            | -            | 3.5          | 4.0          | 5.5          | 6.5          | 7.5          | 8.0          | 8.5          |                          |             |
| Regie du Tabac                                                     | 35.3         | 42.1         | 47.6         | 53.2         | 55.9         | 58.7         | 61.6         | 64.7         | 67.9         | 71.3         | 74.9         |                          |             |
| Other Extrabudgetary Revenues                                      | 78.5         | 102.5        | 99.7         | 111.9        | 125.6        | 133.9        | 146.9        | 161.0        | 176.1        | 193.7        | 211.3        |                          |             |
| II. <u>Current Expenditures</u>                                    | <u>223.7</u> | <u>266.9</u> | <u>290.7</u> | <u>338.8</u> | <u>354.3</u> | <u>385.5</u> | <u>415.2</u> | <u>466.3</u> | <u>515.6</u> | <u>557.1</u> | <u>602.6</u> | <u>14.9</u>              | <u>9.2</u>  |
| Fiscal Expenditures                                                | 137.7        | 161.5        | 162.6        | 172.3        | 199.3        | 225.0        | 251.0        | 279.0        | 309.0        | 338.0        | 370.0        |                          |             |
| Regie du Tabac                                                     | 35.3         | 42.1         | 47.6         | 53.2         |              |              |              |              |              |              |              |                          |             |
| Extrabudgetary Non-development Expenditures                        | 50.1         | 63.3         | 80.5         | 113.3        | 155.0        | 160.5        | 164.2        | 187.3        | 206.6        | 219.1        | 232.6        |                          |             |
| III. <u>Surplus (I minus II)</u>                                   | <u>36.8</u>  | <u>38.9</u>  | <u>35.7</u>  | <u>28.9</u>  | <u>59.0</u>  | <u>68.3</u>  | <u>79.7</u>  | <u>70.6</u>  | <u>68.6</u>  | <u>78.7</u>  | <u>88.1</u>  | <u>-7.7</u>              | <u>6.9</u>  |
| Fiscal Budget                                                      | -1.7         | -12.0        | 4.5          | 17.0         | 14.0         | 11.0         | 8.0          | 3.0          | -            | -            | -            |                          |             |
| Matching Fund                                                      | 6.2          | 6.3          | 6.4          | 7.7          | 9.9          | 10.3         | 10.7         | 11.1         | 11.5         | 12.0         | 12.5         |                          |             |
| Road Funds                                                         | 4.5          | 5.4          | 5.6          | 5.6          | 5.6          | 10.9         | 11.2         | 11.6         | 12.2         | 12.8         | 13.5         |                          |             |
| Port Authority                                                     | -            | -            | -            | -            | 3.5          | 4.0          | 5.5          | 6.5          | 7.5          | 8.0          | 8.5          |                          |             |
| Regie du Tabac                                                     | -            | -            | -            | -            |              |              |              |              |              |              |              |                          |             |
| Extrabudgetary Development Expenditures <sup>2/</sup>              | 27.8         | 39.2         | 19.2         | -1.4         | 26.0         | 32.1         | 44.3         | 38.4         | 37.4         | 45.9         | 53.6         |                          |             |
| IV. <u>Development Expenditures</u>                                | <u>57.4</u>  | <u>80.8</u>  | <u>84.6</u>  | <u>80.0</u>  | <u>113.3</u> | <u>198.4</u> | <u>247.2</u> | <u>219.3</u> | <u>225.8</u> | <u>251.6</u> | <u>283.8</u> | <u>5.8</u>               | <u>16.2</u> |
| Fixed                                                              | 34.0         | 55.0         | 58.0         | ...          | 62.8         | 142.0        | 184.4        | 148.0        | 140.2        | 149.2        | 170.3        |                          |             |
| Other                                                              | 23.4         | 25.8         | 26.6         | ...          | 50.5         | 56.4         | 62.8         | 71.3         | 95.6         | 102.4        | 113.5        |                          |             |
| V. <u>Financing Requirements (IV minus III or VI + VII + VIII)</u> | <u>20.6</u>  | <u>41.9</u>  | <u>48.9</u>  | <u>51.1</u>  | <u>54.3</u>  | <u>130.1</u> | <u>167.5</u> | <u>148.7</u> | <u>157.2</u> | <u>172.9</u> | <u>195.7</u> | <u>32.0</u>              | <u>28.5</u> |
| VI. <u>Net External Borrowing</u> <sup>3/</sup>                    | <u>-7.0</u>  | <u>4.5</u>   | <u>2.9</u>   | <u>4.7</u>   | <u>10.0</u>  | <u>84.1</u>  | <u>114.5</u> | <u>94.7</u>  | <u>102.2</u> | <u>112.9</u> | <u>128.7</u> | <u>.</u>                 | <u>53.0</u> |
| Disbursements                                                      | 5.8          | 19.4         | 20.0         | 20.6         | 32.3         | 101.8        | 132.4        | 108.4        | 116.5        | 126.4        | 140.5        |                          |             |
| (Existing Commitments) <sup>4/</sup>                               | ( 5.8)       | (19.4)       | (20.0)       | (20.6)       | ( 5.5)       | (25.6)       | (30.5)       | (11.5)       | ( 6.8)       | ( - )        | ( - )        |                          |             |
| (New Commitments)                                                  | ( . )        | ( . )        | ( . )        | ( . )        | (26.8)       | (76.2)       | (101.9)      | (96.9)       | (109.7)      | (126.4)      | (140.5)      |                          |             |
| Repayments                                                         | 12.8         | 14.9         | 17.1         | 15.9         | 22.3         | 17.7         | 17.9         | 13.7         | 14.3         | 13.5         | 11.8         |                          |             |
| VII. <u>External Technical Assistance</u>                          | <u>17.5</u>  | <u>21.0</u>  | <u>39.6</u>  | <u>48.0</u>  | <u>44.3</u>  | <u>46.0</u>  | <u>53.0</u>  | <u>54.0</u>  | <u>55.0</u>  | <u>60.0</u>  | <u>67.0</u>  | <u>40.0</u>              | <u>11.8</u> |
| Official                                                           | 17.3         | 20.4         | 30.7         | 39.0         | 35.0         | 35.0         | 39.0         | 40.0         | 40.0         | 45.0         | 50.0         |                          |             |
| Private                                                            | 0.2          | 0.6          | 8.9          | 9.0          | 9.3          | 11.0         | 14.0         | 14.0         | 15.0         | 15.0         | 17.0         |                          |             |
| VIII. <u>Net Internal Borrowing</u> <sup>5/</sup>                  | <u>10.1</u>  | <u>16.4</u>  | <u>6.4</u>   | <u>-1.6</u>  | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>.</u>                 | <u>.</u>    |

<sup>1/</sup> Includes Government outlays financed with "unconsolidated" debt which are excluded from figures in Table III-13.

<sup>2/</sup> Reflects resources from extrabudgetary accounts which were used for development purposes in 1970-73 and which will be required for development expenditures in 1974-80 in addition to the resources from the Fiscal Budget, Matching Fund, Port Authority, Road Construction and Road Maintenance Funds.

<sup>3/</sup> Including transactions on loans repayable in local currency.

<sup>4/</sup> Disbursements on loan commitments made through 12/31/1972.

<sup>5/</sup> Includes discrepancy and funds liberated by payment of public debt arrears (G 11 million) in 1970.

Source: Tables II-8, III-12, III-13, CONADEP and Mission estimates.

government services in agriculture, education, health and other sectors. Reaching this goal will require selective increases in the wages of government technicians in order to create adequate incentives. Moreover, improvements in many government services can only be achieved if outlays for such purposes as teaching materials, spare parts for vehicles, maintenance, and medicines are increased. These requirements appear to demand a rapid increase of current expenditures, especially in the Fiscal Budget Accounts.

190. The third alternative - to reallocate certain funds which are presently used for non-development expenditures - would thus seem to be most appropriate. This alternative would allow total government resources channelled to development expenditures to rise by about 7 percent per annum between 1974 and 1980 fiscal expenditures could increase by about 10 percent in the same period. The projections shown in Table III-14 and III-15 assume that this alternative will be followed.

191. The Haitian Government proposed during the CIAP meeting in November 1972 that the Matching Fund, the Road Construction and Maintenance Funds and the profits of the Port Administration would be the principal means of financing counterpart funds in projects financed by official lending agencies. The Haitian authorities also proposed that the profits of the flour mill would be a possible source of revenues to finance counterpart expenditures. In view of the increases in the world price of wheat during 1973, the profits of the flour mill have been eliminated and are not, therefore, included in the projections. Moreover, the Government's projection of revenues from the gasoline tax (as noted earlier, there are several) which will be earmarked to the Road Construction Fund from 1975 have been adjusted to reflect more realistic assumptions about future levels of gasoline and diesel oil consumption. It is not likely, then, that these funds will generate more than an average of about 40 percent of the amount which will be required to finance those development expenditures not financed by external official capital. It is clear, therefore, that other sources of (a) counterpart financing, and (b) financing for projects entirely financed by the Haitian Government, will be required if the expenditure program outlined in Chapter II is to be executed.

192. If expenditures from the fiscal budget accounts are to rise rapidly along the lines suggested above, its surplus will probably be eliminated by 1977. It cannot therefore be expected that more than about 5 percent of development expenditures between 1975 and 1980 will be financed from this source.

193. Together, therefore, the sources of revenue for development expenditure outlined in paras 191 and 192 would amount to 45 percent of estimated requirements. Part of the remaining 55 percent could probably be obtained from the yields of the numerous small taxes which are now nominally allocated to development, but for which there are no detailed accounts with respect to the use to which they are put. In the 1973 Development Budget they amount to about G 26 million. As a proportion of the average requirement of G 40 million represented by 55 percent of the Government's average development expenditures in the period 1975-79, this would amount to more than half of the

**Table III-15: FINANCING OF DEVELOPMENT EXPENDITURES**  
(Percent and millions of Gourdes)

|                                       | 1970        |              | 1971-73<br>Average |              | 1974<br>(Estimates) |              | 1975-79<br>Percent Average |              | 1980<br>(Projected) |              |
|---------------------------------------|-------------|--------------|--------------------|--------------|---------------------|--------------|----------------------------|--------------|---------------------|--------------|
|                                       | G. mil.     | %            | G. mil.            | %            | G. mil.             | %            | G. mil.                    | %            | G. mil.             | %            |
| Development Expenditures              | <u>57.4</u> | <u>100.0</u> | <u>81.8</u>        | <u>100.0</u> | <u>113.3</u>        | <u>100.0</u> | <u>228.5</u>               | <u>100.0</u> | <u>283.8</u>        | <u>100.0</u> |
| Financing                             | <u>57.4</u> | <u>100.0</u> | <u>81.8</u>        | <u>100.0</u> | <u>113.3</u>        | <u>100.0</u> | <u>228.5</u>               | <u>100.0</u> | <u>283.8</u>        | <u>100.0</u> |
| Government Resources                  | 36.8        | 64.1         | 34.5               | 42.2         | 59.0                | 52.1         | 73.2                       | 32.0         | 88.1                | 31.0         |
| Existing Sources <sup>1/</sup>        | ( . )       | ( . )        | ( . )              | ( . )        | ( . )               | ( . )        | (33.6)                     | (14.7)       | (34.5)              | (12.2)       |
| Additional Requirements <sup>2/</sup> | ( . )       | ( . )        | ( . )              | ( . )        | ( . )               | ( . )        | (39.6)                     | (17.3)       | (53.6)              | (18.9)       |
| External Loans (net)                  | -7.0        | -12.2        | 4.0                | 4.9          | 10.0                | 8.8          | 101.7                      | 44.5         | 128.7               | 45.3         |
| Existing Commitments <sup>3/</sup>    | ( 5.8)      | (10.1)       | (20.0)             | (24.4)       | ( 5.5)              | ( 4.9)       | (14.9)                     | ( 6.5)       | ( - )               | ( - )        |
| Additional Requirements               | ( . )       | ( . )        | ( . )              | ( . )        | (26.8)              | (23.7)       | (102.2)                    | (44.7)       | (140.5)             | (49.5)       |
| Repayments (-)                        | (12.8)      | (22.3)       | (16.0)             | (19.6)       | (22.3)              | (20.0)       | (15.4)                     | ( 6.7)       | (11.8)              | ( 4.2)       |
| Technical Assistance                  | 17.5        | 30.4         | 36.2               | 44.2         | 44.3                | 39.1         | 53.6                       | 23.4         | 67.0                | 23.6         |
| Official                              | (17.3)      | (30.1)       | (30.0)             | (36.7)       | (35.0)              | (30.9)       | (39.8)                     | (17.4)       | (50.0)              | (17.6)       |
| Private                               | ( 0.2)      | ( 0.3)       | ( 6.2)             | ( 7.6)       | ( 9.3)              | ( 8.2)       | (13.8)                     | ( 6.0)       | (17.0)              | ( 6.0)       |
| Other <sup>4/</sup>                   | 10.1        | 17.6         | 7.1                | 8.7          | -                   | -            | -                          | -            | -                   | -            |

<sup>1/</sup> Includes Fiscal Budget, Matching Fund, Road Funds (construction and maintenance) and Port Authority.

<sup>2/</sup> Funds from other extrabudgetary accounts and autonomous agencies which will be required to finance development programs.

<sup>3/</sup> Commitments made through 12/21/72, including loans repayable in local currency.

<sup>4/</sup> Includes internal borrowing and resources liberated by repayment of foreign debt arrears (G 11 million in 1970).

Source: Table III-14

total - assuming (a) that these revenues actually accrued to the Development Budget in 1973 and (b) that the amount accruing in the period 1975-79 was not, on average, less than that accruing in 1973.

194. About twenty-five percent of the Government's financial requirements would still, however, need to be met from other sources. There are two.

195. One possible source for the remaining requirements are the numerous earmarked funds included in the extra-budget accounts outside the Development Budget. In some instances it is likely that the original purposes for which these funds were created have now been fulfilled. Thus, they would seem presently to do little more than hinder the efficiency of the allocative process of government expenditures.

196. A second possible source would be the Regie. It is estimated that its receipts in 1973 amounted to about G 53.2 million. Assuming that expenditures of the Regie equalled revenues in 1973 and that outlays were to be frozen at this level, a yearly average of about G 11 million would become available for development expenditures between 1974 and 1980. This alone would represent over 15 percent of the required Government outlays for development. While it cannot be expected that a total freeze on Regie expenditures is feasible, some share of the increase in its revenues could be earmarked for development expenditures. To this end, the Government proposed an average G 3.5 million yearly in the 1974-79 period. A formula whereby this contribution represented a share of the increment in revenues would ensure that it would be commensurate with the growth in receipts.

197. Parallel to the increase in Government development expenditures, a rapid increase in the flow of foreign financing is assumed to be essential to the timely execution of the expenditure program. Until 1972, over 85 percent of foreign financing was in the form of technical assistance grants and private donations. While the absolute level of this assistance will most likely continue to increase steadily, it can be expected to finance only a small share of total development outlays required in the next 6 to 7 years. It is assumed that these two categories of assistance will increase and will average about G 54 million per year between 1975 and 1979. This would amount to about 23 percent of total development outlays.

198. It is therefore clear that the bulk of foreign assistance will have to be in the form of loan capital. It is estimated that it will finance about 45 percent of total development outlays. This compares to slightly less 5 percent in the 1971-73 period. Moreover, it is assumed that this assistance will be almost entirely from official lending agencies on favorable terms so that debt service will not likely become a constraint. Overall net disbursements are estimated at an average of approximately G 102 million per year in 1975-79. This would require new commitments to average about \$28 million per year during the period considered.

199. Haiti's development expenditure requirements are large. A concerted effort will be required on the part of the Haitian Government and official lending agencies to finance the outlays needed to overcome the obstacles to sustained growth. The absolute amount of Government resources channelled to development expenditures will have to increase drastically. It would seem that these resources are already at the disposal of the Government but in the past, perhaps because of political, administrative and other non-financial constraints they have been used for other purposes. Their reallocation to development objectives will, however, serve as a clear indication of the Government's unambiguous commitment to economic growth. At the same time, a substantial increase in official financing flows is essential. Foreign technical aid and private efforts will continue to play a role in assisting the Government to prepare and execute development projects. But, it is clear that as preinvestment studies have now been completed in many priority sectors, flows from official lending agencies will determine to what extent development requirements can be met, always assuming that the Government is able to finance its share of total development expenditures.

#### IV. BALANCE OF PAYMENTS - PROBLEMS AND PROSPECTS

200. The recent trends in the balance of payments highlight the imbalance of economic growth which Haiti has experienced in the last five years. Agricultural products have historically accounted for about 60-80 percent of Haiti's merchandise exports, and stagnation in output of export crops has limited the growth of exports. The recent economic recovery which has been concentrated in Port-au-Prince has generated increased demand for merchandise imports which have increased at an annual rate of more than 15 percent since 1970. While exports of assembly industries and receipts from tourism have shown rapid growth, the import content of these sectors is high and they have also, therefore, contributed to growing imports. The deficit of goods and services has thus tripled since 1968 growing from \$10.5 million to an estimated \$38 million in 1973. Through 1972, this deficit was entirely financed by net current transfer receipts - immigrant remittances, private donations and technical assistance grants - which allowed for a current account surplus. But in 1973 the growth of imports has exceeded additional transfer receipts, and a small current account deficit is expected to have occurred. On the other hand, capital inflows net of amortization have grown from less than \$2 million in 1968 to \$7 million in 1972. As a result, net foreign exchange reserves have become positive, amounting to about \$26 million in June 1973 as compared with net liabilities of \$6.6 million in September 1968. The rapid rise in imports in the last months of 1973, however, caused net reserves to decline to an estimated \$17 million.

201. Maintaining a favorable balance of payments position appears to be one of the major difficulties which Haiti will face in the short and medium term. Because of the high import content of consumption and investment, rising incomes are translated quickly into higher levels of merchandise imports. In the past, the authorities have relied on tight credit controls for balance of payments management. For the longer term, however, it will be essential that Haiti's export performance improves substantially, if relatively rapid economic growth is to be achieved without serious balance of payments problems.

**Table IV-1: SUMMARY BALANCE OF PAYMENTS**  
(millions of dollars)

|                                     | 1968  | 1970  | 1971  | 1972  | 1973 <u>/1</u> |
|-------------------------------------|-------|-------|-------|-------|----------------|
| Exports of Goods                    | 36.3  | 39.1  | 47.3  | 43.0  | 50.0           |
| Imports of Goods                    | 38.7  | 47.8  | 56.1  | 61.2  | 79.3           |
| Trade Balance                       | - 2.4 | - 8.7 | - 8.8 | -18.2 | -29.3          |
| Tourism Receipts                    | 4.5   | 6.6   | 8.7   | 13.3  | 16.0           |
| Investment Income                   | - 3.3 | - 3.5 | - 3.8 | - 4.5 | - 4.9          |
| Other Services (Net)                | 9.3   | -14.5 | -14.2 | -16.8 | -19.8          |
| Net Services                        | - 8.1 | -11.4 | - 9.3 | - 8.0 | - 8.7          |
| Net Goods and Services              | -10.5 | -20.1 | -18.1 | -26.2 | -38.0          |
| Net Transfers <u>/2</u>             | 12.8  | 21.9  | 18.9  | 26.3  | 31.0           |
| CURRENT ACCOUNT BALANCE             | 2.3   | 1.8   | 0.8   | 0.1   | - 7.0          |
| Direct Investment (net)             | 1.1   | 2.8   | 3.4   | 4.2   | 5.0            |
| Official Lending (net)              | 0.6   | - 0.2 | - 0.3 | - 0.8 | - 0.7          |
| Disbursements                       | (1.0) | (0.8) | (1.1) | (0.6) | (0.5)          |
| Amortization (-)                    | (0.5) | (1.2) | (1.3) | (1.4) | (1.2)          |
| Other                               | (0.1) | (0.2) | ( - ) | ( - ) | -              |
| Suppliers Credits                   | - 0.1 | 0.2   | - 0.4 | 3.5   | - 0.3          |
| Other Capital <u>/3</u>             | - 4.3 | 2.9   | 5.5   | 3.0   | -              |
| Changes in Reserves<br>(- increase) | 0.4   | - 6.5 | - 9.1 | - 9.9 | 3.0            |

/1 Estimate.

/2 Includes private donations, emigrant remittances and official grants.

/3 Includes error and omissions, short-term capital, SDR allocation and subscription to international agencies.

Source: Tables 3.1 and 3.2.

#### Current Account

202. Haiti's merchandise export performance has improved in the last three years, but still appears to be far below long term potential. In 1950, exports of merchandise were \$38.5 million; in 1970 merchandise exports amounted

to only \$39 million. But in 1973, partial data suggest that the figure reached \$50 million, largely as a result of favorable prices for coffee, and increased exports of bauxite and assembly industry products.

203. Haiti will continue to depend on coffee for the bulk of its export earnings. Coffee now accounts for about 40 percent of the value of merchandise exports but the average volume has been declining since the 1950's. It is unlikely, however, that new export commodities can be developed until traditional ones have reached full potential, especially when the prospects for export prices for the latter are favorable, as is the case with coffee.

204. Haiti was last able to meet its coffee export quota in 1963. <sup>1/</sup> Since then, production has nearly stagnated and since 1970 domestic consumption has also contributed to a reduction in exportable output. Prospects for increasing coffee exports will depend partially on overcoming the production problems which have been discussed earlier in this report. But even if efforts are made to increase producer prices and to improve production methods, it is unlikely that production could be substantially increased in the near future. At the same time, domestic consumption is likely to continue rising but perhaps at a slower rate than in the recent past as per capita consumption will begin to stabilize. These factors suggest that coffee exports are likely to stagnate or even to decline slightly during the next 3-4 years but could increase in subsequent years if a rehabilitation program were quickly executed.

205. Similarly, because of rising domestic consumption and stagnant output, Haiti's exports of sugar have been declining markedly, especially in the last two years. Until 1972, the mills at Cap Haitien and Les Cayes exported their entire production and the mill at Port-au-Prince was also able to export part of its production having satisfied the needs of the domestic market. In 1972, exports amounted to about 20,000 tons. In 1973, all of HASCO's production was consumed by the domestic market and it was also necessary to sell on the domestic part of the output of the other mills in order to meet demand, which has grown at over 15 percent per year since 1970. Exports in 1973 amounted to only 15,000 tons while 6,000 tons of sugar had to be imported. <sup>2/</sup> If domestic consumption were to continue to rise at recent rates, Haiti, once the world's foremost exporter of sugar, could become a net importer of sugar. One obstacle to increasing sugar exports is related to refining capacity. The mill under construction at Leogane is not likely to add substantially to exports since it will mainly depend on cane fields which previously supplied the Port-au-Prince mill. The new mill's output will thus in part be at the expense of the older mill.

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<sup>1/</sup> Haiti's quota in 1972 was 405,000 60-kg bags. As the economic provisions of the International Coffee Agreement have been suspended, the quota system is no longer effective.

<sup>2/</sup> This was because the shortfall for the domestic market was not anticipated and some exports had been made by the time that the shortfall became apparent.



Table IV-2: PRINCIPAL MERCHANDISE EXPORTS

(value in million US\$ and volume in thousand of metric tons)

|                              | Value<br>1960 | Volume             |       |                    |                    | Value<br>1973 <sup>1/</sup> |
|------------------------------|---------------|--------------------|-------|--------------------|--------------------|-----------------------------|
|                              |               | 1960-70<br>average | 1971  | 1971-73<br>average | 1973 <sup>1/</sup> |                             |
| Coffee                       | 20.2          | 22.2               | 21.5  | 20.4               | 21.0               | 21.5                        |
| Bauxite                      | 3.4           | 468.3              | 752.4 | 780.7              | 820.0              | 7.3                         |
| Sugar                        | 3.9           | 27.1               | 22.9  | 14.5               | 6.0                | 1.1                         |
| Essential Oils <sup>2/</sup> | 1.2           | 202.3              | 381.5 | 329.2              | 290.0              | 3.7                         |
| Sisal                        | 4.5           | 17.2               | 8.3   | 5.6                | 4.5                | 0.8                         |

<sup>1/</sup> Estimates.

<sup>2/</sup> Metric Tons.

Source: IBRD, Current Economic Position and Prospects of Haiti, CA-17a and Table 3.3

Table IV-3: COFFEE PRODUCTION, CONSUMPTION AND EXPORTS

(thousands of 60 kg. bags)

|                                | 1968          | 1969          | 1970          | 1971          | 1972          |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Production                     | 526           | 503           | 450           | 543           | 540           |
| Exports<br>(%)                 | 325<br>(61.8) | 308<br>(61.2) | 275<br>(61.1) | 358<br>(65.9) | 311<br>(57.6) |
| Apparent<br>Consumption<br>(%) | 201<br>(38.2) | 195<br>(38.2) | 175<br>(38.9) | 185<br>(34.1) | 229<br>(42.4) |

Source: Tables 3.3 and 7.1.

Table IV-4: COFFEE EXPORT QUOTAS AND SALES

(bags of 60 kg and \$)

| Fiscal Years | Final<br>Adjusted<br>Quota<br>( in bags of 60 kg. ) | Export<br>Volume | Excess or<br>Shortfall(-)<br>(bags of 60 kg.) | Average<br>Unit Price<br>( \$ per<br>60-kg bag) | Value of<br>Exports<br>(millions<br>of \$ ) | Value of<br>Shortfall<br>(millions<br>of \$ s) |
|--------------|-----------------------------------------------------|------------------|-----------------------------------------------|-------------------------------------------------|---------------------------------------------|------------------------------------------------|
| 1960         | 500,000                                             | 476,068          | - 23,932                                      | 42.40                                           | 20.2                                        | -                                              |
| 1961         | 500,000                                             | 273,455          | -226,545                                      | 44.25                                           | 12.1                                        | -                                              |
| 1962         | 420,000                                             | 544,560          | 124,560                                       | 38.00                                           | 20.7                                        | -                                              |
| 1963         | 420,000                                             | 424,965          | 4,965                                         | 39.50                                           | 16.8                                        | -                                              |
| 1964         | 392,000                                             | 364,212          | - 27,788                                      | 48.05                                           | 17.5                                        | 1.3                                            |
| 1965         | 418,500                                             | 382,782          | - 35,718                                      | 50.45                                           | 19.3                                        | 1.8                                            |
| 1966         | 426,104                                             | 407,604          | - 18,500                                      | 51.00                                           | 20.8                                        | 0.9                                            |
| 1967         | 414,994                                             | 282,793          | -132,201                                      | 47.40                                           | 13.4                                        | 6.3                                            |
| 1968         | 442,983                                             | 324,982          | -118,001                                      | 44.30                                           | 14.4                                        | 5.2                                            |
| 1969         | 418,684                                             | 308,166          | -110,518                                      | 43.50                                           | 13.4                                        | 4.8                                            |
| 1970         | 462,700                                             | 274,766          | -177,934                                      | 56.40                                           | 15.2                                        | 10.0                                           |
| 1971         | 421,000                                             | 358,333          | - 62,667                                      | 52.20                                           | 18.8                                        | 3.3                                            |
| 1972         | 405,000                                             | 310,762          | - 94,238                                      | 51.46                                           | 16.0                                        | 4.9                                            |

Source: IMF based on statistics from: Ministry of Finance and Economic Affairs, Customs Administration, and the Haitian Institute for the Promotion of Coffee.

206. Other major agricultural exports include sisal, meat and essential oils. The recent increase in the world price of sisal has encouraged one of the major producers to increase its output. In view of the long run decline in demand, however, it is doubtful that future export receipts from sisal will be significant unless the rising costs of petrochemicals were to significantly affect those of its synthetic substitutes. In 1973, sisal exports amounted to about 4,500 tons as compared to 20,500 tons in 1969 when exports reached their most recent peak.

207. The value of meat exports doubled in 1972 in relation to 1971. While a potential market appears to exist in the United States, greater incentives and technical assistance to improve herd management will be needed to expand livestock activity. Low prices are presently a disincentive to increasing production. But in the short run, the impoverished state of farmers could lead to the depletion of herds in response to price increases. It appears that herds have already been reduced by indiscriminate slaughtering which has been a principal (and in some cases a sole) source of cash income for cattle owners. The number of cattle slaughtered at the only slaughterhouse (Port-au-Prince) equipped to export has declined from 22,000 in 1972 to 12,000 in 1973.

208. Essential oils offer one of the new examples of an encouraging recent trend in export crops, even though 1973 was a disappointing year. In 1972, exports amounted to 316 tons as compared to 206 tons in 1970, but estimates suggest that the figures for 1973 may not exceed 300 tons. The export monopolies which had reduced incentives by lowering producer prices have largely been eliminated and exports have benefitted from favorable trends in world prices.

209. Considerable scope remains for increasing exports from the assembly industries. Because of their high import content, their effects on income and employment are substantially greater than on the balance of payments, however. Nevertheless, net exports amount to about \$10 million per year and can be expected to provide an increasing share of Haiti's export receipts. The success of these industries depends on economic conditions in the U.S. Haiti's proximity to the U.S. suggests that there might also be scope for the development of export-oriented agro-industries, but a precondition of their development is the development of the agricultural sector. Unless an adequate supply of fruits and vegetables can be assured, private industries are not likely to be established.

210. The prospects for exports of minerals, bauxite and copper are mixed. Copper exports were terminated last year when the search for new deposits proved unfruitful and continued mining at the present site became uneconomical at current world prices. It is uncertain whether the steep increase in these prices during recent months might induce a restart of operations. In contrast, exports of bauxite have been increasing rapidly in response to the rise in world prices.

Table IV-5: EXPORT PROJECTIONS

(Production and export volumes: thousands of metric tons; unit price in \$ per kilo and value in millions of \$)

|                                            | 1969        | 1970        | 1971        | 1972        | 1973 <sup>E</sup>  | 1974        | 1975        | 1976         | 1977         | 1978         | 1979         | 1980         |
|--------------------------------------------|-------------|-------------|-------------|-------------|--------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Coffee Production                          | 30.2        | 27.0        | 32.6        | 32.4        | 34.8 <sup>E</sup>  | 33.0        | 33.0        | 33.0         | 34.7         | 36.4         | 38.2         | 40.1         |
| Domestic Demand (-)                        | 11.6        | 10.9        | 11.1        | 13.8        | 14.0 <sup>E</sup>  | 14.3        | 14.6        | 14.8         | 15.1         | 15.4         | 15.6         | 15.9         |
| Exports Volume                             | 18.6        | 16.1        | 21.5        | 18.6        | 20.8 <sup>E</sup>  | 18.7        | 18.4        | 18.2         | 19.6         | 21.0         | 22.6         | 24.2         |
| Unit Price                                 | .74         | .94         | .87         | .84         | 1.02               | 1.25        | 1.20        | 1.20         | 1.20         | 1.20         | 1.30         | 1.30         |
| Value                                      | 13.7        | 15.2        | 18.8        | 15.7        | 20.4               | 23.4        | 22.1        | 21.8         | 23.5         | 25.2         | 29.4         | 31.5         |
| Sugar Production                           | 52.9        | 58.0        | 62.4        | 68.5        | 63.6               | 71.0        | 75.0        | 77.0         | 79.0         | 82.0         | 87.0         | 94.0         |
| Domestic Demand                            | 36.0        | 40.0        | 39.5        | 47.8        | 55.5 <sup>1/</sup> | 61.9        | 66.8        | 72.2         | 75.8         | 78.8         | 80.4         | 82.0         |
| Exports Volume                             | 16.9        | 18.0        | 20.9        | 20.7        | 13.6               | 8.1         | 8.2         | 4.8          | 3.2          | 3.2          | 6.6          | 12.0         |
| Unit Price                                 | 0.13        | 0.14        | 0.15        | 0.17        | 0.19               | 0.21        | 0.22        | 0.23         | 0.25         | 0.26         | 0.29         | 0.30         |
| Exports Value                              | 2.2         | 2.5         | 3.4         | 3.6         | 2.6                | 1.7         | 1.8         | 1.1          | 0.8          | 0.8          | 0.1          | 0.8          |
| Bauxite Export Volume                      | 728.8       | 648.5       | 752.4       | 769.9       | 831.0              | 848.0       | 865.0       | 882.0        | 900.0        | 917.0        | 936.0        | 955.0        |
| Unit Price <sup>2/</sup>                   | 8.5         | 8.7         | 8.7         | 8.7         | 8.90               | 15.0        | 17.0        | 19.0         | 21.0         | 22.0         | 23.0         | 25.0         |
| Export Value                               | 6.2         | 5.6         | 6.5         | 6.7         | 7.4                | 12.7        | 14.7        | 16.8         | 18.9         | 20.2         | 21.5         | 23.9         |
| Essential Oils Export Volume <sup>3/</sup> | 306.3       | 206.0       | 381.5       | 316.2       | 255.0              | 274.0       | 295.0       | 317.0        | 341.0        | 366.0        | 394.0        | 423.0        |
| Unit Price                                 | 9.8         | 12.33       | 8.0         | 10.5        | 12.0               | 13.0        | 13.9        | 14.6         | 15.3         | 16.1         | 17.0         | 17.9         |
| Export Value                               | 3.0         | 2.5         | 3.1         | 3.3         | 3.1                | 3.6         | 4.1         | 4.6          | 5.2          | 5.9          | 6.7          | 7.6          |
| Other Exports Value                        | 11.6        | 13.2        | 15.5        | 13.7        | 16.5               | 19.3        | 22.5        | 25.5         | 28.6         | 32.0         | 35.5         | 41.2         |
| Sisal                                      | ( 2.5)      | ( 1.8)      | ( 0.8)      | ( 0.6)      | ( 0.8)             | ( 0.9)      | ( 0.9)      | ( 1.0)       | ( 1.0)       | ( 1.0)       | ( 1.0)       | ( 1.0)       |
| Handicrafts                                | ( 4.4)      | ( 7.0)      | ( 9.3)      | ( 8.3)      | (10.3)             | (12.0)      | (14.2)      | (16.0)       | (18.0)       | (20.0)       | (22.0)       | (25.0)       |
| Other                                      | ( 4.7)      | ( 4.4)      | ( 5.4)      | ( 4.8)      | ( 5.4)             | ( 6.4)      | ( 7.4)      | ( 8.5)       | ( 9.6)       | (11.0)       | (12.5)       | (15.2)       |
| <u>Total Merchandise Exports</u>           | <u>36.7</u> | <u>39.0</u> | <u>47.3</u> | <u>43.0</u> | <u>50.0</u>        | <u>60.7</u> | <u>65.2</u> | <u>69.8</u>  | <u>77.0</u>  | <u>84.1</u>  | <u>93.2</u>  | <u>105.0</u> |
| Tourism                                    | 5.4         | 6.6         | 8.7         | 13.3        | 16.0               | 18.7        | 21.5        | 24.5         | 27.8         | 31.6         | 35.9         | 40.8         |
| Other Services                             | 7.0         | 7.4         | 8.6         | 6.8         | 7.8                | 8.7         | 9.5         | 10.2         | 11.1         | 12.1         | 13.2         | 14.3         |
| <u>Total Services</u>                      | <u>12.4</u> | <u>14.0</u> | <u>17.3</u> | <u>20.1</u> | <u>23.8</u>        | <u>27.4</u> | <u>31.0</u> | <u>34.7</u>  | <u>38.9</u>  | <u>43.7</u>  | <u>49.1</u>  | <u>55.1</u>  |
| <u>Total Goods and Non-Factor Services</u> | <u>49.1</u> | <u>53.0</u> | <u>64.6</u> | <u>63.1</u> | <u>73.8</u>        | <u>88.1</u> | <u>96.2</u> | <u>104.5</u> | <u>115.9</u> | <u>127.8</u> | <u>142.3</u> | <u>160.1</u> |

1/ Includes 5.5 tons of imported sugar.

2/ \$ per metric ton

3/ Metric tons

Source: BIRRE and Mission Estimates

211. Tourism earnings will probably continue to provide a dynamic source of foreign exchange. It is doubtful, however, that the rate of expansion of tourism earnings will continue at the 35 percent average of the last three years, largely a result of recovery of the sector. The OAS report on tourism, foresees a yearly expansion of between 6 and 13 percent. This range appears reasonable and assumes that positive steps will be taken to alleviate some of the problems which may affect the growth of this sector (see paras. 74-77).

212. These principal assumptions on volume and prices are reflected in the projections of export values in Table IV-5. While the prospects for a rapid increase in export volume are poor, improved prices for bauxite, coffee and sugar would lead to an increase in foreign exchange earnings. Substantial improvements in performance over the previous decade can therefore be expected, but will depend, to a considerable extent on favorable prices.

213. There has been a steep increase in imports in the last three years. Imports of goods and services have grown at about a yearly rate of 15 percent since 1970. The recent rate of growth of imports suggests that a one percent increase in GDP induces a 3 percent increase in imports. This is a high ratio which has partly resulted from the imbalance of economic growth between urban and rural areas. Imports of food, for example, increased at nearly 18 percent per annum between 1970 and 1972. Data for 1973 are not available, but the unprecedented level of public sector imports of foodstuffs suggests that the rate of increase may have been still higher. The increase in urban incomes has also been reflected in higher imports of manufactured goods - largely consumer durables. The rapid increase in imports of goods not recorded by customs (see Appendix Table 3.4) also suggests that contraband (probably of consumer goods) has been increasing. <sup>1/</sup> Imports of machinery and equipment have, however, been nearly stagnant, except for the turbines for the Peligre hydroelectric plant, highlighting the fact that recent economic growth has been achieved with relatively little fixed investment.

214. It can be expected that these same global trends will continue, at least in the medium term. The large private investments which are expected to take place in the next two to three years suggest that in the short run Haiti's imports will rise at an even faster rate, because capital goods imports now are also likely to increase rapidly. In the longer run, import requirements can only be expected to diminish if domestic food production is increased to meet rising demand. Nevertheless, it seems that immediate measures to improve customs administration and to reduce contraband trade could substantially reduce the rate of increase of imports, or raise government revenues from customs duties. Either result would help to improve the prospective balance of payments position. If import growth were curtailed, external commercial borrowing requirements for import financing would be reduced. If customs duties were increased, a higher share of development expenditures could be financed without recourse to foreign financing or more counterpart would be available to raise the absolute level of development expenditures with assistance from foreign sources.

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<sup>1/</sup> Goods not recorded by customs are estimated as the difference between commercial payments made through the banking system and foreign trade statistics compiled by the Customs Administration.

**Table IV - 6: BALANCE OF PAYMENTS PROJECTIONS**  
(millions of current dollars)

|                                 | Estimates    | Projections  |              |              |              |              |              |              | Average Annual Growth |         |         |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|---------|---------|
|                                 | 1973         | 1974         | 1975         | 1976         | 1977         | 1978         | 1979         | 1980         | 1960-70               | 1970-73 | 1973-80 |
| Exports                         | 73.8         | 88.1         | 96.2         | 104.5        | 115.9        | 127.8        | 142.3        | 160.1        | -0.2                  | 11.6    | 11.6    |
| (Merchandise)                   | (50.0)       | (60.7)       | (65.2)       | (69.8)       | (77.0)       | (84.1)       | (93.2)       | (105.0)      | (0.3)                 | (8.5)   | (11.2)  |
| (Tourism)                       | (16.0)       | (18.7)       | (21.5)       | (24.5)       | (27.8)       | (31.6)       | (35.9)       | (40.8)       | (-2.1)                | (34.3)  | (14.3)  |
| (Other Non-factor Services)     | ( 7.8)       | ( 8.7)       | ( 9.5)       | (10.2)       | (11.1)       | (12.1)       | (13.2)       | (14.3)       | (-1.1)                | (1.8)   | (9.1)   |
| Imports <sup>1/</sup>           | 106.8        | 126.0        | 151.4        | 170.3        | 178.5        | 190.8        | 210.2        | 232.5        | 1.8                   | 15.5    | 11.8    |
| (Merchandise, CIF)              | (89.1)       | (105.4)      | (129.6)      | (146.1)      | (151.6)      | (161.0)      | (177.1)      | (195.8)      | (1.7)                 | (16.6)  | (11.1)  |
| (Non-factor Services)           | (17.7)       | (19.6)       | (21.8)       | (24.2)       | (26.9)       | (29.8)       | (33.1)       | (36.7)       | (2.0)                 | (10.6)  | (11.0)  |
| <u>Resource Gap</u>             | <u>-33.0</u> | <u>-37.9</u> | <u>-55.2</u> | <u>-65.8</u> | <u>-62.6</u> | <u>-63.0</u> | <u>-67.9</u> | <u>-72.4</u> |                       |         |         |
| Factor Service Payments         | -5.2         | -6.1         | -7.5         | -8.8         | -10.6        | -11.8        | -13.0        | -14.2        | 1.3                   | 11.6    | 15.4    |
| (Interest on Public Debt)       | (-0.3)       | (-0.4)       | (-0.5)       | (-0.7)       | (-1.7)       | (-2.0)       | (-2.3)       | (-2.5)       |                       |         |         |
| (Other)                         | (-4.9)       | (-5.7)       | (-7.0)       | (-8.1)       | (-8.9)       | (-9.8)       | (-10.7)      | (-11.7)      |                       |         |         |
| Transfers (Net)                 | 31.0         | 34.0         | 39.0         | 43.0         | 47.0         | 51.0         | 56.0         | 61.0         | 9.1                   | 12.3    | 10.1    |
| <u>CURRENT BALANCE</u>          | <u>-7.2</u>  | <u>-10.0</u> | <u>-23.7</u> | <u>-31.6</u> | <u>-26.2</u> | <u>-23.8</u> | <u>-24.9</u> | <u>-25.6</u> |                       |         |         |
| Net Direct Investment           | 5.0          | 8.0          | 13.0         | 11.0         | 8.0          | 8.0          | 9.0          | 10.0         |                       |         |         |
| Loans Repayable in Gourdes      | 0.5          | 1.1          | 5.2          | 6.1          | 2.3          | 1.4          | -            | -            |                       |         |         |
| Public M & L Term Capital (net) | 0.9          | 1.4          | 12.4         | 17.6         | 17.5         | 20.2         | 23.7         | 26.7         |                       |         |         |
| (Disbursements)                 | (3.6)        | (5.4)        | (15.2)       | (20.4)       | (19.4)       | (21.9)       | (25.3)       | (28.1)       |                       |         |         |
| (Amortization - )               | (2.7)        | (3.9)        | (2.8)        | (2.7)        | (1.9)        | (1.7)        | (1.6)        | (1.4)        |                       |         |         |
| Other                           | -2.2         | -3.5         | -            | -            | -            |              |              |              |                       |         |         |
| <u>Use of Reserves</u>          | <u>3.0</u>   | <u>3.0</u>   | <u>-6.9</u>  | <u>-3.1</u>  | <u>-1.6</u>  | <u>-5.8</u>  | <u>-7.8</u>  | <u>-11.1</u> |                       |         |         |
| Net International Reserves      |              |              |              |              |              |              |              |              |                       |         |         |
| (end of year)                   | 17.4         | 14.4         | 21.3         | 24.4         | 26.0         | 31.8         | 39.6         | 50.7         |                       |         |         |
| (No. of months imports)         | 2.3          | 1.6          | 2.0          | 2.0          | 2.1          | 2.4          | 2.7          | 3.1          |                       |         |         |

<sup>1/</sup> Relates to target value of imports required to reach adequate level of reserves of about 3 months imports by 1980.

Source: Mission estimates

### External Financing Requirements

215. A substantially higher level of foreign capital flows and current transfers can be expected than in the past. The inflow of private funds (both transfers and capital) can be expected to finance a large share of the growing deficit on goods and services. But it is doubtful whether net transfers alone can continue to cover the entire current deficit as it has done until 1973, especially in view of the increase in capital goods imports which will be financed by external sources.

216. Private direct investment and related credits until 1980 can be expected to average over \$9 million, or more than twice the level of \$4 million in the period 1970-1973. This is an anticipated result of the expansion of the cement plant, the flour mill and the construction of the steel mill (see paras. 66-67). Also, in view of the public expenditure financing requirements, net disbursements from official lending agencies can also be expected to rise markedly. The public investment program outlined in Chapter II would require average disbursements of about \$20 million a year from existing and new commitments.

217. Table IV-7 consolidates the projections of exports, imports and capital flows, until 1980. With favorable prices, it is foreseeable that exports of goods and non-factor services could rise by as much as 11 percent per annum in current terms between 1973 and 1980. This projection does not take into account, however, possible negative effects of the energy crisis on demand for tourist services and assembly industry products. These cannot be quantified. Imports are also likely to rise rapidly, especially in the short term. This increase can be accounted for largely by the higher level of capital goods imports which will be self financed by public and private capital flows. Also, urban economic growth will probably continue to exert pressures on demand for imports of consumer goods. Because of higher petroleum prices, another category of imports, petroleum products are likely to register substantial increases in the short term. The direct impact of higher petroleum prices on imports would be additional to the possible indirect effects of the energy crisis on the balance of payments mentioned above. However, since petroleum products represent only a small share of total imports, (about 4 percent in 1973), the direct effect on total imports is likely to be small. Foodstuff imports which increased dramatically in 1973 because of a shortfall in domestic agricultural production can be expected to rise less rapidly as some recovery in domestic supply in 1974 is anticipated. The projections through 1980 assume that Haiti will become increasingly self sufficient in foodstuffs and that imports will decrease relative to other imports.

218. The Government's policy is to maintain a ratio of reserves to imports of not less than three months' import value. Projections indicate that overall import growth of more than 11.5 percent per annum (1974-80) could lead to a reduction in the ratio of reserves to imports. It is clear that import management will become a key issue. Commercial borrowing could be used to finance a foreign exchange gap arising from a more rapid increase in imports without a corresponding acceleration of capital flows

or exports, but the debt service burden which such borrowing would entail would itself ultimately imply a decrease in reserves failing an acceleration of export growth.

#### External Debt Structure and Debt Servicing

219. In December 1973, Haiti's external debt outstanding (including undisbursed) repayable in foreign currencies is estimated to have reached \$71.6 million. Thirty six percent of this debt was incurred by the agricultural projects in the Artibonite Valley and the construction of the Peligre Dam, financed by the United States in the late 1940's and early 1950's. Thirty-one percent, or \$22.3 million, was related to the IDB loan signed at the end of 1973 for construction of the Southern Road. Supplier credits, mostly for the purchase of telecommunications equipment and turbines for the Peligre power station accounted for another 10 percent of the total. The remaining 23 percent are related to a revolving credit for the purchase of wheat, a USAID loan for road maintenance, a loan from the Federal Republic of Germany for agricultural improvements in the Gonaive Plain and a 1958 bond issue held by the Banco de Colonos de Cuba. In addition, Haiti has a debt outstanding repayable in local currency amounting to \$27 million.

220. After 1974 when the last large payment is due to be made on the supplier credit for Peligre (smaller payments will follow) the debt service ratio 1/ would fall to an average of 3 percent through 1980, assuming that all future public external borrowing were on "soft" or concessionary terms. This ratio would be low by international standards and also by comparison to Haiti's own recent experience (the average for the period 1970-73 was 6 percent). 2/

Table IV-7: ALTERNATE DEBT SERVICE PROJECTIONS

|      | All Soft Terms | 50%/50% "Blend" | All Hard Terms |
|------|----------------|-----------------|----------------|
| 1976 | 3.3            | 4.6             | 6.1            |
| 1980 | 2.4            | 10.2            | 14.4           |
| 1985 | 3.2            | 13.6            | 24.0           |

Hard Terms: 10% interest, 10 years maturity including two years grace.

Soft Terms: Lending conditions of multilateral agencies.

Source: Mission estimates.

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1/ Ratio of amortization and interest payments to exports of goods and non-factor services.

2/ Including prepayments related to the supplier credit for the Peligre turbines.



Table IV-7 reflects the fact that even a very limited amount of commercial borrowing, say \$15 million could raise the debt service ratio by as much as 3 percentage points in 1976 and 2 percentage points in 1980. Moreover, the export projections used to calculate these debt service ratios assume rather favorable price trends. Ratios of the order implied by even a blend of "hard" and "soft" terms could impose severe stress on the balance of payments. An increased outflow of resources for debt service payments which could not be covered by a corresponding increase in export receipts would lead to a loss in net international reserves unless imports were restricted even more severely than will, in any case, be necessary. A severe reduction in imports could have a negative effect on economic growth whilst a policy of credit restriction to counteract a loss of reserves could also have this effect. A prudent external borrowing policy will thus be a key element of Haitian economic management in the years to come.



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Table 1.1: URBAN AND RURAL POPULATIONS

|                | 1950           | 1960           | 1970           | 1971           | 1972           | 1973           |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                | (thousands)    |                |                |                |                |                |
| Urban          | 378.8          | 554.8          | 836.2          | 873.2          | 911.4          | 951.6          |
| Port-au-Prince | (151.9)        | (268.1)        | (473.3)        | (501.5)        | (530.9)        | (562.0)        |
| Other          | (226.9)        | (286.7)        | (362.9)        | (371.7)        | (380.5)        | (389.6)        |
| Rural          | 2,713.3        | 3,033.2        | 3,390.7        | 3,428.0        | 3,466.0        | 3,503.8        |
| <u>Total</u>   | <u>3,092.1</u> | <u>3,588.0</u> | <u>4,226.9</u> | <u>4,301.2</u> | <u>4,377.4</u> | <u>4,454.4</u> |
|                | (percent)      |                |                |                |                |                |
| Urban          | 12.2           | 15.5           | 19.8           | 20.3           | 20.8           | 21.4           |
| Port-au-Prince | ( 4.9)         | ( 7.5)         | (11.2)         | (11.7)         | (12.1)         | (12.6)         |
| Other          | ( 7.3)         | ( 8.0)         | ( 8.6)         | ( 8.6)         | (8.7)          | ( 8.8)         |
| Rural          | 87.8           | 84.5           | 80.2           | 79.7           | 79.2           | 78.6           |
| <u>Total</u>   | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   | <u>100.0</u>   |

Source: 1950 and 1971 - Preliminary Results of General Census, Haitian Statistical Institute; 1971 figures are interpolated to mid year by mission. Other years are interpolations and extrapolations by mission.

Table 1.2: AGE AND SEX STRUCTURE OF THE POPULATION  
(thousands and percent)

| AGE         | MALES      | %          | FEMALES     | %          | TOTAL       | %          |
|-------------|------------|------------|-------------|------------|-------------|------------|
| Less than 1 | 73.3       | 1.7        | 76.4        | 1.8        | 149.7       | 3.5        |
| 1 - 4       | 230.4      | 5.3        | 226.1       | 5.3        | 456.5       | 10.6       |
| 5 - 9       | 292.1      | 6.8        | 296.8       | 6.9        | 588.9       | 13.7       |
| 10 - 14     | 300.3      | 7.0        | 294.3       | 6.8        | 594.6       | 13.8       |
| 15 - 19     | 229.5      | 5.3        | 250.3       | 5.8        | 479.8       | 11.1       |
| 20 - 24     | 152.3      | 3.5        | 181.2       | 4.2        | 333.5       | 7.7        |
| 25 - 29     | 131.2      | 3.0        | 167.0       | 3.9        | 298.1       | 6.9        |
| 30 - 34     | 103.1      | 2.4        | 126.4       | 2.9        | 229.5       | 5.3        |
| 35 - 39     | 121.2      | 2.8        | 147.6       | 3.4        | 268.8       | 6.2        |
| 40 - 44     | 104.8      | 2.4        | 109.2       | 2.5        | 214.0       | 4.9        |
| 45 - 49     | 94.5       | 2.2        | 90.2        | 2.1        | 184.7       | 4.3        |
| 50 - 54     | 70.8       | 1.6        | 66.0        | 1.5        | 136.8       | 3.1        |
| 55 - 59     | 45.3       | 1.1        | 44.0        | 1.0        | 89.3        | 2.1        |
| 60 - 64     | 46.6       | 1.1        | 48.3        | 1.1        | 94.9        | 2.2        |
| 65 - 69     | 33.2       | 0.8        | 37.1        | 0.9        | 70.3        | 1.7        |
| 70 - 74     | 22.4       | 0.5        | 28.0        | 0.7        | 50.5        | 1.2        |
| 75 - 79     | 13.8       | 0.3        | 18.1        | 0.4        | 31.9        | 0.7        |
| 80 - 84     | 8.6        | 0.2        | 12.5        | 0.3        | 21.1        | 0.5        |
| 85 and +    | <u>7.3</u> | <u>0.2</u> | <u>14.2</u> | <u>0.3</u> | <u>21.6</u> | <u>0.5</u> |
| TOTAL       | 2,080.9    | 48.2       | 2,233.7     | 51.8       | 4,314.6     | 100.0      |

SOURCE: 1971 Population Census, Haitian Statistical Institute.

Table 2.1: GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN

(Millions of 1954/55 Gourdes)

|                               | 1950    | 1955    | 1960    | 1965    | 1968    | 1969    | 1970    | 1971    | 1972    | 1973    |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Agriculture                   | 667.7   | 680.5   | 761.2   | 798.2   | 825.6   | 849.5   | 846.7   | 878.1   | 905.0   | 910.0   |
| Crops                         | 604.6   | 609.3   | 683.2   | 710.0   | 733.0   | 755.4   | 750.8   | 779.5   | ...     | ...     |
| Livestock                     | 60.0    | 67.7    | 74.1    | 83.6    | 88.0    | 89.5    | 91.3    | 93.8    | ...     | ...     |
| Forestry                      | 0.5     | 0.2     | 0.2     | 0.2     | 0.3     | 0.1     | 0.1     | 0.2     | ...     | ...     |
| Hunting and Fishing           | 2.6     | 3.3     | 3.6     | 4.5     | 4.3     | 4.5     | 4.5     | 4.6     | ...     | ...     |
| Mining                        | 1.2     | 1.2     | 18.6    | 23.9    | 22.2    | 33.3    | 28.7    | 33.7    | 34.4    | 34.5    |
| Manufacturing                 | 145.9   | 156.3   | 154.8   | 161.4   | 157.2   | 161.3   | 168.8   | 176.0   | 191.4   | 212.0   |
| Construction                  | 13.9    | 18.4    | 31.0    | 29.3    | 24.6    | 29.0    | 38.4    | 44.4    | 53.8    | 67.0    |
| Public Utilities              | 3.6     | 6.2     | 14.7    | 19.1    | 20.0    | 21.5    | 21.6    | 25.3    | 28.0    | 29.0    |
| Transport and Communications  | 30.4    | 51.0    | 47.5    | 36.0    | 41.2    | 40.1    | 40.2    | 41.5    | 45.0    | 50.0    |
| Commerce                      | 150.2   | 145.3   | 165.0   | 161.9   | 157.0   | 164.0   | 167.5   | 174.0   | 184.8   | 198.0   |
| Banking and Insurance         | 6.0     | 10.3    | 11.5    | 13.4    | 13.2    | 13.4    | 14.2    | 14.7    | 15.5    | 16.5    |
| Real Estate                   | 112.4   | 124.3   | 135.8   | 149.5   | 158.6   | 162.5   | 165.9   | 169.4   | 180.0   | 195.0   |
| Government                    | 91.7    | 11.9    | 98.1    | 74.6    | 63.5    | 69.0    | 77.2    | 91.2    | 94.6    | 102.0   |
| Personal Services             | 60.2    | 78.9    | 87.1    | 103.9   | 106.2   | 99.9    | 105.1   | 111.8   | 117.0   | 124.0   |
| GDP at factor cost            | 1,283.2 | 1,384.3 | 1,525.3 | 1,571.1 | 1,589.3 | 1,643.5 | 1,669.2 | 1,760.0 | 1,849.5 | 1,940.0 |
| Annual Rate of Growth         | .       | 1.5     | 2.0     | 0.6     | 0.4     | 3.4     | 1.6     | 5.4     | 5.1     | 4.9     |
| Population (thousands)        | 3,092.1 | 3,331.5 | 3,588.0 | 3,762.9 | 4,082.7 | 4,154.2 | 4,226.9 | 4,301.2 | 4,377.4 | 4,454.4 |
| GDP at factor cost per capita | 415     | 416     | 425     | 418     | 389     | 396     | 295     | 409     | 423     | 436     |

Source: 1950-68 - Haitian Statistical Institute, Guide Economique de la Republique d'Haiti, December 1971;

1969-71 - Haitian Statistical Institute, unpublished estimates; and mission estimates;

1972-73 - Mission estimates.

Population - Table 1.1.

Table 2.2: Expenditures on GDP

(In millions of gourdes)

|                                                | 1966         | 1967         | 1968         | 1969         | 1970         | 1971         | 1972         |
|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>Domestic expenditure</u>                    | <u>2,056</u> | <u>2,051</u> | <u>2,004</u> | <u>2,164</u> | <u>2,338</u> | <u>2,538</u> | <u>2,819</u> |
| Consumption                                    | 1,978        | 1,971        | 1,918        | 2,077        | 2,228        | 2,402        | 2,650        |
| Private sector                                 | (1,816)      | (1,804)      | (1,753)      | (1,902)      | (2,050)      | (2,186)      | (2,434)      |
| Public sector                                  | (162)        | (167)        | (165)        | (175)        | (188)        | (216)        | (216)        |
| Investment (including change in stocks)        | 78           | 80           | 86           | 87           | 100          | 136          | 169          |
| Private sector                                 | (40)         | (39)         | (36)         | (45)         | (66)         | (81)         | (111)        |
| Public sector                                  | (38)         | (41)         | (50)         | (42)         | (34)         | (55)         | (58)         |
| <u>Balance on goods and nonfactor services</u> | <u>-82</u>   | <u>-75</u>   | <u>-36</u>   | <u>-62</u>   | <u>-83</u>   | <u>-72</u>   | <u>-104</u>  |
| Exports                                        | 228          | 205          | 237          | 242          | 265          | 322          | 318          |
| Imports                                        | -310         | -280         | -273         | -304         | -348         | -394         | -422         |
| <u>Gross domestic produce at market prices</u> | <u>1,974</u> | <u>1,976</u> | <u>1,968</u> | <u>2,102</u> | <u>2,255</u> | <u>2,466</u> | <u>2,715</u> |
| Net factor income payments                     | -20          | -15          | -16          | -16          | -18          | -20          | -22          |
| <u>Gross national product at market prices</u> | <u>1,954</u> | <u>1,961</u> | <u>1,952</u> | <u>2,086</u> | <u>2,237</u> | <u>2,446</u> | <u>2,693</u> |
| Net Indirect Taxes                             | 150          | 138          | 166          | 179          | 204          | 235          | 249          |
| Subsidies                                      | 3            | 6            | 5            | 6            | 6            | 7            | 7            |
| Indirect taxes                                 | 153          | 144          | 171          | 185          | 210          | 248          | 256          |
| <u>Gross national product at factor cost</u>   | <u>1,804</u> | <u>1,823</u> | <u>1,786</u> | <u>1,907</u> | <u>2,033</u> | <u>2,211</u> | <u>2,444</u> |

Note: To obtain GDP at current prices, the real GDP at factor cost was adjusted by the cost of living index, except for the value of exports which was adjusted by the export price index. The balance on goods and nonfactor services and the net factor income payments were obtained from the balance of payments. Public sector consumption, investment, subsidies, and indirect taxes were calculated on the basis of available fiscal data. Private sector investment was derived from indicators of construction activity, direct foreign investment, and capital goods imports. Private consumption is a residual.

Sources: Haitian Statistical Institute; IMF and Mission estimates.



Table 3.1: BALANCE OF PAYMENTS - CURRENT ACCOUNT

(millions of US\$)

|                                      | (Years ending September 30) |              |              |              |              |              |              |                |
|--------------------------------------|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|                                      | 1960                        | 1965         | 1968         | 1969         | 1970         | 1971         | 1972         | 1973<br>(Est.) |
| Exports, FOB                         | 38.1                        | 37.8         | 36.3         | 36.7         | 39.1         | 47.3         | 43.0         | 50.0           |
| Imports, FOB                         | 43.4                        | 42.6         | 38.7         | 42.1         | 47.8         | 56.1         | 61.2         | 79.3           |
| <u>Trade Balance</u>                 | <u>-5.3</u>                 | <u>-4.8</u>  | <u>-2.4</u>  | <u>-5.4</u>  | <u>-8.7</u>  | <u>-8.8</u>  | <u>-18.2</u> | <u>-29.3</u>   |
| Receipts from Services               | 16.3                        | 7.1          | 11.2         | 12.4         | 14.0         | 17.3         | 20.1         | 23.8           |
| Other Transport                      | (2.5)                       | (0.9)        | (1.5)        | (0.9)        | (0.9)        | (1.0)        | (0.9)        | (0.9)          |
| Travel                               | (8.1)                       | (1.4)        | (4.5)        | (5.4)        | (6.6)        | (8.7)        | (13.3)       | (16.0)         |
| Investment Income                    | (..)                        | (..)         | (..)         | (0.1)        | (0.1)        | (0.1)        | (0.1)        | (0.1)          |
| Government, n.i.e.                   | (3.6)                       | (3.4)        | (3.8)        | (4.7)        | (5.0)        | (6.0)        | (4.2)        | (5.3)          |
| Other Services                       | (2.1)                       | (1.4)        | (1.4)        | (1.3)        | (1.4)        | (1.5)        | (1.6)        | (1.5)          |
| Payments for Services                | 18.9                        | 24.8         | 19.3         | 22.2         | 25.1         | 26.6         | 28.1         | 32.5           |
| Freight and Insurance                | (4.0)                       | (5.2)        | (4.1)        | (5.8)        | (8.4)        | (9.2)        | (9.3)        | (11.0)         |
| Other Transport                      | (1.2)                       | (1.5)        | (1.7)        | (1.3)        | (1.4)        | (1.5)        | (3.8)        | (4.5)          |
| Travel                               | (3.8)                       | (5.6)        | (3.6)        | (3.8)        | (4.3)        | (4.5)        | (5.2)        | (6.0)          |
| Investment Income                    | (4.1)                       | (5.2)        | (3.3)        | (3.6)        | (3.6)        | (3.9)        | (4.6)        | (5.0)          |
| Government, n.i.e.                   | (3.8)                       | (5.0)        | (4.3)        | (5.2)        | (5.0)        | (4.8)        | (2.7)        | (3.5)          |
| Other Services                       | (2.0)                       | (2.3)        | (2.3)        | (2.5)        | (2.7)        | (2.7)        | (2.5)        | (2.5)          |
| <u>Net Services</u>                  | <u>-2.6</u>                 | <u>-17.7</u> | <u>-8.1</u>  | <u>-9.8</u>  | <u>-11.4</u> | <u>-9.3</u>  | <u>-8.0</u>  | <u>-8.7</u>    |
| <u>Balance on Goods and Services</u> | <u>-7.9</u>                 | <u>-22.5</u> | <u>-10.5</u> | <u>-15.2</u> | <u>-20.1</u> | <u>-18.1</u> | <u>-26.2</u> | <u>-38.0</u>   |
| Private Transfer                     | 2.6                         | 4.7          | 8.9          | 10.8         | 15.0         | 13.1         | 21.3         | 25.0           |
| Receipts                             | (6.4)                       | (10.9)       | (14.1)       | (17.1)       | (19.8)       | (19.1)       | (25.4)       | (30.0)         |
| Payments                             | (3.8)                       | (6.2)        | (5.2)        | (6.3)        | (4.8)        | (6.0)        | (4.1)        | (5.0)          |
| Government Transfers                 | 6.6                         | 4.1          | 3.9          | 4.9          | 6.9          | 5.8          | 5.0          | 6.0            |
| Receipts                             | (6.6)                       | (4.1)        | (3.9)        | (4.9)        | (7.0)        | (5.9)        | (5.1)        | (6.1)          |
| Payments                             | (--)                        | (--)         | (--)         | (--)         | (0.1)        | (0.1)        | (0.1)        | (0.1)          |
| <u>Net Transfers</u>                 | <u>9.2</u>                  | <u>8.8</u>   | <u>12.8</u>  | <u>15.7</u>  | <u>21.9</u>  | <u>18.9</u>  | <u>26.3</u>  | <u>31.0</u>    |
| <u>CURRENT ACCOUNT BALANCE</u>       | <u>2.3</u>                  | <u>-13.7</u> | <u>2.3</u>   | <u>0.5</u>   | <u>1.8</u>   | <u>0.8</u>   | <u>0.1</u>   | <u>-7.0</u>    |

Source: National Bank of the Republic of Haiti, Customs Administration, IMF, IMF Balance of Payments Yearbooks, and Mission Estimates

Table 3.2: BALANCE OF PAYMENTS - CAPITAL ACCOUNT

(millions of US\$)

|                                           | (Fiscal Years Ending Sept. 30) |              |             |             |             |             |             |             |
|-------------------------------------------|--------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                           | 1960                           | 1965         | 1968        | 1969        | 1970        | 1971        | 1972        | 1973 (est.) |
| <u>Current Account Balance</u>            | <u>2.3</u>                     | <u>-13.7</u> | <u>2.3</u>  | <u>0.5</u>  | <u>1.8</u>  | <u>0.8</u>  | <u>0.1</u>  | <u>-7.0</u> |
| <u>Private Direct Investment (net)</u>    | <u>0.1</u>                     | <u>1.0</u>   | <u>1.1</u>  | <u>2.2</u>  | <u>2.8</u>  | <u>3.4</u>  | <u>4.2</u>  | <u>5.0</u>  |
| <u>Central Govt. Borrowing (net)</u>      | <u>1.3</u>                     | <u>1.1</u>   | <u>-0.3</u> | <u>-0.2</u> | <u>-1.1</u> | <u>-1.4</u> | <u>-1.5</u> | <u>-1.3</u> |
| IBRD (net)                                | 0.8                            | -0.2         | -0.1        | -0.2        | -0.2        | -0.3        | -0.1        | -           |
| Drawings                                  | (0.8)                          | (-)          | (-)         | (-)         | (-)         | (-)         | (-)         | (-)         |
| Repayments                                | (-)                            | (0.2)        | (0.1)       | (0.2)       | (0.2)       | (0.3)       | (0.1)       | (-)         |
| US Government (net)                       | 0.6                            | 1.7          | -0.1        | 0.1         | -0.6        | -0.8        | -1.0        | -1.0        |
| Drawings                                  | (0.7)                          | (-)          | (-)         | (-)         | (-)         | (-)         | (-)         | (-)         |
| Repayments                                | (0.1)                          | (-)          | (0.2)       | (-)         | (0.8)       | 0.8         | 1.0         | (1.0)       |
| Capitalized Interest                      | (-)                            | (1.7)        | (0.1)       | (0.1)       | (0.2)       | (-)         | (-)         | (-)         |
| Other                                     | -0.1                           | -0.4         | -0.1        | -0.1        | -0.3        | -0.3        | -0.3        | -0.3        |
| <u>Public Agency Borrowing (net)</u>      | <u>-</u>                       | <u>0.7</u>   | <u>0.8</u>  | <u>2.6</u>  | <u>1.1</u>  | <u>0.8</u>  | <u>4.1</u>  | <u>0.3</u>  |
| IDB (net)                                 | -                              | 0.7          | 0.8         | 1.2         | 0.6         | 0.9         | 0.3         | 0.3         |
| Drawings                                  | (-)                            | 0.7          | (1.0)       | (1.4)       | (0.8)       | (1.1)       | (0.6)       | (0.5)       |
| Repayments                                | (-)                            | (-)          | (0.2)       | (0.2)       | (0.2)       | (0.2)       | (0.3)       | (0.2)       |
| Other (net)                               | -                              | -            | -           | 1.4         | 0.5         | -0.1        | 3.8         | -           |
| <u>Errors and Omissions <sup>1/</sup></u> | <u>-1.1</u>                    | <u>8.9</u>   | <u>-4.3</u> | <u>-2.5</u> | <u>0.4</u>  | <u>3.5</u>  | <u>0.8</u>  | <u>-</u>    |
| <u>SDR Allocations</u>                    | <u>-</u>                       | <u>-</u>     | <u>-</u>    | <u>-</u>    | <u>2.5</u>  | <u>2.0</u>  | <u>2.2</u>  | <u>-</u>    |
| <u>Changes in Reserves (--increase)</u>   | <u>-2.6</u>                    | <u>2.0</u>   | <u>0.4</u>  | <u>-0.8</u> | <u>-6.5</u> | <u>-9.1</u> | <u>-9.9</u> | <u>3.0</u>  |
| National Bank                             | -2.9                           | 1.2          | 0.8         | -1.1        | -6.3        | -8.1        | -8.6        | 0.3         |
| Commercial Banks                          | 0.3                            | 0.8          | -0.4        | 0.3         | -0.2        | -1.0        | -1.3        | 2.7         |

<sup>1/</sup> Includes private short-term capital (--increase in assets) and transactions with international organizations.

Sources: National Bank of the Republic of Haiti, IMF, IMF Balance of Payments Yearbooks and Mission Estimates.

Table 3.3: MERCHANDISE EXPORTS

(Volume for perfume essence oils in thousand kilo; other items in million kilos; unit value in U.S.\$ per kilo and value in millions of US\$)

|                              | Fiscal Years ending September 30 |             |             |             |             |             |             |             |             | Oct.- May   |             |
|------------------------------|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                              | 1950                             | 1955        | 1960        | 1965        | 1968        | 1969        | 1970        | 1971        | 1972        | 1971/2      | 1972/3      |
| <u>Coffee</u>                |                                  |             |             |             |             |             |             |             |             |             |             |
| Volume                       | 26.2                             | 19.6        | 28.2        | 22.6        | 19.5        | 18.6        | 16.1        | 21.5        | 18.6        | 11.5        | 13.1        |
| Unit Value                   | .78                              | 1.17        | .72         | .86         | .75         | .74         | .94         | .87         | .84         | 0.84        | 1.02        |
| Value                        | 20.5                             | 23.0        | 20.2        | 19.4        | 14.6        | 13.7        | 15.2        | 18.8        | 15.7        | 9.7         | 13.4        |
| <u>Sisal</u>                 |                                  |             |             |             |             |             |             |             |             |             |             |
| Volume                       | 33.4                             | 31.2        | 24.3        | 14.9        | 14.5        | 20.5        | 16.6        | 8.3         | 4.1         | 2.2         | 2.4         |
| Unit Value                   | .28                              | .17         | .18         | .17         | .11         | .12         | .11         | .09         | 0.13        | 0.12        | 0.18        |
| Value                        | 9.3                              | 5.4         | 4.5         | 2.5         | 1.6         | 2.5         | 1.8         | 0.8         | 0.6         | 0.3         | 0.5         |
| <u>Sugar</u>                 |                                  |             |             |             |             |             |             |             |             |             |             |
| Volume                       | 31.3                             | 16.4        | 33.1        | 23.2        | 24.4        | 16.9        | 18.0        | 22.9        | 20.7        | 3.2         | -           |
| Unit Value                   | .10                              | .08         | .12         | .10         | .13         | .13         | .14         | .15         | 0.17        | 0.14        | -           |
| Value                        | 3.0                              | 1.3         | 3.9         | 2.4         | 3.1         | 2.2         | 2.5         | 3.4         | 3.6         | 0.5         | -           |
| <u>Bauxite</u>               |                                  |             |             |             |             |             |             |             |             |             |             |
| Volume                       | -                                | -           | 417.7       | 427.7       | 469.9       | 728.8       | 648.5       | 752.4       | 769.9       | 359.6       | 387.7       |
| Unit Value <sup>1/</sup>     | -                                | -           | 8.04        | 8.52        | 8.66        | 8.51        | 8.74        | 8.70        | 8.76        | 8.81        | 8.96        |
| Value                        | -                                | -           | 3.4         | 3.9         | 4.1         | 6.2         | 5.6         | 6.5         | 6.7         | 3.2         | 3.5         |
| <u>Essential Oils</u>        |                                  |             |             |             |             |             |             |             |             |             |             |
| Volume                       | 84.7                             | 125.8       | 105.6       | 166.4       | 342.5       | 306.3       | 206.0       | 381.5       | 316.2       | 164.3       | 132.9       |
| Unit Value                   | 7.27                             | 8.74        | 11.36       | 7.21        | 7.88        | 9.79        | 12.33       | 8.12        | 10.53       | 11.32       | 12.82       |
| Value                        | 0.6                              | 1.1         | 1.2         | 1.2         | 2.7         | 3.0         | 2.5         | 3.1         | 3.3         | 1.9         | 1.7         |
| <u>Copper Ore</u>            |                                  |             |             |             |             |             |             |             |             |             |             |
| Volume                       | -                                | -           | -           | 10.2        | 4.4         | 5.9         | 4.8         | 6.5         | 1.4         | 1.4         | -           |
| Unit Value                   | -                                | -           | -           | .23         | .27         | .25         | .24         | .20         | 0.20        | 0.20        | .           |
| Value                        | -                                | -           | -           | 2.4         | 1.2         | 1.5         | 1.2         | 1.3         | 0.3         | 0.3         | -           |
| <u>Handicrafts (value)</u>   | 1.0                              | 0.9         | 1.9         | 2.3         | 4.9         | 4.4         | 7.0         | 9.3         | 8.3         | 4.1         | 5.4         |
| <u>Meat (value)</u>          | -                                | -           | -           | 1.0         | 0.6         | 0.6         | 0.5         | 0.5         | 1.1         | 0.4         | 0.5         |
| <u>Other Exports (value)</u> | 4.1                              | 3.2         | 3.0         | 2.7         | 3.4         | 2.6         | 2.7         | 4.0         | 3.4         | 1.1         | 1.6         |
| <u>Total Exports (value)</u> | <u>38.5</u>                      | <u>34.9</u> | <u>38.1</u> | <u>37.8</u> | <u>36.2</u> | <u>36.7</u> | <u>39.0</u> | <u>47.3</u> | <u>43.0</u> | <u>21.5</u> | <u>26.6</u> |

<sup>1/</sup> US\$ per metric ton.

Source: National Bank of the Republic of Haiti, Customs Administration and Haitian Statistical Institute.

Table 3.4: FOREIGN EXCHANGE RECEIPTS FROM TOURISM

(in millions of U.S. dollars)

|                                                                                                  | Fiscal Years ending September 30 |            |            |            |             | Oct.- Feb. |            | 1973 <sup>1/</sup> |
|--------------------------------------------------------------------------------------------------|----------------------------------|------------|------------|------------|-------------|------------|------------|--------------------|
|                                                                                                  | 1968                             | 1969       | 1970       | 1971       | 1972        | 1972       | 1973       |                    |
| <u>Net foreign exchange receipts</u>                                                             | <u>0.9</u>                       | <u>1.6</u> | <u>2.3</u> | <u>4.2</u> | <u>8.1</u>  |            |            |                    |
| <u>Credit</u>                                                                                    | <u>4.5</u>                       | <u>5.4</u> | <u>6.6</u> | <u>8.7</u> | <u>13.3</u> | <u>4.8</u> | <u>6.8</u> | <u>16.0</u>        |
| Expenditures by tourists arriving<br>by plane (staying in Haiti for<br>five days on the average) | 3.8                              | 5.0        | 6.1        | 7.9        | 11.8        | 4.5        | 5.8        | 14.0               |
| Expenditure by tourists arriving<br>by boat (staying for one-half<br>day on the average)         | 0.7                              | 0.4        | 0.5        | 0.8        | 1.5         | 0.3        | 1.0        | 2.0                |
| Number of tourists arriving by<br>plane (thousand persons)                                       | 20.5                             | 26.9       | 31.6       | 41.6       | 60.9        | 23.4       | 30.7       | 71.0               |
| Number of tourists arriving by<br>boat (thousand persons)                                        | 35.7                             | 22.1       | 27.9       | 39.8       | 76.3        | 18.4       | 50.8       | 100.0              |
| <u>Debit</u>                                                                                     | <u>3.6</u>                       | <u>3.8</u> | <u>4.3</u> | <u>4.5</u> | <u>5.2</u>  | <u>2.0</u> | <u>2.1</u> | <u>6.0</u>         |
| Haitians traveling                                                                               | 0.9                              | 0.9        | 0.9        | 1.0        | 0.9         | 0.3        | 0.4        | 1.2                |
| Haitians studying abroad                                                                         | 2.7                              | 2.9        | 3.4        | 3.5        | 4.3         | 1.7        | 1.7        | 4.8                |

<sup>1/</sup> Estimate

Sources: National Bank of the Republic of Haiti; and National Office of Tourism and Public Relations.

Table 3.5 : COMPOSITION OF IMPORTS

(millions of US\$)

|                                    | Fiscal Years ending September 30 |             |             |             |             |
|------------------------------------|----------------------------------|-------------|-------------|-------------|-------------|
|                                    | 1968                             | 1969        | 1970        | 1971        | 1972        |
|                                    | (Category)                       |             |             |             |             |
| Food                               | 5.7                              | 8.1         | 5.8         | 7.4         | 8.0         |
| Beverages and Tobacco              | 1.2                              | 1.4         | 1.4         | 1.6         | 2.0         |
| Raw Materials                      | 0.6                              | 0.8         | 1.0         | 1.6         | 1.5         |
| Fuels and Lubricants               | 2.3                              | 3.6         | 2.9         | 3.8         | 3.7         |
| Animal and Vegetable Fats and Oils | 2.3                              | 2.7         | 3.5         | 5.4         | 4.1         |
| Chemicals                          | 4.2                              | 4.4         | 5.6         | 6.2         | 6.0         |
| Manufactures                       | 12.1                             | 11.8        | 14.9        | 16.2        | 18.7        |
| Machinery and Transport Equipment  | 4.6                              | 6.2         | 10.4        | 10.4        | 10.3        |
| Other Manufactured Articles        | 3.0                              | 3.6         | 4.9         | 4.6         | 6.1         |
| Unclassified <sup>1/</sup>         | 6.7                              | 5.3         | 5.7         | 8.3         | 10.2        |
| <u>TOTAL IMPORTS, CIF</u>          | <u>42.8</u>                      | <u>47.9</u> | <u>56.2</u> | <u>65.3</u> | <u>70.5</u> |
|                                    | (Tax Classification)             |             |             |             |             |
| Recorded by Customs                | 36.6                             | 43.6        | 52.0        | 59.2        | 63.4        |
| Dutiable                           | (25.7)                           | 32.3        | 35.6        | 42.8        | ( ... )     |
| Duty Free                          | (10.9)                           | (11.3)      | (16.4)      | (16.4)      | ( ... )     |
| Not Recorded by Customs            | 6.2                              | 4.3         | 4.2         | 6.1         | 7.1         |
| <u>TOTAL IMPORTS, CIF</u>          | <u>42.8</u>                      | <u>47.9</u> | <u>56.2</u> | <u>65.3</u> | <u>70.5</u> |

<sup>1/</sup> Includes items not recorded by Customs.

Source: Customs Administration and National Bank.

Table 3.6: FOREIGN EXCHANGE RESERVES

(in millions of U.S. dollars)

|                              | September 30 |             |             |             |             |            |            |             | June        |             |
|------------------------------|--------------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|
|                              | 1965         | 1966        | 1967        | 1968        | 1969        | 1970       | 1971       | 1972        | 1971/2      | 1972/3      |
| <u>Banking system (net)</u>  | <u>-4.7</u>  | <u>-3.9</u> | <u>-6.2</u> | <u>-6.6</u> | <u>-5.8</u> | <u>0.6</u> | <u>9.7</u> | <u>20.4</u> | <u>21.4</u> | <u>26.6</u> |
| <u>National Bank (net)</u>   | <u>-4.3</u>  | <u>-4.0</u> | <u>-6.3</u> | <u>-7.1</u> | <u>-6.0</u> | <u>0.3</u> | <u>8.6</u> | <u>17.9</u> | <u>17.6</u> | <u>23.4</u> |
| Assets                       | 2.0          | 1.7         | 1.3         | 2.5         | 3.1         | 3.9        | 9.8        | 18.2        | 17.8        | 24.0        |
| Gold                         | ( 0.7 )      | ( 0.1 )     | ( 0.1 )     | ( 0.1 )     | ( 0.1 )     | ( 0.1 )    | ( 0.1 )    | ( 0.1 )     | ( 0.1 )     | ( 0.1 )     |
| IMF gold tranche position    | ( -- )       | ( -- )      | ( -- )      | ( -- )      | ( -- )      | ( -- )     | ( 1.9 )    | ( 2.7 )     | ( 2.7 )     | ( 3.8 )     |
| Special drawing rights       | ( -- )       | ( -- )      | ( -- )      | ( -- )      | ( -- )      | ( 0.1 )    | ( 1.1 )    | ( 3.4 )     | ( 3.4 )     | ( 3.6 )     |
| Foreign currency holdings    | ( 0.5 )      | ( 0.5 )     | ( 0.2 )     | ( 0.5 )     | ( 0.2 )     | ( 0.4 )    | ( 1.3 )    | ( 4.0 )     | ( 1.6 )     | ( 3.7 )     |
| Deposits                     | ( 0.5 )      | ( 0.4 )     | ( 0.3 )     | ( 0.9 )     | ( 1.6 )     | ( 2.7 )    | ( 4.1 )    | ( 6.6 )     | ( 9.9 )     | ( 12.8 )    |
| Items in transit             | ( 0.3 )      | ( 0.7 )     | ( 0.7 )     | ( 1.0 )     | ( 1.2 )     | ( 0.6 )    | ( 1.3 )    | ( 1.4 )     | ( 0.1 )     | ( -- )      |
| Contractual liabilities      | -6.3         | -5.7        | -7.0        | -6.3        | -5.9        | -3.4       | -1.2       | -0.3        | -0.3        | -0.6        |
| To foreign banks             | (-1.9)       | (-0.3)      | ( -- )      | (-0.2)      | (-0.2)      | (-0.5)     | ( -- )     | (-0.3)      | (-0.2)      | (-0.6)      |
| Use of Fund resources        | (-4.4)       | (-5.4)      | (-7.0)      | (-6.1)      | (-5.7)      | (-2.9)     | (-1.2)     | ( -- )      | ( -- )      | ( -- )      |
| Payment arrears              | --           | --          | -0.6        | -3.3        | -3.2        | -0.3       | --         | --          | --          | --          |
| Commercial arrears           | ( -- )       | ( -- )      | (-0.5)      | (-2.1)      | (-0.9)      | (-0.3)     | ( -- )     | ( -- )      | ( -- )      | ( -- )      |
| External public debt arrears | ( -- )       | ( -- )      | (-0.1)      | (-1.2)      | (-2.3)      | ( -- )     | ( -- )     | ( -- )      | ( -- )      | ( -- )      |
| <u>Other banks (net)</u>     | <u>-0.4</u>  | <u>0.1</u>  | <u>0.1</u>  | <u>0.5</u>  | <u>0.2</u>  | <u>0.3</u> | <u>1.1</u> | <u>2.5</u>  | <u>3.8</u>  | <u>3.2</u>  |

Source: National Bank of the Republic of Haiti.

Table 3.7: COFFEE EXPORT QUOTAS AND SALES  
(bags of 60 kilos or SDR's)

|      | Final<br>Adjusted<br>Quota<br>( in bags of 60 kg. ) | Export<br>Volume | Excess or<br>Shortfall(-)<br>(bags of 60 kg.) | Average<br>Unit Price<br>( \$ per<br>60-kg bag) | Value of<br>Exports<br>(millions<br>of \$ ) | Value of<br>Shortfall<br>(millions<br>of \$ ) |
|------|-----------------------------------------------------|------------------|-----------------------------------------------|-------------------------------------------------|---------------------------------------------|-----------------------------------------------|
| 1960 | 500,000                                             | 476,068          | - 23,932                                      | 42.40                                           | 20.2                                        | -                                             |
| 1961 | 500,000                                             | 273,455          | -226,545                                      | 44.25                                           | 12.1                                        | -                                             |
| 1962 | 420,000                                             | 544,560          | 124,560                                       | 38.00                                           | 20.7                                        | -                                             |
| 1963 | 420,000                                             | 424,965          | 4,965                                         | 39.50                                           | 16.8                                        | -                                             |
| 1964 | 392,000                                             | 364,212          | - 27,788                                      | 48.05                                           | 17.5                                        | 1.3                                           |
| 1965 | 418,500                                             | 382,782          | - 35,718                                      | 50.45                                           | 19.3                                        | 1.8                                           |
| 1966 | 426,104                                             | 407,604          | - 18,500                                      | 51.00                                           | 20.8                                        | 0.9                                           |
| 1967 | 414,994                                             | 282,793          | -132,201                                      | 47.40                                           | 13.4                                        | 6.3                                           |
| 1968 | 442,983                                             | 324,982          | -118,001                                      | 44.30                                           | 14.4                                        | 5.2                                           |
| 1969 | 418,684                                             | 308,166          | -110,518                                      | 43.50                                           | 13.4                                        | 4.8                                           |
| 1970 | 462,700                                             | 274,766          | -177,934                                      | 56.40                                           | 15.2                                        | 10.0                                          |
| 1971 | 421,000                                             | 358,333          | - 62,667                                      | 52.20                                           | 18.8                                        | 3.3                                           |
| 1972 | 405,000                                             | 310,762          | - 94,238                                      | 51.46                                           | 16.0                                        | 4.9                                           |

Source: IMF based on statistics from: Ministry of Finance and Economic Affairs,  
Customs Administration, and the Haitian Institute for the Promotion of  
Coffee.

**Table 3.8: BALANCE OF PAYMENTS PROJECTIONS**  
(millions of current dollars)

|                                 | Estimates    | Projections  |              |              |              |              |              |              | Average Annual Growth |         |         |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|---------|---------|
|                                 | 1973         | 1974         | 1975         | 1976         | 1977         | 1978         | 1979         | 1980         | 1960-70               | 1970-73 | 1973-80 |
| Exports                         | 73.8         | 88.1         | 96.2         | 104.5        | 115.9        | 127.8        | 142.3        | 160.1        | -0.2                  | 11.6    | 11.6    |
| (Merchandise)                   | (50.0)       | (60.7)       | (65.2)       | (69.8)       | (77.0)       | (84.1)       | (93.2)       | (105.0)      | (0.3)                 | (8.5)   | (11.2)  |
| (Tourism)                       | (16.0)       | (18.7)       | (21.5)       | (24.5)       | (27.8)       | (31.6)       | (35.9)       | (40.8)       | (-2.1)                | (34.3)  | (14.3)  |
| (Other Non-factor Services)     | ( 7.8)       | ( 8.7)       | ( 9.5)       | (10.2)       | (11.1)       | (12.1)       | (13.2)       | (14.3)       | (-1.1)                | (1.8)   | (9.1)   |
| Imports <sup>1/</sup>           | 106.8        | 126.0        | 151.4        | 170.3        | 178.5        | 190.8        | 210.2        | 232.5        | 1.8                   | 15.5    | 11.8    |
| (Merchandise, CIF)              | (89.1)       | (106.4)      | (129.6)      | (146.1)      | (151.6)      | (161.0)      | (177.1)      | (195.8)      | (1.7)                 | (16.6)  | (11.9)  |
| (Non-factor Services)           | (17.7)       | (19.6)       | (21.8)       | (24.2)       | (26.9)       | (29.8)       | (33.1)       | (36.7)       | (2.0)                 | (10.6)  | (11.0)  |
| <u>Resource Gap</u>             | <u>-33.0</u> | <u>-37.9</u> | <u>-55.2</u> | <u>-65.8</u> | <u>-62.6</u> | <u>-63.0</u> | <u>-67.9</u> | <u>-72.4</u> |                       |         |         |
| Factor Service Payments         | -5.2         | -6.1         | -7.5         | -8.8         | -10.6        | -11.8        | -13.0        | -14.2        | 1.3                   | 11.6    | 15.4    |
| (Interest on Public Debt)       | (-0.3)       | (-0.4)       | (-0.5)       | (-0.7)       | (-1.7)       | (-2.0)       | (-2.3)       | (-2.5)       |                       |         |         |
| (Other)                         | (-4.9)       | (-5.7)       | (-7.0)       | (-8.1)       | (-8.9)       | (-9.8)       | (-10.7)      | (-11.7)      |                       |         |         |
| Transfers (Net)                 | 31.0         | 34.0         | 39.0         | 43.0         | 47.0         | 51.0         | 56.0         | 61.0         | 9.1                   | 12.3    | 10.1    |
| <u>CURRENT BALANCE</u>          | <u>-7.2</u>  | <u>-10.0</u> | <u>-23.7</u> | <u>-31.6</u> | <u>-26.2</u> | <u>-23.8</u> | <u>-24.9</u> | <u>-25.6</u> |                       |         |         |
| Net Direct Investment           | 5.0          | 8.0          | 13.0         | 11.0         | 8.0          | 8.0          | 9.0          | 10.0         |                       |         |         |
| Loans Repayable in Gourdes      | 0.5          | 1.1          | 5.2          | 6.1          | 2.3          | 1.4          | -            | -            |                       |         |         |
| Public M & L Term Capital (net) | 0.9          | 1.4          | 12.4         | 17.6         | 17.5         | 20.2         | 23.7         | 26.7         |                       |         |         |
| (Disbursements)                 | (3.6)        | (5.4)        | (15.2)       | (20.4)       | (19.4)       | (21.9)       | (25.3)       | (28.1)       |                       |         |         |
| (Amortization - )               | (2.7)        | (3.9)        | (2.8)        | (2.7)        | (1.9)        | (1.7)        | (1.6)        | (1.4)        |                       |         |         |
| Other                           | -2.2         | -3.5         | -            | -            | -            |              |              |              |                       |         |         |
| <u>Use of Reserves</u>          | <u>3.0</u>   | <u>3.0</u>   | <u>-6.9</u>  | <u>-3.1</u>  | <u>-1.6</u>  | <u>-5.8</u>  | <u>-7.8</u>  | <u>-11.1</u> |                       |         |         |
| Net International Reserves      |              |              |              |              |              |              |              |              |                       |         |         |
| (end of year)                   | 17.4         | 14.4         | 21.3         | 24.4         | 26.0         | 31.8         | 39.6         | 50.7         |                       |         |         |
| (No. of months imports)         | 2.3          | 1.6          | 2.0          | 2.0          | 2.1          | 2.4          | 2.7          | 3.1          |                       |         |         |

1/ Relates to target value of imports required to reach adequate level of reserves of about 3 months imports by 1980.

Source: Mission estimates



Table 3.9: EXPORT PROJECTIONS

(Production and export volumes: thousands of metric tons; unit price in \$ per kilo and value in millions of \$)

|                                            | 1969        | 1970        | 1971        | 1972        | 1973 <sup>E</sup>  | 1974        | 1975        | 1976         | 1977         | 1978         | 1979         | 1980         |
|--------------------------------------------|-------------|-------------|-------------|-------------|--------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Coffee Production                          | 30.2        | 27.0        | 32.6        | 32.4        | 34.8 <sup>E</sup>  | 33.0        | 33.0        | 33.0         | 34.7         | 36.4         | 38.2         | 40.1         |
| Domestic Demand (-)                        | 11.6        | 10.9        | 11.1        | 13.8        | 14.0 <sup>E</sup>  | 14.3        | 14.6        | 14.8         | 15.1         | 15.4         | 15.6         | 15.9         |
| Exports Volume                             | 18.6        | 16.1        | 21.5        | 18.6        | 20.8 <sup>E</sup>  | 18.7        | 18.4        | 18.2         | 19.6         | 21.0         | 22.6         | 24.2         |
| Unit Price                                 | .74         | .94         | .87         | .84         | 1.02               | 1.25        | 1.20        | 1.20         | 1.20         | 1.20         | 1.30         | 1.30         |
| Value                                      | 13.7        | 15.2        | 18.8        | 15.7        | 20.4               | 23.4        | 22.1        | 21.8         | 23.5         | 25.2         | 29.4         | 31.5         |
| Sugar Production                           | 52.9        | 58.0        | 62.4        | 68.5        | 63.6               | 71.0        | 75.0        | 77.0         | 79.0         | 82.0         | 87.0         | 94.0         |
| Domestic Demand                            | 36.0        | 40.0        | 39.5        | 47.8        | 55.5 <sup>1/</sup> | 61.9        | 66.8        | 72.2         | 75.8         | 78.8         | 80.4         | 82.0         |
| Exports Volume                             | 16.9        | 18.0        | 20.9        | 20.7        | 13.6               | 8.1         | 8.2         | 4.8          | 3.2          | 3.2          | 6.6          | 12.0         |
| Unit Price                                 | 0.13        | 0.14        | 0.15        | 0.17        | 0.19               | 0.21        | 0.22        | 0.23         | 0.25         | 0.26         | 0.29         | 0.30         |
| Exports Value                              | 2.2         | 2.5         | 3.4         | 3.6         | 2.6                | 1.7         | 1.8         | 1.1          | 0.8          | 0.8          | 0.1          | 0.8          |
| Bauxite Export Volume                      | 728.8       | 648.5       | 752.4       | 769.9       | 831.0              | 848.0       | 865.0       | 882.0        | 900.0        | 917.0        | 936.0        | 955.0        |
| Unit Price <sup>2/</sup>                   | 8.5         | 8.7         | 8.7         | 8.7         | 8.90               | 15.0        | 17.0        | 19.0         | 21.0         | 22.0         | 23.0         | 25.0         |
| Export Value                               | 6.2         | 5.6         | 6.5         | 6.7         | 7.4                | 12.7        | 14.7        | 16.8         | 18.9         | 20.2         | 21.5         | 23.9         |
| Essential Oils Export Volume <sup>3/</sup> | 306.3       | 206.0       | 381.5       | 316.2       | 255.0              | 274.0       | 295.0       | 317.0        | 341.0        | 366.0        | 394.0        | 423.0        |
| Unit Price                                 | 9.8         | 12.33       | 8.0         | 10.5        | 12.0               | 13.0        | 13.9        | 14.6         | 15.3         | 16.1         | 17.0         | 17.9         |
| Export Value                               | 3.0         | 2.5         | 3.1         | 3.3         | 3.1                | 3.6         | 4.1         | 4.6          | 5.2          | 5.9          | 6.7          | 7.6          |
| Other Exports Value                        | 11.6        | 13.2        | 15.5        | 13.7        | 16.5               | 19.3        | 22.5        | 25.5         | 28.6         | 32.0         | 35.5         | 41.2         |
| Sisal                                      | ( 2.5)      | ( 1.8)      | ( 0.8)      | ( 0.6)      | ( 0.8)             | ( 0.9)      | ( 0.9)      | ( 1.0)       | ( 1.0)       | ( 1.0)       | ( 1.0)       | ( 1.0)       |
| Handicrafts                                | ( 4.4)      | ( 7.0)      | ( 9.3)      | ( 8.3)      | (10.3)             | (12.0)      | (14.2)      | (16.0)       | (18.0)       | (20.0)       | (22.0)       | (25.0)       |
| Other                                      | ( 4.7)      | ( 4.4)      | ( 5.4)      | ( 4.8)      | ( 5.4)             | ( 6.4)      | ( 7.4)      | ( 8.5)       | ( 9.6)       | (11.0)       | (12.5)       | (15.2)       |
| <u>Total Merchandise Exports</u>           | <u>36.7</u> | <u>39.0</u> | <u>47.3</u> | <u>43.0</u> | <u>50.0</u>        | <u>60.7</u> | <u>65.2</u> | <u>69.8</u>  | <u>77.0</u>  | <u>84.1</u>  | <u>93.2</u>  | <u>105.0</u> |
| Tourism                                    | 5.4         | 6.6         | 8.7         | 13.3        | 16.0               | 18.7        | 21.5        | 24.5         | 27.8         | 31.6         | 35.9         | 40.8         |
| Other Services                             | 7.0         | 7.4         | 8.6         | 6.8         | 7.8                | 8.7         | 9.5         | 10.2         | 11.1         | 12.1         | 13.2         | 14.3         |
| <u>Total Services</u>                      | <u>12.4</u> | <u>14.0</u> | <u>17.3</u> | <u>20.1</u> | <u>23.8</u>        | <u>27.4</u> | <u>31.0</u> | <u>34.7</u>  | <u>38.9</u>  | <u>43.7</u>  | <u>49.1</u>  | <u>55.1</u>  |
| <u>Total Goods and Non-Factor Services</u> | <u>49.1</u> | <u>53.0</u> | <u>64.6</u> | <u>63.1</u> | <u>73.8</u>        | <u>88.1</u> | <u>96.2</u> | <u>104.5</u> | <u>115.9</u> | <u>127.8</u> | <u>142.3</u> | <u>160.1</u> |

<sup>1/</sup> Includes 5.5 tons of imported sugar.

<sup>2/</sup> \$ per metric ton

<sup>3/</sup> Metric tons

Source: BNRH and Mission Estimates



Table 4.1: EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY  
IN THOUSANDS OF U.S. DOLLARS

Page 1 of 2

DEBT OUTSTANDING DECEMBER 31, 1972

| CREDITOR COUNTRY<br>TYPE OF CREDITOR  | DISBURSED        | UNDIS-<br>BURSED | TOTAL            |
|---------------------------------------|------------------|------------------|------------------|
| FRANCE                                | 600              | -                | 600              |
| GERMANY (FED. REP. OF)                | 14               | -                | 14               |
| ITALY                                 | -                | 3,216            | 3,216            |
| JAPAN                                 | 576              | 324              | 900              |
| UNITED KINGDOM                        | 501              | -                | 501              |
| USA<br>SUPPLIERS                      | 312<br>2,003     | -<br>3,540       | 312<br>5,543     |
| CUHA<br>PRIVATELY PLACED BONDS        | 4,000<br>4,000   | -<br>-           | 4,000<br>4,000   |
| IDA<br>LOANS FROM INTL. ORGANIZATIONS | 378<br>378       | -<br>-           | 378<br>378       |
| CANADA                                | 2,024            | -                | 2,024            |
| EXPORT-IMPORT BANK                    | 26,761           | -                | 26,761           |
| OTHERS                                | 391              | -                | 391              |
| USA<br>LOANS FROM GOVERNMENTS         | 27,152<br>29,176 | -<br>-           | 27,152<br>29,176 |
| TOTAL EXTERNAL PUBLIC DEBT 1)         | 35,557           | 3,540            | 39,097           |

NOTE: DEBT WITH A MATURITY OF OVER ONE YEAR. EXCLUDES IMF NET DRAWINGS OF SDR 1.5 MILLION (EQUIVALENT TO U.S.\$1.6 MILLION).

| 1) INCLUDES PRINCIPAL IN ARREARS: | AMOUNT |
|-----------------------------------|--------|
| GERMANY (FED. REP. OF)            | 14     |
| UNITED KINGDOM                    | 1      |

Table 4.1: EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1972

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DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

| CREDITOR COUNTRY<br>TYPE OF CREDITOR | AMOUNT |
|--------------------------------------|--------|
| USA                                  | 312    |
| SUPPLIERS                            | 327    |
| CUBA                                 | 4,000  |
| PRIVATELY PLACED BONDS               | 4,000  |
| TOTAL                                | 4,327  |

ECONOMIC AND SOCIAL DATA DIVISION  
ECONOMIC ANALYSIS & PROJECTIONS DEPARTMENT  
FEBRUARY 19, 1974

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

Page 1 of 11

IN THOUSANDS OF U.S. DOLLARS

TOTAL

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 37,957                                  | 37,957                          | 610                        | 610                       | 975              | 129                                 | 1,104        | -                                              |
| 1968 | 37,592                                  | 37,592                          | -                          | -                         | 259              | 64                                  | 323          | 80                                             |
| 1969 | 37,413                                  | 37,413                          | 2,300                      | 1,410                     | 334              | 93                                  | 427          | 80                                             |
| 1970 | 38,569                                  | 39,459                          | 501                        | 1,391                     | 2,461            | 347                                 | 2,808        | 80                                             |
| 1971 | 37,579                                  | 37,579                          | 5,726                      | 1,610                     | 2,943            | 251                                 | 3,194        | 82                                             |
| 1972 | 36,328                                  | 40,444                          | 1,178                      | 1,754                     | 2,233            | 266                                 | 2,499        | -4,619                                         |
| 1973 | 31,230                                  | 34,770                          | -                          | 3,583                     | 2,677            | 252                                 | 2,929        | 185                                            |
| 1974 | 32,278                                  | 32,278                          | -                          | -                         | 3,932            | 414                                 | 4,346        | -                                              |
| 1975 | 28,347                                  | 28,347                          | -                          | -                         | 2,737            | 205                                 | 2,942        | -                                              |
| 1976 | 25,610                                  | 25,610                          | -                          | -                         | 2,536            | 144                                 | 2,680        | -                                              |
| 1977 | 23,074                                  | 23,074                          | -                          | -                         | 1,669            | 807                                 | 2,476        | -                                              |
| 1978 | 21,405                                  | 21,405                          | -                          | -                         | 1,503            | 732                                 | 2,234        | -                                              |
| 1979 | 19,903                                  | 19,903                          | -                          | -                         | 1,337            | 680                                 | 2,017        | -                                              |
| 1980 | 18,566                                  | 18,566                          | -                          | -                         | 1,175            | 630                                 | 1,804        | -                                              |
| 1981 | 17,391                                  | 17,391                          | -                          | -                         | 1,301            | 588                                 | 1,888        | -                                              |
| 1982 | 16,091                                  | 16,091                          | -                          | -                         | 640              | 270                                 | 910          | -                                              |
| 1983 | 15,451                                  | 15,451                          | -                          | -                         | 1,314            | 500                                 | 1,813        | -                                              |
| 1984 | 14,137                                  | 14,137                          | -                          | -                         | 1,357            | 456                                 | 1,813        | -                                              |
| 1985 | 12,781                                  | 12,781                          | -                          | -                         | 1,410            | 403                                 | 1,813        | -                                              |
| 1986 | 11,371                                  | 11,371                          | -                          | -                         | 742              | 171                                 | 913          | -                                              |
| 1987 | 10,630                                  | 10,630                          | -                          | -                         | 1,509            | 304                                 | 1,813        | -                                              |
| 1988 | 9,121                                   | 9,121                           | -                          | -                         | 1,561            | 303                                 | 1,864        | -                                              |
| 1989 | 7,561                                   | 7,561                           | -                          | -                         | 1,619            | 194                                 | 1,813        | -                                              |
| 1990 | 5,942                                   | 5,942                           | -                          | -                         | 1,675            | 137                                 | 1,811        | -                                              |
| 1991 | 4,268                                   | 4,268                           | -                          | -                         | 1,734            | 79                                  | 1,812        | -                                              |
| 1992 | 2,534                                   | 2,534                           | -                          | -                         | 2,300            | 22                                  | 2,321        | -                                              |

Note: Debt with a maturity of over one year. Includes all debt listed in Table 1, prepared February 19, 1974.

Excludes IMF net drawings of SDR 1.5 million (equivalent to US\$1.6 million). See footnote on Page 2.

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

SUPPLIERS <sup>/1</sup>

Page 2 of 11

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 2,975                                   | 2,975                           | -                          | -                         | 377              | 76                                  | 453          | -                                              |
| 1968 | 2,598                                   | 2,598                           | -                          | -                         | 97               | 21                                  | 118          | -                                              |
| 1969 | 2,501                                   | 2,501                           | -                          | -                         | 69               | 8                                   | 77           | -                                              |
| 1970 | 2,432                                   | 2,432                           | -                          | -                         | 403              | 60                                  | 463          | -                                              |
| 1971 | 2,029                                   | 2,029                           | 4,116                      | -                         | 302              | 51                                  | 353          | -                                              |
| 1972 | 1,727                                   | 5,843                           | -                          | 576                       | 300              | 98                                  | 398          | -327                                           |
| 1973 | 1,676                                   | 5,216                           | -                          | 3,583                     | 686              | 93                                  | 779          | 185                                            |
| 1974 | 4,716                                   | 4,716                           | -                          | -                         | 1,490            | 323                                 | 1,814        | -                                              |
| 1975 | 3,225                                   | 3,225                           | -                          | -                         | 1,307            | 165                                 | 1,473        | -                                              |
| 1976 | 1,918                                   | 1,918                           | -                          | -                         | 897              | 110                                 | 1,007        | -                                              |
| 1977 | 1,021                                   | 1,021                           | -                          | -                         | 535              | 61                                  | 595          | -                                              |
| 1978 | 487                                     | 487                             | -                          | -                         | 340              | 24                                  | 364          | -                                              |
| 1979 | 147                                     | 147                             | -                          | -                         | 147              | 8                                   | 154          | -                                              |

<sup>/1</sup> Excludes shipments during 1971 and 1972 because of prepayments.

| <u>Year</u> | <u>Value</u> |
|-------------|--------------|
| 1969        | 867          |
| 1970        | 800          |
| 1971        | 1,445        |
| 1972        | 1,361        |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

PRIVATELY PLACED BONDS

Page 3 of 11

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 4,000                                   | 4,000                           | -                          | -                         | -                | -                                   | -            | -                                              |
| 1968 | 4,000                                   | 4,000                           | -                          | -                         | -                | -                                   | -            | -                                              |
| 1969 | 4,000                                   | 4,000                           | -                          | -                         | -                | -                                   | -            | -                                              |
| 1970 | 4,000                                   | 4,000                           | -                          | -                         | -                | -                                   | -            | -                                              |
| 1971 | 4,000                                   | 4,000                           | -                          | -                         | -                | -                                   | -            | -                                              |
| 1972 | 4,000                                   | 4,000                           | -                          | -                         | -                | -                                   | -            | -4,000                                         |
| 1973 | -                                       | -                               | -                          | -                         | -                | -                                   | -            | -                                              |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY  
IN THOUSANDS OF U.S. DOLLARS  
LOANS FROM INTL. ORGANIZATIONS  
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| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD. |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|------------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                 | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 1,126                                    | 1,126                           | -                          | -                         | 205              | 50                                  | 255          | -                                              |
| 1968 | 921                                      | 921                             | -                          | -                         | 72               | 40                                  | 112          | -                                              |
| 1969 | 849                                      | 849                             | -                          | -                         | 225              | 40                                  | 265          | -                                              |
| 1970 | 624                                      | 624                             | -                          | -                         | 235              | 30                                  | 265          | -                                              |
| 1971 | 389                                      | 389                             | -                          | -                         | 317              | 13                                  | 330          | -                                              |
| 1972 | 72                                       | 72                              | -                          | -                         | 72               | 3                                   | 75           | -                                              |
| 1973 | -                                        | -                               | -                          | -                         | -                | -                                   | -            | -                                              |



Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM INTL. ORGANIZATIONS  
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| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |    | TOTAL<br>(7) | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|----|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) |    |              |                                                |
| 1967 | 350                                     | 350                             | -                          | -                         | -                | 3                                   | 3  | -            |                                                |
| 1968 | 350                                     | 350                             | -                          | -                         | -                | 3                                   | 3  | -            |                                                |
| 1969 | 350                                     | 350                             | -                          | -                         | -                | 3                                   | 3  | -            |                                                |
| 1970 | 350                                     | 350                             | -                          | -                         | -                | 3                                   | 3  | -            |                                                |
| 1971 | 350                                     | 350                             | -                          | -                         | -                | 1                                   | 1  | -            |                                                |
| 1972 | 350                                     | 350                             | -                          | -                         | 2                | 4                                   | 6  | 30           |                                                |
| 1973 | 378                                     | 378                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1974 | 375                                     | 375                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1975 | 371                                     | 371                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1976 | 368                                     | 368                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1977 | 364                                     | 364                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1978 | 361                                     | 361                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1979 | 357                                     | 357                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1980 | 354                                     | 354                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1981 | 350                                     | 350                             | -                          | -                         | 4                | 3                                   | 6  | -            |                                                |
| 1982 | 347                                     | 347                             | -                          | -                         | 7                | 3                                   | 10 | -            |                                                |
| 1983 | 340                                     | 340                             | -                          | -                         | 11               | 3                                   | 13 | -            |                                                |
| 1984 | 329                                     | 329                             | -                          | -                         | 11               | 2                                   | 13 | -            |                                                |
| 1985 | 319                                     | 319                             | -                          | -                         | 11               | 2                                   | 13 | -            |                                                |
| 1986 | 308                                     | 308                             | -                          | -                         | 11               | 2                                   | 13 | -            |                                                |
| 1987 | 298                                     | 298                             | -                          | -                         | 11               | 2                                   | 13 | -            |                                                |
| 1988 | 287                                     | 287                             | -                          | -                         | 11               | 2                                   | 13 | -            |                                                |
| 1989 | 277                                     | 277                             | -                          | -                         | 11               | 2                                   | 13 | -            |                                                |
| 1990 | 266                                     | 266                             | -                          | -                         | 11               | 2                                   | 12 | -            |                                                |
| 1991 | 256                                     | 256                             | -                          | -                         | 11               | 2                                   | 12 | -            |                                                |
| 1992 | 245                                     | 245                             | -                          | -                         | 11               | 2                                   | 12 | -            |                                                |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM INTL. ORGANIZATIONS

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCELS,<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|-------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                 |
| 1967 | 1,476                                   | 1,476                           | -                          | -                         | 205              | 53                                  | 258          | -                                               |
| 1968 | 1,271                                   | 1,271                           | -                          | -                         | 72               | 43                                  | 115          | -                                               |
| 1969 | 1,199                                   | 1,199                           | -                          | -                         | 225              | 43                                  | 268          | -                                               |
| 1970 | 974                                     | 974                             | -                          | -                         | 235              | 33                                  | 268          | -                                               |
| 1971 | 739                                     | 739                             | -                          | -                         | 317              | 14                                  | 331          | -                                               |
| 1972 | 422                                     | 422                             | -                          | -                         | 74               | 7                                   | 81           | 30                                              |
| 1973 | 378                                     | 378                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1974 | 375                                     | 375                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1975 | 371                                     | 371                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1976 | 368                                     | 368                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1977 | 364                                     | 364                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1978 | 361                                     | 361                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1979 | 357                                     | 357                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1980 | 354                                     | 354                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1981 | 350                                     | 350                             | -                          | -                         | 4                | 3                                   | 6            | -                                               |
| 1982 | 347                                     | 347                             | -                          | -                         | 7                | 3                                   | 10           | -                                               |
| 1983 | 340                                     | 340                             | -                          | -                         | 11               | 3                                   | 13           | -                                               |
| 1984 | 329                                     | 329                             | -                          | -                         | 11               | 2                                   | 13           | -                                               |
| 1985 | 319                                     | 319                             | -                          | -                         | 11               | 2                                   | 13           | -                                               |
| 1986 | 308                                     | 308                             | -                          | -                         | 11               | 2                                   | 13           | -                                               |
| 1987 | 298                                     | 298                             | -                          | -                         | 11               | 2                                   | 13           | -                                               |
| 1988 | 287                                     | 287                             | -                          | -                         | 11               | 2                                   | 13           | -                                               |
| 1989 | 277                                     | 277                             | -                          | -                         | 11               | 2                                   | 13           | -                                               |
| 1990 | 266                                     | 266                             | -                          | -                         | 11               | 2                                   | 12           | -                                               |
| 1991 | 256                                     | 256                             | -                          | -                         | 11               | 2                                   | 12           | -                                               |
| 1992 | 245                                     | 245                             | -                          | -                         | 11               | 2                                   | 12           | -                                               |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM GOVERNMENTS  
CANADA

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1969 | -                                       | -                               | 2,300                      | 1,410                     | -                | 42                                  | 42           | -                                              |
| 1970 | 1,410                                   | 2,300                           | 360                        | 1,250                     | 960              | 84                                  | 1,044        | -                                              |
| 1971 | 1,700                                   | 1,700                           | 1,610                      | 1,610                     | 1,530            | 102                                 | 1,632        | -                                              |
| 1972 | 1,780                                   | 1,780                           | 1,178                      | 1,178                     | 934              | 107                                 | 1,041        | -                                              |
| 1973 | 2,024                                   | 2,024                           | -                          | -                         | 1,012            | 106                                 | 1,118        | -                                              |
| 1974 | 1,012                                   | 1,012                           | -                          | -                         | 1,012            | 46                                  | 1,058        | -                                              |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM GOVERNMENTS

USA

EXPORT-IMPORT BANK

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|-----------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                         |
| 1967 | 29,506                                  | 29,506                          | -                          | -                         | 393              | -                                   | 393          | -                                       |
| 1968 | 29,113                                  | 29,113                          | -                          | -                         | 50               | -                                   | 50           | -                                       |
| 1969 | 29,063                                  | 29,063                          | -                          | -                         | -                | -                                   | -            | -                                       |
| 1970 | 29,063                                  | 29,063                          | 141                        | 141                       | 823              | 170                                 | 993          | -                                       |
| 1971 | 28,381                                  | 28,381                          | -                          | -                         | 752              | 84                                  | 836          | -                                       |
| 1972 | 27,629                                  | 27,629                          | -                          | -                         | 868              | 54                                  | 922          | -                                       |
| 1973 | 26,761                                  | 26,761                          | -                          | -                         | 920              | 49                                  | 969          | -                                       |
| 1974 | 25,841                                  | 25,841                          | -                          | -                         | 1,370            | 43                                  | 1,413        | -                                       |
| 1975 | 24,471                                  | 24,471                          | -                          | -                         | 1,370            | 37                                  | 1,407        | -                                       |
| 1976 | 23,101                                  | 23,101                          | -                          | -                         | 1,580            | 31                                  | 1,611        | -                                       |
| 1977 | 21,521                                  | 21,521                          | -                          | -                         | 1,075            | 743                                 | 1,818        | -                                       |
| 1978 | 20,446                                  | 20,446                          | -                          | -                         | 1,103            | 705                                 | 1,808        | -                                       |
| 1979 | 19,343                                  | 19,343                          | -                          | -                         | 1,131            | 670                                 | 1,801        | -                                       |
| 1980 | 18,212                                  | 18,212                          | -                          | -                         | 1,171            | 627                                 | 1,798        | -                                       |
| 1981 | 17,041                                  | 17,041                          | -                          | -                         | 1,297            | 585                                 | 1,882        | -                                       |
| 1982 | 15,744                                  | 15,744                          | -                          | -                         | 633              | 267                                 | 900          | -                                       |
| 1983 | 15,111                                  | 15,111                          | -                          | -                         | 1,303            | 497                                 | 1,800        | -                                       |
| 1984 | 13,808                                  | 13,808                          | -                          | -                         | 1,346            | 454                                 | 1,800        | -                                       |
| 1985 | 12,462                                  | 12,462                          | -                          | -                         | 1,399            | 401                                 | 1,800        | -                                       |
| 1986 | 11,063                                  | 11,063                          | -                          | -                         | 731              | 169                                 | 900          | -                                       |
| 1987 | 10,332                                  | 10,332                          | -                          | -                         | 1,498            | 302                                 | 1,800        | -                                       |
| 1988 | 8,834                                   | 8,834                           | -                          | -                         | 1,550            | 301                                 | 1,851        | -                                       |
| 1989 | 7,284                                   | 7,284                           | -                          | -                         | 1,608            | 192                                 | 1,800        | -                                       |
| 1990 | 5,676                                   | 5,676                           | -                          | -                         | 1,664            | 135                                 | 1,799        | -                                       |
| 1991 | 4,012                                   | 4,012                           | -                          | -                         | 1,723            | 77                                  | 1,800        | -                                       |
| 1992 | 2,289                                   | 2,289                           | -                          | -                         | 2,289            | 20                                  | 2,309        | -                                       |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM GOVERNMENTS

USA

OTHERS

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| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | -                                       | -                               | 610                        | 610                       | -                | -                                   | -            | -                                              |
| 1968 | 610                                     | 610                             | -                          | -                         | 40               | -                                   | 40           | 80                                             |
| 1969 | 650                                     | 650                             | -                          | -                         | 40               | -                                   | 40           | 80                                             |
| 1970 | 690                                     | 690                             | -                          | -                         | 40               | -                                   | 40           | 80                                             |
| 1971 | 730                                     | 730                             | -                          | -                         | 42               | -                                   | 42           | 82                                             |
| 1972 | 770                                     | 770                             | -                          | -                         | 57               | -                                   | 57           | -322                                           |
| 1973 | 391                                     | 391                             | -                          | -                         | 56               | -                                   | 56           | -                                              |
| 1974 | 335                                     | 335                             | -                          | -                         | 56               | -                                   | 56           | -                                              |
| 1975 | 279                                     | 279                             | -                          | -                         | 56               | -                                   | 56           | -                                              |
| 1976 | 223                                     | 223                             | -                          | -                         | 56               | -                                   | 56           | -                                              |
| 1977 | 168                                     | 168                             | -                          | -                         | 56               | -                                   | 56           | -                                              |
| 1978 | 112                                     | 112                             | -                          | -                         | 56               | -                                   | 56           | -                                              |
| 1979 | 56                                      | 56                              | -                          | -                         | 56               | -                                   | 56           | -                                              |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

## DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

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LOANS FROM GOVERNMENTS  
USA

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 29,506                                  | 29,506                          | 610                        | 610                       | 393              | -                                   | 393          | -                                              |
| 1968 | 29,723                                  | 29,723                          | -                          | -                         | 90               | -                                   | 90           | 80                                             |
| 1969 | 29,713                                  | 29,713                          | -                          | -                         | 40               | -                                   | 40           | 80                                             |
| 1970 | 29,753                                  | 29,753                          | 141                        | 141                       | 863              | 170                                 | 1,033        | 80                                             |
| 1971 | 29,111                                  | 29,111                          | -                          | -                         | 794              | 84                                  | 878          | 62                                             |
| 1972 | 28,399                                  | 28,399                          | -                          | -                         | 925              | 54                                  | 979          | -322                                           |
| 1973 | 27,152                                  | 27,152                          | -                          | -                         | 976              | 49                                  | 1,025        | -                                              |
| 1974 | 26,176                                  | 26,176                          | -                          | -                         | 1,426            | 43                                  | 1,469        | -                                              |
| 1975 | 24,750                                  | 24,750                          | -                          | -                         | 1,426            | 37                                  | 1,463        | -                                              |
| 1976 | 23,324                                  | 23,324                          | -                          | -                         | 1,636            | 31                                  | 1,667        | -                                              |
| 1977 | 21,689                                  | 21,689                          | -                          | -                         | 1,131            | 743                                 | 1,874        | -                                              |
| 1978 | 20,558                                  | 20,558                          | -                          | -                         | 1,159            | 705                                 | 1,864        | -                                              |
| 1979 | 19,399                                  | 19,399                          | -                          | -                         | 1,187            | 670                                 | 1,857        | -                                              |
| 1980 | 18,212                                  | 18,212                          | -                          | -                         | 1,171            | 627                                 | 1,798        | -                                              |
| 1981 | 17,041                                  | 17,041                          | -                          | -                         | 1,297            | 585                                 | 1,882        | -                                              |
| 1982 | 15,744                                  | 15,744                          | -                          | -                         | 633              | 267                                 | 900          | -                                              |
| 1983 | 15,111                                  | 15,111                          | -                          | -                         | 1,303            | 497                                 | 1,800        | -                                              |
| 1984 | 13,808                                  | 13,808                          | -                          | -                         | 1,346            | 454                                 | 1,800        | -                                              |
| 1985 | 12,462                                  | 12,462                          | -                          | -                         | 1,399            | 401                                 | 1,800        | -                                              |
| 1986 | 11,063                                  | 11,063                          | -                          | -                         | 731              | 169                                 | 900          | -                                              |
| 1987 | 10,332                                  | 10,332                          | -                          | -                         | 1,498            | 302                                 | 1,800        | -                                              |
| 1988 | 8,834                                   | 8,834                           | -                          | -                         | 1,550            | 301                                 | 1,851        | -                                              |
| 1989 | 7,284                                   | 7,284                           | -                          | -                         | 1,608            | 192                                 | 1,800        | -                                              |
| 1990 | 5,676                                   | 5,676                           | -                          | -                         | 1,664            | 135                                 | 1,799        | -                                              |
| 1991 | 4,012                                   | 4,012                           | -                          | -                         | 1,723            | 77                                  | 1,800        | -                                              |
| 1992 | 2,289                                   | 2,289                           | -                          | -                         | 2,289            | 20                                  | 2,309        | -                                              |

Table 4.2: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM GOVERNMENTS

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| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 29,506                                  | 29,506                          | 610                        | 610                       | 393              | "                                   | 393          | "                                              |
| 1968 | 29,723                                  | 29,723                          | "                          | "                         | 90               | "                                   | 90           | 80                                             |
| 1969 | 29,713                                  | 29,713                          | 2,300                      | 1,410                     | 40               | 42                                  | 82           | 80                                             |
| 1970 | 31,163                                  | 32,053                          | 501                        | 1,391                     | 1,823            | 254                                 | 2,077        | 80                                             |
| 1971 | 30,811                                  | 30,811                          | 1,610                      | 1,610                     | 2,324            | 186                                 | 2,510        | 82                                             |
| 1972 | 30,179                                  | 30,179                          | 1,178                      | 1,178                     | 1,859            | 161                                 | 2,020        | -322                                           |
| 1973 | 29,176                                  | 29,176                          | "                          | "                         | 1,988            | 155                                 | 2,143        | "                                              |
| 1974 | 27,188                                  | 27,188                          | "                          | "                         | 2,438            | 89                                  | 2,526        | "                                              |
| 1975 | 24,750                                  | 24,750                          | "                          | "                         | 1,426            | 37                                  | 1,463        | "                                              |
| 1976 | 23,324                                  | 23,324                          | "                          | "                         | 1,636            | 31                                  | 1,667        | "                                              |
| 1977 | 21,689                                  | 21,689                          | "                          | "                         | 1,131            | 743                                 | 1,874        | "                                              |
| 1978 | 20,558                                  | 20,558                          | "                          | "                         | 1,159            | 705                                 | 1,864        | "                                              |
| 1979 | 19,399                                  | 19,399                          | "                          | "                         | 1,187            | 670                                 | 1,857        | "                                              |
| 1980 | 18,212                                  | 18,212                          | "                          | "                         | 1,171            | 627                                 | 1,798        | "                                              |
| 1981 | 17,041                                  | 17,041                          | "                          | "                         | 1,297            | 585                                 | 1,882        | "                                              |
| 1982 | 15,744                                  | 15,744                          | "                          | "                         | 633              | 267                                 | 900          | "                                              |
| 1983 | 15,111                                  | 15,111                          | "                          | "                         | 1,303            | 497                                 | 1,800        | "                                              |
| 1984 | 13,808                                  | 13,808                          | "                          | "                         | 1,346            | 454                                 | 1,800        | "                                              |
| 1985 | 12,462                                  | 12,462                          | "                          | "                         | 1,399            | 401                                 | 1,800        | "                                              |
| 1986 | 11,063                                  | 11,063                          | "                          | "                         | 731              | 169                                 | 900          | "                                              |
| 1987 | 10,332                                  | 10,332                          | "                          | "                         | 1,498            | 302                                 | 1,800        | "                                              |
| 1988 | 8,834                                   | 8,834                           | "                          | "                         | 1,550            | 301                                 | 1,851        | "                                              |
| 1989 | 7,284                                   | 7,284                           | "                          | "                         | 1,608            | 192                                 | 1,800        | "                                              |
| 1990 | 5,676                                   | 5,676                           | "                          | "                         | 1,664            | 135                                 | 1,799        | "                                              |
| 1991 | 4,012                                   | 4,012                           | "                          | "                         | 1,723            | 77                                  | 1,800        | "                                              |
| 1992 | 2,289                                   | 2,289                           | "                          | "                         | 2,289            | 20                                  | 2,309        | "                                              |

ECONOMIC AND SOCIAL DATA DIVISION  
ECONOMIC ANALYSIS & PROJECTIONS DEPARTMENT  
FEBRUARY 19, 1974





Table 4.3: EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

| CURRENCY DISBURSED<br>CREDITOR COUNTRY<br>TYPE OF CREDITOR | DEBT OUTSTANDING DECEMBER 31, 1972 |                  |        |
|------------------------------------------------------------|------------------------------------|------------------|--------|
|                                                            | DISBURSED                          | UNDIS-<br>BURSED | TOTAL  |
| DISBURSED IN LOCAL CURRENCY                                | 209                                | 1,913            | 2,122  |
| DISBURSED IN FOREIGN CURRENCY                              | 5,194                              | 14,622           | 19,816 |
| IDB                                                        | 5,403                              | 16,535           | 21,938 |
| LOANS FROM INTL. ORGANIZATIONS                             | 5,403                              | 16,535           | 21,938 |
| DISBURSED IN LOCAL CURRENCY                                | 5,021                              | "                | 5,021  |
| USA                                                        | 5,021                              | "                | 5,021  |
| LOANS FROM GOVERNMENTS                                     | 5,021                              | "                | 5,021  |
| TOTAL EXTERNAL PUBLIC DEBT                                 | 10,424                             | 16,535           | 26,959 |

NOTE: DEBT WITH A MATURITY OF OVER ONE YEAR

ECONOMIC AND SOCIAL DATA DIVISION  
ECONOMIC ANALYSIS & PROJECTIONS DEPARTMENT  
FEBRUARY 19, 1974



Table 4.4: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

## DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

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## TOTAL

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 6,025                                   | 9,948                           | 1,300                      | 264                       | 244              | 204                                 | 448          | -1                                             |
| 1968 | 6,045                                   | 11,003                          | 828                        | 2,229                     | 212              | 327                                 | 539          | 6                                              |
| 1969 | 8,068                                   | 11,625                          | 36                         | 963                       | 231              | 337                                 | 568          | -                                              |
| 1970 | 8,800                                   | 11,430                          | 5,114                      | 785                       | 233              | 371                                 | 604          | -1                                             |
| 1971 | 9,351                                   | 16,310                          | 4                          | 988                       | 185              | 337                                 | 522          | -622                                           |
| 1972 | 10,155                                  | 15,507                          | 11,800                     | 617                       | 348              | 354                                 | 702          | -                                              |
| 1973 | 10,424                                  | 26,959                          | -                          | 529                       | 511              | 323                                 | 833          | -                                              |
| 1974 | 10,442                                  | 26,448                          | -                          | 1,100                     | 527              | 322                                 | 849          | -                                              |
| 1975 | 11,016                                  | 25,922                          | -                          | 5,154                     | 584              | 334                                 | 917          | -                                              |
| 1976 | 15,586                                  | 25,338                          | -                          | 6,100                     | 641              | 350                                 | 991          | -                                              |
| 1977 | 21,045                                  | 24,697                          | -                          | 2,300                     | 658              | 363                                 | 1,021        | -                                              |
| 1978 | 22,687                                  | 24,039                          | -                          | 1,352                     | 929              | 369                                 | 1,297        | -                                              |
| 1979 | 23,110                                  | 23,110                          | -                          | -                         | 947              | 372                                 | 1,319        | -                                              |
| 1980 | 22,163                                  | 22,163                          | -                          | -                         | 967              | 343                                 | 1,311        | -                                              |
| 1981 | 21,196                                  | 21,196                          | -                          | -                         | 764              | 317                                 | 1,080        | -                                              |
| 1982 | 20,432                                  | 20,432                          | -                          | -                         | 776              | 296                                 | 1,071        | -                                              |
| 1983 | 19,656                                  | 19,656                          | -                          | -                         | 1,121            | 274                                 | 1,396        | -                                              |
| 1984 | 18,535                                  | 18,535                          | -                          | -                         | 1,134            | 252                                 | 1,386        | -                                              |
| 1985 | 17,402                                  | 17,402                          | -                          | -                         | 1,147            | 229                                 | 1,376        | -                                              |
| 1986 | 16,255                                  | 16,255                          | -                          | -                         | 1,160            | 206                                 | 1,366        | -                                              |
| 1987 | 15,095                                  | 15,095                          | -                          | -                         | 1,174            | 183                                 | 1,356        | -                                              |
| 1988 | 13,921                                  | 13,921                          | -                          | -                         | 1,188            | 159                                 | 1,347        | -                                              |
| 1989 | 12,733                                  | 12,733                          | -                          | -                         | 1,203            | 134                                 | 1,337        | -                                              |
| 1990 | 11,531                                  | 11,531                          | -                          | -                         | 1,388            | 109                                 | 1,498        | -                                              |
| 1991 | 10,142                                  | 10,142                          | -                          | -                         | 863              | 81                                  | 944          | -                                              |
| 1992 | 9,279                                   | 9,279                           | -                          | -                         | 724              | 69                                  | 792          | -                                              |

Note: Debt with a maturity of over one year. Includes all debt listed on Table 1, prepared February 19, 1974.

See footnote on Page 6.

Table 4.4: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

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LOANS FROM INTL. ORGANIZATIONS  
IDB

DISBURSED-IN LOCAL CURRENCY

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |    | TOTAL<br>(7) | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|----|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) |    |              |                                                |
| 1967 | 51                                      | 190                             | -                          | 82                        | -                | 1                                   | 1  | -            |                                                |
| 1968 | 133                                     | 190                             | -                          | 56                        | -                | 4                                   | 4  | -            |                                                |
| 1969 | 189                                     | 190                             | -                          | 1                         | -                | 16                                  | 16 | -            |                                                |
| 1970 | 190                                     | 190                             | 260                        | -                         | -                | 4                                   | 4  | -            |                                                |
| 1971 | 190                                     | 450                             | -                          | 5                         | -                | 5                                   | 5  | -            |                                                |
| 1972 | 195                                     | 450                             | 1,680                      | 22                        | 8                | 6                                   | 14 | -            |                                                |
| 1973 | 209                                     | 2,122                           | -                          | 32                        | 8                | 5                                   | 13 | -            |                                                |
| 1974 | 233                                     | 2,114                           | -                          | 73                        | 8                | 6                                   | 14 | -            |                                                |
| 1975 | 298                                     | 2,106                           | -                          | 681                       | 11               | 7                                   | 18 | -            |                                                |
| 1976 | 968                                     | 2,095                           | -                          | 831                       | 13               | 10                                  | 23 | -            |                                                |
| 1977 | 1,786                                   | 2,082                           | -                          | 231                       | 13               | 12                                  | 25 | -            |                                                |
| 1978 | 2,004                                   | 2,069                           | -                          | 65                        | 24               | 13                                  | 37 | -            |                                                |
| 1979 | 2,045                                   | 2,045                           | -                          | -                         | 24               | 14                                  | 39 | -            |                                                |
| 1980 | 2,021                                   | 2,021                           | -                          | -                         | 25               | 14                                  | 38 | -            |                                                |
| 1981 | 1,997                                   | 1,997                           | -                          | -                         | 25               | 13                                  | 38 | -            |                                                |
| 1982 | 1,972                                   | 1,972                           | -                          | -                         | 25               | 13                                  | 38 | -            |                                                |
| 1983 | 1,946                                   | 1,946                           | -                          | -                         | 79               | 12                                  | 91 | -            |                                                |
| 1984 | 1,867                                   | 1,867                           | -                          | -                         | 79               | 11                                  | 90 | -            |                                                |
| 1985 | 1,788                                   | 1,788                           | -                          | -                         | 80               | 11                                  | 90 | -            |                                                |
| 1986 | 1,709                                   | 1,709                           | -                          | -                         | 80               | 10                                  | 90 | -            |                                                |
| 1987 | 1,629                                   | 1,629                           | -                          | -                         | 80               | 9                                   | 90 | -            |                                                |
| 1988 | 1,548                                   | 1,548                           | -                          | -                         | 81               | 8                                   | 89 | -            |                                                |
| 1989 | 1,467                                   | 1,467                           | -                          | -                         | 82               | 8                                   | 89 | -            |                                                |
| 1990 | 1,386                                   | 1,386                           | -                          | -                         | 82               | 7                                   | 89 | -            |                                                |
| 1991 | 1,304                                   | 1,304                           | -                          | -                         | 82               | 6                                   | 88 | -            |                                                |
| 1992 | 1,222                                   | 1,222                           | -                          | -                         | 71               | 5                                   | 77 | -            |                                                |

Table 4.4: TRANSACTIONS OF FEDERAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM INTL. ORGANIZATIONS

IDB

DISBURSED IN FOREIGN CURRENCY

Page 3 of 7

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 1,617                                   | 5,401                           | 1,300                      | 182                       | 173              | 64                                  | 237          | -1                                             |
| 1968 | 1,626                                   | 6,527                           | -                          | 1,345                     | 166              | 68                                  | 234          | -                                              |
| 1969 | 2,805                                   | 6,361                           | -                          | 926                       | 231              | 79                                  | 310          | -                                              |
| 1970 | 3,500                                   | 6,130                           | 4,840                      | 771                       | 233              | 108                                 | 341          | -1                                             |
| 1971 | 4,037                                   | 10,736                          | -                          | 979                       | 150              | 153                                 | 303          | -622                                           |
| 1972 | 4,867                                   | 9,964                           | 10,120                     | 595                       | 268              | 170                                 | 438          | -                                              |
| 1973 | 5,194                                   | 19,816                          | -                          | 497                       | 305              | 144                                 | 449          | -                                              |
| 1974 | 5,386                                   | 19,511                          | -                          | 1,027                     | 314              | 150                                 | 464          | -                                              |
| 1975 | 6,099                                   | 19,197                          | -                          | 4,473                     | 362              | 166                                 | 528          | -                                              |
| 1976 | 10,210                                  | 18,835                          | -                          | 5,269                     | 409              | 187                                 | 596          | -                                              |
| 1977 | 15,070                                  | 18,426                          | -                          | 2,069                     | 418              | 206                                 | 624          | -                                              |
| 1978 | 16,721                                  | 18,008                          | -                          | 1,287                     | 670              | 219                                 | 889          | -                                              |
| 1979 | 17,338                                  | 17,338                          | -                          | -                         | 680              | 229                                 | 909          | -                                              |
| 1980 | 16,658                                  | 16,658                          | -                          | -                         | 691              | 210                                 | 901          | -                                              |
| 1981 | 15,967                                  | 15,967                          | -                          | -                         | 478              | 192                                 | 671          | -                                              |
| 1982 | 15,489                                  | 15,489                          | -                          | -                         | 480              | 181                                 | 662          | -                                              |
| 1983 | 15,009                                  | 15,009                          | -                          | -                         | 763              | 170                                 | 933          | -                                              |
| 1984 | 14,245                                  | 14,245                          | -                          | -                         | 765              | 159                                 | 924          | -                                              |
| 1985 | 13,480                                  | 13,480                          | -                          | -                         | 768              | 147                                 | 914          | -                                              |
| 1986 | 12,712                                  | 12,712                          | -                          | -                         | 770              | 135                                 | 905          | -                                              |
| 1987 | 11,942                                  | 11,942                          | -                          | -                         | 772              | 123                                 | 895          | -                                              |
| 1988 | 11,170                                  | 11,170                          | -                          | -                         | 775              | 111                                 | 886          | -                                              |
| 1989 | 10,395                                  | 10,395                          | -                          | -                         | 777              | 99                                  | 876          | -                                              |
| 1990 | 9,618                                   | 9,618                           | -                          | -                         | 780              | 87                                  | 867          | -                                              |
| 1991 | 8,838                                   | 8,838                           | -                          | -                         | 781              | 75                                  | 856          | -                                              |
| 1992 | 8,058                                   | 8,058                           | -                          | -                         | 652              | 64                                  | 716          | -                                              |

Table 4.4: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM INTL. ORGANIZATIONS  
IDB

Page 4 of 7

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 1,668                                   | 5,591                           | 1,300                      | 264                       | 173              | 65                                  | 238          | -1                                             |
| 1968 | 1,759                                   | 6,717                           | -                          | 1,401                     | 166              | 72                                  | 238          | -                                              |
| 1969 | 2,994                                   | 6,551                           | -                          | 927                       | 231              | 95                                  | 326          | -                                              |
| 1970 | 3,690                                   | 6,320                           | 5,100                      | 771                       | 233              | 112                                 | 345          | -1                                             |
| 1971 | 4,227                                   | 11,186                          | -                          | 984                       | 150              | 158                                 | 308          | -622                                           |
| 1972 | 5,062                                   | 10,414                          | 11,800                     | 617                       | 276              | 176                                 | 452          | -                                              |
| 1973 | 5,403                                   | 21,938                          | -                          | 529                       | 313              | 149                                 | 462          | -                                              |
| 1974 | 5,619                                   | 21,625                          | -                          | 1,100                     | 322              | 155                                 | 477          | -                                              |
| 1975 | 6,397                                   | 21,303                          | -                          | 5,154                     | 372              | 174                                 | 546          | -                                              |
| 1976 | 11,179                                  | 20,931                          | -                          | 6,100                     | 422              | 197                                 | 619          | -                                              |
| 1977 | 16,856                                  | 20,508                          | -                          | 2,300                     | 431              | 219                                 | 650          | -                                              |
| 1978 | 18,725                                  | 20,077                          | -                          | 1,352                     | 694              | 232                                 | 926          | -                                              |
| 1979 | 19,383                                  | 19,383                          | -                          | -                         | 704              | 243                                 | 948          | -                                              |
| 1980 | 18,679                                  | 18,679                          | -                          | -                         | 716              | 224                                 | 939          | -                                              |
| 1981 | 17,964                                  | 17,964                          | -                          | -                         | 503              | 206                                 | 709          | -                                              |
| 1982 | 17,460                                  | 17,460                          | -                          | -                         | 506              | 194                                 | 700          | -                                              |
| 1983 | 16,955                                  | 16,955                          | -                          | -                         | 842              | 182                                 | 1,024        | -                                              |
| 1984 | 16,113                                  | 16,113                          | -                          | -                         | 844              | 170                                 | 1,014        | -                                              |
| 1985 | 15,269                                  | 15,269                          | -                          | -                         | 847              | 157                                 | 1,005        | -                                              |
| 1986 | 14,421                                  | 14,421                          | -                          | -                         | 850              | 145                                 | 995          | -                                              |
| 1987 | 13,571                                  | 13,571                          | -                          | -                         | 853              | 132                                 | 985          | -                                              |
| 1988 | 12,719                                  | 12,719                          | -                          | -                         | 856              | 119                                 | 975          | -                                              |
| 1989 | 11,863                                  | 11,863                          | -                          | -                         | 859              | 107                                 | 965          | -                                              |
| 1990 | 11,004                                  | 11,004                          | -                          | -                         | 862              | 94                                  | 956          | -                                              |
| 1991 | 10,142                                  | 10,142                          | -                          | -                         | 863              | 81                                  | 944          | -                                              |
| 1992 | 9,279                                   | 9,279                           | -                          | -                         | 724              | 69                                  | 792          | -                                              |

Table 4.4: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

DEBT REPAYABLE IN LOCAL CURRENCY  
IN THOUSANDS OF U.S. DOLLARS  
LOANS FROM INTL. ORGANIZATIONS

DEBT OUTSTANDING  
BEGINNING OF PERIOD  
TRANSACTIONS DURING PERIOD

| YEAR | DISBURSED ONLY (1) | DISBURSED INCLUDING (2) | COMMIT- MENTS (3) | DISBURSE- MENTS (4) | PRINCIPAL (5) | SERVICE PAYMENTS INTEREST (6) | TOTAL (7) | CANCEL- LATIONS, ADJUST- MENTS (8) |
|------|--------------------|-------------------------|-------------------|---------------------|---------------|-------------------------------|-----------|------------------------------------|
| 1967 | 1,668              | 5,591                   | 1,300             | 264                 | 173           | 65                            | 238       | -1                                 |
| 1968 | 1,759              | 6,717                   | -                 | 1,401               | 166           | 72                            | 238       | -                                  |
| 1969 | 2,994              | 6,551                   | -                 | 927                 | 231           | 95                            | 326       | -                                  |
| 1970 | 3,690              | 6,320                   | 5,100             | 771                 | 233           | 112                           | 345       | -1                                 |
| 1971 | 4,227              | 11,186                  | -                 | 984                 | 150           | 158                           | 308       | -622                               |
| 1972 | 5,062              | 10,414                  | 11,800            | 617                 | 276           | 176                           | 452       | -                                  |
| 1973 | 5,403              | 21,938                  | -                 | 529                 | 313           | 149                           | 462       | -                                  |
| 1974 | 5,619              | 21,625                  | -                 | 1,100               | 322           | 155                           | 477       | -                                  |
| 1975 | 6,397              | 21,303                  | -                 | 5,154               | 372           | 174                           | 546       | -                                  |
| 1976 | 11,179             | 20,931                  | -                 | 6,100               | 422           | 197                           | 619       | -                                  |
| 1977 | 16,856             | 20,508                  | -                 | 2,300               | 431           | 219                           | 650       | -                                  |
| 1978 | 18,725             | 20,077                  | -                 | 1,352               | 694           | 232                           | 926       | -                                  |
| 1979 | 19,383             | 19,383                  | -                 | -                   | 704           | 243                           | 948       | -                                  |
| 1980 | 18,679             | 18,679                  | -                 | -                   | 716           | 224                           | 939       | -                                  |
| 1981 | 17,964             | 17,964                  | -                 | -                   | 503           | 206                           | 709       | -                                  |
| 1982 | 17,460             | 17,460                  | -                 | -                   | 506           | 194                           | 700       | -                                  |
| 1983 | 16,955             | 16,955                  | -                 | -                   | 842           | 182                           | 1,024     | -                                  |
| 1984 | 16,113             | 16,113                  | -                 | -                   | 844           | 170                           | 1,014     | -                                  |
| 1985 | 15,269             | 15,269                  | -                 | -                   | 847           | 157                           | 1,005     | -                                  |
| 1986 | 14,421             | 14,421                  | -                 | -                   | 850           | 145                           | 995       | -                                  |
| 1987 | 13,571             | 13,571                  | -                 | -                   | 853           | 132                           | 985       | -                                  |
| 1988 | 12,719             | 12,719                  | -                 | -                   | 856           | 119                           | 975       | -                                  |
| 1989 | 11,863             | 11,863                  | -                 | -                   | 859           | 107                           | 965       | -                                  |
| 1990 | 11,004             | 11,004                  | -                 | -                   | 862           | 94                            | 956       | -                                  |
| 1991 | 10,142             | 10,142                  | -                 | -                   | 863           | 81                            | 944       | -                                  |
| 1992 | 9,279              | 9,279                   | -                 | -                   | 724           | 69                            | 792       | -                                  |

Table 4.4: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

## DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

Page 6 of 7

LOANS FROM GOVERNMENTS  
USA

DISBURSED IN LOCAL CURRENCY

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCEL-<br>LATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|------------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                                |
| 1967 | 4,357                                   | 4,357                           | -                          | -                         | 71               | 139                                 | 210          |                                                |
| 1968 | 4,286                                   | 4,286                           | 828 <u>/1</u>              | 828 <u>/1</u>             | 46               | 255                                 | 301          |                                                |
| 1969 | 5,074                                   | 5,074                           | 36 <u>/1</u>               | 36 <u>/1</u>              | -                | 242                                 | 242          |                                                |
| 1970 | 5,110                                   | 5,110                           | 14 <u>/1</u>               | 14 <u>/1</u>              | -                | 259                                 | 259          |                                                |
| 1971 | 5,124                                   | 5,124                           | 4 <u>/1</u>                | 4 <u>/1</u>               | 35               | 179                                 | 214          |                                                |
| 1972 | 5,093                                   | 5,093                           | -                          | -                         | 72               | 176                                 | 250          |                                                |
| 1973 | 5,021                                   | 5,021                           | -                          | -                         | 197              | 174                                 | 371          |                                                |
| 1974 | 4,824                                   | 4,824                           | -                          | -                         | 204              | 167                                 | 371          |                                                |
| 1975 | 4,619                                   | 4,619                           | -                          | -                         | 212              | 160                                 | 371          |                                                |
| 1976 | 4,408                                   | 4,408                           | -                          | -                         | 219              | 152                                 | 371          |                                                |
| 1977 | 4,188                                   | 4,188                           | -                          | -                         | 227              | 145                                 | 371          |                                                |
| 1978 | 3,962                                   | 3,962                           | -                          | -                         | 235              | 137                                 | 371          |                                                |
| 1979 | 3,727                                   | 3,727                           | -                          | -                         | 243              | 128                                 | 371          |                                                |
| 1980 | 3,484                                   | 3,484                           | -                          | -                         | 252              | 120                                 | 371          |                                                |
| 1981 | 3,232                                   | 3,232                           | -                          | -                         | 261              | 111                                 | 371          |                                                |
| 1982 | 2,971                                   | 2,971                           | -                          | -                         | 270              | 102                                 | 371          |                                                |
| 1983 | 2,702                                   | 2,702                           | -                          | -                         | 279              | 92                                  | 371          |                                                |
| 1984 | 2,422                                   | 2,422                           | -                          | -                         | 289              | 82                                  | 371          |                                                |
| 1985 | 2,133                                   | 2,133                           | -                          | -                         | 299              | 72                                  | 371          |                                                |
| 1986 | 1,834                                   | 1,834                           | -                          | -                         | 310              | 61                                  | 371          |                                                |
| 1987 | 1,524                                   | 1,524                           | -                          | -                         | 321              | 51                                  | 371          |                                                |
| 1988 | 1,203                                   | 1,203                           | -                          | -                         | 332              | 39                                  | 371          |                                                |
| 1989 | 871                                     | 871                             | -                          | -                         | 344              | 27                                  | 371          |                                                |
| 1990 | 527                                     | 527                             | -                          | -                         | 527              | 15                                  | 542          |                                                |

/1 Capitalized interest.



Table 4.4: TRANSACTIONS OF EXTERNAL PUBLIC DEBT, AS OF DECEMBER 31, 1972

## DEBT REPAYABLE IN LOCAL CURRENCY

IN THOUSANDS OF U.S. DOLLARS

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## LOANS FROM GOVERNMENTS

| YEAR | DEBT OUTSTANDING<br>BEGINNING OF PERIOD |                                 | TRANSACTIONS DURING PERIOD |                           |                  |                                     |              | CANCELLATIONS,<br>ADJUST-<br>MENTS<br>(8) |
|------|-----------------------------------------|---------------------------------|----------------------------|---------------------------|------------------|-------------------------------------|--------------|-------------------------------------------|
|      | DISBURSED<br>ONLY<br>(1)                | INCLUDING<br>UNDISBURSED<br>(2) | COMMIT-<br>MENTS<br>(3)    | DISBURSE-<br>MENTS<br>(4) | PRINCIPAL<br>(5) | SERVICE PAYMENTS<br>INTEREST<br>(6) | TOTAL<br>(7) |                                           |
| 1967 | 4,357                                   | 4,357                           | -                          | -                         | 71               | 139                                 | 210          |                                           |
| 1968 | 4,286                                   | 4,286                           | 828 <u>/1</u>              | 828 <u>/1</u>             | 46               | 255                                 | 301          |                                           |
| 1969 | 5,074                                   | 5,074                           | 36 <u>/1</u>               | 36 <u>/1</u>              | -                | 242                                 | 242          |                                           |
| 1970 | 5,110                                   | 5,110                           | 14 <u>/1</u>               | 14 <u>/1</u>              | -                | 259                                 | 259          |                                           |
| 1971 | 5,124                                   | 5,124                           | 4 <u>/1</u>                | 4 <u>/1</u>               | 35               | 179                                 | 214          |                                           |
| 1972 | 5,093                                   | 5,093                           | -                          | -                         | 72               | 176                                 | 250          |                                           |
| 1973 | 5,021                                   | 5,021                           | -                          | -                         | 197              | 174                                 | 371          |                                           |
| 1974 | 4,824                                   | 4,824                           | -                          | -                         | 204              | 167                                 | 371          |                                           |
| 1975 | 4,619                                   | 4,619                           | -                          | -                         | 212              | 160                                 | 371          |                                           |
| 1976 | 4,408                                   | 4,408                           | -                          | -                         | 219              | 152                                 | 371          |                                           |
| 1977 | 4,188                                   | 4,188                           | -                          | -                         | 227              | 145                                 | 371          |                                           |
| 1978 | 3,962                                   | 3,962                           | -                          | -                         | 235              | 137                                 | 371          |                                           |
| 1979 | 3,727                                   | 3,727                           | -                          | -                         | 243              | 128                                 | 371          |                                           |
| 1980 | 3,484                                   | 3,484                           | -                          | -                         | 252              | 120                                 | 371          |                                           |
| 1981 | 3,232                                   | 3,232                           | -                          | -                         | 261              | 111                                 | 371          |                                           |
| 1982 | 2,971                                   | 2,971                           | -                          | -                         | 270              | 102                                 | 371          |                                           |
| 1983 | 2,702                                   | 2,702                           | -                          | -                         | 279              | 92                                  | 371          |                                           |
| 1984 | 2,422                                   | 2,422                           | -                          | -                         | 289              | 82                                  | 371          |                                           |
| 1985 | 2,133                                   | 2,133                           | -                          | -                         | 299              | 72                                  | 371          |                                           |
| 1986 | 1,834                                   | 1,834                           | -                          | -                         | 310              | 61                                  | 371          |                                           |
| 1987 | 1,524                                   | 1,524                           | -                          | -                         | 321              | 51                                  | 371          |                                           |
| 1988 | 1,203                                   | 1,203                           | -                          | -                         | 332              | 39                                  | 371          |                                           |
| 1989 | 871                                     | 871                             | -                          | -                         | 344              | 27                                  | 371          |                                           |
| 1990 | 527                                     | 527                             | -                          | -                         | 527              | 15                                  | 542          |                                           |

/1 Capitalized interest.



Table 5.1: FISCAL OPERATIONS OF THE CENTRAL GOVERNMENT

(millions of gourdes)

|                                                                                  | Fiscal Years ending September 30 |              |              |              |              | Oct.-May     |              | Est.                     | Budget       |
|----------------------------------------------------------------------------------|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------|--------------|
|                                                                                  | 1968                             | 1969         | 1970         | 1971         | 1972         | 1972         | 1973         | 1973                     | 1974         |
| <b>BUDGET REVENUE</b>                                                            | <b>129.7</b>                     | <b>122.6</b> | <b>142.2</b> | <b>155.8</b> | <b>173.5</b> | <b>121.0</b> | <b>136.0</b> | <b>197.0</b>             | <b>166.4</b> |
| <b>Fiscal Revenue</b>                                                            | <b>105.3</b>                     | <b>99.1</b>  | <b>116.3</b> | <b>126.1</b> | <b>141.9</b> | <b>98.8</b>  | <b>112.3</b> | <b>162.0</b>             | <b>139.0</b> |
| Customs Revenue (net)                                                            | 57.0                             | 58.5         | 61.0         | 67.3         | 67.8         | 46.2         | 50.6         | 74.0                     | 71.2         |
| Customs Revenue (gross)                                                          | (71.0)                           | (71.7)       | (74.5)       | (83.4)       | (83.8)       | (57.5)       | (62.5)       | (92.0)                   | (87.8)       |
| less 7.5% to SFSPD                                                               | ( 4.6)                           | ( 4.8)       | ( 4.9)       | ( 5.4)       | ( 5.5)       | ( 3.7)       | ( 4.0)       | ( 6.0)                   | ( 5.8)       |
| 7.0% to Customs Adm                                                              | ( 4.6)                           | ( 4.8)       | ( 4.6)       | ( 5.5)       | ( 5.5)       | ( 3.7)       | ( 4.0)       | ( 6.0)                   | ( 5.7)       |
| US\$3. per bag of exported coffee to SFSPD                                       | ( 4.8)                           | ( 3.6)       | ( 4.0)       | ( 5.2)       | ( 5.0)       | ( 3.8)       | ( 3.9)       | ( 5.8)                   | ( 5.0)       |
| Internal Revenue (net)                                                           | 44.2                             | 37.8         | 51.7         | 55.7         | 68.4         | 49.4         | 59.1         | 83.0                     | 64.7         |
| Internal Revenue (gross)                                                         | (54.4)                           | (48.1)       | (64.2)       | (69.2)       | (84.0)       | (50.2)       | (70.7)       | (100.0)                  | (75.5)       |
| less: 10% Internal Revenue Adm. <sup>1/</sup>                                    | ( 7.2)                           | ( 7.3)       | ( 9.3)       | (10.1)       | (11.5)       | ( 8.1)       | ( 8.3)       | (12.0)                   | ( 6.7)       |
| US\$0.75 per bag of sugar for SFSPD                                              | ( 3.0)                           | ( 3.0)       | ( 3.1)       | ( 3.5)       | ( 4.1)       | ( 2.8)       | ( 3.1)       | ( 5.0)                   | ( 4.0)       |
| Other Fiscal Revenue                                                             | 4.2                              | 2.7          | 3.5          | 3.1          | 5.8          | 3.3          | 2.8          | 5.0                      | 3.1          |
| <b>Earmarked Revenue</b>                                                         | <b>24.4</b>                      | <b>23.5</b>  | <b>25.9</b>  | <b>29.7</b>  | <b>31.6</b>  | <b>22.2</b>  | <b>23.7</b>  | <b>35.0</b>              | <b>27.3</b>  |
| Special Fund for Service of Public Debt                                          | 12.5                             | 11.5         | 12.0         | 14.1         | 14.6         | 11.7         | 11.0         | 17.0                     | 14.8         |
| Customs Administration                                                           | 4.6                              | 4.8          | 4.6          | 5.5          | 5.5          | 3.8          | 4.1          | 6.0                      | 5.8          |
| Internal Revenue Administration                                                  | 7.2                              | 7.2          | 9.3          | 10.1         | 11.5         | 8.1          | 8.6          | 12.0                     | 6.7          |
| <b>EXTRABUDGET REVENUE</b>                                                       | <b>54.4</b>                      | <b>75.0</b>  | <b>83.0</b>  | <b>107.9</b> | <b>105.3</b> | <b>75.8</b>  | <b>82.9</b>  | <b>117.5</b>             | <b>...</b>   |
| Non-fiscal Accounts                                                              | 1.3                              | 1.0          | 0.9          | 1.0          | 0.9          | 0.7          | 1.1          | 1.5                      | ...          |
| Development Budget                                                               | 4.5                              | 6.1          | 7.9          | 7.8          | 30.5         | 23.1         | 19.5         | 25.0                     | ...          |
| Other Special Accounts                                                           | 33.0                             | 51.9         | 56.9         | 76.4         | 55.0         | 37.9         | 47.5         | 69.0                     | ...          |
| Special Sinking Funds                                                            | 10.9                             | 14.2         | 13.0         | 17.5         | 14.7         | 10.6         | 11.0         | 16.0                     | ...          |
| Other Accounts                                                                   | 4.7                              | 1.8          | 4.2          | 5.2          | 4.2          | 2.4          | 3.2          | 6.0                      | ...          |
| <b>BUDGET EXPENDITURE</b>                                                        | <b>128.4</b>                     | <b>134.4</b> | <b>143.9</b> | <b>167.8</b> | <b>169.0</b> | <b>119.4</b> | <b>124.7</b> | <b>180.0</b>             | <b>166.4</b> |
| <b>Fiscal Expenditure</b>                                                        | <b>112.5</b>                     | <b>113.6</b> | <b>120.6</b> | <b>141.4</b> | <b>143.1</b> | <b>99.0</b>  | <b>104.6</b> | <b>152.0</b>             | <b>139.1</b> |
| Wages and Salaries                                                               | 70.4                             | 76.8         | 81.0         | 95.4         | 98.4         | 70.5         | 76.4         | 110.0                    | ...          |
| Other Current Expenditure                                                        | 17.7                             | 20.6         | 23.3         | 27.9         | 30.7         | 18.9         | 17.8         | 27.0                     | ...          |
| Transfers, Cooperative Projects and Contributions to International Organizations | 4.8                              | 5.8          | 6.4          | 7.0          | 7.0          | 4.9          | 5.0          | 7.0                      | ...          |
| Checks of Previous Years                                                         | 15.1                             | 1.3          | 3.7          | 4.8          | 0.6          | 0.4          | 0.2          | 0.3                      | ...          |
| Matching Fund                                                                    | 4.5                              | 9.1          | 6.2          | 6.3          | 6.4          | 4.3          | 5.2          | 7.7                      | ...          |
| <b>Expenditure from Earmarked Revenues</b>                                       | <b>15.9</b>                      | <b>20.8</b>  | <b>23.3</b>  | <b>26.4</b>  | <b>25.9</b>  | <b>20.4</b>  | <b>20.1</b>  | <b>28.0</b>              | <b>27.3</b>  |
| Special Fund for Service of Public Debt                                          | 4.3                              | 8.5          | 9.8          | 10.9         | 9.3          | 8.9          | 8.2          | 11.0                     | 14.8         |
| Customs Administration                                                           | 4.5                              | 4.9          | 4.9          | 5.1          | 5.1          | 3.5          | 4.1          | 6.0                      | 5.8          |
| Internal Revenue Administration                                                  | 7.1                              | 7.4          | 8.6          | 10.4         | 11.5         | 8.0          | 7.8          | 11.0                     | 6.7          |
| <b>EXTRABUDGET EXPENDITURE</b>                                                   | <b>56.4</b>                      | <b>75.5</b>  | <b>84.7</b>  | <b>105.4</b> | <b>107.4</b> | <b>70.1</b>  | <b>82.8</b>  | <b>124.0</b>             | <b>...</b>   |
| Non-fiscal Accounts                                                              | 1.1                              | 0.8          | 1.2          | 3.0          | 1.9          | 0.3          | 3.0          | 4.0                      | ...          |
| Development Budget                                                               | 4.6                              | 5.6          | 8.3          | 8.0          | 31.6         | 23.7         | 20.8         | 30.0                     | ...          |
| Other Special Accounts                                                           | 31.4                             | 54.9         | 60.1         | 79.2         | 62.4         | 42.7         | 50.3         | 75.0                     | ...          |
| Special Sinking Funds                                                            | 4.8                              | 5.1          | 4.7          | 5.7          | 5.8          | 2.0          | 4.8          | 8.0                      | ...          |
| Other Accounts                                                                   | 14.5                             | 9.1          | 10.4         | 9.5          | 5.7          | 1.4          | 3.9          | 7.0                      | ...          |
| <b>Over-all Surplus/Deficit</b>                                                  | <b>-0.7</b>                      | <b>-12.3</b> | <b>-3.4</b>  | <b>-9.5</b>  | <b>2.4</b>   | <b>7.3</b>   | <b>11.4</b>  | <b>10.5</b>              | <b>-</b>     |
| Budget                                                                           | 1.3                              | -11.8        | -1.7         | -12.0        | 4.5          | 1.6          | 11.3         | 17.0                     | -            |
| Extrabudget                                                                      | -2.0                             | -0.5         | -1.7         | 2.5          | -2.1         | 5.7          | 0.1          | -6.5                     | ...          |
| <b>NET EXTERNAL BORROWING</b>                                                    | <b>-5.6</b>                      | <b>-6.3</b>  | <b>5.3</b>   | <b>-6.9</b>  | <b>-6.9</b>  | <b>-4.7</b>  | <b>-5.1</b>  | <b>-6.2</b>              | <b>...</b>   |
| Drawings <sup>2/</sup>                                                           | 0.7                              | 0.7          | 1.0          | -            | -            | -            | -            | -                        | -            |
| Repayments                                                                       | -1.6                             | -1.5         | -6.7         | -6.9         | -6.9         | -4.7         | -5.1         | -6.2                     | ...          |
| Public Debt Arrears                                                              | -4.7                             | -5.5         | 11.0         | -            | -            | -            | -            | -                        | ...          |
| <b>NET INTERNAL BORROWING</b>                                                    | <b>11.8</b>                      | <b>12.5</b>  | <b>2.0</b>   | <b>20.3</b>  | <b>3.3</b>   | <b>-1.9</b>  | <b>-2.3</b>  | <b>-4.3<sup>3/</sup></b> | <b>...</b>   |
| Private (net)                                                                    | -1.7                             | 2.0          | 0.4          | 10.5         | -0.9         | -1.0         | -0.1         | ...                      | ...          |
| Monetary Authorities (net)                                                       | 15.1                             | 10.5         | 1.6          | 9.8          | 4.2          | -0.9         | -2.2         | ...                      | ...          |
| Overdraft (net)                                                                  | (-25.2)                          | (10.4)       | ( 3.5)       | (-12.3)      | ( 3.4)       | ( ...)       | (-7.3)       | ( ...)                   | ( ...)       |
| Loans (net)                                                                      | ( 40.3)                          | ( 0.1)       | (-1.9)       | ( 22.1)      | ( 0.8)       | ( ...)       | ( 5.1)       | ( ...)                   | ( ...)       |
| <b>CHANGES IN DEPOSITS (- increase)</b>                                          | <b>-4.6</b>                      | <b>5.4</b>   | <b>-4.3</b>  | <b>1.8</b>   | <b>2.4</b>   | <b>-0.4</b>  | <b>-4.2</b>  | <b>...</b>               | <b>...</b>   |
| <b>STATISTICAL DISCREPANCY</b>                                                   | <b>-0.9</b>                      | <b>0.7</b>   | <b>0.4</b>   | <b>-5.7</b>  | <b>-1.2</b>  | <b>-0.4</b>  | <b>-0.1</b>  | <b>-</b>                 | <b>-</b>     |

(Totals may not add due to rounding)

<sup>1/</sup> Includes also 15% of municipalities funds.<sup>2/</sup> Includes capitalization of interest.<sup>3/</sup> Includes changes in deposits.

Source: National Bank of the Republic of Haiti.

Table 5.2: STRUCTURE OF BUDGET REVENUES

(millions of gourdes)

|                                              | Fiscal Years Ending September 30 |                     |                     |                     |                     | Oct.-May            |                     | Est.                | Budget              |
|----------------------------------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                              | 1968                             | 1969                | 1970                | 1971                | 1972                | 1972                | 1973                | 1973                | 1974                |
| <b><u>TAX REVENUES</u></b>                   | <b><u>120.0</u></b>              | <b><u>115.8</u></b> | <b><u>134.7</u></b> | <b><u>146.6</u></b> | <b><u>159.3</u></b> | <b><u>110.5</u></b> | <b><u>129.6</u></b> | <b><u>184.5</u></b> | <b><u>163.3</u></b> |
| Customs Revenue                              | 71.0                             | 71.7                | 74.5                | 83.4                | 83.7                | 47.5                | 62.5                | 92.0                | 87.8                |
| Import Duties                                | (51.6)                           | (54.9)              | (57.6)              | (61.8)              | (64.8)              | (42.2)              | (47.2)              | (70.0)              | (71.0)              |
| Coffee Export Taxes                          | (15.6)                           | (13.4)              | (14.0)              | (18.2)              | (16.0)              | (13.0)              | (11.4)              | (17.0)              | (15.0)              |
| Other Export Taxes                           | ( 2.2)                           | ( 1.6)              | ( 1.2)              | ( 1.6)              | ( 1.1)              | ( 1.0)              | ( 2.4)              | ( 3.0)              | ( 1.8)              |
| Other                                        | ( 1.6)                           | ( 1.8)              | ( 1.7)              | ( 1.7)              | ( 1.8)              | ( 1.3)              | ( 1.5)              | ( 2.0)              | ( 1.8)              |
| Income Tax                                   | 12.9                             | 12.5                | 15.7                | 15.8                | 19.0                | 14.2                | 20.1                | 26.0                | 19.5                |
| Enterprises                                  | (10.3)                           | ( 9.5)              | (12.2)              | (12.6)              | (15.5)              | (11.7)              | (17.1)              | (22.0)              | (16.0)              |
| Individuals                                  | ( 2.6)                           | ( 3.0)              | ( 3.5)              | ( 3.2)              | ( 3.5)              | ( 2.5)              | ( 3.0)              | ( 4.0)              | ( 3.5)              |
| Excise Taxes                                 | 20.1                             | 15.2                | 24.6                | 28.4                | 35.0                | 22.8                | 29.5                | 43.0                | 33.7                |
| Flour                                        | (6.5)                            | ( 1.3)              | ( 9.9)              | (12.1)              | (13.6)              | ( 8.9)              | (13.7)              | (19.0)              | (13.0)              |
| Sugar                                        | ( 6.1)                           | ( 6.1)              | ( 6.2)              | ( 7.0)              | ( 8.3)              | ( 5.5)              | ( 5.9)              | ( 9.0)              | ( 8.0)              |
| Cigarettes, Oil & Other                      | ( 7.5)                           | ( 7.8)              | ( 8.5)              | ( 9.3)              | (13.1)              | ( 8.4)              | ( 9.9)              | (15.0)              | (12.7)              |
| Other Tax Revenues                           | 16.0                             | 16.4                | 19.9                | 20.7                | 21.6                | 16.0                | 17.5                | 23.5                | 22.3                |
| Identity Cards                               | ( 2.3)                           | ( 2.3)              | ( 2.7)              | ( 2.5)              | ( 2.7)              | ( 2.5)              | ( 2.1)              | ( 2.5)              | ( 3.0)              |
| Mortgage Registry                            | ( 1.2)                           | ( 1.2)              | ( 1.4)              | ( 1.7)              | ( 2.3)              | ( 1.4)              | ( 2.2)              | ( 3.0)              | ( 2.5)              |
| Vehicles                                     | ( 1.3)                           | ( 1.4)              | ( 1.8)              | ( 2.2)              | ( 2.3)              | ( 1.9)              | ( 2.4)              | ( 3.0)              | ( 2.4)              |
| Stamps                                       | ( 3.9)                           | ( 3.2)              | ( 4.3)              | ( 4.2)              | ( 4.5)              | ( 2.9)              | ( 3.5)              | ( 5.0)              | ( 4.7)              |
| Other <sup>1/</sup>                          | ( 7.3)                           | ( 8.3)              | ( 9.7)              | (10.1)              | ( 9.8)              | ( 7.3)              | ( 7.3)              | (10.0)              | ( 9.7)              |
| <b><u>NON-TAX REVENUES <sup>2/</sup></u></b> | <b><u>9.7</u></b>                | <b><u>6.8</u></b>   | <b><u>7.9</u></b>   | <b><u>9.2</u></b>   | <b><u>14.2</u></b>  | <b><u>10.5</u></b>  | <b><u>6.4</u></b>   | <b><u>12.5</u></b>  | <b><u>3.1</u></b>   |
| <b><u>TOTAL BUDGET REVENUE</u></b>           | <b><u>129.7</u></b>              | <b><u>122.6</u></b> | <b><u>142.6</u></b> | <b><u>155.8</u></b> | <b><u>173.5</u></b> | <b><u>121.0</u></b> | <b><u>136.0</u></b> | <b><u>197.0</u></b> | <b><u>166.4</u></b> |

<sup>1/</sup> Includes about 30 taxes none of which generated over 620 million in 1972.<sup>2/</sup> Includes discrepancy between accounts of National Bank and Ministry of Finance and transfers from autonomous entities.

Sources: Finance Ministry, Customs Administration, Internal Revenue Administration, National Bank of the Republic of Haiti and Mission Estimates.

Table 5.3 : BUDGET OPERATIONS BY REGION

(millions of Gourdes)

|                            | 1968   | 1969   | 1970   | 1971   | 1972   | October-May |        |
|----------------------------|--------|--------|--------|--------|--------|-------------|--------|
|                            |        |        |        |        |        | 1972        | 1973   |
| <u>Port-au-Prince</u>      |        |        |        |        |        |             |        |
| Revenues                   | 99.4   | 96.4   | 115.4  | 123.9  | 142.6  | 97.3        | 113.2  |
| Customs                    | (55.4) | (58.3) | (60.5) | ( 5.2) | (67.8) | (44.5)      | (31.1) |
| Internal                   | (39.8) | (35.4) | (51.4) | (55.6) | (69.0) | (49.5)      | (59.3) |
| Other                      | ( 4.2) | ( 2.7) | ( 3.5) | ( 3.1) | ( 5.8) | ( 3.3)      | ( 2.8) |
| Expenditures               | 103.4  | 116.1  | 125.2  | 145.1  | 143.3  | 99.1        | 104.6  |
| Surplus (+) or Deficit (-) | -4.0   | -19.7  | -9.8   | -21.2  | -0.7   | -1.8        | 8.6    |
| <u>Other</u>               |        |        |        |        |        |             |        |
| Revenues                   | 30.2   | 26.1   | 26.8   | 31.8   | 31.0   | 23.7        | 22.8   |
| Coffe Taxes                | (15.6) | (13.4) | (14.0) | (18.2) | (16.0) | (13.0)      | (11.4) |
| Internal Taxes             | ( 8.5) | ( 6.6) | ( 6.6) | ( 6.6) | ( 6.7) | ( 5.2)      | ( 5.5) |
| Sugar Taxes                | ( 6.1) | ( 6.1) | ( 6.2) | ( 7.0) | ( 8.3) | ( 5.5)      | ( 5.9) |
| Expenditures               | 25.0   | 18.3   | 18.7   | 22.7   | 20.6   | 13.5        | 16.8   |
| Surplus (+) or Deficit (-) | 5.2    | 7.8    | 8.1    | 9.1    | 10.4   | 10.2        | 6.0    |
| <u>Total</u>               |        |        |        |        |        |             |        |
| Revenues                   | 129.6  | 122.5  | 142.2  | 155.7  | 173.6  | 121.0       | 136.0  |
| Customs                    | (71.0) | (71.7) | (74.5) | (83.4) | (83.8) | (57.5)      | (62.5) |
| Internal                   | (58.6) | (50.8) | (67.7) | (72.3) | (89.8) | (63.5)      | (73.5) |
| Expenditures               | 128.4  | 134.4  | 143.9  | 167.8  | 163.9  | 112.6       | 121.4  |
| Surplus (+) or Deficit (-) | 1.2    | -11.9  | -1.7   | -12.1  | 9.7    | 8.4         | 14.6   |

Source: National Bank of the Republic of Haiti, Internal Revenue Administration, Table 5.1 and mission estimates.

Table 5.4 : CENTRAL GOVERNMENT EXCISE TAX REVENUES

(in thousands of gourdes)

|                                | Fiscal Year ending September 30 |         |          |          |          | October - June |                     |
|--------------------------------|---------------------------------|---------|----------|----------|----------|----------------|---------------------|
|                                | 1968                            | 1969    | 1970     | 1971     | 1972     | 1971/72        | 1972/73             |
| TOTAL                          | 20,100                          | 15,154  | 24,646   | 28,422   | 34,963   | 25,952         | 33,557              |
| (excluding sugar)              | (14,025)                        | (9,069) | (18,459) | (21,462) | (26,673) | (19,760)       | (26,692)            |
| Alcohol derived from sugarcane | 385                             | 354     | 385      | 395      | 403      | 299            | 306                 |
| Liquor                         | 226                             | 241     | 335      | 392      | 559      | 400            | 352                 |
| Wine                           | 108                             | 168     | 156      | 266      | 210      | 181            | 218                 |
| Stamp duty on alcohol          | 382                             | 415     | 474      | 484      | 629      | 510            | 527                 |
| Soft drinks                    | 345                             | 474     | 578      | 632      | 775      | 575            | 787                 |
| Cigars                         | 1                               | 2       | 2        | 4        | 5        | 3              | 3                   |
| Cigarettes                     | 2,681                           | 2,774   | 3,138    | 3,487    | 5,269    | 3,975          | 4,625               |
| Processed tobacco              | 1                               | 1       | 1        | 1        | 1        | 1              | -                   |
| Edible oil                     | 1,172                           | 1,243   | 1,225    | 1,528    | 2,714    | 2,053          | 2,221               |
| Lard                           | 139                             | 144     | 176      | 193      | 70       | 54             | 42                  |
| Luxury foodstuffs              | 509                             | 559     | 628      | 733      | 881      | 668            | 779                 |
| Soap                           | 825                             | 715     | 660      | 677      | 708      | 532            | 549                 |
| Textiles                       | 446                             | 395     | 446      | 377      | 374      | 254            | 255                 |
| Shoes                          | 19                              | 30      | 28       | 28       | 54       | 43             | 46                  |
| Aluminum products              | 48                              | 53      | 23       | --       | 46       | 36             | 41                  |
| Propane gas                    | 39                              | 32      | 46       | 34       | 65       | 49             | 56                  |
| Flour                          | 6,487                           | 1,250   | 9,956    | 12,077   | 13,596   | 9,896          | 15,560              |
| Sugar                          | 6,075                           | 6,085   | 6,187    | 6,960    | 8,290    | 6,192          | 6,865 <sup>1/</sup> |
| Others                         | 212                             | 224     | 203      | 154      | 314      | 231            | 329                 |

<sup>1/</sup> Estimate based on October-May receipts.

Source: Ministry of Finance and Internal Contributions Administration

**Table 5.5 : BUDGET EXPENDITURES BY MINISTRY**

(millions of gourdes)

|                                                      | Fiscal Year ending September 30 |              |              |              | Oct.-May     |              | 1973 <sup>2/</sup> | 1973/4 <sup>3/</sup> |
|------------------------------------------------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------------|----------------------|
|                                                      | 1969                            | 1970         | 1971         | 1972         | 1972         | 1973         |                    |                      |
| <b>Productive Sectors</b>                            | <b>22.0</b>                     | <b>21.4</b>  | <b>22.1</b>  | <b>23.5</b>  | <b>14.8</b>  | <b>15.7</b>  | <b>25.5</b>        | <b>27.3</b>          |
| Agriculture, Natural Resources and Rural Development | 11.7                            | 11.7         | 12.0         | 12.5         | 8.3          | 8.5          | 13.0               | 13.7                 |
| Public Works, Transport and Communications           | -8.2                            | 7.6          | 8.0          | 8.9          | 5.1          | 5.7          | 10.0               | 11.3                 |
| Industry and Commerce                                | 2.1                             | 2.1          | 2.1          | 2.1          | 1.4          | 1.5          | 2.5                | 2.3                  |
| <b>Social Sectors</b>                                | <b>37.4</b>                     | <b>38.3</b>  | <b>38.5</b>  | <b>40.0</b>  | <b>25.8</b>  | <b>27.0</b>  | <b>43.0</b>        | <b>45.9</b>          |
| Education                                            | 16.2                            | 16.4         | 16.8         | 17.3         | 11.6         | 12.9         | 20.0               | 20.4                 |
| Social Affairs                                       | 1.8                             | 1.8          | 1.7          | 1.8          | 1.1          | 1.2          | 2.0                | 1.8                  |
| Culture                                              | 1.4                             | 1.4          | 1.4          | 1.4          | 0.9          | 0.9          | 1.5                | 1.4                  |
| Public Health and Population                         | 18.0                            | 18.7         | 18.6         | 19.5         | 12.2         | 12.0         | 19.5               | 22.3                 |
| <b>Administration</b>                                | <b>74.4</b>                     | <b>82.7</b>  | <b>94.4</b>  | <b>99.4</b>  | <b>65.9</b>  | <b>68.2</b>  | <b>105.5</b>       | <b>93.2</b>          |
| Finance and Economic Affairs                         | 9.4                             | 9.5          | 9.9          | 10.6         | 6.8          | 6.3          | 10.0               | 11.2                 |
| Foreign Affairs                                      | 7.1                             | 7.1          | 7.1          | 7.2          | 4.6          | 5.0          | 8.0                | 7.8                  |
| Justice                                              | 3.8                             | 3.7          | 3.7          | 3.8          | 2.5          | 2.5          | 4.0                | 3.9                  |
| Coordination and Information                         | 1.5                             | 1.5          | 1.5          | 1.0          | 0.7          | 2.0          | 2.5                | 3.1                  |
| Interior and National Defence                        | 36.1                            | 38.5         | 46.8         | 50.0         | 32.6         | 31.5         | 50.0               | 39.9                 |
| Internal Revenue Administration <sup>1/</sup>        | -                               | 5.4          | 5.8          | 6.7          | 4.7          | 5.8          | 8.0                | 6.7                  |
| Customs Administration <sup>1/</sup>                 | 4.8                             | 5.0          | 5.5          | 5.5          | 3.7          | 4.1          | 6.0                | 5.8                  |
| Debt Service Fund                                    | 11.7                            | 12.0         | 14.1         | 14.6         | 10.3         | 11.0         | 17.0               | 14.8                 |
| <b>TOTAL GENERAL BUDGET <sup>1/</sup></b>            | <b>133.9</b>                    | <b>142.4</b> | <b>155.1</b> | <b>162.8</b> | <b>106.5</b> | <b>110.9</b> | <b>174.0</b>       | <b>166.4</b>         |

<sup>1/</sup> Does not match Table 5.1 because of accounting differences between Ministry of Finance and National Bank. Only partial expenditures of Internal Revenue Administration and Customs Administration expenditures are included.

<sup>2/</sup> Estimate

<sup>3/</sup> Budget

Source: Ministry of Finance

Table 5.6 : PUBLIC INVESTMENTS BY SECTORS

(in millions of gourdes)

| Sector                                      | 1968-69   |                | 1969-70   |                | 1970-71   |                | 1971-72   |                |
|---------------------------------------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|----------------|
|                                             | Forecasts | Actual         | Forecasts | Actual         | Forecasts | Actual         | Forecasts | Actual         |
| I. POWER <sup>1/</sup>                      | 8.9       | 6.5            | 9.1       | 14.5           | 17.0      | 31.9           | 15.8      | 24.4           |
| II. TRANSPORTS                              | 12.2      | 12.0           | 8.5       | 7.6            | 9.8       | 8.5            | 14.6      | 13.5           |
| III. TELECOMMUNICATIONS <sup>2/</sup>       | 7.5       | 7.7            | -         | 4.4            | 10.0      | 3.0            | -         | 6.9            |
| IV. AGRICULTURE                             | 8.7       | 8.4            | 10.1      | 9.1            | 21.5      | 9.9            | 32.5      | 8.1            |
| V. INDUSTRY                                 | 6.1       | 1.0            | 12.2      | 0.8            | 14.9      | 4.3            | 8.0       | 4.9            |
| VI. TOURISM                                 | 2.0       | 1.8            | 2.5       | 0.7            | 1.2       | 0.8            | 1.1       | 0.6            |
| VII. WATER SUPPLY                           | 5.0       | 6.3            | 0.4       | 1.0            | 12.0      | 1.3            | 2.2       | 2.0            |
| VIII. EDUCATION                             | 3.9       | 2.4            | 2.7       | 3.0            | 4.0       | 2.2            | 2.6       | 2.3            |
| IX. HEALTH                                  | 10.4      | 10.5           | 8.9       | 8.6            | 10.2      | 9.3            | 13.9      | 4.5*           |
| X. COMMUNITY DEVELOPMENT                    | 0.8       | 0.7            | 2.8       | 0.7            | 6.8       | 0.9            | 8.9       | 9.7*           |
| XI. PREINVESTMENTS, STUDIES<br>AND RESEARCH | 6.9       | 5.3            | 3.9       | 7.0            | 6.1       | 8.7            | 7.0       | 7.7            |
| TOTAL<br>(of which fixed)                   | 72.4      | 62.8<br>(42.0) | 61.1      | 57.4<br>(34.0) | 113.5     | 80.8<br>(55.0) | 106.6     | 84.6<br>(58.0) |

1/ The expenditure figures for power exclude amortization payments to GIE and include the full cost of turbines. CONADEP considers only the amortization payments in its statistics which show expenditures of G (million): 10.8, 18.5, 25.1 and 17.2 for 1969-72.

2/ Until 1971, TELECO was privately-owned. This may account for the fact that forecasts for telecommunications' investment expenditures were not always included in the development budget.

\* Provisory estimates.

Source: Technical Secretariat of CONADEP.



Table 5.7: REVENUES FROM COFFEE EXPORT TAXES <sup>1/</sup> 1968 - 72

|                                         | Tax<br>Rate                     | Fiscal Year ending September 30 |          |          |          |          |
|-----------------------------------------|---------------------------------|---------------------------------|----------|----------|----------|----------|
|                                         |                                 | 1968                            | 1969     | 1970     | 1971     | 1972     |
| (In 60 Kilogram bags)                   |                                 |                                 |          |          |          |          |
| Exports of coffee                       |                                 | 320,000                         | 308,166  | 266,025  | 358,463  | 310,627  |
| Washed Arabica                          |                                 | 32,000                          | 29,253   | 30,275   | 41,320   | 23,882   |
| Unwashed Arabica                        |                                 | 286,500                         | 271,732  | 224,861  | 307,600  | 280,317  |
| Brokens                                 |                                 | 1,500                           | 7,181    | 10,889   | 9,543    | 6,428    |
|                                         | (In U.S.<br>dollars<br>per bag) |                                 |          |          |          |          |
| (In thousands of gourdes)               |                                 |                                 |          |          |          |          |
| Total coffee taxes collected            |                                 | 26,806                          | 24,361   | 25,582   | 30,251   | 26,606   |
| Budget revenue                          |                                 | 15,414                          | 13,450   | 14,049   | 18,790   | 16,644   |
| Fiscal revenue                          |                                 | 10,602                          | 9,781    | 9,555    | 12,859   | 11,364   |
| Washed Arabica                          | 3.85                            | ( 520)                          | ( 475)   | ( 583)   | ( 795)   | ( 460)   |
| Unwashed Arabica                        | 7.60                            | (10,028)                        | ( 9,046) | ( 8,545) | (11,689) | (10,652) |
| Brokens                                 | 7.85                            | ( 54)                           | ( 260)   | ( 427)   | ( 375)   | ( 252)   |
| Earmarked revenue                       |                                 | 4,812                           | 3,668    | 4,494    | 5,931    | 5,280    |
| Special Fund for Service of Public Debt | 3.00                            | ( 4,812)                        | ( 3,668) | ( 3,962) | ( 5,214) | ( 4,659) |
| Special budget revenue                  | 0.40                            | ( --)                           | ( --)    | ( 532)   | ( 717)   | ( 621)   |
| Extrabudget revenue                     |                                 | 11,392                          | 10,912   | 11,533   | 11,461   | 9,962    |
| Coffee bonds                            | 4.00                            | 6,339                           | 5,873    | 5,321    | 7,135    | 6,213    |
| National Coffee Office                  | 1.00                            | 1,203                           | 1,156    | 1,330    | 1,792    | 1,553    |
| International Coffee Agreement          | 0.40                            | 1,925                           | 1,233    | 1,596    | 717      | 621      |
| National Office for Alphabetization     | 0.264                           | 1,925                           | 2,034    | 1,756    | 473      | 410      |
| Peligre hydroelectric project           | 0.50                            | --                              | 616      | 1,197    | 896      | 777      |
| National Defense Account                | 0.25                            | --                              | --       | 333      | 448      | 388      |

<sup>1/</sup> Because of timing factors tax collections may not strictly agree with export data.

<sup>2/</sup> Revenues are estimated.

Source: National Bank of the Republic of Haiti

Table 5.6: DEVELOPMENT EXPENDITURE PROGRAM

(Millions of Gourdes)

|                             | 1969-72<br>Average | 1974         |              | 1975         | 1976         | 1977         | 1978         | 1979         | 1980         | 1974-80<br>Average | Percentage<br>Distribution |              |
|-----------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|----------------------------|--------------|
|                             |                    | Budget       | Estimates    |              |              |              |              |              |              |                    | 1969-72                    | 1974-80      |
| Agriculture                 | 8.9                | 27.2         | 11.7         | 19.2         | 24.0         | 29.3         | 46.5         | 52.0         | 57.0         | 34.3               | 12.4                       | 15.6         |
| Power                       | 19.3               | 7.7          | 5.5          | 6.0          | 9.7          | 12.0         | 17.5         | 16.0         | 14.0         | 11.4               | 27.0                       | 5.2          |
| Telecommunications          | 5.5                | 14.8         | 17.0         | 8.5          | 8.0          | 5.0          | 6.0          | 7.5          | 28.0         | 11.5               | 7.7                        | 5.2          |
| Industry                    | 2.8                | 10.7         | 7.0          | 8.0          | 8.5          | 9.0          | 9.5          | 10.0         | 11.0         | 9.0                | 3.9                        | 4.1          |
| Transport                   | 10.4               | 42.4         | 22.1         | 88.2         | 116.0        | 78.5         | 48.3         | 57.6         | 51.8         | 66.0               | 14.5                       | 30.0         |
| Tourism                     | 1.0                | 3.7          | 3.0          | 1.5          | 2.0          | 5.5          | 6.5          | 7.5          | 8.0          | 4.9                | 1.4                        | 2.2          |
| Water Supply                | 2.7                | 19.0         | 4.0          | 8.5          | 10.0         | 11.0         | 15.0         | 17.0         | 20.0         | 12.2               | 3.8                        | 5.5          |
| Health                      | 8.2                | 18.4         | 15.0         | 17.0         | 19.0         | 21.0         | 25.0         | 30.0         | 33.0         | 22.7               | 11.5                       | 10.3         |
| Education                   | 2.5                | 6.9          | 5.0          | 13.0         | 17.0         | 15.0         | 15.0         | 17.0         | 20.0         | 14.6               | 3.5                        | 6.6          |
| Community Development       | 3.0                | 17.2         | 12.0         | 16.0         | 20.0         | 20.0         | 22.0         | 22.0         | 25.0         | 19.6               | 4.2                        | 8.9          |
| Urban Development           | -                  | 2.5          | 2.0          | 2.5          | 3.0          | 3.0          | 3.5          | 4.0          | 5.0          | 3.3                | -                          | 1.5          |
| Pre-investment and Research | 7.2                | 12.2         | 9.0          | 10.0         | 10.0         | 10.0         | 11.0         | 11.0         | 11.0         | 10.4               | 10.1                       | 4.7          |
| <b>Total</b>                | <b>71.5</b>        | <b>182.7</b> | <b>113.3</b> | <b>198.4</b> | <b>247.2</b> | <b>219.3</b> | <b>225.8</b> | <b>251.6</b> | <b>283.8</b> | <b>219.9</b>       | <b>100.0</b>               | <b>100.0</b> |
| Fixed                       | 47.3               | 112.6        | 62.8         | 142.0        | 184.4        | 148.0        | 140.2        | 149.2        | 170.3        | 144.5              | 66.2                       | 65.1         |
| Other                       | 24.2               | 70.1         | 50.5         | 56.4         | 62.8         | 71.3         | 85.6         | 102.4        | 113.5        | 77.5               | 33.8                       | 34.9         |

Source: CONADEP and Mission Estimates

Table 5.5: CONSOLIDATED GOVERNMENT ACCOUNTS <sup>1/</sup>  
(millions of current Gourdes)

|                                                                    | 1970         | 1971         | 1972         | 1973         | 1974         | 1975         | 1976         | 1977         | 1978         | 1979         | 1980         | Average<br>Annual Growth |             |
|--------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------|-------------|
|                                                                    |              |              |              |              |              |              |              |              |              |              |              | 1970-73                  | 1974-80     |
| I. <u>Revenues</u>                                                 | <u>260.5</u> | <u>305.8</u> | <u>326.4</u> | <u>367.7</u> | <u>414.6</u> | <u>455.3</u> | <u>497.2</u> | <u>539.9</u> | <u>588.2</u> | <u>640.7</u> | <u>696.7</u> | <u>12.2</u>              | <u>9.0</u>  |
| Fiscal Revenues                                                    | 136.0        | 149.5        | 167.1        | 189.3        | 213.3        | 236.0        | 259.0        | 282.0        | 309.0        | 338.0        | 370.0        |                          |             |
| Matching Fund                                                      | 6.2          | 6.3          | 6.4          | 7.7          | 10.7         | 11.8         | 13.0         | 14.1         | 15.5         | 16.9         | 18.5         |                          |             |
| Road Funds                                                         | 4.5          | 5.4          | 5.6          | 5.6          | 5.6          | 10.9         | 11.2         | 11.6         | 12.2         | 12.8         | 13.5         |                          |             |
| Profits Port Authority                                             | -            | -            | -            | -            | 3.5          | 4.0          | 5.5          | 6.5          | 7.5          | 8.0          | 8.5          |                          |             |
| Regie du Tabac                                                     | 35.3         | 42.1         | 47.6         | 53.2         | 55.9         | 58.7         | 61.6         | 64.7         | 67.9         | 71.3         | 74.9         |                          |             |
| Other Extrabudgetary Revenues                                      | 78.5         | 102.5        | 99.7         | 111.9        | 125.6        | 133.9        | 146.9        | 161.0        | 176.1        | 193.7        | 211.3        |                          |             |
| II. <u>Current Expenditures</u>                                    | <u>223.7</u> | <u>266.9</u> | <u>290.7</u> | <u>338.8</u> | <u>354.3</u> | <u>385.5</u> | <u>415.2</u> | <u>466.3</u> | <u>515.6</u> | <u>557.1</u> | <u>602.6</u> | <u>14.9</u>              | <u>9.2</u>  |
| Fiscal Expenditures                                                | 137.7        | 161.5        | 162.6        | 172.3        | 199.3        | 225.0        | 251.0        | 279.0        | 309.0        | 338.0        | 370.0        |                          |             |
| Regie du Tabac                                                     | 35.3         | 42.1         | 47.6         | 53.2         |              |              |              |              |              |              |              |                          |             |
| Extrabudgetary Non-development Expenditures                        | 50.1         | 63.3         | 80.5         | 113.3        | 155.0        | 160.5        | 164.2        | 187.3        | 206.6        | 219.1        | 232.6        |                          |             |
| III. <u>Surplus (I minus II)</u>                                   | <u>36.8</u>  | <u>38.9</u>  | <u>35.7</u>  | <u>28.9</u>  | <u>59.0</u>  | <u>68.3</u>  | <u>79.7</u>  | <u>70.6</u>  | <u>68.6</u>  | <u>78.7</u>  | <u>88.1</u>  | <u>-7.7</u>              | <u>6.9</u>  |
| Fiscal Budget                                                      | -1.7         | -12.0        | 4.5          | 17.0         | 14.0         | 11.0         | 8.0          | 3.0          | -            | -            | -            |                          |             |
| Matching Fund                                                      | 6.2          | 6.3          | 6.4          | 7.7          | 9.9          | 10.3         | 10.7         | 11.1         | 11.5         | 12.0         | 12.5         |                          |             |
| Road Funds                                                         | 4.5          | 5.4          | 5.6          | 5.6          | 5.6          | 10.9         | 11.2         | 11.6         | 12.2         | 12.8         | 13.5         |                          |             |
| Port Authority                                                     | -            | -            | -            | -            | 3.5          | 4.0          | 5.5          | 6.5          | 7.5          | 8.0          | 8.5          |                          |             |
| Regie du Tabac                                                     | -            | -            | -            | -            |              |              |              |              |              |              |              |                          |             |
| Extrabudgetary Development Expenditures <sup>2/</sup>              | 27.8         | 39.2         | 19.2         | -1.4         | 26.0         | 32.1         | 44.3         | 38.4         | 37.4         | 45.9         | 53.6         |                          |             |
| IV. <u>Development Expenditures</u>                                | <u>57.4</u>  | <u>80.8</u>  | <u>84.6</u>  | <u>80.0</u>  | <u>113.3</u> | <u>198.4</u> | <u>247.2</u> | <u>219.3</u> | <u>225.8</u> | <u>251.6</u> | <u>283.8</u> | <u>5.8</u>               | <u>16.2</u> |
| Fixed                                                              | 34.0         | 55.0         | 58.0         | ...          | 62.8         | 142.0        | 184.4        | 148.0        | 140.2        | 149.2        | 170.3        |                          |             |
| Other                                                              | 23.4         | 25.8         | 26.6         | ...          | 50.5         | 56.4         | 62.8         | 71.3         | 95.6         | 102.4        | 113.5        |                          |             |
| V. <u>Financing Requirements (IV minus III or VI + VII + VIII)</u> | <u>20.6</u>  | <u>41.9</u>  | <u>48.9</u>  | <u>51.1</u>  | <u>54.3</u>  | <u>130.1</u> | <u>167.5</u> | <u>148.7</u> | <u>157.2</u> | <u>172.9</u> | <u>195.7</u> | <u>32.0</u>              | <u>28.5</u> |
| VI. <u>Net External Borrowing</u> <sup>3/</sup>                    | <u>-7.0</u>  | <u>4.5</u>   | <u>2.9</u>   | <u>4.7</u>   | <u>10.0</u>  | <u>84.1</u>  | <u>114.5</u> | <u>94.7</u>  | <u>102.2</u> | <u>112.9</u> | <u>128.7</u> | <u>.</u>                 | <u>53.0</u> |
| Disbursements                                                      | 5.8          | 19.4         | 20.0         | 20.6         | 32.3         | 101.8        | 132.4        | 108.4        | 116.5        | 126.4        | 140.5        |                          |             |
| (Existing Commitments) <sup>4/</sup>                               | ( 5.8)       | (19.4)       | (20.0)       | (20.6)       | ( 5.5)       | (25.6)       | (30.5)       | (11.5)       | ( 6.8)       | ( - )        | ( - )        |                          |             |
| (New Commitments)                                                  | ( . )        | ( . )        | ( . )        | ( . )        | (26.8)       | (76.2)       | (101.9)      | (96.9)       | (109.7)      | (126.4)      | (140.5)      |                          |             |
| Repayments                                                         | 12.8         | 14.9         | 17.1         | 15.9         | 22.3         | 17.7         | 17.9         | 13.7         | 14.3         | 13.5         | 11.8         |                          |             |
| VII. <u>External Technical Assistance</u>                          | <u>17.5</u>  | <u>21.0</u>  | <u>39.6</u>  | <u>48.0</u>  | <u>44.3</u>  | <u>46.0</u>  | <u>53.0</u>  | <u>54.0</u>  | <u>55.0</u>  | <u>60.0</u>  | <u>67.0</u>  | <u>40.0</u>              | <u>11.8</u> |
| Official                                                           | 17.3         | 20.4         | 30.7         | 39.0         | 35.0         | 35.0         | 39.0         | 40.0         | 40.0         | 45.0         | 50.0         |                          |             |
| Private                                                            | 0.2          | 0.6          | 8.9          | 9.0          | 9.3          | 11.0         | 14.0         | 14.0         | 15.0         | 15.0         | 17.0         |                          |             |
| VIII. <u>Net Internal Borrowing</u> <sup>5/</sup>                  | <u>10.1</u>  | <u>16.4</u>  | <u>6.4</u>   | <u>-1.6</u>  | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>-</u>                 | <u>-</u>    |

<sup>1/</sup> Includes Government outlays financed with "unconsolidated" debt which are excluded from figures in Table III-13.

<sup>2/</sup> Reflects resources from extrabudgetary accounts which were used for development purposes in 1970-73 and which will be required for development expenditures in 1974-80 in addition to the resources from the Fiscal Budget, Matching Fund, Port Authority, Road Construction and Road Maintenance Funds.

<sup>3/</sup> Including transactions on loans repayable in local currency.

<sup>4/</sup> Disbursements on loan commitments made through 12/31/1972.

<sup>5/</sup> Includes discrepancy and funds liberated by payment of public debt arrears (G 11 million) in 1970.

Source: Tables II-8, III-12, III-13, CONADEP and Mission estimates.



Table 6.1: ACCOUNTS OF THE BANKING SYSTEM

(in millions of gourdes)

|                                          | September 30 |              |              |              |              | May 31       |              |
|------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                          | 1968         | 1969         | 1970         | 1971         | 1972         | 1972         | 1973         |
| <u>Foreign assets (net)</u>              | <u>-32.7</u> | <u>-28.9</u> | <u>2.6</u>   | <u>48.1</u>  | <u>101.6</u> | <u>94.6</u>  | <u>140.1</u> |
| Assets                                   | 15.2         | 16.7         | 21.0         | 54.4         | 103.1        | 96.4         | 144.3        |
| Liabilities                              | -47.9        | -45.6        | -18.4        | -6.3         | -1.5         | -1.8         | -4.2         |
| Use of Fund credit                       | (-30.7)      | (-28.3)      | (-14.4)      | (-6.0)       | (--)         | (--)         | (--)         |
| Payment arrears                          | (-16.6)      | (-16.3)      | (-1.4)       | (--)         | (--)         | (--)         | (--)         |
| Other                                    | (-0.6)       | (-1.0)       | (-2.6)       | (-0.3)       | (-1.7)       | (-1.8)       | (-4.2)       |
| <u>Net domestic credit</u>               | <u>208.2</u> | <u>230.8</u> | <u>230.1</u> | <u>252.6</u> | <u>283.2</u> | <u>266.6</u> | <u>327.1</u> |
| National Government                      | 170.3        | 184.8        | 183.0        | 193.8        | 200.4        | 192.5        | 194.0        |
| Official entities                        | -0.3         | 8.3          | 6.2          | 8.7          | 13.1         | 8.8          | 12.5         |
| Official capital and surplus             | -18.2        | -19.4        | -20.4        | -22.1        | -25.3        | -24.4        | -27.5        |
| Private sector                           | 56.2         | 59.4         | 65.3         | 78.5         | 93.9         | 88.6         | 148.3        |
| Unclassified (net)                       | -0.7         | -5.0         | -2.9         | -7.9         | -2.1         | -1.1         | -4.9         |
| Interbank float                          | 0.9          | 2.7          | -1.1         | 1.6          | 3.2          | 2.2          | 4.7          |
| <u>Long-term external liabilities</u>    | <u>13.3</u>  | <u>19.3</u>  | <u>21.9</u>  | <u>26.7</u>  | <u>28.1</u>  | <u>26.8</u>  | <u>32.0</u>  |
| <u>Unearned foreign exchange</u>         | <u>--</u>    | <u>--</u>    | <u>12.6</u>  | <u>22.8</u>  | <u>35.6</u>  | <u>35.6</u>  | <u>39.6</u>  |
| <u>Liabilities to the private sector</u> | <u>162.2</u> | <u>182.6</u> | <u>198.2</u> | <u>251.2</u> | <u>321.1</u> | <u>298.7</u> | <u>395.5</u> |
| Currency in circulation                  | 78.3         | 82.9         | 91.0         | 110.0        | 124.3        | 123.6        | 143.3        |
| Demand deposits                          | 43.0         | 52.1         | 51.8         | 67.8         | 95.4         | 80.1         | 120.2        |
| Savings deposits                         | 36.2         | 43.6         | 50.6         | 68.6         | 91.6         | 87.4         | 116.9        |
| Other                                    | 4.7          | 4.0          | 4.8          | 4.8          | 9.8          | 7.6          | 14.6         |

(Totals may not add due to rounding)

Source: National Bank of the Republic of Haiti.

Table 6.2: ACCOUNTS OF THE MONETARY AUTHORITIES <sup>1/</sup>

(In millions of gourdes)

|                                              | September 30 |              |              |              |              | May 31       |              |
|----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                              | 1968         | 1969         | 1970         | 1971         | 1972         | 1972         | 1973         |
| <u>Foreign Assets (net)</u>                  | <u>-35.6</u> | <u>-30.1</u> | <u>1.5</u>   | <u>42.8</u>  | <u>89.1</u>  | <u>80.0</u>  | <u>125.7</u> |
| Assets                                       | 12.3         | 15.5         | 19.7         | 48.8         | 90.6         | 81.7         | 128.7        |
| Liabilities                                  | -47.9        | -45.6        | -18.2        | -6.0         | -1.5         | -1.6         | -3.1         |
| Use of Fund credit                           | (-30.7)      | (-28.3)      | (-14.4)      | (-6.0)       | (--)         | (--)         | (--)         |
| Payment arrears                              | (-16.6)      | (-16.3)      | (-1.4)       | (--)         | (--)         | (--)         | (--)         |
| Commercial arrears                           | /-10.7/      | /-4.7/       | /-1.4/       | /--/         | /--/         | /--/         | /--/         |
| External Debt arrears                        | /-5.9/       | /-11.6/      | /--/         | /--/         | /--/         | /--/         | /--/         |
| Other                                        | (-0.6)       | (-1.0)       | (-2.4)       | (--)         | (-1.5)       | (-1.6)       | (-3.1)       |
| <u>Net domestic assets</u>                   | <u>175.0</u> | <u>200.0</u> | <u>198.6</u> | <u>211.6</u> | <u>229.2</u> | <u>213.8</u> | <u>237.6</u> |
| National Government                          | 170.3        | 186.3        | 183.6        | 195.2        | 201.8        | 193.9        | 195.4        |
| Overdraft                                    | ( 2.2)       | ( 12.7)      | ( 16.2)      | ( 3.9)       | ( 7.3)       | (--)         | (--)         |
| Other loans                                  | (187.1)      | (187.2)      | (185.3)      | (207.4)      | (208.2)      | (210.4)      | (213.3)      |
| Deposits                                     | (-19.0)      | (-13.6)      | (-17.9)      | (-16.1)      | (-13.7)      | (-16.5)      | (-17.9)      |
| IDAI (net)                                   | -4.5         | -0.3         | 3.7          | 5.4          | 5.2          | 4.9          | 6.4          |
| Loans                                        | ( 6.3)       | ( 5.9)       | ( 5.7)       | ( 9.0)       | ( 9.7)       | ( 8.6)       | ( 10.9)      |
| Deposits and cash                            | (-10.8)      | (-6.2)       | (-2.1)       | (-3.6)       | (-4.5)       | (-3.7)       | (-4.5)       |
| Other official entities (net)                | 4.2          | 8.6          | 2.5          | 3.3          | 7.9          | 3.9          | 6.1          |
| Loans                                        | ( 9.6)       | ( 17.0)      | ( 21.7)      | ( 24.7)      | ( 29.1)      | ( 27.0)      | ( 36.9)      |
| Deposits                                     | (-5.4)       | (-8.4)       | (-19.2)      | (-21.4)      | (-21.3)      | ( 23.1)      | ( 30.8)      |
| Official capital and surplus                 | -18.2        | -19.4        | -20.4        | -22.1        | -25.3        | -24.4        | -27.5        |
| Credit to commercial banks                   | 1.8          | 1.8          | 1.9          | 3.3          | 3.6          | 2.7          | 7.0          |
| Private sector                               | 26.2         | 26.9         | 30.0         | 34.1         | 43.2         | 39.2         | 60.5         |
| Unclassified (net)                           | -4.8         | -3.9         | -2.7         | -7.6         | -7.2         | -6.4         | -10.3        |
| <u>Long-term external liabilities</u>        | <u>12.9</u>  | <u>19.2</u>  | <u>21.8</u>  | <u>26.6</u>  | <u>28.0</u>  | <u>26.6</u>  | <u>31.9</u>  |
| <u>Unearned foreign exchange</u>             | <u>--</u>    | <u>--</u>    | <u>12.6</u>  | <u>22.8</u>  | <u>35.6</u>  | <u>35.6</u>  | <u>39.6</u>  |
| <u>Liabilities to commercial banks</u>       | <u>11.7</u>  | <u>25.7</u>  | <u>23.2</u>  | <u>30.0</u>  | <u>48.5</u>  | <u>34.6</u>  | <u>43.3</u>  |
| Currency holdings and deposits <sup>2/</sup> | 11.7         | 25.7         | 23.2         | 30.0         | 48.5         | 34.6         | 43.3         |
| <u>Liabilities to the private sector</u>     | <u>114.8</u> | <u>125.0</u> | <u>142.5</u> | <u>174.9</u> | <u>206.2</u> | <u>196.9</u> | <u>248.4</u> |
| Currency in circulation                      | 78.3         | 82.9         | 91.0         | 110.0        | 124.3        | 123.6        | 143.8        |
| Demand deposits                              | 19.1         | 22.2         | 27.7         | 34.6         | 42.6         | 35.6         | 56.0         |
| Savings deposits                             | 12.7         | 15.9         | 19.8         | 26.1         | 32.7         | 31.3         | 38.9         |
| Other                                        | 4.7          | 4.0          | 4.0          | 4.2          | 6.6          | 6.4          | 9.7          |

<sup>1/</sup> Includes National Bank and Treasury

Source: National Bank of the Republic of Haiti.

Table 6.3 : ACCOUNTS OF THE PRIVATE BANKS<sup>1/</sup>

(in millions of gourdes)

|                                                | September 30 |             |             |             | 1972         | May 31       |              |
|------------------------------------------------|--------------|-------------|-------------|-------------|--------------|--------------|--------------|
|                                                | 1968         | 1969        | 1970        | 1971        |              | 1972         | 1973         |
| <u>Foreign assets (net)</u>                    | <u>2.9</u>   | <u>1.2</u>  | <u>1.1</u>  | <u>5.3</u>  | <u>12.5</u>  | <u>14.5</u>  | <u>14.5</u>  |
| Assets                                         | 2.9          | 1.2         | 1.3         | 5.6         | 12.5         | 14.7         | 15.6         |
| Liabilities                                    | --           | --          | -0.2        | -0.3        | -            | -0.2         | -1.1         |
| <u>Monetary reserves and currency holdings</u> | <u>12.6</u>  | <u>28.4</u> | <u>22.1</u> | <u>31.7</u> | <u>50.0</u>  | <u>36.1</u>  | <u>42.6</u>  |
| <u>Net domestic assets</u>                     | <u>34.1</u>  | <u>29.9</u> | <u>34.5</u> | <u>42.7</u> | <u>54.4</u>  | <u>53.3</u>  | <u>91.8</u>  |
| National Government                            | --           | -1.5        | -0.6        | -1.4        | -1.4         | -1.4         | -1.4         |
| Private sector                                 | 30.0         | 32.5        | 35.3        | 44.4        | 50.7         | 49.4         | 87.8         |
| Unclassified (net)                             | 4.1          | -1.1        | -0.2        | -0.3        | 5.1          | 5.3          | 5.4          |
| <u>Long-term external liabilities</u>          | <u>0.4</u>   | <u>0.1</u>  | <u>0.1</u>  | <u>0.1</u>  | <u>0.1</u>   | <u>0.2</u>   | <u>0.1</u>   |
| <u>Liabilities to monetary authorities</u>     | <u>1.8</u>   | <u>1.8</u>  | <u>1.9</u>  | <u>3.3</u>  | <u>1.9</u>   | <u>2.0</u>   | <u>1.6</u>   |
| Rediscounts, etc.                              | 1.8          | 1.8         | 1.9         | 3.3         | 1.9          | 2.0          | 1.6          |
| <u>Liabilities to the private sector</u>       | <u>47.4</u>  | <u>57.6</u> | <u>55.7</u> | <u>76.3</u> | <u>114.9</u> | <u>101.8</u> | <u>147.2</u> |
| Demand deposits                                | 23.9         | 29.9        | 24.1        | 33.2        | 52.7         | 44.5         | 64.2         |
| Savings deposits                               | 23.5         | 27.7        | 30.8        | 42.5        | 58.9         | 56.1         | 78.0         |
| Other                                          | --           | --          | 0.8         | 0.6         | 3.3          | 1.2          | 4.9          |

<sup>1/</sup> Includes the local branch of the Royal Bank of Canada, the Banque Populaire Colombo-Haitienne, and the Banque Commerciale d'Haiti for the whole period; the local branch of the First National City Bank of New York beginning February 1972, and the Bank of Nova Scotia beginning October 1972.

Source: National Bank of the Republic of Haiti.





Table 7.1: PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES  
(thousand metric tons, unless otherwise indicated)

|                                     | Fiscal Years ending September 30 |       |       |       |       |
|-------------------------------------|----------------------------------|-------|-------|-------|-------|
|                                     | 1968                             | 1969  | 1970  | 1971  | 1972  |
| Coffee (thousand 60 kilogram bags)  | 526                              | 503   | 450   | 543   | 540   |
| Sisal (thousand short tons)         | 19                               | 17    | 17    | 18    | 20    |
| Cotton (thousand 250 kilogram bags) | 4                                | 5     | 7     | 12    | 12    |
| Bananas                             | 174                              | 189   | 189   | 190   | 195   |
| Cacao                               | 2.5                              | 2.7   | 2.9   | 3.1   | 3.3   |
| Corn                                | 220                              | 242   | 240   | 252   | 265   |
| Rice                                | 77                               | 83    | 80    | 81    | 92    |
| Sugarcane <sup>1/</sup>             | 4,300                            | 4,600 | 4,800 | 4,900 | 5,047 |
| Sorghum                             | 189                              | 209   | 210   | 211   | 217   |
| Beans                               | 36                               | 40    | 40    | 42    | 43    |
| Tobacco                             | 1.9                              | 2.2   | 2.2   | 2.2   | 2.3   |
| Potatoes                            | 6.6                              | 7.4   | 6.6   | 7.0   | 7.2   |
| Manioc                              | 111                              | 121   | 130   | 134   | 141   |

<sup>1/</sup> Government estimates. See Table 7.2

Sources: National Bank of the Republic of Haiti; Ministry of Agriculture; and National Council for Development and Planning.

Table 7.2: BASIC SUGAR STATISTICS

(thousands of tons or millions of U.S. \$)

| Year | Sugar cane<br>Production 1/<br>(metric tons) | Sugar<br>Production<br>(short tons) | Sugar<br>Consumption 2/<br>(short tons) | Sugar Exports    |               |
|------|----------------------------------------------|-------------------------------------|-----------------------------------------|------------------|---------------|
|      |                                              |                                     |                                         | in<br>short tons | in<br>U.S. \$ |
| 1960 | 4953                                         | 72.8                                | 36.1                                    | 36.7             | 3.9           |
| 1961 | 5041                                         | 88.5                                | 43.4                                    | 45.1             | 4.5           |
| 1962 | 5063                                         | 84.7                                | 66.1                                    | 18.6             | 1.7           |
| 1963 | 5124                                         | 84.8                                | 30.4                                    | 54.4             | 5.5           |
| 1964 | 4813                                         | 79.0                                | 62.8                                    | 16.2             | 2.0           |
| 1965 | 4786                                         | 77.3                                | 51.7                                    | 25.6             | 2.4           |
| 1966 | 4952                                         | 64.8                                | 32.8                                    | 32.0             | 2.8           |
| 1967 | 4900                                         | 60.5                                | 25.1                                    | 35.4             | 4.0           |
| 1968 | 4300                                         | 63.7                                | 36.8                                    | 26.9             | 3.1           |
| 1969 | 4600                                         | 58.2                                | 39.6                                    | 18.6             | 2.1           |
| 1970 | 4800                                         | 63.9                                | 44.0                                    | 19.9             | 2.5           |
| 1971 | 4900                                         | 68.6                                | 45.7                                    | 22.9             | 3.4           |
| 1972 | 5047                                         | 75.4                                | n.a.                                    | n.a.             | 3.4           |

Notes: 1/ These are the official statistics on sugar cane production. A recent OAS study considers these figures too high. See OAS, Haiti, Mission d'Assistance Technique Intégrée, Vol. III, p. 199.

2/ Consumption has been calculated as a residual by subtracting exports from production.

Sources: Mission, based on data from National Bank of the Republic of Haiti, Customs Administration, and Haitian Statistical Institute.

Table 7.3: DISTRIBUTION OF RETURNS FROM COFFEE EXPORTS  
(Values in US\$ per bag of 60 kg., and percentages)

| Fiscal Years | F.O.B. Export<br>Price | Taxes  |       | Intermediaries |        | Producers |       |
|--------------|------------------------|--------|-------|----------------|--------|-----------|-------|
|              |                        | Amount | Share | Amount         | Shares | Amount    | Share |
| 1950         | 61.2                   | 9.8    | 16    | 7.0            | 11     | 44.4      | 63    |
| 1952         | 62.4                   | 10.1   | 16    | 7.9            | 12     | 44.4      | 72    |
| 1953         | 64.8                   | 10.4   | 16    | 10.6           | 16     | 43.8      | 68    |
| --           | --                     | --     | --    | --             | --     | --        | --    |
| 1964         | 48.0                   | 15.5   | 32    | 8.5            | 18     | 24.0      | 50    |
| 1965         | 50.4                   | 16.1   | 32    | 13.9           | 28     | 20.4      | 40    |
| 1966         | 51.0                   | 16.1   | 32    | 13.9           | 27     | 21.0      | 41    |
| 1967         | 47.4                   | 16.1   | 34    | 12.1           | 25     | 19.2      | 41    |
| 1968         | 44.3                   | 16.1   | 36    | 9.7            | 22     | 18.5      | 42    |
| 1969         | 43.5                   | 15.9   | 37    | 10.6           | 24     | 17.0      | 39    |
| 1970         | 56.4                   | 16.3   | 29    | 12.8           | 22     | 27.3      | 49    |
| 1971         | 52.2                   | 16.3   | 31    | 11.5           | 22     | 24.4      | 47    |

Sources: IMF based on: Ministry of Finance and Economic Affairs,  
Customs Administration, and Haitian Institute  
for the Promotion of Coffee.



Table 8.1: PRODUCTION OF SELECTED MINERAL AND INDUSTRIAL COMMODITIES

(thousand metric tons, unless otherwise indicated)

|                                                         | Fiscal Years ending September 30 |       |       |       |       | Oct.- March |        |
|---------------------------------------------------------|----------------------------------|-------|-------|-------|-------|-------------|--------|
|                                                         | 1968                             | 1969  | 1970  | 1971  | 1972  | 1972/3      | 1973/4 |
| Bauxite <sup>1/</sup>                                   | 469.9                            | 763.8 | 648.5 | 753.2 | 770.4 | 359.6       | 479.0  |
| Copper                                                  | 4.4                              | 5.9   | 4.8   | 6.5   | 1.4   | 1.4         | -      |
| Sugar (thousand short tons)                             | 63.7                             | 58.2  | 63.9  | 68.6  | 75.4  | ...         | ...    |
| Molasses (million gallons)                              | 3.3                              | 3.3   | 3.5   | 3.3   | 4.0   | ...         | ...    |
| Cement (thousand metric tons)                           | 40.6                             | 51.2  | 62.4  | 72.5  | 84.0  | 39.3        | 49.0   |
| Cotton textiles (million yards)                         | 4.0                              | 3.5   | 3.6   | 5.9   | 2.9   | 1.8         | 1.8    |
| Cigarettes (millions)                                   | 342.0                            | 361.0 | 420.7 | 451.4 | 461.7 | 217.6       | 259.5  |
| Flour                                                   | 11.1                             | 10.9  | 25.9  | 32.0  | 44.5  | 22.2        | 23.1   |
| Soap                                                    | 5.6                              | 4.8   | 4.4   | 7.6   | 4.4   | 2.1         | 2.5    |
| Cooking oil                                             | 4.7                              | 5.0   | 4.9   | 8.2   | 11.9  | 5.9         | 7.4    |
| Lard                                                    | 0.5                              | 0.6   | 0.7   | 1.5   | 1.2   | 0.7         | 0.4    |
| Shoes (thousand pairs)                                  | 187.8 <sup>2/</sup>              | 173.1 | 221.2 | 215.1 | 243.5 | 97.6        | 167.5  |
| Soft drinks (million bottles)                           | 14.8                             | 20.5  | 25.5  | 27.8  | 30.1  | 12.5        | 17.6   |
| Perfume essence oils (thousand kilograms) <sup>1/</sup> | 342.5                            | 306.3 | 206.0 | 381.6 | 316.2 | 164.3       | 132.9  |

<sup>1/</sup> Export data.

<sup>2/</sup> In 1968 coverage was extended to a manufacturer who was not previously listed.

Source: National Bank of the Republic of Haiti.



Table 9.1: WORKING CLASS COST OF LIVING INDEX FOR PORT-AU-PRINCE<sup>1/</sup>

(1948 = 100)

|                           | Total | Food  | Clothing | Housing |
|---------------------------|-------|-------|----------|---------|
| Weight                    | 100   | 68.56 | 19.53    | 11.91   |
| <u>Annual Average</u>     |       |       |          |         |
| FY 1967                   | 134.0 | 120.9 | 87.6     | 287.4   |
| 1968                      | 128.6 | 116.3 | 93.0     | 257.1   |
| 1969                      | 134.2 | 122.8 | 110.8    | 238.3   |
| 1970                      | 134.3 | 123.2 | 112.1    | 234.6   |
| 1971                      | 144.7 | 129.0 | 116.6    | 283.6   |
| 1972                      | 149.7 | 139.6 | 113.8    | 267.0   |
| <u>End of Fiscal Year</u> |       |       |          |         |
| September                 |       |       |          |         |
| 1967                      | 125.8 | 112.2 | 87.0     | 267.3   |
| 1968                      | 135.9 | 124.9 | 100.0    | 247.0   |
| 1969                      | 133.5 | 122.1 | 111.7    | 235.5   |
| 1970                      | 139.8 | 127.9 | 111.4    | 254.8   |
| 1971                      | 154.1 | 140.1 | 117.9    | 294.1   |
| 1972                      | 157.1 | 150.0 | 114.3    | 268.2   |
| <u>End of Month</u>       |       |       |          |         |
| 1972                      |       |       |          |         |
| June                      | 151.3 | 143.5 | 113.1    | 259.0   |
| July                      | 155.0 | 147.0 | 114.0    | 266.2   |
| August                    | 153.9 | 145.5 | 114.8    | 268.2   |
| September                 | 157.1 | 150.0 | 114.3    | 268.2   |
| October                   | 162.6 | 157.3 | 119.6    | 264.2   |
| November                  | 157.3 | 150.1 | 118.5    | 264.2   |
| December                  | 160.1 | 160.1 | 118.2    | 264.2   |
| 1973                      |       |       |          |         |
| January                   | 170.2 | 163.3 | 118.8    | 294.0   |
| February                  | 177.1 | 173.6 | 117.9    | 294.0   |
| March                     | 185.8 | 186.4 | 117.9    | 294.0   |
| April                     | 192.1 | 192.8 | 118.8    | 308.8   |
| May                       | 183.4 | 181.2 | 115.0    | 308.8   |
| June                      | 194.5 | 197.5 | 115.0    | 308.8   |

<sup>1/</sup> The commodity basket, based on a 1948 survey, includes 34 items, of which 29 are food products, 4 are textiles, and 1 is the rent of one room. Four of these items (with a combined weight of 3.1 per cent) are either imported or locally produced from imported materials.

Source: Haitian Statistical Institute.





## TECHNICAL ANNEX

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# STATISTICS IN HAITI

## Statistical Organization

1. All statistical work in Haiti is under the National Council for Statistical Coordination (CNCS) which was created in 1967 to advise the National Council for Development and Planning (CONADEP) on matters leading to better coordination of data collection in the public sector, greater efficiency in statistical work and increased coverage of statistical information in order to meet the demands of economic and social development. The Council is composed of representatives from the Haitian Statistical Institute (IHS), who is Executive Secretary, CONADEP, the Budget Office and every ministry and autonomous agency.

2. The statistical organization is highly decentralized with every ministry and autonomous agency having a statistical service which is responsible for collecting data in its areas of interest. The task of data collection is thus spread over the public sector in the following manner:

|                        | <u>Sector</u>      | <u>Ministry or Agency</u>                                                                                             |
|------------------------|--------------------|-----------------------------------------------------------------------------------------------------------------------|
| Demographic            | - Population       | Agriculture                                                                                                           |
|                        | - Migration        | Agriculture, Justice, Armed Forces, Public Health                                                                     |
| Social                 | - Health           | Public Health                                                                                                         |
|                        | - Housing          | Social Security Institute, Municipalities of Port-au-Prince and Petionville and Internal Revenue Administration (AGC) |
|                        | - Education        | Education, Agriculture                                                                                                |
| Economic and Financial | - Agriculture      | Agriculture                                                                                                           |
|                        | - Mining           | AGC                                                                                                                   |
|                        | - Manufacturing    | Commerce and Industry, Social Affairs, AGC                                                                            |
|                        | - Construction     | Public Finance, Agriculture, Public Works, AGC                                                                        |
|                        | - Electricity      | AGC                                                                                                                   |
|                        | - Commerce         | AGC, Customs Administration                                                                                           |
|                        | - Trade            | Haitian Air Transport Co., Port Administration, Armed Forces                                                          |
|                        | - Prices           | Commerce and Industry, Social Affairs, Public Finance                                                                 |
|                        | - Money and Credit | National Bank of the Republic of Haiti, Public Finance                                                                |
|                        |                    |                                                                                                                       |

3. The data collecting activities of IHS are limited to those areas in which no other public agency or ministry has direct interest. The IHS is also responsible for coordinating and administering data collection through censuses and sample surveys. All questionnaires have to carry its approval. The sole exception to this are surveys undertaken by the armed forces under direct order from the President.

4. The four sources of statistics which are published are the Quarterly Bulletin of Statistics (QBS) by the IHS, the Foreign Trade Yearbook (FTY), by the Customs Administration, Planning and Development, the periodical of CONADEP which is principally concerned with the Action Plan and its execution but carries some statistical information in its appendix and the Bulletin de Statistiques published by the Finance Ministry which published data on production, government finance, etc., on a quarterly basis. The IHS should gather data collected by the rest of the public sector and publish it on a current basis in its QBS. This periodical however is presently two years late so that no current statistics are published, even though in the statistical services of various agencies some data are available. In the case of the FTY the latest published edition has data on FY 1971, but estimates on trade are available for 1972. In the published information that does exist a striking deficiency is the lack of time series on an annual basis. Data are aggregated at most for a three-month period, with few exceptions. The National Bank of the Republic of Haiti (BNRH) has access to a good deal of information on public finances and money and credit, due to its privileged position as treasury, central bank and commercial bank. However, it only supplies the IHS with a summary of the money supply, its own balance sheet and that of the Agricultural and Industry Development Institute. Data on the operations of the Regie du Tabac are not even available to the latter.

#### Recent Censuses and Surveys

5. The last population and agriculture census from which full results are available was conducted in 1950. In 1968 a Statistical Plan was adopted by the CNCS which included a socio-economic survey, a census of population, housing and agriculture, and an industrial survey.

- a) The household survey was carried out in April 1970. It was designed to collect data on household expenditure and, in the rural areas, statistics on smallscale agriculture. The sample included approximately 55,000 families. Overall, this survey should not have been initiated. Much of the information requested in the questionnaire was again asked for in the Census conducted one year later. Furthermore, there were several deficiencies in the questionnaires (e.g. expenditures on construction were collected for a one-month period only). Moreover, the processing of the questionnaires was halted for some time to allow for processing of the Census returns. Some results, however, are now becoming available but have not yet been published.

- b) The census of population, housing and agriculture was carried out in September 1971, covering 100% of the urban and 10% of the rural population. According to the U.N. experts, who worked in Haiti, when the results become available they should supply reliable statistics on these areas. A recount based on a 20% urban - 1% rural sample was carried out. Present estimates of underenumeration are of 2-3%. Final results of the Census, however, cannot be expected before 1974 for population and housing and not until 1976 for agriculture. Preliminary results are now available for land tenure and regional population.
- c) The survey of industries and commercial establishments was begun in June, 1971. Approximately, 850 establishments were included in the sample. Even though there exists a \$10,000 fine for non-response, many establishments have preferred to pay the fine than go through the trouble of responding. The results have not yet been fully tabulated.

#### Basic Data and National Accounts

6. Presently, very little basic data exists on Haiti. Data on agriculture is limited to volume of production of a few marketed, principally export, crops, such as coffee, sugar, sisal, cotton, tobacco, etc. Data on mining (copper and bauxite) are available from export statistics which in the case of copper are estimated from the tonnage of the carriers. The available statistics on manufacturing are based on tax payments to the Internal Revenue Administration (AGC). There is, however, no allowance for those enterprises not registered with the AGC. Similarly, pieces of data exist for other sectors but there is no systematic approach to determine consistency, coverage or quality of what data are available.

7. Therefore, the National Accounts are necessarily only rough estimates of trends, subject to a considerable margin of error. In the early 1960's a joint OAS-ECLA-IDB mission compiled estimates of GDP at constant factor cost by industrial origin for the 1950-60 period. The methodology followed relied heavily on subjective judgements. Even if data were available from the 1950 census, adjustments were frequently made on the basis of opinions of local technicians.

8. The estimates of GDP by industrial origin for later years are extrapolations of the findings of this mission. To carry out these extrapolations, the use of related indicators and assumptions has been considerable. Moreover, since the structure of agriculture has been changing, i.e., away from export crops and into subsistence farming, extrapolations of this type have provided progressively less meaningful estimates of value added in this sector which accounts for nearly half of GDP. Similarly, since the extrapolations are heavily dependent on flows of goods (e.g. exports for agriculture and mining, cement production for construction, production and exports of selected goods for trade), the estimates are even less reliable for the "service" sectors where no such flow of goods occurs. Value added in road transport, for instance, is estimated by assuming the number of days each type of commercial vehicle is used in one year, the added value per day for each type of vehicle, and the number of vehicles licensed.

9. Estimates of GDP by expenditure and at current prices were made until 1967 but have since been dropped. The results of the methodology used for computing expenditures on GDP did not, in the opinion of the CONADEP technicians, reflect the trends in the economy. Similarly, it was felt that not enough data on prices were available to make any current price estimates, by origin or expenditure. The International Monetary Fund has made more recent estimates. The inclusion of all public development expenditures as fixed investment appears to overstate these outlays.

#### Statistics on prices

10. A Cost-of-Living Index for lower income classes in Port-au-Prince is computed on a monthly basis. Weights for this index resulted from a survey conducted in 1948/49. Transport costs are not included. However, given the low importance of this expenditure item in the family budget of the lower classes, this does not detract significantly from its usefulness. Although the collection methods for gathering the statistics could be improved, the index appears to provide some measure of price trends in Haiti, with the exception of the housing component.

#### Balance of Payments

11. Statistics on exports and imports of merchandise are collected by the Customs Administration, in both volume and value. These data are published in an annual Foreign Trade Yearbook which furnishes classifications by country of origin/destination and by type of commodity. These data are now being classified according to the standard International Trade Classification.

12. Data on services are considerably less reliable. The sole exception relates to information on transport of merchandise which is available from trade statistics. Tourism receipts are computed on an average \$38 per day for five days per air tourist arrival. No surveys, except informal contracts have been made to verify these assumptions. Other estimates on services and private transfers are made from information supplied by the five commercial banks operating in Haiti and the BNRH. However, no allowance is made for international receipts or payments made outside the banking system. Since the US dollar circulates freely in Haiti, these operations may be significant.

13. Statistics on public long term capital and official transfers are maintained systematically by the BNRH. Private direct investment until recently did not have a significant importance in the balance of payments, so that the informal basis on which these data were collected sufficed. However, as confidence increases, and foreign private investment grows these statistics will progressively become less reliable. Estimates of private short term capital, including deposits held abroad and dollars circulating in Haiti, are estimated from statistics of the U.S. Federal Reserve Board, tourism receipts and foreign exchange operations of the banking system. No estimates of the total stock of deposits and currency are available, but the data presented in the balance of payments provide a reasonably good picture of the direction of flows. The data on monetary reserves are readily available in the BNRH.

### Public Finance

14. Haitian public finance is marked by considerable use of earmarking devices and special accounts. Basically, public finances are classified into Budget accounts, including the non-earmarked Fiscal account and three earmarked accounts (the Special Fund for the Service of the Public Debt, the accounts of the Customs Administration and those of the Internal Revenue Administration), and Extra-budgetary accounts, all of which are earmarked.

15. Statistics are kept by the National Bank on a cash basis from information on deposits and withdrawals.

16. A classification on revenues by source, or of expenditures by end use is only available for the Fiscal accounts. Consequently, meaningful breakdowns of revenues as to indirect and direct taxes, or of expenditures as to current or capital are difficult to prepare as extrabudgetary accounts are relatively important. Most development expenditures are included in the extra-budgetary accounts under the headings of the Road Fund, the Central Development Budget, and the Peligre Dam Account. However, these accounts also include current expenditures while capital expenditures are also included in other accounts so that a precise estimate of public investment is difficult. Moreover, externally financed expenditures are excluded. Some agencies are excluded from these accounts altogether. Such is the case with the "Regie du Tabac", which has revenues estimated at about G53 million in 1973. Little is known of the use of these funds. This lack of information makes any attempt at arriving at a reliable tax ratio, a distribution of expenditures by sector or a figure for government consumption little more than an educated guess.

### Money and Credit

17. Detailed statistics on money and credit are available from the BNRH but are not published regularly.

### Social Indicators

18. The reliability of social indicators is minimal. Most social data in this report have come from independent studies rather than government statistics.





ESTIMATES OF REGIE DU TABAC REVENUES

1. There exists no official information available on the revenues, and, for that matter, on the expenditures, of the Regie du Tabac. Here, our main concern is with the revenues. There have been many guesses, "guesstimates" and actual estimates which have been made in recent years on the revenues of the Regie. These estimates have covered a rather wide range. For example, the Mision de Asistencia Tecnica Integrada of the Organization of American States estimated the following revenues for the Regie: 35 million gourdes for 1965, 40 for 1966 and 1967 and 50 for 1968. Other estimates have ranged from G 35 million to G 60 million.

2. An indirect and very time-consuming procedure to estimate the revenues of the Regie, which is used in this Annex, consists basically of the following steps:

- a) Statistics on imports, production and consumption on as many as possible of the products levied by the Regie are collected;
- b) These statistics are converted into the units of measurement which the Regie used for determining its commissions.

The results so obtained are shown on Table 2. As the table shows, the units are very diverse, changing considerably from product to product: there are bags of various weights, pounds, kilos, liters, barrels, yards, packs, values in gourdes, etc.

3. Once the data in Table 1 are available, each figure is multiplied by the appropriate commissions. The commissions, which are shown on the left side of Table 2, are generally specific with a few exceptions for some imported products for which they are ad valorem. The revenues so estimated are shown on the right side of Table 2.

4. The mission's interest was not only on the most recent estimate of the total revenues of the Regie, but also on recent changes in those estimates. For this reason, the 1969-72 period was chosen and the above described calculations were carried out for each of these four years. The years are fiscal ones; thus, for example, 1972 covers the period from October 1, 1971 to September 30, 1972.

5. The import statistics for 1971 come from the Administration Generale des Douanes. There are no final import statistics available at this time -- published or unpublished -- for 1972. Consequently, the estimates for the 1969-71 period are on much firmer ground than those for 1972. The table gives a degree of detail that may be deceiving. It should be clear that in spite of the fact that the present estimates are based on much more information than previous estimates, they are still subject to errors of various kinds and thus they are useful mainly in giving us an order of magnitude rather than a



SOURCE: Adapted by Mission on the basis of information made available by the Administration Générale des Douanes, Banque Nationale D'Haiti and Institut Haitien de Statistique

**Table 2:** Rates and Revenue by Regie (1969 - 1972)

|                                                     | Rates (in gourdes or percent)                         | Revenue (Gourdes) |            |            |              |
|-----------------------------------------------------|-------------------------------------------------------|-------------------|------------|------------|--------------|
|                                                     |                                                       | 1969              | 1970       | 1971       | 1972         |
| Sugar                                               | G 5.50 (unrefined); 10.50 (refined) per 100-pound bag |                   |            |            |              |
|                                                     | Unrefined                                             | 4,801,500         | 5,271,750  | 5,659,500  | 6,224,295    |
|                                                     | Unrefined                                             | 3,055,500         | 3,354,750  | 3,601,500  | 3,960,915    |
|                                                     | Refined                                               | 3,055,500         | 3,354,750  | 3,601,500  | 3,960,915    |
| Cement                                              | G 1.05 per bag of 42.5 kilograms                      | 1,353,629         | 1,602,893  | 1,793,894  | 2,196,705    |
| Flour                                               | G 12.25 per sac of 200 pounds                         | 1,515,595         | 3,831,284  | 4,739,011  | 5,454,225    |
| Washing Soap                                        | G 5.00 per case of 69.38 pounds                       | 760,000           | 700,000    | 1,205,000  | 700,000      |
| Domestic Textiles                                   | G 0.08 per yard                                       | 280,000           | 288,000    | 472,000    | 232,000      |
| Imported Textiles: <sup>1/</sup>                    |                                                       | 2,484,819         | 2,979,764  | 3,144,280  | 3,500,000 *  |
| cotton articles                                     | G 5.00 per piece of 25 yards                          | n.a.              | n.a.       | n.a.       | n.a.         |
| Other                                               | G 12.50 per piece of 25 yards                         | n.a.              | n.a.       | n.a.       | n.a.         |
| Yard Goods                                          | G 0.25 per pound                                      | n.a.              | n.a.       | n.a.       | n.a.         |
| Domestic Cigarettes                                 | G 0.365 per pack of 20 cigarettes                     | 6,588,250         | 7,675,950  | 8,238,050  | 8,687,000 *  |
| Imported Cigarettes                                 | 5 percent of C.I.F. value                             | 211,608           | 170,096    | 143,230    | 150,000 *    |
| Pork Fat                                            | G 4.00 per packs of 30 kilograms                      | 66,664            | 80,000     | 93,332     | 200,000      |
| Domestic Rum                                        | G 0.25 to G 1.50 per bottle                           | n.a.              | n.a.       | n.a.       | n.a.         |
| Beer                                                | G 0.25 for 2 bottles of 32 centiliters                | 115,248           | 147,147    | 177,616    | 210,000 *    |
| Wine                                                | G 1.50 per liter                                      | 131,226           | 142,139    | 162,248    | 180,000 *    |
| Champagne                                           | G 2.50 per liter                                      | n.a.              | n.a.       | n.a.       | n.a.         |
| Whiskey, Gin, Vodka, etc.                           | G 5.0 per bottle                                      | 255,180           | 207,650    | 137,460    | 200,000 *    |
| Imported Matches                                    | 5 percent of C.I.F. price                             | 56,283            | 67,149     | 74,034     | 85,000 *     |
| Bible Oil (National)                                | G 21.50 per barrel of 55 gallons                      | 496,435           | 512,130    | 649,515    | 1,389,545    |
| Electrical & Mechanical Appliances                  | 2 percent of C.I.F. price                             | 198,002           | 462,632    | 341,765    | 450,000 *    |
| Tires and Tubes                                     | 5 percent of C.I.F. price                             | 170,316           | 128,583    | 214,697    | 300,000 *    |
| Cheese and Butter                                   | G 0.50 per kilogram                                   | 93,569            | 38,471     | 103,613    | 110,000 *    |
| Imported Ham                                        | G 0.55 per kilogram                                   | 8,721             | 13,838     | 18,211     | 20,000 *     |
| Imported Oils                                       | G 0.50 per liter                                      | 5,822,937         | 5,695,925  | 9,023,213  | 11,000,000 * |
| Imported Rice                                       | G 0.25 per pound                                      | 4,928             | 2,104      | 26,367     | 50,000 *     |
| Imported Cement                                     | G 1.50 per bag of 42.5 kilograms                      | 3,700             | 2,690      | 6,141      | 10,000 *     |
| Imported Candies and Chocolates                     | 10 percent of C.I.F. price                            | 76,940            | 88,656     | 101,815    | 120,000 *    |
| Marmelade, Jams, Fruit Juices, etc.                 | G 0.25 per pound                                      | 251,700           | 191,056    | 222,000    | 250,000 *    |
| Fresh Fruit                                         | G 0.50 per pound                                      | 15,571            | 21,263     | 12,413     | 15,000 *     |
| Imported Legumes, raisins, etc.                     | G 0.25 per pound                                      | 251,720           | 289,570    | 303,325    | 350,000 *    |
| Margarine                                           | G 0.20 per kilogram                                   | 424,201           | 103,745    | 135,899    | 150,000 *    |
| Milk, Cream, dry milk                               | G 0.20 per kilogram                                   | 680,325           | 928,968    | 954,395    | 1,000,000 *  |
| Soaps, Beauty Products, Toothpastes, Perfumes, etc. | 5 percent of C.I.F. price                             | 231,584           | 257,182    | 343,999    | 450,000 *    |
| TOTAL                                               |                                                       | 30,406,555        | 35,305,410 | 42,098,523 | 47,594,589   |

Notes: <sup>1/</sup> All imported textiles have been treated as yard goods taxed at G 0.25 per pound.

\* Indicates estimates by mission.

SOURCE: Mission calculations on the basis of data in Table 2.

precise figure. On the other hand, since the same data have been used and the same method has been followed in all the four years, the estimates should be quite accurate in indicating trends. Any biases should affect all the four years in the same manner.



CLASSIFICATION OF GOVERNMENT ACCOUNTS BY THE BNRH

1. It is important to describe, as briefly as possible, what is included under the different classifications used by the BNRH. 1/ Such a description is essential since the terms used by the BNRH may be a bit confusing. For example, the breakdown into "budgetary" and "extrabudgetary" is not strictly correct, since "extrabudgetary" includes the Development Budget. Equally, the distinction between "earmarked" revenues and "extrabudgetary" revenues is also not strictly correct, since most of the extrabudgetary revenues originate from earmarked taxes.

2. Budgetary revenues are divided into "fiscal" revenues and "earmarked" revenues. These "earmarked" revenues are essentially (a) the retention of part of the foreign trade taxes by Contributions, and (c) the earmarking for the Fonds Special de la Dette Publique (FSDP). 2/

3. The "fiscal revenues" are those which finance the Budget de Fonctionnement. These revenues finance the Ministerial outlays and are discussed thoroughly in Chapter III of this report.

4. Of particular interest here are the extrabudgetary categories. The BNRH classifies the extrabudgetary revenues (and expenditures) in the five categories:

- (a) the "non-fiscal accounts", are the least important in terms of net revenues or expenditures. They are made up mostly of civilian and military pensions.3/
- (b) the second category among the extrabudgetary accounts relates to the Development Budget. However, the figures shown in the BNRH accounts relate only to the local revenues (and expenditures) and thus they exclude the contribution of foreign financing to total development expenditure. The "Development Budget" is at present a potpourri of many heterogeneous accounts. Before October, 1971, many accounts, including that of CONADEP, now in the Development Budget were included in the "Other Special Accounts" category. Since October 1971 these accounts have been transferred to the Development Budget.

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1/ The description of recent trends in Chapter III is based on this classification.

2/ The FSDP comes from the following sources: (a) a tax of US\$3 per bag of exported coffee; (b) a tax of US\$0.75 per bag of sugar consumed, and (c) 7.5 percent of customs revenues net of the above-mentioned coffee tax and of the earmarking for the Douanes. This is the major fund for the servicing of the public debt.

3/ To prevent double-counting the pension funds transferred from "fiscal revenues", and therefore already recorded there as revenues, they are deducted from the total credit to this particular account. This leaves a relatively small net figure.





(c) the third category among the extrabudgetary revenues (and expenditures) "Other Special Accounts", is by far the most important. This category includes the following accounts: Fonds d'Urgence, Fonds Special Construction et Reparation Routes Port-au-Prince et Petionville, Compte Special Accord International sur le Cafe, Compte de Reserve, Divers Creditors,<sup>1/</sup> Reserves Speciales Banques Locales, and Autres Comptes du Gouvernement. Of these, the most important are: "Autres Comptes du Gouvernement"<sup>2/</sup> which accounts for about 88 percent of the revenues included in this category, and "Divers Creditors" which accounts for about 8 percent.

(d) the fourth of the extrabudgetary categories, "Fonds d'amortissement"<sup>3/</sup> or sinking funds, refers to funds earmarked for the servicing or repayment of the part of the public debt not serviced through the FSDP as for example, the repayment to the BNRH for the Coffee Bond issue, and the servicing of the bearer bonds of Economic Liberation.

- <sup>1/</sup> In the subcategory "Divers Creditors" the most important accounts are: "Dette Administration Postale" and "Travaux de Promotion du Timbre Haitien". Each of these received one-third of the revenues from the sale of stamps. The remaining third from postal stamps' sale goes to the regular budget.
- <sup>2/</sup> "Autres Comptes du Gouvernement" is made up of some 300 different accounts of autonomous public institutions many of which are very small. Relatively little is known about these. Most of them are financed by taxes earmarked for particular purposes or by subscriptions to social assistance funds for unemployment or sickness benefits. They also include a special municipal account - Fonds Communaux - receiving 82 percent of "Recettes Comunales". Of the remaining 18 percent of "Recettes Comunales", 12 percent are earmarked for the operational budget of the Administration Generale des Contributions, five percent are earmarked for a special fund (ICAC) controlled by the Interior Department, and one percent is earmarked for another fund (Assistance Mutuelle) also controlled by the Interior Department.
- <sup>3/</sup> This fund is financed by the following sources: (a) A G 20 tax per bag of exported coffee. In 1971-72 this source generated 6.3 million gourdes. This particular source is earmarked for the Coffee Bond issue, (b) 50 percent of the so-called tax for Economic Liberation levied on the invoices of Douanes. This is a tax of 2.5 percent for the first 1,000 gourdes, of one percent for the part between 1001 and 10,000 gourdes and of 0.5 percent for the part in excess of 10,000 gourdes. The revenues from this tax go to the "Compte de Liberation Economique". This account was established by a Decree of September 28, 1967 to service a \$6 million debt of 20 years bearer bonds paying an interest of one percent per year. This was not a new debt since these bonds were exchanged for existing Certificates of Economic Liberations. In addition to providing funds for the "Compte de Liberation Economique" 50 percent of the Contribution Liberation Economique goes to the Compte Central du Budget de Developpement. Each of these two accounts receives about 2 million gourdes per year, (c) A tax of G 0.60 per gallon of gasoline. The revenue from this tax services an internal loan which is expected to be repaid completely in 1974. (d) Transfers from the ESDP which in 1972 amounted to G 5.3 million.

- (e) the fifth and last of the extrabudgetary categories, "Transactions Speciales" relates to certain non-consolidated debts for which no earmarked taxes have been created. These are debts contracted by the Government with private enterprises or with commercial, autonomous, public institutions. One example of this is the debt of the Government toward the "Compagnie Electrique". The BNRH accounts report any reduction in any of these debts as a revenue and any increases as expenditures.

INCOME TAXATION

Introduction

1. The tax on income was introduced in Haiti in 1942. During the thirty years since its introduction, it has been modified several times. The most recent of these changes was the Decree of 5 April 1973 published by Le Moniteur of April 12. This tax is basically a global one although it has several aspects of a schedular tax, especially with respect to the treatment of dividends, bonuses, and incomes of professionals.

2. The following rates apply to individuals as well as enterprises:

| <u>Rate</u>                    | <u>Income Range</u>        |
|--------------------------------|----------------------------|
| 5%                             | 1 to 5,000 Gourdes         |
| plus 10% on the income between | 5,001 to 10,000 Gourdes    |
| plus 15% on the income between | 10,001 to 30,000 Gourdes   |
| plus 20% on the income between | 30,001 to 60,000 Gourdes   |
| plus 25% on the income between | 60,001 to 100,000 Gourdes  |
| plus 30% on the income between | 100,001 to 200,000 Gourdes |
| plus 35% on the income between | 200,001 to 500,000 Gourdes |
| plus 50% on the income above   | 500,000 Gourdes            |

Anticipated Tax Payment

3. For most enterprises the anticipated tax payment is calculated at the rate of one percent of gross receipts. For merchants who sell products of basic necessity (cooking oil, sugar, soap, matches, flour, local fabrics, etc.) the rate is 3/4 of one percent. For gasoline stations there are fixed minimum amounts ranging from G250 to G600 per year.

4. Professional peoples (lawyers, doctors, "notaires", engineers, etc.) also pay taxes on the basis of presumptive incomes ("base forfaitaire"). These taxes are not made to depend on the activity of the individual, but only on the type of municipality he lives in. These municipalities are classified according to six classes. The tax is the highest for those who live in one of the first class. The taxes are supposed to be levied on the average income of the two previous definitive declarations. These taxes are made up of two parts: a flat amount that ranges from G200 per year on the first G 10,000 income for those who live in first class municipalities to G 80 per year on the first G 4,000 for those living in fifth and sixth class municipalities; and a variable amount which can reach maximum of 7 percent on the excess over G 30,000 for all classes. It seems that most professionals just declare the amount on which the flat rate applies and send the corresponding payment. Even under the new law these payments will only range up to a maximum of US\$40 per year. In other words, it is very unlikely that a successful doctor or architect will pay more than US\$40 a year in income tax. Here again no relationship is found between tax payment and ability to pay. These are hardly "income taxes". In reality they are just a form of professional licensing fee.

5. Table 1 provides some basic income tax data on individuals and enterprises which permits some evaluation of the efficiency of the tax.

6. There were 763 enterprises in 1971, and 790 in 1972, that filed a tax return. Of these, 394 in 1971 and 387 in 1972 filed on a presumptive base ("base forfaitaire"). These enterprises declared incomes of G 53.50 million and G 69.50 million during the two years shown, or respectively 2.2 (in 1971) and 2.6 (in 1972) percent of GNP. These figures do not seem exceedingly low. It seems unlikely that a country like Haiti would have more than say, five percent of GNP coming from the profits of enterprises. Also the average tax rate on declared income is quite high. Revenues from this particular source have shown a very high elasticity with respect to income in recent years, rising from G 9.6 in 1968/69 to G 15.52 in 1971-72.

Table 1: SOME BASIC DATA ON INCOME TAXATION

|                                 | Individuals |         | Enterprises |         |
|---------------------------------|-------------|---------|-------------|---------|
|                                 | 1970-71     | 1971-72 | 1970-71     | 1971-72 |
| Taxpayers Filing                | 3,400       | 3,550   | 736         | 790     |
| Taxpayers with Liability        | 1,132       | 1,121   |             |         |
| Base Forfaitaire                | 331         | 323     | 394         | 387     |
| Declaration Definitive          | 801         | 798     | 369         | 403     |
| Income Declared (G million)     | 34.06       | 39.12   | 53.50       | 69.50   |
| Revenue from Tax                | 3.24        | 3.48    | 12.56       | 15.52   |
| Revenue as % of Income Declared | 9.5         | 9.0     | 23.6        | 22.3    |
| Income Declared as % of GNP     | 1.4         | 1.4     | 2.2         | 2.6     |

Source: Mission on the basis of data supplied by Contributions and Finance Ministry.

7. Considering next the individual income tax, it is clear that very little is being raised from this source. This payment was only G 3.48 million in 1971-72 and has been rising very slowly over the years. A significant increase in 1969/70 was followed by a period of stagnation over the next three years. Data for the first six months of fiscal 1972-73 show, however, an increase of 14 percent over the comparable period of the preceding year.

Table 2 : INDIVIDUAL INCOME TAX: BASIC STATISTICS

(G. thousands or percentages)

|                                    | Income Tax   |              |              | Declared Income |             | Income Tax as % of<br>Declared Income |             |
|------------------------------------|--------------|--------------|--------------|-----------------|-------------|---------------------------------------|-------------|
|                                    | 1969-70      | 1970-71      | 1971-72      | 1970-71         | 1971-72     | 1970-71                               | 1971-72     |
| Base Forfaitaire Professionels     | 95.9         | 100.6        | 103.7        | 3296.3          | 4037.7      | 3.05                                  | 2.57        |
| Declaration Définitive             | 416.6        | 433.7        | 442.1        | 7621.8          | 8261.3      | 5.69                                  | 5.35        |
| Salaires                           | 789.4        | 917.4        | 961.9        | 11826.5         | 14111.5     | 7.76                                  | 6.82        |
| Plus-value + Transfert             | 38.4         | 103.3        | 199.6        | 1032.6          | 494.6       | 10.00                                 | 40.36       |
| Dividendes + Interets à l'étranger | 873.5        | 466.2        | 638.1        | 4542.4          | 6142.9      | 10.26                                 | 10.39       |
| Commission                         | 75.4         | 115.5        | 104.5        | 1155.5          | 1044.9      | 10.00                                 | 10.00       |
| Bonus                              | 435.5        | 458.2        | 547.8        | 4581.2          | 5476.4      | 10.00                                 | 10.00       |
| Other*                             | <u>89.2</u>  | <u>86.3</u>  | <u>88.7</u>  | <u>n.a.</u>     | <u>n.a.</u> | <u>n.a.</u>                           | <u>n.a.</u> |
| Total (Port-au-Prince)             | 2813.9       | 2681.2       | 3086.4       | 34056.3         | 32124.0     | 7.87                                  | 7.89        |
| + Provinces and Communes           | <u>622.4</u> | <u>559.4</u> | <u>386.4</u> |                 |             |                                       |             |
| Total (General)                    | 3436.3       | 3240.6       | 3472.8       |                 |             |                                       |             |

Notes: \*Sur ventes de Cannes (HASCO)

Source: Mission on the basis of unpublished data supplied by Contributions and Finance Ministry.

8. Table 1 also shows that about 3,550 individuals filed a tax return in the two most recent years. Of these, a little over 1,100 had to pay income taxes. Those paying the tax on the basis of presumptive incomes (mostly professionals) were 331 in 1970-71 and 323 in 1971-72.

9. The total income declared for individual income tax purposes was G 34 and G 39 million respectively in 1970-71 and 1971-72. This means that only 1.4 percent of GNP was reported for income tax purposes. This figure is extremely low, even when account is taken of the very high exemptions listed above. It will be recalled that only families with incomes about five times the national average are required to file an income tax declaration. But even with this substantial exemption, on the basis of income distribution statistics prevailing in most Latin American countries, an educated guess can be made that over 20 percent of national income should go to families with an income larger than five times the national average. These data would thus indicate the existence of a great deal of evasion as far as individuals are concerned.

10. Finally, Table 2, gives a breakdown of income declared and of individual payment by specific sources. There are some aspects of this table that merit a comment. The table confirms what has always been assumed about professionals: they declare little and pay little. In 1971-72, for example, they declared an income of G 4,037.7 thousands. When divided by the number of professionals who, in that year, paid the income tax (387), this gives an average of G 10,433 which is only a little higher than the G 10,000 ceiling on which the only payment is a flat amount of G 200 in Port-au-Prince. The tax payment as a percent of the income declared was 2.57 or G 268 per professional taxpayer. A second aspect of this table worth underlining is the relatively high contribution of salaries in the total. The regressiveness of the tax is reflected in the fact that salaries and bonuses combined account for about half of the total tax payment.