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HAITI

USAID Project Doubles Municipal Revenues

USAID helped to increase the efficiency of the tax administration in St. Marc.



Photos Courtesy of LOKAL



(Above) Municipal agents conduct a survey as part of the effort to update St. Marc's property tax roll. (Below) A municipal agent places an address on a surveyed property, done frequently because of the absence of complete/consistent street addressing in most neighborhoods.

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Haiti has one of the lowest percentages of tax-receipts as a share of gross domestic product (GDP) in the world, at approximately nine percent. This lack of tax revenue hinders the ability of municipalities to provide basic public services, such as waste management. With an expanded tax base, the Haitian government seeks to improve the quality and scope of services to improve the lives of Haitians, as well as decrease dependency on foreign assistance.

To increase tax revenue in Haiti, USAID's *Limyè ak Òganizasyon pou Kolektivite yo Ale Lwen (LOKAL)* project partnered with the Haitian government to increase the tax base through a pilot project in the municipality of St. Marc. The project resulted in an increase the number of properties on the tax roll from 900 to more than 21,000 and the number of businesses from 345 to 1,200, leading to a significant increase in taxes collected. For example, property taxes collected increased by 240 percent over the previous levels.

St. Marc Fiscal Service Director Eli Constant says that, "Thanks to this project supported by USAID, we have arrived closer to our dream of putting into place an effective system to raise municipal revenues."

To achieve these outcomes, LOKAL worked with the local tax administration on an intensive process that included consultations with local residents and business representatives; training and technical assistance; development of an electronic database of tax census information and automated programs to produce and track tax bills; establishment of archives and an automated tax management program; and implementation of sanctions against delinquent taxpayers. Furthermore, after observing bottlenecks in the first year, USAID provided local tax authorities with computers and other equipment to allow the office to receive a larger number of taxpayers and process their billing rapidly.

Simultaneously, LOKAL supported the local Mayor's Office to undertake a large-scale consultation with local citizens to identify priority public service projects (ranging from better traffic regulation to the construction of a public market) to be implemented with anticipated tax revenues, therefore demonstrating potential improvements in their lives that result from increased revenue and encouraging individuals to pay taxes.

As the USAID Democracy and Governance program invests in further development for local and national government, St. Marc provides a base for expanding these efforts in USAID targeted development corridors through cooperation with the Haitian government and other donors—which have agreed to extend and expand these activities.