

# Calendar No. 399

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SENATE

{ REPORT  
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## HAITI REFORESTATION ACT OF 2011

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MAY 15, 2012.—Ordered to be printed

Mr. KERRY, from the Committee on Foreign Relations,  
submitted the following

### REPORT

[To accompany S. 1023]

The Committee on Foreign Relations, having had under consideration the bill S. 1023, to authorize the President to provide assistance to the Government of Haiti to end within 5 years the deforestation in Haiti and restore within 30 years the extent of tropical forest cover in existence in Haiti in 1990, and for other purposes, reports favorably thereon and recommends that the bill do pass.

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#### I. PURPOSE

The purpose of S. 1023 is to provide assistance to the Government of Haiti to develop and implement, or improve, nationally appropriate policies and actions to reduce deforestation and forest degradation and to increase afforestation and reforestation in a measurable, reportable and verifiable manner.

#### II. COMMITTEE ACTION

S. 1023 was introduced by Senators Durbin, Kerry, and Collins on May 18, 2011. On February 14, 2012, the committee ordered S. 1023 reported favorably by voice vote. Senator Risch asked to be recorded as voting against the legislation.

#### III. DISCUSSION

Haiti was once a significantly forested area with tropical forests covering 60 percent of the country in 1923. After years of deforestation and forest degradation, less than 2 percent of these forests remain. During the period beginning in 2000 and ending in 2005,

the deforestation rate accelerated by more than 20 percent over the deforestation rate in Haiti between 1990 and 1999.

The impact of Haiti's deforestation includes widespread soil erosion, destruction of the natural barriers from hurricanes, and continuing poverty. Consequently, this soil erosion makes the island more vulnerable to floods and mudslides. For example, in 2004, Hurricane Jeanne hit Haiti, killing approximately 3,000 people and displacing over 200,000 more, as mud covered Gonaives, Haiti's sixth-largest city, turning it into a swamp of debris.

S. 1023, the Haiti Reforestation Act of 2011 (the "Act"), authorizes assistance to the Government of Haiti to implement proposals that support governmental and nongovernmental institutional capacity to reduce deforestation and increase afforestation and reforestation rates in measurable, verifiable and reportable ways. This Act does not authorize any new spending but is intended to help provide guidance for existing funds for Haiti and its reconstruction.

The Act would provide a framework with which the United States may work with the Haitian Government to develop Haiti-appropriate forest-management plans that can be implemented in incremental ways. Eligible activities include fire reduction, forest monitoring, market-based reforestation, and watershed restoration.

The need for such activities in Haiti has become even more acute given the spate of natural disasters that have struck the island in the last decade. Where trees once provided cover from torrential rains and gave root structure to the soil, mudslides have destroyed houses and schools. The United Nations Environmental Program has found that the number of victims per extreme weather event is directly correlated to the extent of deforestation in a country. If Haiti's tropical forests are protected and in some cases regrown, these efforts would help address the destructive effects of soil erosion and mitigate the effects from severe natural disasters that are exacerbated by the severely deforested land.

The committee intends that the Haiti Reforestation Act will help strengthen U.S. assistance to Haiti by promoting activities and directing funding toward efforts that support long-term sustainability. The committee notes that in past years, efforts by USAID and other agencies to implement development assistance in Haiti have not always been integrated between environmental and development programs. It is important that all U.S. government efforts related to the rebuilding of Haiti are integrated within a broader country development framework and reflect needs and priorities identified by the country in question.

The committee also recognizes that promoting reforestation in Haiti is a necessary step toward achieving related development goals in the country, such as agricultural development, improvements in public health, infrastructure, and education, and building a stronger economy. Similarly, reforesting and protecting Haiti's tropical forests can also benefit Haiti's freshwater sources and irrigable land.

S. 1023 vests authority in the President to provide necessary resources to the Government of Haiti to carry out critical policies, reforms, and investments in areas that promote reforestation and afforestation.

A summary of certain sections of S. 1023 is below:

*Better Governance for Haiti.* Section 101 authorizes assistance for the Government of Haiti provided that the Haitian Government's proposals for assistance include specific transparency and governance criteria, including the availability of legal regimes, standards and safeguards for local communities and primary stakeholders, and transparent documentation to ensure that policies being proposed are or can be implemented. Assistance under the Act is to be harmonized with the United States broader development and environmental objectives and initiatives in Haiti. The list of eligible activities is meant to highlight activities that promote forest restoration, rehabilitation and sustainable growth. The committee also notes that activities promoting the environmental recovery of watersheds through forest restoration and sustainable resource management can yield significant benefits to local communities by reducing the environmental vulnerability of these areas to debilitating impacts such as mudslides.

*Reporting.* Section 101 also requires an initial report to the appropriate congressional committees on the actions the President has taken, or plans to take, to engage key stakeholders in Haiti, including the Government of Haiti and Haitian civil society. The Act also requires biennial reports to Congress on the progress that the Government of Haiti is making on implementing the policies and initiatives contained in the proposals submitted for assistance under this Act.

*Grants for Reforestation Program.* Section 201 provides that the President may establish a grant program to reverse deforestation and improve reforestation and afforestation. The purpose of this program is to create additional opportunities for the United States government to support programs and policies that promote activities that result in increased forest coverage or reduced deforestation. A preference is given toward projects that develop sustainable market-based solutions partnering with local communities and cooperatives. These types of solutions have been successful in other parts of the world, and it is the expectation that they can also be successful in Haiti. The Act also provides for the establishment of forest protection grants that may be given to nongovernmental organizations for the purchase of discounted commercial debt of Haiti in exchange for commitments by the Government of Haiti to restore forests or develop sustainability plans for those forests. This authority is intended to build upon and incorporate the successes of debt-for-nature programs in other regions.

#### IV. COST ESTIMATE

In accordance with Rule XXVI, paragraph 11(l) of the Standing Rules of the Senate, the committee provides this estimate of the costs of this legislation prepared by the Congressional Budget Office.

UNITED STATES CONGRESS,  
 CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, March 28, 2012.*

Hon. JOHN F. KERRY,  
*Chairman, Committee on Foreign Relations,*  
*U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1023, the Haiti Reforestation Act of 2011.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sunita D'Monte.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

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CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

**S. 1023—Haiti Reforestation Act of 2011**

AS ORDERED REPORTED BY THE SENATE COMMITTEE ON FOREIGN  
 RELATIONS ON FEBRUARY 14, 2012

**SUMMARY**

S. 1023 would authorize assistance to Haiti to reduce deforestation, increase efforts to restore forest cover, and improve management of natural resources. The bill would set specific targets for those efforts: promote the environmental recovery of 35 percent of Haiti's land area within 5 years, restore forest cover to at least 10 percent of Haiti within 30 years, and increase agroforestry (the simultaneous production of trees with crops or livestock) cover to more than 25 percent of Haiti within 10 years. CBO estimates that implementing S. 1023 would require appropriations of about \$780 million and have a discretionary cost of about \$460 million over the 2013–2017 period. (The remainder would be spent after 2017.)

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 1023 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1023 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

[By fiscal year, in millions of dollars]

	2013	2014	2015	2016	2017	2013- 2017
<b>Environmental Recovery</b>						
Estimated Authorization Level ....	136	138	140	142	145	701
Estimated Outlays .....	10	57	100	117	127	411

[By fiscal year, in millions of dollars]

	2013	2014	2015	2016	2017	2013- 2017
<b>Grant Programs</b>						
Estimated Authorization Level ....	15	15	15	16	16	77
Estimated Outlays .....	1	6	11	13	14	45
<b>Total Changes</b>						
Estimated Authorization Level	151	153	155	158	161	778
Estimated Outlays .....	11	63	111	130	141	456

**BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 1023 will be enacted by the end of 2012, that the necessary amounts will be appropriated each year, and that outlays will follow historical spending patterns for existing programs.

*Environmental Recovery*

Title I would authorize assistance for the environmental recovery of Haiti. The U.S. Agency for International Development (USAID) has ongoing programs aimed at environmental recovery and restoration of tree cover in Haiti: the Watershed Initiative for National Natural Environmental Resources project (WINNER) and the Economic Development for a Sustainable Environment project (DEED; the acronym is based on its French title). WINNER is a five-year project while DEED is a three-year project. Both projects use market-based approaches to improve agricultural production and the management of natural resources. They have a combined budget of about \$145 million and cover about 9 percent of Haiti's land area, with an average cost of about \$580 per hectare of land. (A hectare is roughly 2.47 acres.)

Based on information about the WINNER and DEED projects, CBO expects that USAID would build upon existing efforts by using those projects as templates to meet the bill's goals; in particular, to achieve the goal of recovering 35 percent of Haiti's land area—about 970,000 hectares—within five years. CBO assumes that each year over the 2013–2017 period, the Congress would appropriate the amounts necessary for USAID to initiate projects to achieve one-fifth of that goal (194,000 hectares). After increasing the average cost for the WINNER and DEED projects to account for the shorter time-frame envisioned under the bill, CBO estimates that implementing title I would cost an average of \$700 per hectare in 2013, and require appropriations of \$136 million that year. On that basis, and adjusting for expected inflation, CBO estimates that implementing title I would cost \$411 million over the 2013–2017 period, assuming appropriation of the necessary amounts.

*Grant Programs*

Title II would authorize two grant programs to reverse deforestation and promote reforestation (establishing a forest on land that was previously forested) and afforestation (establishing a new forest on unforested land). CBO expects that those programs would be aimed at preserving existing natural forests, reforesting land, and

developing sustainable economic activities in areas surrounding forests. Based on information from USAID, CBO estimates that implementing title II would require annual appropriations of about \$15 million a year and cost \$45 million over the 2013–2017 period, assuming appropriation of the necessary amounts.

**PAY-AS-YOU-GO CONSIDERATIONS**

None.

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1023 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate for Federal Costs is Sunita D'Monte, for Impact on State, Local, and Tribal Governments is J'nell L. Blanco, and for Impact on the Private Sector is Marin Randall. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis

**V. EVALUATION OF REGULATORY IMPACT**

Pursuant to Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has determined that there is no regulatory impact as a result of this legislation.

**VI. CHANGES IN EXISTING LAW**

In compliance with Rule XXVI, paragraph 12 of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman).

**FOREIGN ASSISTANCE ACT OF 1961**

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**PART I**

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**CHAPTER 7. DEBT-FOR-NATURE EXCHANGES**

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**SEC. 466. PILOT PROGRAM FOR SUB-SAHARAN AFRICA**

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**SEC. 467. PILOT PROGRAM FOR HAITI.**

*(a) SUBMISSION OF LIST OF AREAS OF SEVERELY DEGRADED NATURAL RESOURCES.—The President, in cooperation with nongovernmental conservation organizations, shall invite the Government of Haiti to submit a list of areas within the territory of Haiti in which tropical forests are seriously degraded or threatened.*

*(b) REVIEW OF LIST.—The President shall assess the list submitted by the Government of Haiti under subsection (a) and shall seek to reach agreement with the Government of Haiti for the restoration and future sustainable use of those areas.*

*(c) GRANT PROGRAM.—*

(1) *GRANTS AUTHORIZED.*—The President is authorized to make grants on such terms and conditions as may be necessary to nongovernmental organizations for the purchase on the open market of discounted debt of the Government of Haiti, if a market is determined to be viable, in exchange for commitments by the Government of Haiti to restore tropical forests identified by the Government under subsection (a) or for commitments to develop plans for sustainable use of such tropical forests.

(2) *MANAGEMENT OF PROTECTED AREAS.*—Each recipient of a grant under this subsection shall participate in the ongoing management of the area or areas protected pursuant to such grant.

(3) *RETENTION OF PROCEEDS.*—Notwithstanding any other provision of law, a grantee (or any subgrantee) of the grants referred to in section (a) may retain, without deposit in the Treasury of the United States and without further appropriation by Congress, interest earned on the proceeds of any resulting debt-for-nature exchange pending the disbursements of such proceeds and interest for approved program purposes, which may include the establishment of an endowment, the income of which is used for such purposes.

(4) *TERMINATION OF PROGRAM.*—The authority to make grants under the pilot program shall terminate five years after the date of the enactment of this Act. The authority may be renewed for one additional five-year period during the 30-year reforestation period targeted by this Act if the President determines and certifies to Congress that the pilot program is effective in meeting the goals of the Act and the commitment of the Government of Haiti to returning land in Haiti to long-term sustainable forests. The cumulative duration of the pilot program may not exceed ten total years.