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IMPLEMENTATION COMPLETION REPORT

HAITI

EMERGENCY ECONOMIC RECOVERY CREDIT

DECEMBER 9, 1996

Country Operations Division 2
Country Department III
Latin America and the Caribbean Region

CURRENCY EQUIVALENTS
(As of December 2, 1996)

Currency Unit	Haitian Gourde (G)
US$1.00	G15.3
SDR1.00	US$1.45

FISCAL YEAR

October 1 to September 30

ABBREVIATIONS

CAS	Country Assistance Strategy
EERC	Emergency Economic Recovery Credit
EERP	Emergency Economic Recovery Program
ERC	Emergency Recovery Credit
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
FY	IDA Fiscal Year
GDP	Gross Domestic Product
GNP	Gross National Product
ICR	Implementation Completion Report
IDA	International Development Association
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IMF	International Monetary Fund
OAS	Organization of the American States
TAP	Technical Assistance Project
UN	United Nations
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development

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HAITI
EMERGENCY ECONOMIC RECOVERY CREDIT
(CREDIT NO. 2670-HA)

PREFACE

This is the Implementation Completion Report (ICR) for the EMERGENCY ECONOMIC RECOVERY CREDIT (EERC) in Haiti, for which Credit 2670-HA in the amount of SDR26.8 million (US$40 million equivalent) was approved on December 20, 1994 and made effective on December 23, 1994.

The credit was closed on December 25, 1995, six days before the original closing date, December 31, 1995. It was fully disbursed, and the last disbursement took place on June 6, 1995.

The ICR was prepared by Axel Peuker, task manager (LA3C2), and reviewed by Robert Crown, project advisor (LA3DR).

Preparation of this ICR was initiated during an IDA mission in January 1996. Following a change in Government in March 1996, it was continued during a mission in June 1996. It is based on material in the project file. The Borrower contributed to preparation of the ICR with comments on the project and statistical data, and prepared a complementary Project Completion Report, which is included as an appendix.

IMPLEMENTATION COMPLETION REPORT
HAITI
EMERGENCY ECONOMIC RECOVERY CREDIT
(CREDIT NO 2670-HA)

EVALUATION SUMMARY

INTRODUCTION

1. In the aftermath of a coup d'etat in September 1991, in which elected President Jean Bertrand Aristide was forced from office and into exile, Haiti experienced a dramatic deterioration in economic and social conditions. After three years of military dictatorship, a negotiated solution was reached which allowed President Aristide to return to Haiti on October 16, 1994, and on November 7, 1994, Parliament confirmed the appointment of a new constitutional Government. At that time, Haiti was in a state of economic and social emergency, characterized by debilitated institutions, large macroeconomic imbalances, a severely dilapidated infrastructure, depleted productive assets, alarming social indicators, and pervasive poverty.

2. In November 1994, the Government prepared an Emergency Economic Recovery Program (EERP) in close cooperation with IDA, IDB, IMF, specialized agencies of the United Nations, and USAID, building on the work of a first multi-agency mission in June 1993. The objective of the EERP was to provide for basic emergency needs through import finance, civil works, and technical assistance. This program, together with the reactivation of ongoing projects, for which the Government received initial pledges of some US$1.2 billion, provided the main stimulus to growth during 1994/95. On December 19, 1994, Haiti's arrears to multilateral agencies of US$82 million were eliminated, allowing IDA, IDB and IMF to resume their operations. This paved the way for the Emergency Economic Recovery Credit (EERC), IDA's key initial contribution to the EERP. The Credit was approved by the Board the following day, on December 20, 1994, and became effective on December 23, 1994.

PROJECT OBJECTIVES

3. The objective of the EERC was to provide urgently needed balance of payments support to reactivate Haiti's economy and initiate the economic recovery process in the context of the overall EERP. Specifically, the EERC was designed as a quick-disbursing emergency operation which would finance the CIF value of imports based on a positive list identified as necessary to the EERP. Within the confines of a positive list, EERC funding was not earmarked for specific sectors or activities. The project objective was clearly relevant in view of the binding balance of payments and budgetary constraints which the country was facing. While the overall recovery program was ambitious, the specific objectives of the EERC were modest and attainable.

IMPLEMENTATION EXPERIENCE AND RESULTS

4. The project was highly successful in achieving its objectives. It rapidly provided the country with the required external financing to initiate the economic recovery, and was fully disbursed by June 1995, six months earlier than expected. The EERC also demonstrated the commitment of the international community to the Government's effort, thus sending an important confidence-building signal to the private sector in Haiti. In addition, the policy dialogue accompanying the preparation of the project, helped to set the stage for a medium-term economic policy reform program. The EERC was further instrumental in establishing a successful Central Implementation Unit (CIU) for emergency projects.

5. The contribution of the EERC needs further to be viewed in the context of the performance of the overall recovery program. Initial donor commitments of US$1.2 billion exceeded by far the estimated requirements of US$402 million for the EERP and US$261 million for arrears clearance, humanitarian aid and governance. In the course of Haitian fiscal years 1994/95-95/96, commitments for Haiti's development even increased to over US$2 billion. The level of disbursements over the first two years amounted to over US$1 billion, also exceeding expectations.

6. As a result of the recovery program, together with sound economic policies, Haiti's economic performance in 1994/95 was encouraging. Real GDP growth amounted to 4.5 percent, consumer price inflation declined from 52 percent by end-September 1994 to 18 percent by end-September 1995, and the Gourde recovered from over G20/US$ during the emergency to G14.5/US$. The Government also proceeded to implement important structural reforms along the lines of its "Framework for a Sustainable Economic Recovery," which accompanied the EERC.

7. Sustainability of the project and program achievements is closely linked to the sustainability of economic reform and recovery in Haiti. In spite of a six month hiatus following a change in Government in October 1995, Haiti's economic reform program is on track. The economic recovery in Haiti remains fragile, but there are signs of a revival of private sector interest. Nonetheless, as in many post-conflict societies, it is likely to take years until political stability will be ensured and the loss in welfare recuperated.

8. The performance of IDA through the project cycle is rated highly satisfactory. Overall, IDA demonstrated strong commitment, responsiveness and flexibility in preparation and implementation of the project. The performance of the borrower was fully satisfactory. Its participation in the preparation was highly satisfactory, which was reflected in the speed with which the operation was designed and made effective. Implementation, too, was highly satisfactory, as reflected in rapid disbursements. Compliance with covenants was satisfactory, even though the aforementioned change in Government led to delays in the preparation of the audit and the comments on the project for this ICR.

9. The outcome of the project is considered to be highly satisfactory. The EERC was presented to the Board within two months after the return to constitutional rule, and within a day of clearance of Haiti's arrears to IDA. It was fully disbursed within six months after Board approval. It fully achieved its objectives, and the objectives were highly relevant to address Haiti's state of emergency.

SUMMARY OF FINDINGS, FUTURE OPERATIONS AND KEY LESSONS LEARNED

10. The implementation record of the project was highly satisfactory due to (i) simple project design; (ii) strong commitment by the Government; (iii) satisfactory management by the Government's Central Implementation Unit together with the Ministry of Finance; and (iv) technical assistance provided by IDA.

11. The EERC was part of an emergency assistance strategy by IDA to provide basic goods and services to address urgent needs and initiate the rehabilitation of priority infrastructure. As the restructuring of ongoing operations took longer than expected, IDA decided to launch another emergency-type operation, the Employment Generation Project, which focused on labor-intensive works. To sustain the economic recovery, IDA is emphasizing the need for sound macroeconomic policies and structural reforms. To this end, IDA is currently preparing a policy-based Second Economic Recovery Credit (ERC II), preceded by a Second Technical Assistance Project (TAP II) which was approved on September 17, 1996.

12. The crisis in Haiti was comparable to other emergency situations in post-conflict societies for which the World Bank Group has provided support through emergency recovery operations. The key lessons learned from this operation confirm that projects of this type can work well if they have well-defined objectives and a simple design. For the rapid preparation and successful implementation of this emergency recovery operation, strong Government commitment and very close communication proved essential. Another critical factor for the success of the EERC was its focus on most immediate needs. This indicates that medium-term development issues should be addressed in follow-up operations, and emergency operations themselves should not be seen as a mechanism to achieve those objectives. At the same time, however, the experience with the EERC suggests a pay-off for initiating a medium-term policy dialogue during the preparation of emergency operations. A final major factor in this operation was flexibility and responsiveness by IDA in the preparation of this operation. Nonetheless, the extent to which emergency recovery operations should focus on financing critical imports relative to implementing rehabilitation works should be judged in the context of the overall emergency program addressing the various needs of a post-conflict society.

IMPLEMENTATION COMPLETION REPORT
HAITI
EMERGENCY ECONOMIC RECOVERY PROGRAM
(CREDIT NO. 2670-HA)

PART I: PROJECT IMPLEMENTATION ASSESSMENT

INTRODUCTION

1. In the aftermath of a coup d'etat in September 1991, in which elected President Jean Bertrand Aristide was forced from office and into exile, Haiti experienced a dramatic deterioration in economic and social conditions. After three years of military dictatorship, a negotiated solution was reached which allowed President Aristide to return to Haiti on October 16, 1994, and on November 7, 1994, Parliament confirmed the appointment of a new constitutional Government. At that time, Haiti was in a state of economic and social emergency, characterized by debilitated institutions, large macroeconomic imbalances, a severely dilapidated infrastructure, depleted productive assets, alarming social indicators, and pervasive poverty. Already during 1980-91, the population had suffered a continuing decline in its standard of living, with real GNP per capita falling by about 2 percent per year. Between 1992-94, Haiti's real per capita income declined at a multiple of this rate, to well below US$250 -- making Haiti by far the poorest country in the Western Hemisphere.

2. Following the return to constitutional rule, the first priority of the Government was to address the overwhelming economic crisis. To this end, it: (i) prepared an Emergency Economic Recovery Program (EERP) to provide for basic emergency needs through import finance, civil works and technical assistance; (ii) cleared its external arrears; and (iii) initiated measures for an economic policy reform program.

3. In November 1994, the Government prepared the EERP in close cooperation with IDA, IDB, IMF, specialized agencies of the United Nations, and USAID, building on the work of a first multi-agency mission in June 1993. This program, together with the reactivation of ongoing projects, for which the Government received initial pledges of some US$1.2 billion, provided the main stimulus to growth during 1994/95. On December 19, 1994, Haiti's arrears to multilateral agencies of US$82 million were eliminated, allowing IDA, IDB and IMF to resume their operations. This paved the way for the Emergency Economic Recovery Credit (EERC), IDA's key initial contribution to the EERP. The Credit was approved the following day, on December 20, 1994, and became effective on December 23, 1994. On March 31, 1995, the Government entered into a stand-by arrangement with the IMF, reflecting its commitment to economic policy reforms as outlined in its "Framework for a Sustainable Economic Recovery," which accompanied the EERC (see Appendix B).

PROJECT OBJECTIVES

4. The objective of the EERC was to provide urgently needed balance of payments support to reactivate Haiti's economy and initiate the economic recovery process in the context of the overall EERP. Specifically, the EERC was designed as a quick-disbursing emergency operation which would finance the CIF value of imports based on a positive list identified as necessary to the EERP. The imports were to support emergency activities in all sectors covered by the EERP. Within the confines of a positive list, EERC funding was not earmarked for specific sectors or activities and would finance imports of consumption or capital goods for both the public and the private sectors.

5. The project objective was clearly relevant in view of the binding balance of payments and budgetary constraints which the country was facing. While the overall recovery program was ambitious, the specific objectives of the EERC were modest and attainable.

ACHIEVEMENT OF OBJECTIVES

6. The project was highly successful in achieving its objectives. It rapidly provided the country with the required external financing to initiate the economic recovery, and was fully disbursed by June 1995, six months earlier than expected. The proceeds of the credit were utilized within the confines of the positive list as follows: 25 percent for industrial equipment and spare parts; 24.7 percent for petroleum products; 17.7 percent for infrastructure equipment; 6.1 percent for health and nutrition products; 5.3 percent for agricultural equipment and inputs; 4.2 percent for power generation, and 17.7 percent for miscellaneous products. The EERC also demonstrated the commitment of the international community to the Government's effort, thus sending an important confidence-building signal to the private sector in Haiti. In addition, the policy dialogue accompanying the preparation of the project, as reflected in the policy letter, helped to set the stage for an economic policy reform program transcending the immediate preoccupation with the emergency. In the context of the EERC preparation, the Government also established a Central Implementation Unit (CIU) in the Office of the Prime Minister, which became a key agency for the implementation of ongoing IDB emergency projects and IDA's Employment Generation Project.

7. The contribution of the EERC needs further to be viewed in the context of the performance of the overall recovery program. Initial donor commitments of US$1.2 billion exceeded by far the estimated requirements of US$402 million for the EERP and US$261 million for arrears clearance, humanitarian aid and governance. In the course of Haitian fiscal years 1994/95-95/96, commitments for Haiti's development even increased to over US$2 billion. The level of disbursements over the first two years also exceeded expectations (text-table 1). However, in some key sectors, disbursements in the first year were slow. In part, this reflected the extreme weakness of the corresponding line agencies. It also, however, reflected the fact that project restructuring proved more difficult than expected.

Table 1: Program Financing Requirements and Disbursements
(US$ Million)

Area	*Estimated Requirements*	*-----Effected Disbursements-----* 1994/95	1994/95-95/96
EERP			
Balance of Payments	**130.0**	**151.9**	**248.2**
Sector Rehabilitation	**238.1**	**141.4**	**443.5**
Agriculture	31.9	5.6	53.5
Industry and Finance	29.4	0.3	16.2
Power	45.8	8.2	50.7
Transport	26.3	28.6	31.9
Water and Urban	26.7	22.2	58.5
Health and Nutrition	49.1	14.5	89.9
Education	25.9	4.9	31.6
Environment (*)	3.0	1.4	6.6
Multi-Sector (**)	0.0	55.7	104.6
Technical Assistance	**34.3**	(included in sector rehabilitation)	
EERP TOTAL	*402.4*	*293.3*	*691.7*
OTHER	**261.0**	**222.2**	**356.7**
Arrears Clearance	82.0	66.0	66.0
Humanitarian Aid	100.0	88.2	114.8
Governance	79.0	68.0	175.9
TOTAL	*663.4*	*515.5*	*1048.4*

Donors: Argentina, Canada, France, Germany, Japan, Mexico, Netherlands. Spain, Sweden, Switzerland, USA, Other Bilaterals, EU, IDA, IDB, IMF, OAS, UNDP, Other UN Agencies

(*) *Interventions to address environmental needs are also included in other sectors*
(**) *Includes labor intensive works to prevent soil erosion and rehabilitate feeder roads, and small social infrastructure*

8. As a result of the recovery program, together with sound economic policies, Haiti's economic performance in 1994/95 was encouraging. Real GDP growth amounted to 4.5 percent, consumer price inflation declined from 52 percent by end-September 1994 to 18 percent by end-September 1995, and the Gourde recovered from over G20/US$ during the emergency to G14.5/US$. Central Government current revenues reached 7 percent of GDP in 1994/95, compared to 3 percent in 1993/94, while current expenditure amounted to about 11 percent of GDP. Capital expenditure of the public sector, nearly all of which financed with external grants and concessional loans, amounted to 7 percent of GDP, compared to less than 1 percent in 1993/94. As anticipated, the current account deficit soared to about 20 percent of GDP as a result of the largely donor-financed recovery effort. Imports increased dramatically to US$430 million, whereas exports recovered more slowly, reaching US$85 million. In spite of the large current account deficit, net international reserves exceeded by far the initially programmed level of about US$70 million.

9. The Government also proceeded to implement a number of structural measures. Petroleum subsidies were eliminated and all public sector wage contracts signed with the unconstitutional Government established after May 11, 1994 were canceled. The sales tax was extended to cover services. The first phase of the trade reform was put into effect: the 40 percent export surrender requirement and the remaining restrictions on imports were eliminated; the import valuation basis was changed to the market exchange rate; and import tariffs were essentially reduced to the 4-19 percent range. The reserve requirements applicable to commercial banks were unified, and the statutory ceilings on interest rates were eliminated. To facilitate private sector development, the Government entered into an agreement with the IFC to increase efficiency of key public enterprises through private sector participation in management and ownership. In this context, the Government established an independent privatization unit under the Office of the Prime Minister. It further reduced staffing in the public electricity company and raised tariffs as envisaged. Also, the Government moved quickly to establish a Presidential Commission for Growth and Modernization with representation from a wide range of private sector interests. The principal objective of this commission, is to develop a framework conducive to private sector development.

10. Following a hiatus in the economic reform effort during the last 4 months of the term in office of President Aristide, and delays in the implementation of donor projects which resulted in a slow down in economic activity, economic performance recovered again under the successor-President Preval, who took office in February 1996. Nonetheless, real GDP growth for 1995/96 is estimated to have reached only 2 percent, and inflation to have remained at 16 percent by end-1995/96. Also, in spite of slow progress in the area of private sector participation in public enterprises, the key reforms envisioned in the "Framework for a Sustainable Economic Recovery" have been or are being implemented.

IMPLEMENTATION RECORD

11. The implementation record of the EERC was highly satisfactory due to (i) simple project design; (ii) strong commitment by the Government; (iii) satisfactory management by the Government's Central Implementation Unit together with the Ministry of Finance; and (iv) technical assistance provided by IDA.

12. As a balance of payments operation, the EERC was compatible with the very weak institutional capacity of the Government. It benefited considerably from strong Government commitment. The Minister of Finance followed personally very closely the preparation and ratification of the project. It was presented to Parliament and ratified in a record time of only two days after Board approval. Incidentally, it was the first project ever to be approved by a democratically elected Parliament in Haiti's history. The CIU and staff assigned from the Ministry of Finance supervised the eligibility of goods imported by public or private entities. While the EERC did not include a technical assistance component, IDA assisted the Government in its implementation through

supervision by staff and the assignment of a procurement specialist to help in the review of invoices and the preparation of withdrawal applications.

PROJECT SUSTAINABILITY

13. The recovery program supported by the project appears to have taken hold. In spite of the hiatus referred to above, the Government's economic reform program is on track. The Government recently agreed on a three-year Policy Framework Paper, and on October 18, 1996, the Board of Directors of the IMF approved an ESAF arrangement for 1996/97-1998/99. A policy-based adjustment operation, the Second Economic Recovery Credit (ERC II) is currently under preparation by IDA, and is expected to be formally negotiated by end-December 1996. The economic recovery in Haiti remains dependent on donor assistance, and vulnerable to political developments, but there are signs of a revival of private sector interest. Nonetheless, as in many post-conflict societies, it is likely to take years until political stability will be ensured and the loss in welfare recuperated.

IDA PERFORMANCE

14. The performance of IDA through the project cycle is rated highly satisfactory. Overall, IDA demonstrated strong commitment, responsiveness and flexibility in preparation and implementation of the project. This is reflected, for example, in the speed with which the EERC was presented to IDA's Board of Executive Directors following arrears clearance, and in the decision to authorize exceptional retroactive financing of 50 percent of the credit amount for eligible imports effected prior to Board approval. IDA's decision to take advantage of the EERC preparation to engage in parallel on a policy dialogue on medium-term reforms also facilitated the sustainability of the recovery process. IDA's contribution would have been further enhanced through more rapid project restructuring.

BORROWER PERFORMANCE

15. The performance of the borrower was fully satisfactory. Its participation in the preparation was highly satisfactory, which was reflected in the speed with which the operation was designed and made effective. Implementation, too, was highly satisfactory, with the Ministry of Finance and the CIU demonstrating a strong commitment to ensure rapid disbursement of the Credit. Compliance with covenants was satisfactory, even though a change in Government led to delays in the preparation of the audit and the comments on the project for this ICR.

ASSESSMENT OF OUTCOME

16. The outcome of the project is considered to be highly satisfactory. The EERC was presented to the Board within two months after the return to constitutional rule, and

within a day of clearance of Haiti's arrears to IDA. It was fully disbursed within six months after Board approval, six months before the expected closing date. It fully achieved its objectives, and the objectives were highly relevant to address Haiti's state of emergency. In the context of the overall EERP, it alleviated the import financing constraints and helped initiate the recovery. It also established IDA's role in the policy dialogue, and, through the program it supported, allowed the country to move from overcoming the emergency to addressing medium-term objectives.

FUTURE OPERATIONS

17. The EERC was part of an emergency assistance strategy by IDA to provide basic goods and services to address urgent needs and initiate the rehabilitation of priority infrastructure through this credit and the restructuring of ongoing operations. As the restructuring of the ongoing operations took longer than expected, IDA decided to launch another emergency-type operation, the Employment Generation Project, to create 40,000 jobs per month from September 1995 to early 1997. Unlike the EERC, this operation focused strictly on labor intensive works, and did not need to include further balance of payments support. To sustain the economic recovery initiated with the help of the EERP, IDA is emphasizing the need for sound macroeconomic policies and structural reforms. As already envisioned in the policy letter accompanying the EERC, IDA is currently preparing a policy-based Second Economic Recovery Credit (ERC II). This operation is supported by a recently approved Second Technical Assistance Project (TAP II), which was presented to the Board together with the World Bank Group's Country Assistance Strategy (CAS) on September 17, 1996.

KEY LESSONS LEARNED

18. The crisis in Haiti was comparable to other emergency situations in post-conflict societies for which the World Bank Group has provided support through emergency recovery operations. The key lessons learned from this operation confirm that projects of this type can work well if they have well-defined objectives and a simple design. For the rapid preparation and successful implementation of this emergency recovery operation, strong Government commitment and very close communication proved essential. This implied higher than average staff resources being devoted to preparation and supervision. Judging by the delays in restructuring ongoing projects, which needed to reconcile emergency and medium-term objectives, another critical factor for the success of the EERC was its focus on most immediate needs. This confirms that reconstruction itself should not be seen as a mechanism to achieve medium-term objectives, which should be addressed in follow-up operations. At the same time, however, the experience with the EERC suggests a pay-off for initiating a medium-term policy dialogue during the preparation of emergency operations, to take advantage of the good-will created by a rapid donor response. A final major factor in this operation was flexibility and responsiveness by IDA in the preparation of this operation. This included streamlining review procedures and, in particular, allowing exceptional retroactive financing of 50

percent of the credit amount, which provided timely foreign exchange resources to rapidly finance critical imports. Nonetheless, the extent to which emergency recovery operations should focus on financing critical imports relative to implementing rehabilitation works should be judged in the context of the overall emergency program addressing the various needs of a post-conflict society.

PART II. STATISTICAL TABLES

Table 1: Summary of Assessments

	Substantial	Partial	Negligible	Not applicable
A. Achievement of objectives				
Macro policies				✓
Sector policies				✓
Financial objectives				✓
Institutional development				✓
Physical objectives				✓
Poverty reduction				✓
Gender issues				✓
Other social objectives				✓
Environmental objectives				✓
Public sector management				✓
Private sector development				✓
Other: Financing critical imports	✓			

	Likely	Unlikely	Uncertain
B. Project sustainability	✓		

	Highly satisfactory	Satisfactory	Deficient
C. IDA performance			
Identification	✓		
Preparation assistance	✓		
Appraisal	✓		
Supervision		✓	

Table 1: Summary of Assessments (cont.)

		Highly satisfactory	Satisfactory	Deficient
D.	Borrower performance			
	Preparation	✓		
	Implementation	✓		
	Covenant compliance		✓	

		Highly satisfactory	Satisfactory	Unsatisfactory	Highly unsatisfactory
E.	Assessment of outcome	✓			

Table 2: Related IDA Credits

Credit title	Purpose	Year of approval	Status
Preceding operations	n/a	n/a	n/a
Following operations			
1. Employment Generation	Short-term employment generation	FY96	effective
2. TAP II	Technical assistance for economic management	FY97	approved
3. ERC II	Support for economic reform (policy-based)	FY97	scheduled

Table 3: Project Timetable

Steps in project cycle	Date planned (*)	Date actual
Identification (Final/Initial Executive Project Summary)	n/a	08/20/93
Preparation	n/a	09/06/93
Appraisal	n/a	09/11/93
Post-appraisal	n/a	11/06/94
Negotiations	n/a	11/15/94
Letter of development policy	n/a	11/18/94
Board presentation	n/a	12/20/94
Signing	n/a	12/20/94
Effectiveness	01/31/95	12/23/94
Final Disbursement/Completion	12/31/95	06/06/95
Credit closing	12/31/95	12/25/95
(*) Partly unavailable, due to political developments setting the pace for the preparation and implementation of the project		

Table 4: Credit Disbursements: Cumulative Estimated and Actual

(US$ million)

	FY95	FY96
Post-appraisal estimate	30.0	40.0
Actual	40.4	40.4
Actual as % of estimate	133	100
Date of final disbursement	06/06/95	

Table 5: Key Indicators for Project Implementation

not applicable

Table 6: Key Indicators for Project Operation

not applicable

Table 7: Studies Included in Project

not applicable

Table 8: Program Financing Requirements and Disbursements

(US$ Million)

Area	*Estimated Requirements*	*------Effected Disbursements------* *1994/95*	*1994/95-95/96*
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TOTAL	***663.4***	***515.5***	***1048.4***

(*) *Interventions to address environmental needs are also included in other sectors*
(**) *Includes labor intensive works to prevent soil erosion and rehabilitate feeder roads, and small social infrastructure*

Table 9: Economic Costs and Benefits

not applicable

Table 10: Status of Legal Covenants

Agreement	Section	Covenant type (*)	Present status (**)	Original fulfillment date	Revised fulfillment date	Description of covenant	Comments
Credit Agreement	4.01(b)	1	CD	01/31/95	04/11/96	Audit	Delayed by Government change
Credit Agreement	3.03	5	C	12/23/95	12/20/95	Establish Implement. Unit	Core unit in place by Board presentation
Credit Agreement	3.04	9	C	04/30/95	n/a	Progress Report	
Credit Agreement	3.05(b)	9	n/a	06/30/95	n/a	Midterm Review	Project already fully disbursed

(*) 1: accounts/audits; 5: management aspects of executing agency; 9: monitoring, review, and reporting
(**) C: completed; CD: completed with delay

Table 11: Compliance with Operational Manual Statements

There is no evidence of non-compliance

Table 12: Bank Resources: Staff Inputs

Stage of Project cycle	Planned (*)		Revised (*)		Actual (**)	
	Weeks	US$	Weeks	US$	Weeks	US$
Preparation to appraisal					20.7	59,784
Appraisal and post-appraisal					81.8	162,731
Negotiations through Board approval					6.0	11,979
Supervision					8.8	21,855
Completion					4.1	13,656
Total Direct Costs					**121.4**	**270,005**
Indirect Costs						**57,100**
TOTAL					***121.4***	***327,105***

(*) Not available, as dependency on protracted political developments made it impossible to anticipate needed staff resources
(**) Includes Japanese PHRD Trust Fund

Table 13: Bank Resources: Missions

Stage of project cycle	Month/ year	Number of persons	Days in field (*)	Specialized staff skills	Performance rating (**) Implement. Status	Performance rating (**) Development objectives	Types of problems
Through appraisal	05/93	1	15	TM (Macro)	--	--	n/a
Appraisal through Board approval	09/93	7	100	TM Macro Infrastructure Social Sector Public Sector Procurement	--	--	n/a
	10/93	4	45	Infrastructure	--	--	mission curtailed, pol.instab.
	11/94	4	44	TM Infrastructure Social Sector Procurement	--	--	n/a
	12/94	4	28	TM Social Sector Legal Procurement	--	--	n/a
Supervision	01/95	1	14	Procurement	HS	HS	n/a
	02/95	2	35	TM Procurement	HS	HS	n/a
	05/95	1	5	TM	HS	HS	n/a
Completion	01/96	1	5	TM	--	--	new Gov., hiatus in cooperat.
	06/96	1	5	TM	--	--	
	09/96	1	3	TM	--	--	

(*) tentative; excluding travel, stop-over in Washington, DC, and secondment of local consultants to Government
(**) HS: highly satisfactory

IMPLEMENTATION COMPLETION REPORT
HAITI
EMERGENCY ECONOMIC RECOVERY CREDIT
(CREDIT NO.2670-HA)

APPENDIX A:
BORROWER'S CONTRIBUTION TO ICR

MINISTÈRE DE L'ÉCONOMIE ET DES FINANCES

ACCORD DE CRÉDIT IDA 2670-0-HA

RAPPORT FINAL
(Project Completion Report)

Introduction.

L'Accord de Crédit 2670-0-HA a été signé entre la République'Haïti et l'Association Internationale de Développement le 20 Décembre 1994, dans le cadre du **Programme d'Urgence et de Redressement Économique** (PURE) entrepris par le Gouvernement Constitutionnel de la République dès la restauration et le retour du Président Aristide au pouvoir le 15 Octobre 1994.

Le Programme d'Urgence et de Redressement Économique comprenait plusieurs volets :

- Une composante de travaux d'urgence, **(Prêt BID 942/SF-HA)**, d'un montant de vingt huit millions cinq cent mille dollars américains (**$US28.500.000**) dont l'exécution a été confiée à l'Unité Centrale de Gestion (UCG), entité sous tutelle directe du Premier Ministre.

- Une Assistance Technique Non remboursable, **(BID-ATN/SF-4815-HA)**, d'un montant de quatre millions de dollars américains (**$US4.000.000**), à la mise en place et au fonctionnement de l'Unité Centrale de Gestion.

- Une composante sectorielle à déboursement rapide, (**Prêt BID 941/SF-HA**), d'un montant de quarante millions de dollars américains (**$US40.000.000**) consistant en un appui à la balance des paiement et au Budget de la République.

Et enfin,

- Une composante sectorielle à déboursement rapide, (**Accord de Crédit IDA 2670-0-HA**),d'un montant de vingt six millions huit cent mille Droits de Tirages Spéciaux (**DTS26.800.000**) consistant en un appui à la balance des paiement et au Budget de la République.

Objectifs du Programme.

L'objectif du Programme était d'initier des réformes institutionnelles et de politique générale afin d'améliorer le fonctionnement de l'Etat, de parvenir à une croissance durable dans un contexte macro-économique stable, et de réduire la pauvreté et les inégalités sociales.

Ce Programme est décrit dans la lettre du Ministre de l'Economie et des Finances de la République d'Haïti au Président de la Banque Mondiale en date du 18 Novembre 1994.

Buts du projet 2670-0-HA

Le but du projet était de fournir un appui d'urgence nécessaire à :

- La réactivation de l'Economie Haïtienne,

- La mise en place du processus de recouvrement de cette Economie,

et,

- La stimulation immédiate de la croissance économique.

Le projet consistait à financer les importations d'urgence pour les composantes sectorielles clés du Programme d'Urgence et de Récupération Economique mentionnées dans l'annexe 4 de l'Accord de Crédit correspondant soit :

- Agriculture,
- Industrie,
- Energie,
- Routes et ponts,
- Ports et transports maritimes,
- Eau potable, assainissement et traitement des déchets,
- Infrastructures urbaines et générales,
- Santé et nutrition,
- Education,

et,

- Autres importations.

Mise en place et signature du contrat.

L'Accord de Crédit 2670-0-HA a été conçu, rédigé, signé et finalement approuvé par le Parlement dans des délais records. En effet, signé le 20 Décembre 1994, cet accord a été approuvé par le Parlement le 23 Décembre 1994 et le premier décaissement a pour date de valeur le jour suivant. Cette efficacité a été principalement due au climat de grâce qui a entouré le retour du Président Aristide.

Toutes les parties concernées étaient intimement convaincues du fait qu'il fallait aller vite compte-tenu de l'état de délabrement dans lequel se trouvait l'économie du pays après les trois années du coup d'état :

- Du côté de la Banque Mondiale, les représentants et émissaires ont collaboré avec une efficacité et une compréhension qui méritent d'être soulignées.

- Du côté du Gouvernement, les responsables et représentants n'ont ménagé ni leurs efforts, ni leur temps, pour arriver à mettre en place ce programme dans les meilleurs délais.

- Du côté du Parlement, qui était en vacances, les membres de la Chambre des Députés et du Sénat se sont réunis dès publication de la convocation à l'extraordinaire et ont ratifié l'Accord de Crédit avec célérité.

Exécution du Contrat.

Le contrat a été exécuté dans les délais et conditions prévus initialement. L'assistance de la firme "CARRINT", engagée par la Banque Mondiale pour réaliser la compilation des documents de douane devant servir de base aux demandes de décaissement, a été déterminante en ce qui concerne la facilité et la rapidité avec lesquelles ces décaissements ont été effectués.

De même, la coopération des membres des diverses missions de la Banque Mondiale, a été complète et sans faille.

Le fait que les documents justificatifs des importations éligibles aient été compilés par une firme indépendante spécialisée choisie par la Banque Mondiale a été certainement la principale raison du climat de confiance qui explique la rapidité avec laquelle les décaissements concernant l'Accord de Crédit 2670-0-HA ont été effectués.

<u>En raison de son efficacité, cette manière de procéder mériterait d'être retenue.</u>

Résultats obtenus.

Le retour à l'ordre démocratique et la mise en place du gouvernement constitutionnel **ARISTIDE/MICHEL** en octobre 1994 ont permis de redéfinir les grandes orientations macro-économiques :

- Une croissance du PIB de 4% l'an liée en grande partie à un vigoureux Programme d'Investissement Public.
- Une réduction de l'inflation à 15%
- Un accroissement des réserves de change de - 68 millions de gourdes à 1.622 milliards de gourdes.
- L'élimination des arriérés fiscaux.

Des mesures sectorielles pour arriver à une stabilisation de l'économie ont été prises et un accord de confirmation a été signé avec le Fonds Monétaire International (FMI).

Bilan succinct.

La plupart des critères de performance de l'accord de confirmation ont été respectés à la fin de septembre 1995.

- La croissance du PIB a été estimée à 4,5% en terme réel,
- L'objectif d'augmentation des réserves internationales a été largement dépassé,

- L'indice des prix à la consommation a baissé de 52% en septembre 1994 à 24% en septembre 1995,

et,

- Les résultats obtenus dans le domaine des Finances Publiques ont été plus que satisfaisants.

Un programme fiscal a été adopté en vue de trouver les voies et moyens pour financer le programme de dépenses. Les grandes lignes de ce programme se résument comme suit:

- Révision du Code Douanier

- Valorisation des marchandises importées au taux de change de référence de la BRH.

- Elargissement de la Taxe sur le Chiffre d'Affaires (TCA).

- Introduction d'un acompte de 2% déductible de l'Impôt sur le Revenu et applicable aux marchandises importées.

- Réduction du tarif douanier à l'importation.

- Création d'un droit variable sur les produits pétroliers et élimination des subventions.

Des progrès significatifs ont été réalisés en matière de libéralisation financière :

- Unification des taux de Réserves Obligatoires pour les Banques Commerciales.

- Décret éliminant le plafond statutaire sur les taux d'intérêts.

- Annulation par la Banque de la République d'Haïti (BRH) de la mesure obligeant les exportateurs à rétrocéder 50% des devises.

La réforme administrative n'a pas été négligée. Si la loi sur les départs volontaires n'a pas été adoptée celle sur la retraite anticipée l'a été et de nombreux fonctionnaires ont pu en bénéficier en quittant la Fonction Publique.

Une Commission Présidentielle pour la croissance et la modernisation a été créée pour marquer l'engagement du gouvernement au principe d'un partenariat entre le Secteur Privé et le Secteur Public.

Une série de mesures découlant du Symposium Economique a pu être adoptée dans le but de faciliter le cadre réglementaire des affaires:

- Exonération du droit du wharfage à l'importation pour les industries de sous-traitance,
- Enlèvement des intérêts sur les arriérés fiscaux,
- Extension de cinq années de privilèges fiscaux et douaniers pour les entreprises travaillant sous l'égide du code d'investissement,
- Disposition exceptionnelle de franchise douanière pour les hôtels,
- Décret sur le gage sans déplacement par acte notarié ou signature privée,
- Décret sur les formalités de constitution des sociétés anonymes,
- Décret sur les cartels et,
- Décret de sanction de la convention portant création de l'Agence Multilatérale de Garantie des Investissements.

Le Fonds d'Assistance Economique et Social (**FAES**), outil de lutte contre la pauvreté, a été restauré avec la nomination d'un nouveau Directeur Général, la reconstitution du staff et redémarrage de cet organisme qui a fourni, depuis, des résultats dépassant les attentes des bailleurs de fonds.

L'Unité Centrale de Gestion (**UCG**) a été créée et mise en place pour assurer la gestion centralisée des grands programmes sectoriels générateurs d'emplois. Les résultats obtenus par cette Unité ont été très satisfaisants et la Banque Mondiale a décidé, en accord avec le Gouvernement, de lui confier la gestion de nouveaux fonds non prévus initialement (Programme de Créations d'emplois).

Durant l'exercice fiscal 1994-95, les ressources du Trésor ont atteint des niveaux jamais réalisés dans le passé.

La Direction Générale des Impôts (**DGI**) et l'Administration Générale des Douanes (**AGD**) ont collecté 2.276 milliards de gourdes, les Entreprises Publiques ont transféré à l'Etat 200 millions de gourdes, le Gouvernement a récupéré 400 millions de gourdes qui étaient gelés dans les comptes d'assignation (**escrow accounts**) et la Communauté Internationale a décaissé près de 3.523 milliards de gourdes sous forme d'aide à la balance des paiements et de supports budgétaires.

En 1994-95 le Trésor Public a géré près de 6.4 milliards de gourdes. Cette forte expansion des ressources a été utilisée pour :

- Allouer des frais de fonctionnement aux différents Ministères,
- Améliorer la qualité des services offerts dans les domaines de la Justice, l'Education et la Santé,
- Réhabiliter les infrastructures du pays,

- Assurer le service de la dette externe suspendue depuis septembre 1991,

et,

- Lancer des programmes d'investissement publics générateurs d'emplois, en faveur des couches les plus défavorisées de la population.

L'Unité de Démocratisation des Entreprises Publiques (**UDEP**) a été créée et mise en place. Le processus entamé s'est poursuivi avec la loi sur la Modernisation des Entreprises Publiques, dans laquelle le Gouvernement opte pour un traitement au cas par cas, qui a été ratifiée par le Parlement.

CONCLUSION.

On peut toujours penser que les résultats auraient pu être meilleurs. Néanmoins, compte-tenu du contexte socio-politique qui a prévalu durant l'exercice 1994-1995, Le Gouvernement estime que le **Programme d'Urgence et de Redressement Economique** a été un succès.

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APPENDIX B:
A FRAMEWORK FOR A SUSTAINABLE ECONOMIC RECOVERY

REPUBLIQUE D'HAITI

MINISTERE
DE L'ECONOMIE ET DES FINANCES

Le Ministre

SEC/033

PORT-AU-PRINCE, LE 13 NOV. 1994

Mr. Lewis T. Preston
President
International Development Association
Washington, D.C. 20433

A FRAMEWORK FOR A SUSTAINABLE ECONOMIC RECOVERY

Dear Mr. Preston

1. The Republic of Haiti has suffered through a long period of economic decline and political instability. This period was marked by high inflation, rising poverty and a critical deterioration in the ability of the state to provide basic services. On the occasion of the return of President Aristide and the restoration of a constitutional government, we have the opportunity to begin anew. Our first and fundamental objective is the restoration of law and order within the country, the amelioration of social conditions, and the resuscitation of the economy in the context of the Emergency Economic Recovery Program (EERP). Once this has been assured, our economic objectives will focus on policies that will improve the functioning of the state, achieve sustainable growth in a stable macroeconomic context, and reduce poverty and social inequalities. I would like to take the occasion of this letter to outline an economic policy framework for the next twelve to eighteen months, designed to ensure the sustainability of the economic recovery process supported by the EERP.

EMERGENCY ECONOMIC RECOVERY PROGRAM

2. In 1993, a multi-agency task force, including participation by the International Development Association (IDA), the Inter-American Development Bank (IDB) and other multilateral organizations, laid out the basis of our EERP which we are beginning to implement, taking into account the findings of the recent up-dating mission. This program has identified about US$394 million of budgetary/balance of payments support, technical assistance and emergency measures to be carried out over the next twelve to eighteen months. It focuses on social programs directed at poverty alleviation, repair of basic

infrastructure, protection of the environment, support for private sector development and restoration of key central government functions. We estimate quick-disbursing funds of at least US$130 million will be required during the first year, in order to restore the functions and services of the central government. A small part of the program, amounting to about US$28 million, is aimed at providing technical assistance to help reorganize the public sector, strengthen economic management and assist in carrying out the EERP. Of the remaining US$236 million for sectoral programs, nearly two-thirds involve expenditures for labor intensive works. In the social sectors, our activities will be aimed at improving the supply of basic supplies, such as drugs and school books, increased staff training, and targeted programs of nutrition and maternal and child health. In infrastructure, our objective is to rehabilitate existing infrastructure which has been neglected in the past, including roads, water supply, ports and electric power. In order to carry out the EERP as expeditiously as possible, an emergency implementation unit (EIU) will be established linked to the office of the Prime Minister. The Prime Minister will provide general oversight of the EERP, supported by a Steering Committee including the Ministers of Finance and Planning, and the Governor of the Central Bank. Also, existing sectoral implementation arrangements will be utilized, and all sectors of the Civil Society will be invited to participate in the implementation process.

3. We hope that this program will attract support of multilateral and bilateral donors. The proposed Emergency Economic Recovery Credits of IDA and IDB will be important contributions which will permit us to finance critical imports for the private and public sector under the umbrella of the EERP. We intend to make a full report on progress on the EERP, and discuss additional financing needs, during the forthcoming Consultative Group meeting in early 1995.

4. In addition to the emergency measures described above, the Government will need external support in the areas of governance and humanitarian assistance, as well as funds to clear Haiti's arrears. To clear arrears with the multilateral lenders, a support group meeting chaired by the U.S. Treasury has been convened, and a financing plan for the clearance of these arrears has been established. The Government of Haiti has allocated US$13 million of its own funds to this effort, and we expect the clearance of arrears to be effected soon.

MACROECONOMIC STABILITY

5. In order to ensure a stable and productive environment for the private sector, we are taking steps necessary to stabilize the economy. Working with the IMF, we are identifying measures necessary to contain the overall public sector deficit. We are also taking steps to reduce monetary growth based on credit by the Central Bank, and expect overall inflation to be substantially reduced in 1995. Ceilings on interest rates will be abolished so as to effect market determined interest rates on loans. The Government will at the same time explore ways to revitalize the system of credit unions and broaden access to credit. We hope to finalize our overall macroeconomic program in the next few weeks and reach agreement with the IMF on a new Stand-by Arrangement by early 1995. This agreement will outline

our objectives for monetary growth, the public sector deficit, and external accounts, within the objective of reducing inflation and laying the basis for economic recovery.

THE ROLE OF THE STATE

6. The past decade has seen a marked deterioration in the ability of the state to provide basic services. While public sector employment increased considerably, government revenues declined, resulting in a deterioration of services, particularly in the social sectors. At the same time, the Government expanded its reach into the productive sectors through public enterprises, which preempted private investors. We are committed to refocus the role of the state on its legitimate functions of providing security, justice, basic economic infrastructure and essential social services targeted at the poor. To do this, we must make some fundamental changes in the way the state operates.

7. **Revenues.** Tax evasion, avoidance and corruption have become endemic, and we estimate that the tax to GDP ratio has fallen to 4 percent in 1994, one of the lowest in the world. We intend to raise this ratio at least to the level of 8 percent of GDP attained in 1991. The primary focus will be on tax administration and compliance. First, overdue payments to the Treasury will be collected and steps taken to reduce tax delinquency. Second, the high cost of tax collection, relative to revenues generated, will be reduced through budget reallocations, administrative reforms and staff training. Third, in view of the high concentration of tax payments on a few entities, we will immediately establish a unit specializing on the largest taxpayers. This will improve the ability to cross-check fiscal information with the customs administration as well as within the internal revenue administration. Fourth, we want to broaden our tax base, specifically through including professionals. Finally, steps will be taken to eliminate bribery and corruption in tax and customs administration.

8. **Expenditures.** The level of public expenditures has been so eroded by inflation that the Government is unable to adequately discharge most of the basic functions that are the proper responsibility of the public sector. Furthermore, the current pattern of public expenditures is inappropriate in view of the urgent needs of the social sectors. The Government intends to make major steps to improve delivery of health, nutrition and education services. Particular focus will be given to increasing non-salary operating and maintenance expenditures, including medical supplies and equipment, school textbooks and supplies, and targeted nutrition programs. High priority will be extended to augmenting allocations throughout the public sector for maintenance and operating expenditures, so as to prevent further deterioration in the stock of infrastructure. We will also undertake a major review of the public sector investment program, focusing on high priority rehabilitation investments in infrastructure. Our overall objective is to have a significant increase in public sector investment in fiscal year 1995, consistent with our overall macroeconomic targets which will be outlined in the IMF Stand-by Arrangement. At the same time, the Government will eliminate unnecessary and wasteful expenditures, particularly by eliminating

spending from discretionary accounts and fraudulent employment practices, and by introducing procurement procedures that ensure accountability.

9. **Civil Service Reform.** We intend to transform the civil service to make it an efficient instrument for the delivery of services to society. To this end, civil service management will be improved, the size of the civil service reduced, and the level of professional competence increased. Personnel management practices will be revamped to make processes transparent, clear criteria and qualifications for employment will be established, and more up-to-date personnel records will be assembled. Voluntary separation and early retirement schemes will serve as a means to eliminating redundant employment. The phasing of the civil service retrenchment will depend critically on the financial means available to the Governmnent to cover up-front costs. In order to attract qualified people to the civil service, part of the medium-term savings realized from the above programs will be used to increase key salaries. On a pilot basis, and to improve the effectiveness of government services, we will start decentralizing some positions and functions to the local authorities.

10. **Democratization of Asset Ownership.** State control of substantial productive assets has resulted in mismanagement and corruption and imposed serious political, economic and financial costs on Haiti's society and economy. The consolidation of a democratic order and the desire to foster economic growth and efficiency compels the Government to dispose of these assets.

11. The intended comprehensive divestiture needs to be accompanied by the implementation of an appropriate regulatory framework and anti-trust legislation. To prevent undue concentration of wealth within the country, the Government will seek out foreign investors, members of the Haitian Diaspora, and small domestic savers. Additionally, arrangement will be made to ultimately transfer part of the ownership to traditionally excluded segments of society, including the victims of the unconstitutional rule. To further support the redistribution objectives, the Government will give priority to investing proceeds from the divestiture so as to benefit the poor, including in infrastructure, low-cost housing, and a permanent trust fund for education and health.

12. **International Trade.** The country's exchange system is free of restrictions and transactions are taking place at the free (Interbank) market rate. The Government is committed to continue this policy and to allow the Central Bank to purchase foreign exchange only for its operations.

13. While steps have been taken in the past to reduce effective protection, our trade regime compares unfavorably to that of many other countries, and thwarts our goal of achieving a competitive and open economy. In addition to having many different rates and exemptions, the import duty structure is too high and encourages contraband and corruption, and benefits domestic monopolists. High tariffs on agricultural products particularly raise the price of food for the poor. To correct this situation and promote economic efficiency, the Government plans to eliminate the remaining quantitative restrictions and move towards

the elimination of all tariffs except for those on a small number of sensitive goods including rice, corn, beans and sorghum. The tariff reform will be phased so as to facilitate the transition to a free trade regime with a view to a concurrent reduction in the relative tariff dispersion. In conjunction with the tariff reform, the system of import valuation will be modified and moved to the free market exchange rate, and the duty-free franchise system will be reviewed to eliminate abuses. To reduce uncertainty, the respective legislation will be submitted to Parliament by early 1995. We will ensure that these reforms take place in the context of a viable fiscal regime. To this end, we already revised taxes for petroleum products and eliminated the implicit subsidy by making sales to the private sector at the market exchange rate.

14. Any revenue losses from the trade reform will further be offset by implementing higher excise duties on luxury consumer goods, alcohol, tobacco, and automobiles. As we undertake the liberalization process, we will also negotiate with our major trading partners better access to their markets, including maximum favorable treatment with respect to quantitative restrictions and tariffs for the next ten years. In addition, the Government intends to mobilize international assistance to improve the competitiveness of the agricultural sector, particularly focusing on rice production. The legislation incorporating the tariff reductions for agricultural products would be introduced concurrently with measures to support this sector.

15. **Poverty and the Social Sectors.** Regretfully, Haiti remains the poorest country in the western hemisphere. While a strong and sustained recovery of growth will do much to raise incomes and provide employment for the poor, this must be complemented with effective programs in health, nutrition and other social services that will eliminate the worst manifestations of poverty, and provide a safety net for those most affected by the current severe recession in the Haitian economy. As stated above, we will make a major reallocation within our budget to increase the funding for health, education, nutrition and other social programs, although we hope that some of these expenditures will be financed by foreign grants as well. We intend to revitalize the Economic and Social Fund, instituting more flexible procedures and seeking additional external financing. We appreciate the role of grass roots organizations and NGOs in delivering essential services, and will continue to count on their support. To more effectively integrate these organizations in our effort to alleviate poverty, we would like to request that IDA and IDB undertake a Poverty Assessment, to assist in the formulation of social development and poverty alleviation policies and programs.

AID COORDINATION

16. We sincerely appreciate the support of IDA and IDB, as well as other multilateral and bilateral agencies during the recent transition period. We recognize, however, that steps are necessary to improve our aid coordination efforts, in order to ensure that aid funds are used to maximum effect and that aid projects are consistent with implementation capacities

and available counterpart funds. We look forward to the forthcoming Consultative Group Meeting for Haiti in early 1995 as an opportunity to further explain our program and objectives, and to elicit support from the donor community. In addition, we intend to develop, with the staff of the relevant multilateral agencies, a Policy Framework Paper (PFP) which will lay out in more detail our policy objectives described here and a timetable for their implementation. We hope that the PFP would provide the basis for a future dialogue on adjustment lending from IDA, IDB, the IMF and other donors.

Marie-Michèle Rey
Minister

DE L'ECONOMIE ET DES FINANCES
HAITI

MAP SECTION

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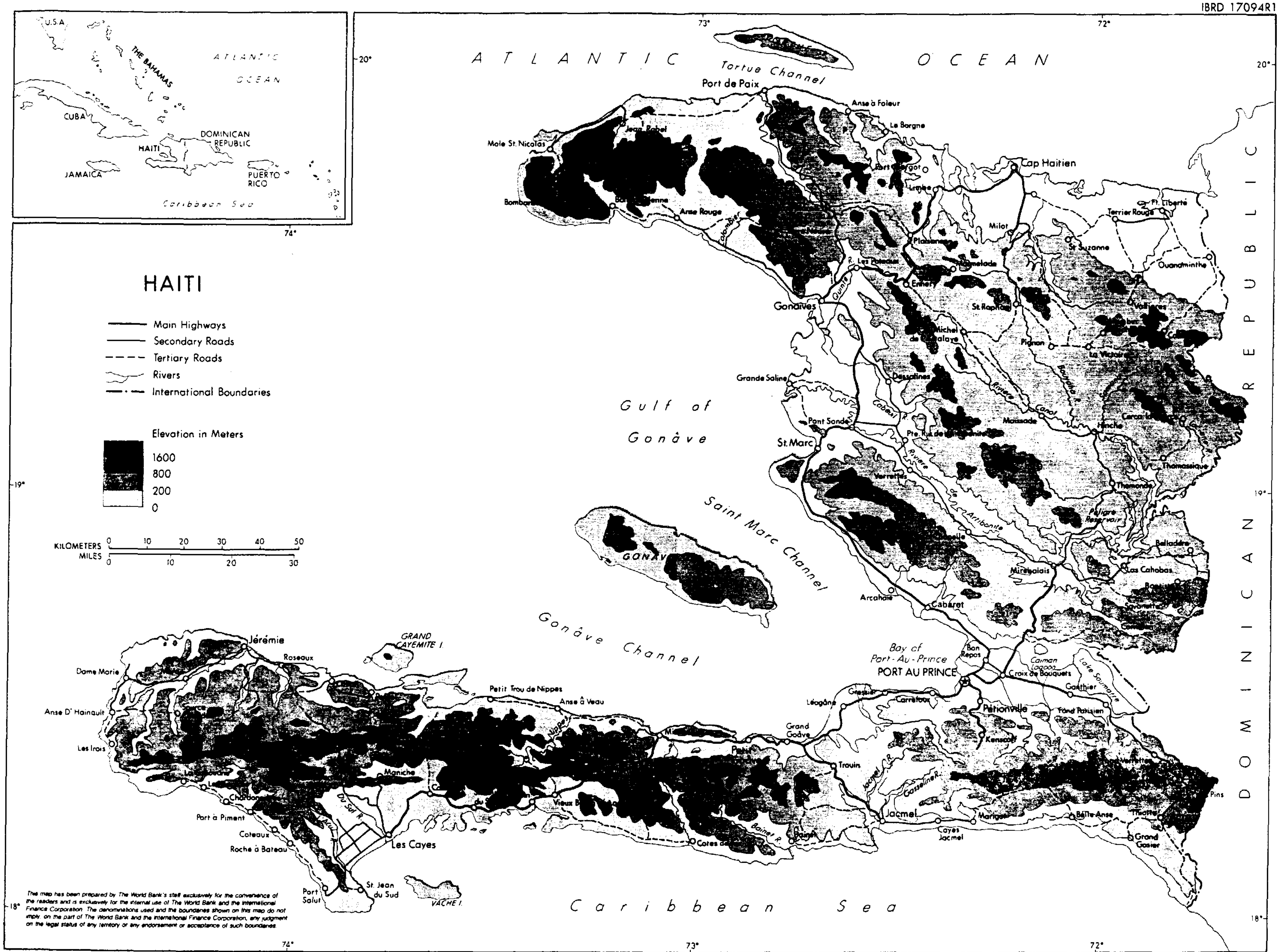

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IMAGING

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