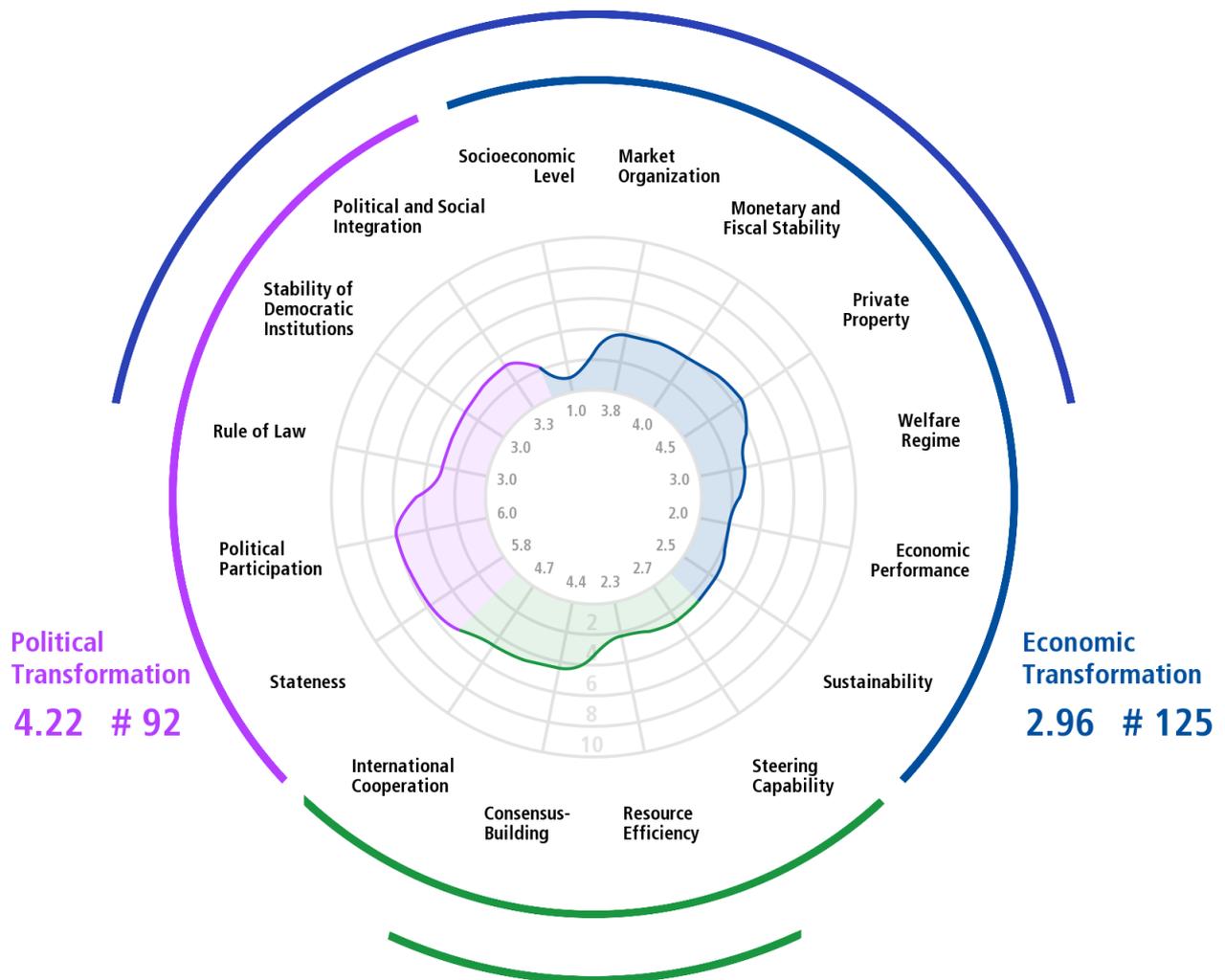


Haiti

Status Index

3.59 # 116

on 1-10 scale out of 137



Political Transformation
4.22 # 92

Economic Transformation
2.96 # 125

Governance Index

3.34 # 117

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	11.1	HDI	0.503	GDP p.c., PPP \$	1863
Pop. growth ¹	% p.a.	1.3	HDI rank of 189	169	Gini Index	41.1
Life expectancy	years	63.3	UN Education Index	0.445	Poverty ³	% 50.8
Urban population	%	55.3	Gender inequality ²	0.620	Aid per capita \$	89.3

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The installation of Jovenel Moïse as Haiti's 58th President in 2017 generated great expectations that the country's political, economic and social conditions would improve in the aftermath of Hurricane Matthew in 2016, which devastated the south, and a transitional government that was largely unable to improve the dire economic conditions of the population. Two years into the new administration, all the economic, social and political indicators have deteriorated, instead of improving. Port-au-Prince, Haiti's capital, has become a no-man's-land, with rival gangs taking control of several neighborhoods and implementing their own rules. In July and November 2018, the country experienced two major riots that almost overthrew Jovenel Moïse. Under pressure from the international community and the opposition, he was forced to replace his prime minister with a member of the opposition party to appease the population. Poverty has increased since 2017, with a rising rate of inflation of 14% and plummeting national currency (gourde), which has severely affected the population's buying power, since the country imports 60% of the products it consumes.

In 2017, when Moïse took over, the exchange rate was 60 gourdes to the U.S. dollar. In 2019, it is 80 gourdes to the U.S. dollar and continues to decline.

In his inaugural address, Moïse promised to fix the country's major infrastructure problems, its agricultural deficits and the judicial system. He also promised to provide electricity to the entire country within two years. Although many opposition parties contested his legitimacy when he assumed power in 2017, they nonetheless gave him the benefit of the doubt, hoping that he would fulfill some of his promises. Instead, the country has fallen into a deep hole in which corruption, nepotism and fighting among members of parliament and the executive risk to turn the presidency of Jovenel Moïse into a major failure.

The Economic Commission for Latin America and the Caribbean (CEPAL) estimated that Haiti's GDP grew by 1.4% in 2018 and projected only a modest growth of 2.8% in 2019. The country lost

30% of its GDP in November 2016, when Hurricane Matthew destroyed infrastructure and crops in the south and southwestern administrative departments. In the past two years, it has not recuperated from this economic loss. Jovenel Moïse introduced the concept of “Caravane du Changement” in 2017 as a way to make a huge impact on the country’s infrastructures and jumpstart the economy. The initiative became rapidly marred in corruption and nepotism. Two years after it was launched, several road, agricultural and electricity projects are stalled due to a lack of funding and experienced technicians. Parliament initiated an investigation into corruption linked with the Petrocaribe Fund. Although President Moïse initially appeared to support the investigation, he has been reluctant to follow through with the parliament’s recommendations and has replaced the judges that were involved in the investigation with his own allies. The presence of political instability, violence, extrajudicial murders and the rapid devaluation of the national currency that the country experienced in 2018 have cast doubts on the ability of the president to finish his term and to carry through the mid-term elections for parliament and local offices in 2019.

History and Characteristics of Transformation

Haiti, which became the first independent slave republic in the world in 1804, has always experienced political instability. One of the longest periods of stability in recent history was during the autocratic rule of Francois Duvalier. He came to power in 1957, backed by a majority in both houses of the legislature. Duvalier was known as “Papa Doc” because of his paternalistic concern for the poor Haitians. During his fourteen-year reign, he became more and more autocratic and brutal. After silencing his opponents through various repressive methods, he succeeded in 1961 in dismantling the bicameral legislature and made himself president for life. One of his heaviest and most dangerous legacies is the so-called Tonton Macoute, a secret paramilitary group, which used blackmail and terror to control citizens.

Before Francois Duvalier died in 1971, he instated his 19-year-old son, Jean-Claude, as president for life with the support of the United States. Jean-Claude who was called Baby Doc Duvalier became well-known for his lavish lifestyle. He continued to maintain power with intimidation until he was forced to flee in 1986.

A visit from Pope John Paul II in 1983 became known as the beginning of the end for Baby Doc. Threatened by rioting crowds and pressured by the United States, Baby Doc went into exile in France. Haiti’s first free and democratic elections were held in 1990, when Jean-Bertrand Aristide, a former priest, emerged as president. Only ten months later, a coup d’état interrupted the process of democratization, forcing Aristide into exile and installing a three-year military regime. The return to a constitutional order in 1994, enforced by international military intervention under U.S. leadership, returned Aristide to the presidency. In 1996, René Préval, a close ally of Aristide, succeeded him as president.

Against the background of a political crisis, triggered by controversial parliamentary elections in 2000 and an increasingly difficult relationship between the opposition and Aristide’s party, Fanmi

Lavalas, Aristide was elected president for a second time. Very popular among the poor, Aristide began implementing redistribution measures and cut privileges for the wealthy. The United States and international financial institutions, such as the International Monetary Fund and The World Bank, introduced harsh economic measures against a government it considered anti-democratic. The country's fragile economy suffered several blows, making it difficult for Aristide to govern amid an increasingly polarized political environment. Following violent protests and an armed rebellion led by Guy Philippe and former staff of the Haitian military, Aristide had to leave the country on February 29, 2004. Whereas the U.S. described Aristide's departure as a "voluntary escape," Aristide accused the United States of kidnapping him.

Following the forced departure of Aristide, an interim government under the leadership of a former U.N. technocrat named Gerard Latortue invited the U.N. to send peacekeeping forces to stabilize the country. In 2004, the U.N. Security Council authorized the deployment of a multinational interim force to re-establish stability until the arrival of a U.N. peacekeeping mission (MINUSTAH). In 2017, MINUSTAH was replaced by a smaller U.N. mission (MINUJUSTH), whose goal is to reform the country's judicial system. On January 12, 2010, a devastating earthquake hit the country killing more than 250,000 individuals and leaving 1.5 million people homeless. The entire U.N. headquarters were destroyed, more than 30 staff members died, including the U.N. representative. Many Haitian intellectuals and political activists died. Most of the political and administrative buildings collapsed.

Although the disastrous situation seemed to be chaotic, the international community insisted on the organization of elections in November 2010. In the first round of voting, Mirlande Manigat came in second and Jude Celestin who was a protégé of René Prével, came in first. Under pressure from Hillary Clinton, who was then U.S. Secretary of State, Prével was asked to force Jude Celestin to withdraw from the election in favor of Michel Martelly, who came in third place in the preliminary results. Martelly, a former singer and nightclub owner, who obtained the support of the U.S. State Department, ran in the second round against Mirlande Manigat and was declared the winner of the 2010 presidential elections. In May 2011, he was sworn in, more than seven months after the first round of voting.

In 2015, Martelly was unable to organize parliamentary and presidential elections for an orderly transfer of power. Under pressure from several civic and international organizations, he was forced to relinquish power to a provisional government on February 7, 2016. Jocelerme Privert, who was the president of the Senate, became the interim president of the country with a mandate to hold presidential and parliamentary elections within three months. However, dissension among the political parties and Privert's allies prevented him from implementing the mandate. After a lot of quarreling among the parties and parliament members, Haiti held its general elections on November 20, 2016. A month after the ballots were cast, the Provisional Electoral Council (CEP) declared Jovenel Moïse the winner by a margin of 55%. Only 21% of the five million eligible voters went to the polls, which seriously affected the legitimacy of the new president. On February 7, 2017, Jovenel Moïse became Haiti 58th president.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is established nationwide in principle, but challenges persist. Given the weakness of the state, it has been challenged by gang members who want to establish their power in areas they more or less control, primarily in Port-au-Prince. In 2018, rival gang members paralyzed all activities along the capital's major northern and southern arteries.

In 2017, the U.N. mission MINUSTAH left Haiti, and the implications of this departure account for the main shifts underway at this time. Given the absence of a domestic military, MINUSTAH's presence in some ways allowed the Haitian government to have a police force in place without having to pay for it. Since 2017, national security has been primarily provided by the – still rather underperforming – Haitian National Police (HNP). The size of the HNP has gradually increased since 2004. According to the quarterly MINUJUSTH report from November 2018, by September 2018, the total number of police officers nationwide amounted to 15,735, including 1,568 women (10%). This brings the police-officer-to-population ratio to 1.37 police officers per 1,000 inhabitants, which is still below the United Nations standard of 2.2 per 1,000.

Doubts have been repeatedly raised as to whether the national police force is able to guarantee the security needed to protect citizens, enforce the law and promote political stability. This issue resurfaced in July and November 2018, when the country experienced several days of disturbances that tested the capacities of the National Police force to maintain order.

In November 2017, President Moïse reinstated the Haitian Armed Forces, which were disbanded in 1995 following a series of human rights abuses. The role of the army is to help in times of natural disaster and to patrol Haitian borders. It will eventually expand to 5,000 soldiers. The violent legacy of the previous army has led to fears about potential future abuses, if safeguards and checks on the military are inadequate.

Question
Score

Monopoly on the
use of force

5

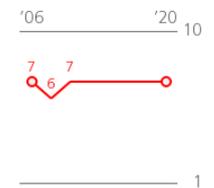
'06 '20 10



The majority of the population accepts the nation-state as a legitimate form of authority. There is no discrimination on the basis of race, ethnicity, national origin, gender or political affiliation. Haiti was the first country in the world to permanently abolish slavery and color prejudice in its constitutional documents. Historically, the state has struggled to provide birth certificates and national identity cards to its citizens. Since 2006, there have been considerable efforts to address this issue. The governments of former Presidents Préval and Martelly with support from international organizations made considerable efforts to provide citizens with identification papers and birth certificates. A large number of citizens still do not have legal papers and remain completely outside the government registers. President Moïse continued his predecessors' policy of providing identity cards to citizens. However, the system has been plagued with corruption and mismanagement. Citizens have to wait more than a year to obtain an identity card after applying for one. The political and economic division between rural and urban Haitians is strong. As a result, fewer resources are allocated to rural areas, and educated middle class urban citizens look down on rural Haitians. This relationship has created conditions where significant resources are withheld from a large sector of the population, since close to 45% of the population live in rural areas.

State identity

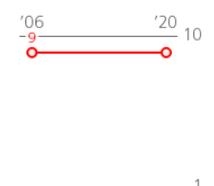
7



Although Catholicism is the country's official religion, the revised constitution of 1987 has also recognized voodoo as a legal religion. As such, the bureau for religious activities in the Ministry of Foreign Affairs has recognized voodoo priests and accorded them the power to officiate all legal activities such as marriages, baptisms and funerals. The voodoo priests enjoy equal protection under the law. Although the state does not officially persecute citizens who practice voodoo, there have past incidents where members of the fundamentalist Protestant sects have persecuted members of the voodoo religion by preaching against them or burned down their sanctuaries.

No interference of religious dogmas

9



Since the population is very religious, heads of state usually seek the advice of the Council of Catholic Bishops and the new cardinal on important national issues. Although religion does not have a direct influence on politics, the Catholic and Protestant clergy still have moral authority to intervene on national issues. While in the past, the Catholic clergy played a central political role, this is now diminished by the increased power of Protestant groups, which are a vector also for links with the United States and new forms of political ideology. Indeed, Protestant groups can be considered a significant latent political force.

The state as a provider of basic services is nearly nonexistent. Haiti's administrative structure is divided into ten departments. Although the constitution calls for a decentralized state, the government is highly centralized. As a result, local officials have little or no resources for providing basic services such as sanitation, clean water, health care, good education and housing. According to the CIA World Factbook, in 2018 only 57.7% of the population had access to an improved water source and only 28% had access to sanitation. Eight million (out of an estimated population of 10 million) live without electricity; five million cannot read or write. Life expectancy is 64.6 years, one of the lowest in the Caribbean region. The mortality rate is 45.4 per 1,000 live births among children five years or younger. More than four times the regional average of women die in childbirth and infant mortality is twice the regional rate. More than half of all families live in extreme poverty.

The fatal weakness of administrative structures became visible after the earthquake in 2010. Urgent needs like housing, water and sanitation remained incompletely met for over five years. The outbreak of cholera and ongoing problems controlling the spread of disease show that, in particular, sanitation and access to water remain some of the most urgent issues in the country.

2 | Political Participation

In 2019, Haiti will hold parliamentary elections to renew the mandate of the lower house and one-third of the Senate. Although general elections are conducted nationally, they are often held late and under duress. Since the return of democratic rule to Haiti after the overthrow of President Aristide in 2004, elections have been free, but not necessarily fair. All elections since 2006 have been contested by the losing parties. The attempted 2015 elections ended in a fiasco when the Provisional Electoral Council could not carry them through and replace the outgoing president. A later election took place without serious incidents of voter intimidation or restrictions on candidates and political parties, despite complaints made by the losing parties. By all accounts, the election was free, though not entirely fair, and the electoral body, the Provisional Electoral Council (CEP), declared Jovenel Moïse the winner with 55% of the vote.

Haiti's complex electoral framework reflects democratic values. Unfortunately, many provisions have not been realized. Haiti has held 15 elections since 1987. All of them have been marked by irregularities or accusations of fraud. In the 2015 elections, most of the nine members of the CEP were accused of corruption. Although the CEP was not accused of corruption in 2016, it was criticized by the losing candidates for working in favor of Jovenel Moïse, who received massive support from the private sector. Participation in the 2016 general elections was among the lowest since 1987. Less than 21% of the five million eligible voters went to the polls.

Basic administration

2

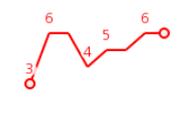
'06 '20 10



Free and fair elections

6

'06 '20 10



Although all the political parties were allowed to participate in the 2016 elections, in the past the CEP in collaboration with the president found ways to exclude some political parties. In 2010, Haiti's largest political party, Fanmi Lavalas was banned from participating in the elections without substantial legal justification. Voter registration problems and missing identity cards have contributed to widespread claims of vote rigging and fraud. In addition, the financial resources of candidates determine their capacity to access the media. Corruption and drug-related financing still determine who wins elections.

For more than 13 years, the country hosted a U.N. mission that met most of Haiti's security needs and was also charged with providing assistance in organizing and supervising elections.

The government's effective power to govern is limited, due to the absence of strong leadership, a lack of resources and the inability to implement public policy. President Jovenel Moïse introduced the concept of "Caravane du Changement" to execute a series of public works in the country such as irrigation canals, highways and agricultural initiatives to increase the production of basic food staples such as rice, yams, bananas and coffee. However, due to corruption, a lack of adequate funding, nepotism and parliamentary rivalries over controlling the projects in particular communities, the program has not lived up to its expectations. In 2018, there were two major attempts by opposition parties to overthrow Moïse's government. On July 16 and 17, 2018, Moïse's government was on the brink of collapse because it wanted to increase the price of fuel. There were a series of protests that forced Moïse to replace his prime minister. Four months later, the opposition was in the streets again, calling for his removal.

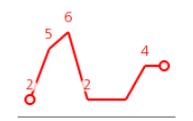
All of these events have effectively paralyzed the government and undermined Moïse's legitimacy. In addition, the country does not have strong laws for how to deal with foreign businesses and non-governmental organizations (NGOs). Often, national and foreign business actors co-opt members of the executive and the legislative branches by giving them bribes. As a result, democratically elected representatives have limited power to govern.

The main problem, however, is not that there are strong veto groups able to undermine fundamental elements of democratic procedures – it is more that the elite in Haiti does not have much "power" to govern at all. The structural situation of the Haitian state is one of deep dependency upon foreign governments and international organizations. The state's ability to carry out any major initiatives in the area of infrastructure, education, or health care is extremely constrained by a lack of economic resources and political cohesion. In many communities, basic services, including health care and education, are provided by an extremely complex patchwork of NGOs, mission groups and other small foreign organizations. The international aid provided in the wake of the 2010 earthquake and Hurricane Matthew in some ways deepened an already-existing dependency relationship, which also

Effective power to govern

4

'06 '20 10



includes support from Venezuela and Cuba. This is a broader structural situation, which severely limits the action and aspirations of any president and any political party.

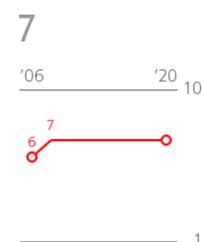
The constitution protects the right to associate and assemble freely. Political parties and civic groups are able to operate free of state interference. Nevertheless, trade unions and other civil society groups are often too weak to be involved in political discussions or wage negotiations. In several cases, there have been intimidations of public protests organized by the opposition or critical movements – but also by government supporters. Public claims are always risky because it is a popular strategy in Haiti to buy “a mob” to disturb or dissolve marches by spreading aggression and increasing tension until the police step in. There are no prohibitions against political parties, trade unions or civic associations assembling. Haiti has hundreds of civic associations and they do not need to apply for state permits to assemble or conduct their activities. This right has been one of the most sacred since the overthrow of Jean-Claude Duvalier in 1986.

The constitution guarantees freedom of expression and freedom of the press. Journalism, particularly radio journalism, is rather robust and varied, which is the result of a long struggle during the Duvalier years. As a consequence, freedom of the press is particularly cherished. In 2018, Reporters Without Borders (RSF) ranked Haiti 60 out of 180 countries in terms of freedom of the press.

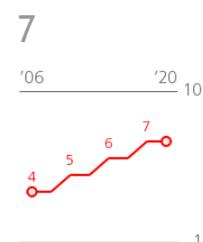
Nevertheless, there are certain restrictions. The Association of Haitian Journalists (AJH) has protested the undue pressure that journalists experienced while covering demonstrations and parliament in 2018. Journalists are occasionally subject to unofficial censorship and victims of violence and intimidation that lead to self-censorship. In the view of RSF, journalists also suffer from a lack of financial resources, an absence of institutional support and difficulty in accessing information. Under the presidency of Jovenel Moïse, there have been several attempts to intimidate journalists by blocking their access to news sites or violence. In March 2018, Vladjimir Legagneur, a prominent reporter for a local radio station, was lured to one of the capital’s slum communities where he was murdered. His case is still unsolved.

With high rates of illiteracy, the majority of the population relies entirely on radio broadcasts to keep up with information. Several hundred radio stations exist on the national territory. Less than 10% of the population has access to television. There are no formal restrictions on social media or the internet, but, due to limited resources, only a small part of the population has access to the internet.

Association /
assembly rights



Freedom of
expression



3 | Rule of Law

According to the constitution, there is a separation of powers between the president and the prime minister as head of the government. Both houses of parliament (i.e., the Senate and the House of Deputies), are tasked with oversight functions and guaranteeing a degree of checks and balances. In reality, the president alone defines policies and – if necessary – tries to bribe the necessary number of deputies to give him support. The Constitutional Court – a permanent body separate from the existing Supreme Court, which has the tasks to resolve disputes among branches of government and to review the constitutionality of laws – is not yet in place. The Superior Judiciary Council for setting and monitoring judicial standards and safeguarding judicial independence began operations only in 2012 and its work has been contested.

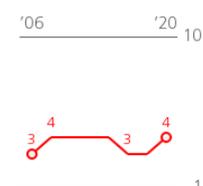
In 2017, President Jovenel Moïse replaced Jocelerme Privert, who served as interim president after the departure of President Martelly in 2016. With Moïse winning the November 2016 presidential election in the first round, this marks the first time since 2001 that the president and the majority members of parliament come from the same party, Martelly's Tèt Kale Party (Parti Haïtien Tèt Kale, PHTK). The last time this happened, when Fanmi Lavalas under President Aristide had majority control of parliament as well as the presidency in 2001, the state was more paralyzed than active. This was due to the fact that party members were more interested in pursuing individual goals than collective action. Since President Moïse took over with a majority in both chambers of parliament, there have not been any checks and balances on the executive. Parliament and the judiciary seem to be at the service of the presidency.

One of the most severe problems in Haiti is the lack of a credible functioning judiciary.

According to the constitution, the judiciary consists of the Supreme Court and the Court of Appeals, followed by other smaller courts. The president appoints judges according to lists of candidates submitted by the Senate and regional and local assemblies. In reality, Haiti's judicial independence is heavily impaired by political authorities and very high levels of corruption. For the average Haitian citizen, it is nearly impossible to call on judiciary channels, due to high costs of appealing, endemic corruption and language problems (although every legal document should be available in Creole, in reality documents only exist in French). Since 2012, the Supreme Court has been operating with fewer than the mandated number of judges due to conflict between the president and the Senate on how to select the judges. President Jovenel Moïse promised to fill the vacant positions on the Supreme Court. However, since he needs to negotiate with the Senate, it might take some time before he fulfills this promise. In the less than two years since President Moïse took power, he has had three ministers of justice and two general state prosecutors. The national

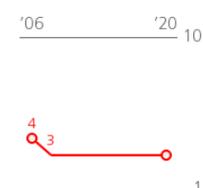
Separation of powers

4



Independent judiciary

3



bar association held one of the longest boycotts of the judicial system in October 2018 to demand the resignation of the government’s prosecutor. The boycott was lifted after the prosecutor officially resigned in December 2018. In September 2018, the Superior Council of the Judiciary (CSPJ) warned in a letter addressed to President Moïse of the “total dysfunction of the judiciary in almost all jurisdictions,” pointing out that “courts can no longer function and have become inoperative because judges are waiting indefinitely for renewal of their term and re-appointment.”

Impunity at all levels of Haiti’s public administration has been the norm since the Duvalier era. Corruption is endemic and part of everyday life. The official procedures required by the constitution, such as the declaration of assets by senior state officials and the delivery of end-of-term discharge papers, remain unfulfilled requirements. The heads of government are regularly implicated in widely publicized corruption allegations. When such scandals become public, they are never investigated or prosecuted. Impunity for abuses by security forces is widespread.

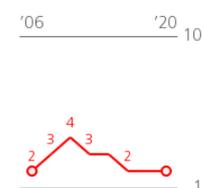
Although corruption is endemic and widespread, there is no single case yet where a civil servant has been condemned for office abuse. No individual has been arrested and brought to justice, even when there is clear evidence that he or she broke the law. During the Martelly administration, two deputies, after a thorough investigation by a judge, were found guilty of orchestrating the killing of a police officer. To date, neither of the deputies were arraigned or brought to justice. President Jovenel Moïse has been accused by the intelligence office on financial corruption (Unité Centrale de Renseignement Financiere, UCREF) of money-laundering. Although the accusation existed before his election, the Provisional Electoral Council not only endorsed his candidacy, but installed him in office on 7 February 2017. In July 2017, Moïse replaced both heads of the anti-corruption agency (Unité de Lutte Contre la Corruption, ULCC) and the UCREF with political allies and former members of the Martelly administration. Since he became president, several ministers in his cabinet have been accused of corruption. Instead of bringing these ministers to justice, President Moïse has either transferred them to other offices or kept them on as his private advisers.

Various fundamental civil rights are not protected in Haiti. Due to the weakness of the legal system, civil rights violations are seldom prosecuted.

Thousands of prisoners have been in jail for years without trial and many have exceeded by far the maximum jail time for their alleged crime. Police officers and guards routinely beat and torture prisoners and detainees. Despite a legal prohibition against arbitrary arrest, it is frequent. When cases do reach trial, they are often processed in French language only, despite the fact that the majority of the population only understands Creole. Many defendants cannot follow or engage in their own legal cases.

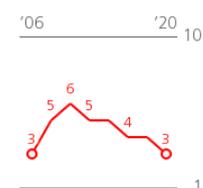
Prosecution of
office abuse

2



Civil rights

3



In 2016, the new prosecutor initiated a program to release low-level criminals who had already served longer than the allotted time for the crimes they had committed. This appears to be a personal initiative, instead of a stated policy of the Ministry of Justice. Once he left office in 2017, this program was discontinued. It is common for prisoners to die in prison without ever seeing a judge. Most of these deaths are due to lack of care of illnesses such as cholera, HIV or tuberculous.

Unlawful killings have increased under President Jovenel Moïse's government. Violence against women and children, including rape and trafficking of persons, is widespread. Thousands of children work illegally and without compensation in households and manufacturing. Discrimination against women, the LGBTI community, and persons with disabilities is widespread.

There is no discrimination due to religion, ethnicity or political preference.

4 | Stability of Democratic Institutions

In theory, Haiti's political system is a semi-presidential republic. The president of Haiti is the head of state. The prime minister, chosen by the president from the majority party in the legislature, is the head of government. Executive power is exercised by the president and prime minister, and legislative power by parliament. Haiti's parliament comprises a 30-member Senate (the upper house), which is elected for six-year terms in staggered elections, with one-third of seats being contested every two years, and a 119-member Chamber of Deputies.

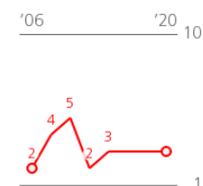
In practice, however, the formal rules of the game are heavily impaired.

The continuing instability in Haiti is due to the fact that politics have been marked by personalities for decades, while political parties, which could stabilize the political game, have only played a minor role in candidate selection. When presenting his candidature for presidency, President Martelly had no political base at all; he was relying on his popularity as a folksinger and nightclub owner. Jovenel Moïse did not belong to any political party and was chosen by Martelly over experienced members of his newly formed political party. The ruling elite's tradition of supporting politicians who do not belong to political parties to run for higher offices, such as the presidency and parliament, have created a negative opinion toward professional politicians and members of political parties.

Haiti's democratic institutions are accepted as formal structures, but do not necessarily earn the respect of all political actors and citizens. Haiti today has no functioning political institutions. The Provisional Electoral Council of 2016 succeeded in carrying out the national and local elections for all the elected offices named in the constitution. In the two years since President Jovenel Moïse succeeded Jocelerme Privert, he has not formally established a Permanent Electoral Council. The year 2019 will be crucial for institutional reforms. A parliamentary committee has proposed a series of constitutional amendments that should be ratified before the

Performance of democratic institutions

3



end of the parliamentary session. President Jovenel Moïse has also launched a national dialog scheme to entice opposition parties to join him in restructuring state institutions. When he launched the initiative, several church, civil society and political leaders who had demonstrated interest in the project slowly resigned from participation. Most remaining members of the committee are allies of the president.

Most democratic institutions are only weakly accepted as legitimate by relevant actors. According to a report by the International Crisis Group, the main responsibility for this situation lies with the political and economic elites, who have refused to fulfill the commitments made in various church-sponsored dialogs and the impunity that is rampant in society. This situation shows clearly the extent to which politics in Haiti are perceived as a zero-sum game where individual and group interests are placed above any idea of public welfare or well-being.

Apart from the political scene, there are certain business interest groups, such as the Economic Forum composed of the major import businesses, the Haitian-American Chamber of Commerce, the National Lottery Association and drug-trafficking networks, which would seek to select a government easy to influence in order to serve their interests. The successful parliamentary and presidential elections of 2016 did not reawaken Haitians' trust in democratic institutions. If the scheduled parliamentary and local elections are held in 2019 as promised, trust in state institutions may increase.

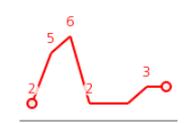
5 | Political and Social Integration

The party system is highly fragmented and volatile. Political parties do not represent the interests of the population, but represent mainly individual or clientelistic interests. In addition, there is little to no social basis in the population outside of urban centers, and even there it is weak. Political parties can appear or disappear literally overnight. This happened when President René Préval founded a new political movement called Inite (Unity) that became a melting pot for former members of other political parties. When President Martelly came to power in 2012, many of the former Inite followers changed to Martelly's newly founded party, PHTK or "Tèt Kale" (one of Martelly's nicknames, which means "bald head"). There are currently 24 parties with representation in the Chamber of Deputies. Three of the 119 deputies are women. The outcome of the 2015 and 2016 elections gave the majority of the seats to PHTK and its allies. There are 30 senators – three representing one department since Haiti is divided into ten administrative regions. None of the parties are structured with loyal members. Most leaders tend to change parties in the middle of the calendar year and they do not support any public policy issues or a well-developed program. Since Jovenel Moïse took office in 2017, he has barely referred to the PHTK, the party that initially got him elected to office. In the past year, several members of the party have demonstrated against his administration and accused him of betrayal.

Commitment to democratic institutions

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'06 '20 10



Party system

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Haiti had a rich history of interest groups representing most of the country's sectors, including labor unions, women's groups and peasant associations, among others. Although many of these groups still exist, they are not as effective as they once were. Many of them have been transformed into NGOs to access foreign aid. There are some 2,400 officially registered popular organizations, interest groups and civil society organizations, though estimates range from 3,000 to 10,000. Civil society groups do not have financial autonomy, making it difficult for them to articulate their interests and advocate for them. In general, they have very limited access to and influence on government decision-making. Some of them are more active and popular than others, but lots of them serve mainly as vehicles for personal interest or as a means to access international funding. Trade unions have lost most of their influence, as a majority of the population is employed in the informal sector.

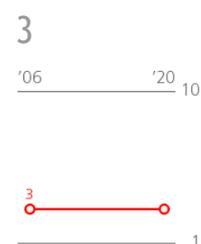
Most grassroots organizations have access to local officials or sometimes are created by them to advance their agenda. During the reconstruction process in 2012, the international community and the government rarely sought the advice of these groups in rebuilding the country.

Human rights groups such as the National Human Rights Defense Network and Platform of Haitian Human Rights Organizations (POHD) have been active since their creation and are the two civil society groups that have kept their independence. The government has invited many interest groups to join a national dialog platform. Although civic organizations linked to prominent leaders such Rosny Desroches have joined the platform, many others linked to the Catholic church have decided not to do so.

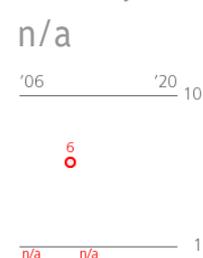
According to the (most recent) Latin American Public Opinion Project (LAPOP) 2016/17, support for democracy is the fourth-lowest in the region, only ahead of Mexico, Paraguay and Guatemala (only 50% of respondents agree that "democracy may have problems, but it is better than any other form of government"). On the other hand, support for an eventual military coup –in cases, for example, of high crime or high corruption – is comparatively low with about 30% (though it must be stated that Haiti still does not have a functioning military). Support for the political system in general is the second lowest in the Americas, only ahead of Brazil, and Haitians also have low opinion of parliament, the courts, political parties and elections. Only 19% of the population espouses the combination of attitudes most propitious for stable democracy: high political tolerance and high system support. Instead, 38% of Haitians espouse the combination of attitudes most likely to put democracy at risk: low political tolerance in combination with low system support.

The LAPOP data show that intolerance of political opponents is widespread, though around the America's average. Open criticism, an attitude crucial for democracy, is poorly regarded. In 2017, there was high hopes that Jovenel Moïse would attempt to decrease cynicism in Haitian society and build trust through his national dialog initiative. Instead, the country has fallen into greater chaos and lower levels of trust in state institutions such as the presidency, parliament and the judiciary.

Interest groups



Approval of democracy

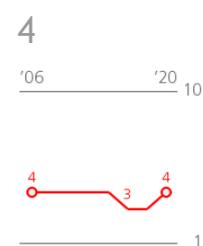


The 2010 earthquake facilitated the further erosion of social capital in Haitian society. The last eruptions against the government and increasing economic distress have further eroded trust in the government and in society in general. Although cooperative mechanisms exist, their impact remains weak. The main solidarity work is done by churches and religious organizations. The young generation seeks fortune abroad, rather than staying home to improve living conditions in their own country.

LAPOP data from 2016 to 2017 suggest that interpersonal trust was the lowest in the Americas, with only 33% of respondents affirming that they would trust people in their community. Although the population has a low level of trust in its government, it has a high level of trust in non-governmental and religious institutions.

Despite these statistics, there is dense informal networks that support individuals and provide resources in emergencies. Family networks – and not the state – operate as providers of resources and are also agents who build social capital to a certain degree.

Social capital



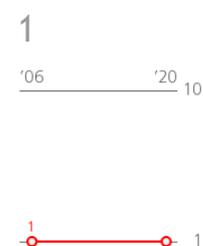
II. Economic Transformation

6 | Level of Socioeconomic Development

Since 2017, Haiti's economic progress has suffered major setbacks. The Human Development Index 2018 ranked Haiti 168 out of 187 countries, a decline from 2016, with a score of 0.498 indicating only minimum improvement since 2011. This is due to corruption, economic mismanagement, political turmoil and the end of the Petrocaribe fund, which provided financial support for several social projects in the country. In addition, Haiti has not fully recovered from the devastating effects of Hurricane Matthew on October 4, 2016, which destroyed 80% of the country's economy in the south. One of Latin America's biggest slums is situated in Port-au-Prince, with an estimated 500,000 people living in dire conditions with high rates of criminality.

More than 71% of the population live below the poverty line, while approximately 50% live on less than \$1.25 per day. Gender inequality is high, which means that women are in disadvantage with regard to reproductive health, empowerment and the labor market. In the Gender Inequality Index, Haiti scored 0.601 in 2017, one of the 20 highest inequality scores in the world. Women are also not integrated in all the country's social and political structures. Only three women are represented in the current parliament out of 149 representatives. Very few women hold high executive positions in the private sector and public administration.

The Haiti Gini index was 60.8 in 2015. The country has the highest level of income inequality in the Western Hemisphere. Overall loss in the HDI due to inequality was

Question
ScoreSocioeconomic
barriers

39%, the third highest percentage registered in 2017. Income disparity has a major impact on the rural population, since 42% of the population is severely affected. More than one-third of the population lacks sufficient food. Land resources are limited and traditional methods of farming are not producing sufficient food to ensure national food security. Nearly half of the national income goes to the richest 10% of the population.

Economic indicators		2015	2016	2017	2018
GDP	\$ M	8724.7	7975.6	8408.3	9658.1
GDP growth	%	1.2	1.5	1.2	1.5
Inflation (CPI)	%	6.7	11.5	10.7	12.5
Unemployment	%	13.7	13.6	13.4	13.5
Foreign direct investment	% of GDP	1.2	1.3	4.5	1.1
Export growth	%	3.6	0.7	-1.2	2.0
Import growth	%	2.2	0.8	2.0	1.5
Current account balance	\$ M	-270.8	-72.5	-265.0	-343.0
Public debt	% of GDP	30.3	33.7	31.0	33.3
External debt	\$ M	2096.1	2167.8	2169.8	2212.8
Total debt service	\$ M	35.3	90.5	20.0	21.6
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	3.2	2.4	-	-
Public health spending	% of GDP	0.9	0.8	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.0	0.0	0.0	0.0

Sources (as of December 2019): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The market in Haiti operates under a very weak institutional framework with hardly any regulatory mechanisms. All foreign assessments indicate that investors in Haiti perceive the risks of doing business related to competitive conditions and competition policies to be higher there than in other countries in the Caribbean region. These risks are mainly related to price controls and control of other market variables that both limit the benefits that firms may obtain by competing and lower incentives to invest; vested interests and discrimination against foreign firms hinder innovation and preclude more efficient firms from gaining a share of the market.

Although capital repatriation is allowed, foreign businesses are reluctant to invest in Haiti due to weak investment laws that do not protect investors.

The majority of the population works in the informal economic sector, and most recent estimates by the World Bank and the Office of the Special U.N. Envoy for Haiti suggest that more than 90% of private employment in Haiti is in the informal sector. The formal sector is small and highly regulated in some areas, for example in taxes and tariffs, and not regulated at all in other areas, especially when it comes to workers' protection and rights (such as wages and working conditions). The country's most important bilateral agreement (Hemispheric Opportunity through Partnership Encouragement, HOPE II) gives its garment industry free access to the U.S. market, with preferential terms for products from the United States.

On the other hand, most of the national economy in essence belongs to approximately 15 large families. Adding to this are burdensome government regulations and various exit and entry barriers. Accordingly, Haiti is ranked 138 out of 140 countries in the 2018 Global Competitiveness Report and 182 out of 190 economies in the overall Ease of Doing Business ranking 2019 of the World Bank. Its rank in the Starting a Business subindex is 189th, due to a very high number of procedures (12), time (97 days) and cost (200.3% of income per capita). Considering the country's weak legal system, the high level of corruption and the high level of political interference in judicial decisions, investments are not protected and market participation is therefore risky. At the same time, a good relationship with the president or his family guarantees a friendly environment for rentable investment. There are no restrictions on currency convertibility.

Market
organization

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Although there has been some economic liberalization, the trend of monopolistic practices remains unbroken. According to the U.S. Bureau of Economic and Business Affairs, there is currently no law to regulate competition or anti-trust legislation. The lack of regulation reinforces oligopolistic networking. The widely irregular economic liberalization serves mainly the business elites who control trade. The Global Competitiveness Report 2018 ranks Haiti 140 out of 140 countries concerning the extent of market dominance by a few business groups. There is no regulatory mechanism or institution to control mergers, price fixing or predatory pricing. As an example, in 2012 two of the three private cellular telephone companies were eliminated by protracted cooperation efforts between the state and Digicel, which led to a de facto monopoly in telecommunications in the country. This event not only is a symptom of the high level of corruption in the country, but it leaves customers with bad service and higher prices.

Foreign trade is liberalized in principle, but significant problems remain. Haiti's simple average tariff is at 5.97% according to the most recent World Bank data (2015), showing an increase from about 2.8% in 2012, while the simple average most favored nation applied tariff was of 8.8% in 2016. Haiti has been a WTO member since 1996 and a GATT member since 1950. But regional non-tariff barriers make it difficult for the country to participate in worldwide trade.

However, also within Haiti, non-tariff barriers are still significant, and an inadequate infrastructure and weak administration further hamper foreign trade. With regard to the burden of customs procedures, Haiti is ranked 138 out of 140 countries in the Global Competitiveness Report for 2018. Trade liberalization has had considerable negative impact on the economy, as local products cannot compete with cheap imports. This has affected the agricultural sector in particular, and during the period under review, there has been some discussion of introducing measures to favor local production. The United States' introduction in 2010 of the Hemispheric Opportunity through Partnership Encouragement (HOPE II) gives Haiti 10 years of preferential access to U.S. markets through special tariff exemptions.

Although the interim government of Jocelerme Privert in 2016 tried to control government expenses, Privert did not initiate any major economic policies that might have affected the country. Under the government of President Jovenel Moise, unregulated trade between Haiti and the Dominican Republic has increased. Members of parliament have claimed special privileges to engage in trade with the Dominican Republic without paying any custom fees. This has further increased violence on the border of the two countries since rival gangs fight each other for control over the illicit trade.

Competition policy

2

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Liberalization of foreign trade

6

'06 '20 10



The banking system and capital market are poorly differentiated, and the banks are all controlled by the same tiny business elite. The central bank is the sole financial supervisor in Haiti. Its supervisory mandate extends to commercial banks, business banks, saving banks and credit unions. However, the central bank is seriously and increasingly undercapitalized and its operations have been, until recently, subject to political interference, which led to the fall of Socabank in 2008.

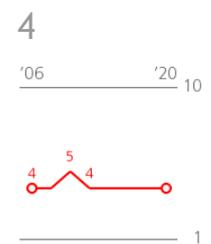
Haiti's banking system is considered vulnerable to systemic credit risk and suffers from restrictions on the availability of capital. According to the U.S. Bureau of Economic and Business Affairs (mid-2018), three major banking institutions (Unibank, Sogebank and BNC) hold 80% of total banking sector assets and 75% of the total loan portfolio, while 70% of total loans are monopolized by 10% of borrowers. The bureau also stated that the quality of the loan portfolios in the banking system, measured by the ratio of non-performing loans compared to total loans (without citing figures), has improved over the years, due to the recent modernization of the regulatory and supervisory framework of the financial sector (again, not citing figures). The measure requires that the central bank (Banque de la République d'Haïti, BRH) conduct regular inspections to ensure that financial institutions are in compliance with minimum capital requirements, asset quality, currency and credit risk management.

According to the IMF, capital adequacy requirements are largely Basel I-compliant, and since 1988, they have been primarily focused on credit risk. Others, such as operational and market risks, which form, together with credit risks, the three pillars of Basel II, are absent in the Haitian financial system. Therefore, there is neither supervision nor market discipline. There are actually neither specific regulations on minimum standards for risk management beyond traditional internal control principles, nor independent auditing system for most banks.

In 2016, total loans by the central bank represented 20% of GDP. Since there is no independent auditing system for most banks, they have basically become the preferred lender for the 15 Haitian families that control the economy. In 2018, despite assurances by the president of the central bank board that it would control inflation and the flow of capital abroad, the country experienced one of its most severe economic slumps since 2011 and capital continues to flow abroad.

In a recent example of political interference, President Martelly ordered the central bank to leverage one percent of remittances to Haiti. Such a fiscal measure should be taken by the Ministry of Finance and not by the central bank. Furthermore, according to the constitution, such a decision cannot be made by the president alone but requires the approval of parliament. This step has been broadly criticized by the opposition. But interim President Jocelerme Privert maintained the policy in 2016. In 2017, President Jovenel Moïse introduced a law in parliament to include the fees on remittances in the national budget.

Banking system



8 | Monetary and fiscal stability

According to the 2016 IMF report, *Selective Issues in Haiti*, the central bank BRH has strived to achieve containment of inflation through a mix of exchange rate market interventions and open market operations. As in many other low-income countries, the central bank also resorted to changes in legal reserve requirements for conducting monetary policy that are transmitted to aggregate demand through credit channels. While monetary policies have been broadly successful in maintaining price stability, policy formulation is hampered by data gaps, transmission is complicated by Haiti's vulnerability to shocks and by the shallow domestic market, and assessing policies is at times difficult.

Between 2003 and 2014, the inflation rate averaged about 12%, reaching an all-time high of 42.5% in September 2003 and a record low of -4.7% in September 2009. After rates of 9.0% in 2015, 13.8% in 2016 and 14.7% in 2017, it was reported at 15.1% in 2018 (BRH).

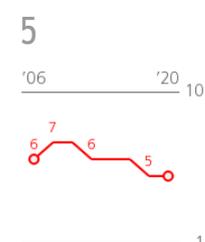
The inflation rate and foreign exchange policy in Haiti are supervised and reported on by the BRH. The BRH is directed by a governor and operates mostly independently, but is at times also subject to political interference. According to the IMF, monetary policy was adequately geared toward protecting reserves while ensuring a low and stable inflation.

The country's exchange rate, which was 46.75 gourdes (local currency) to one U.S. dollar in 2014, jumped to 65.70 gourdes to one U.S. dollar in 2017 and to 80 gourdes to one U.S. dollar in 2018. This is due to high government spending, low tax revenue and inadequate supervision of the banking system.

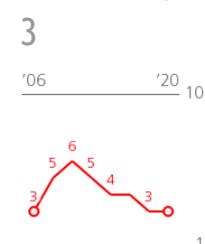
The government's fiscal and debt policies have been inconsistent and insufficient to promote macroeconomic stability. The effects of the 2010 earthquake and the absence of good governance during the Martelly administration undermined much of the previous progress made in stabilizing Haiti's economic situation and has further limited the government's capacity to follow any sort of macroeconomic strategy.

The public sector primary balance has improved slightly since 2013 but continued to be (mostly) negative, at -2.2% of GDP in 2015, 0.3% in 2016, -0.2% in 2017 and -2.2% in 2018 (IMF projection). In 2010, most of the government's external debts were canceled by the international financial system, but have since risen to \$1.1 billion. Total debt service, which had diminished from \$131.3 million in 2010 to \$5.2 million in 2011, has climbed steadily since, to \$88.4 million in 2016. Through the Petrocaribe Fund, the government had a surplus cash reserve of over \$1.5 billion. By the time President Martelly left office in 2015, not only had the surplus disappeared, but the country's fiscal and debt policy created inflation and unstable macroeconomic conditions. Tax revenue is limited, dropping significantly after the 2010 earthquake,

Monetary stability



Fiscal stability



and totaling approximately 8% of GDP in 2013. Public debt has risen steadily since 2011 from 11.8% of GDP to 33.7% of GDP in 2016 and 32.6% of GDP in 2017, estimated at 33.3% of GDP in 2018.

After the departure of Martelly in 2016, the interim government attempted to limit public expenditures to control inflation and increase the national bank's reserve. However, political instability has contributed to the government's fiscal and debt inconsistency, capital flight and the absence of sufficient policy to promote sound macroeconomic policies. The impact of lax governmental fiscal policy severely affected the country in 2018. Government employees did not receive their salaries for several months. Many projects that the government had undertaken under the "Caravane du Changement" were not completed due to a lack of funds.

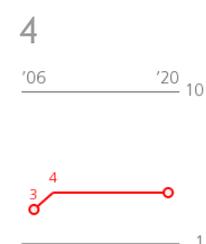
9 | Private Property

The constitution guarantees private property and assigns the state the duty of protecting and promoting private entrepreneurship. The country has signed international conventions on patents and trademarks. However, the weak judiciary, endemic corruption and a general lack of political will impede effective enforcement of these rights. Problems of land ownership are among the most urgent in economic terms, seriously hampering the agricultural sector. Land titles and questions of ownership are often unclear and the nonexistent legal structures lead to violent conflict. Fraudulent sale of land titles and claims to traditional ownership are among the most frequent sources of these conflicts. In the Quality of land administration index (Doing Business 2019), Haiti scores 2.5 on a scale 0–30. In principle, intellectual property rights are protected by law, but enforcement is weak.

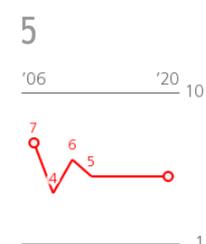
The Global Competitiveness Report 2018 ranks Haiti 138 out of 140 countries in the protection of property rights. According to the World Bank's Doing Business Report 2019, it only takes five procedures to register a property, but it is rather time-consuming at 312 days, by far the longest registration period of any country.

Private companies can act without restrictions and private business engagement is encouraged by the government, at least on a rhetorical level. The only formal limitations to start a business are the heavy and complicated administrative procedures required to register an enterprise. Starting a business in Haiti takes four times longer than the world average. According to Doing Business 2019, the process takes 12 procedures, 97 days and costs 200.3% of GNI per capita, while in the neighboring Dominican Republic starting a business takes 19.5 days, requires seven steps at a cost of 14.5% of GNI per capita. Concerning the burden of government regulation, Haiti ranks 102 out of 140 countries in the Global Competitiveness Report for 2018.

Property rights



Private enterprise



One of the reasons for this long and frustrating process is that commercial laws are applied inconsistently and without transparency. Though private companies represent the majority on the national market, joint public-private enterprises occupy important sectors such as telecommunications, electricity, ports and airports.

The other side of the coin is the informal economy, meaning that private enterprise in a broad sense (not only in terms of official companies) is everywhere in Haiti, practiced on a small scale. The vast majority of enterprises are small and seek no official registration, but are at the heart of the economic system.

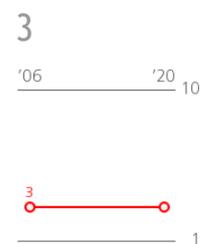
10 | Welfare Regime

A welfare regime is nearly absent in Haiti. The state provides a very basic health and pension insurance scheme, but as only 10% of the population is formally employed, only a few citizens benefit from this rudimentary system. According to World Bank data, public expenditure on health was rather low, between 1.0% and 1.8%, in the first half of the current decade. However, international aid, including investments from the Petrocaribe Fund, as well as private expenditures raised the percentage significantly to an estimated 7% to 8% of GDP. Life expectancy remained comparably low at 63.3 years of age, according to World Bank data (though it remains unclear if there is a realistic database).

Family networks, as well as community networks, notably in rural areas, function as the only reliable safety net. The most important contribution to social welfare comes from the large Haitian diaspora. Remittances are reported to constitute 29% of the overall GDP in 2018. International NGOs provide to some extent some of the most basic services, but due to a lack of coordination – an issue that Moïse has repeatedly criticized – can neither contribute to nor undermine a coherent state policy.

Although Haiti has made some progress toward achieving a number of Millennium Development Goals (MDGs) in primary education, vaccinations of children, providing support for HIV+ women and prenatal care, the political instability that the country experienced in 2018 severely affected the government's ability to maintain progress, since many of the programs ended in 2016 when President Martelly left office. After the riots in July and November 2018, the government of Jovenel Moïse began to reopen soup kitchens and community restaurants and secured an interest-free loan of \$229 million from the IMF to fund social programs.

Social safety nets



Equality in opportunity does not exist. No special legal framework has been voted into place. Women have long been subjected to widespread gender discrimination. Only a tiny minority of women is represented in public office. Violence against women and girls represent the most severe manifestation of discrimination.

Levels of income inequality are among the highest in the Americas. In 2016, nearly half of the national income goes to the richest 10% of the population, while nearly 71% of the population lives below the poverty line. Gender is one of the main risks for living under the poverty line. Women are largely underrepresented in public office. In the history of the two official legislative chambers, women have never held more than 6% of the seats. There are no existing public programs or incentives targeted toward promoting greater gender equality.

In the 2015 parliamentary election, only three women were elected to the two chambers (two deputies and one senator).

Women receive less education than men and are limited in high-level public office and employment. In 2017, the U.N. education index for women in Haiti was the worst in the region with 0.433, while the Gender Inequality Index was among the worst globally at 0.601. The literacy rate for women was 57.3%, whereas it was 64.3% for men. Although 47.8% of women participate in the labor force, they are mostly concentrated in low-skilled (manufacturing) employment since high-skilled employment is either restricted because of their lack of education or institutional biases.

11 | Economic Performance

The Haitian economy was completely derailed following the 2010 earthquake. In 2010, per capita GDP fell by 6.9%, then rebounded to 4% in 2011 due to the influx of foreign aid. Since 2012, the growth rate has slowed, reaching meager 0.2% in 2016 and -0.1% in 2017. For 2018, CEPAL estimates a GDP per capita growth of 0.1%. GDP per capita (PPP) is rather low at \$1,784 in 2016 and \$1,815 in 2017.

Hurricane Mathew devastated the southern region of the country on October 4, 2016 and further contributed to the country's decline, since Haiti lost 25% of its GDP. After the installation of Jovenel Moïse as president in 2017, there was an expectation that political stability would improve the country's performance. Instead, all the major indicators have fallen. In 2017, the country's total exports amounted to \$980 million. This was down slightly compared to 2015, when exports were at \$1,029 million. Imports in 2017 amounted to \$3.6 billion. Most imports are consumer goods, since the country does not produce enough to meet the needs of its population. The country's foreign reserves have fallen to \$1.3 billion. The loss of the Petrocaribe program severely affected its economy. Unemployment is over 40.6% and most of the employed population works primarily in three sectors: agriculture – 38.1%;

Equal opportunity

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3

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Output strength

2

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3
2
2

1

industry (mostly assembly) – 11.5% and services – 50%. Inflation subsequently rose to 14.7% and was at 15.1% in December 2018. The national currency has lost over 60% of its value since 2014. Every sector from manufacturing to agriculture has declined in the past three years. The riots that took place in August and November 2018 have further contributed deterioration of the economy.

12 | Sustainability

Haiti faces serious environmental degradation, which increases the country's vulnerability to natural disasters such as earthquakes and tropical storms, with serious consequences for the population. The government fails to take environmental concerns into consideration, and there is no noteworthy environmental policy, apart from symbolic actions and announcements.

In 2016, Haiti signed the Paris Agreement to strengthen the global response to the threat of climate change. The government hopes that the Paris Agreement will offer the possibility to reorient its economic development toward a low carbon energy system, increase reforestation programs and create alternative sources of energy, since 70% of the country depends on charcoal for energy. With the assistance of several international agencies, Haiti has engaged in several initiatives to protect its watershed, combat soil erosion, promote alternative sources of fuel production and invest in sustainable agriculture. In 2017, the government of Jovenel Moïse introduced a bill in parliament to protect the country's watersheds and reinforce the state's capacity to address the lack of access to safe drinking water by the population. Although the Ministry of the Environment has promoted a series of conservation programs, the country suffered a serious environmental set back in 2016, when its southern peninsula was hit by Hurricane Matthew. As a result of the hurricane, the south lost thousands of trees, which has caused further soil erosion and food scarcity. Since the rural population's economic conditions deteriorated due to hurricane-related losses, its members will probably cut down the remaining trees to produce charcoal, as this would be their only source of revenue until agricultural production is restored.

According to the World Economic Forum's Global Competitiveness Report for 2018, Haiti is listed as one of the countries that does not perform well in primary and higher education (there are no expenditure figures available). The country is 130 out of 140 countries in primary education and 135th in terms of the quality of the higher education system. Educational training in the country is substandard. Less than 25% of the 150,000 students pass the national exam every year. The higher education system is unable to absorb more than 10,000 students a year. As a result, middle class parents who can afford it send their children abroad to study. In the U.N. Education Index, Haiti ranks 109 out of 187 countries with a score of 0.433, last in the region.

Environmental policy

3

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Education policy / R&D

2

'06 '20 10



According to the CIA 2018 World Factbook, the literacy rate was 60.7% (estimate for 2015; men 64.3%, women 57.3%). Access to higher education is extremely limited due to a lack of resources to pay fees. Universities have irregular schedules and are prone to student unrest. Another constraint is the near total absence of vocational training, which leads to extremely poor standards of technical qualifications.

The Haitian education sector suffers from a lack of state resources and the absence of regulation capacity. It is also impaired by an influx of private service providers. About 90% of education is private and about 80% of the national budget for education is provided by international donors.

Research and development are practically nonexistent. According to the 2018 Global Competitiveness Report, Haiti ranks at the bottom with regard to the quality of scientific research institutions (139th), company spending on R&D (138th) and university-industry collaboration on R&D (135th).

Governance

I. Level of Difficulty

The United Nations spent 13 years in Haiti after the overthrow of President Aristide in 2004. The U.N.'s mandate was to stabilize the country and implement political, economic and social reforms that would transform it from a failed state into a functioning democracy. The U.N. has failed miserably in all these efforts. Haiti is still unable to provide basic services to its population due to endemic corruption, lack of accountability and tacit support from actors in the international community that prefer to support local corrupt leaders. The constraints that the country faces currently are related to an absence of good governance, a corrupt judicial system, a small skilled labor force and a lack of trust in its leadership. Moreover, it has a failed health care system due to overcentralization and heavy reliance on international NGOs to deliver basic services to the population without adequate oversight.

The country is geographically located in the hurricane alley and there have not been any public policy initiatives on housing, reforestation and infrastructure to support the population. As a result, the population is vulnerable to annual severe weather conditions that cause the same destruction every time.

Despite the tremendous gains that Haiti has achieved in controlling pandemics such as AIDS, the Zika virus and even cholera in the past decade, the population has not fared well.

There are numerous civil society organizations, some of them well-rooted in society, and they provide for the majority of social services that the government fails to offer. While civil society participation has increased slightly in recent years, the 2010 earthquake and the following process of reconstruction constituted a sobering experience. None of the civil society organizations, except for the business sector, were consulted in the process of outlining medium- and long-term reconstruction plans. Only one seat on the Interim Reconstruction Committee was reserved for civil society groups, although such groups provide major competencies in nearly all strategic sectors. National organizations of architects and engineers complained about their noninvolvement in both planning and realizing the reconstruction efforts in recent years. Civil society organizations, such as human rights, anti-corruption and budget-monitoring groups, play a major role in educating the public about the election process, pressing the government to inquire into the corruption linked to the Petrocaribe Fund.

Structural
constraints

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Civil society
traditions

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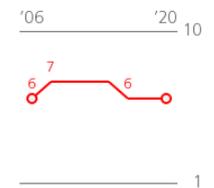


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Although Haiti is not marked by significant ethnic or religious cleavages, social and political conflicts are an inherent part of the country's history and have impeded democratic and economic transformation. The exclusion of major parts of the population and the enrichment of the political and economic elites have deeply divided Haitian society, fueled violence and hindered dialog. Political conflicts are often carried out on the streets through armed gangs that are often controlled by political and business leaders. Jovenel Moïse, who became president in 2017, has called for a national dialog to bring peace to the country. The opposition groups have boycotted his appeal. This initiative is further complicated since Moïse and Prime Minister Jean-Henry Céant are at odds concerning the mechanisms for engaging in meaningful dialog with the opposition. Notwithstanding, political conflict in Haiti has in some ways been surprisingly nonviolent (when compared to other Latin American contexts such as Colombia, Peru, Central America, etc.).

Conflict intensity

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II. Governance Performance

14 | Steering Capability

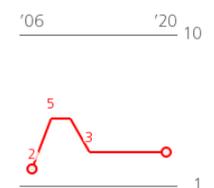
On February 7, 2017, Jovenel Moïse became Haiti's 58th president despite allegations of money-laundering and corruption by the government's anti-corruption office. As president, Moïse, who was handpicked by former President Michel Martelly to succeed him, laid out a number of priorities, such as: addressing corruption and climate change, modernizing and reviving agriculture with the aim of establishing a viable organic food industry, providing electricity to the country's 10 departments within two years, initiating a national dialog with leaders and opposition groups to revamp the country's political system, and initiating a vast public works campaign called "Caravane de Changement" to address the country's chronic infrastructure deficit in roads, agriculture and the environment. Two years into his administration, Moïse struggled to achieve these priorities. In less than two years, he is already on his second prime minister. He has not kept his promise to provide electricity to the country's 10 departments. Instead, Haiti has been experiencing major power shortages since he became president. Opposition groups have boycotted his appeal for a national dialog and he faced two major protests that almost overthrew his government.

Question

Score

Prioritization

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While he has articulated an ambitious set of plans for the country, observers have noted that he does not have the financial, technical or the governing structure to implement them. There is also no visible strategy in terms of prioritizing democracy and the market economy, nor in the overall consistency of Moïse's vision.

Moïse's administration has failed to implement the priorities he laid out during his campaign such as providing electricity, engaging in dialog with the opposition and increasing agricultural production. All the previous governments have depended on the Petrocaribe Fund to support their priorities. Since Moïse took office, not only did revenue from the Petrocaribe Fund dwindle due to the drop in oil prices on the international market, but the Venezuelan government ended the program because it could no longer subsidize it. Moïse had hoped that the international community would fund his priorities, but it has barely supported his projects. The corruption associated with Martelly's use of the Petrocaribe Fund dissuaded the international community from engaging with the Moïse administration. Consequently, all major economic indexes have declined. Inflation skyrocketed to 14% annually; the currency lost 60% of its value; and the country's foreign currency reserve has declined, since the central bank has become the creditor-in-chief supporting the government's priorities.

Efforts to attract foreign investments have been hampered by violent demonstrations that shut down the country, gang violence in the capital that has kept tourists from visiting and the rising cost of basic food staples that has increased the poverty rate and the number of people who can barely afford a daily meal.

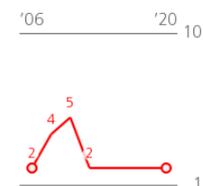
Although Jovenel Moïse expressed interest in changing how policies are made from the status quo under previous presidents, he has not taken concrete steps to differentiate himself from his mentor, Michel Martelly. Politics continues to be a zero-sum game, which makes political learning difficult. Although he was unable to implement most of the policies he proposed at the beginning of his administration, he continues to promote them. He is unwilling to listen and consult with academic experts or to learn from past experiences. This is due to the fact that, historically, Haiti has had strong personality-driven presidents, who see themselves as messiahs instead of democrats, and the absence of strong institutions in the form of political parties and civic organizations to exert pressure on the government to change ineffective policies.

15 | Resource Efficiency

Poor fiscal management and economic governance have inhibited the efficient use of both domestic resources and external assistance in recent years, resulting in widespread waste of most available human, financial and organizational resources. The public sector primary balance continued to be (mostly) negative, at 0.3% in 2016, -0.2% in 2017 and -2.2% in 2018 (IMF projection). Total debt service, which diminished from \$131.3 million in 2010 to \$5.2 million in 2011, climbed steadily afterwards to \$88.4 million in 2016. Tax revenues are still limited, dropping significantly after the 2010 earthquake, totaling approximately 8% of GDP in 2013, and reflected in very low government consumption (3.6% of GDP in 2017). Public

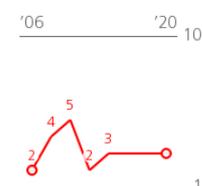
Implementation

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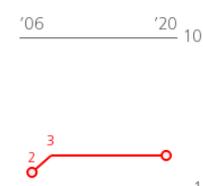
Policy learning

3



Efficient use of assets

3



debt has risen steadily since 2011 (11.8% of GDP) to an estimated 33.3% of GDP in 2018.

One example of the poor use of resources was the mismanagement of money from the Petrocaribe Fund. This fund was supported by selling petrol on the international market that Venezuela donated to the Haitian government. The money was administered by the president's office. Also, there is money that has been raised through a special communications tax illegally implemented by the president's office (taxing all communications coming in and going out of the country). In both cases, no transparency has been provided and the public has been dependent on figures provided by the president himself – a practice severely criticized by the Cour Supérieure des Comptes, the Haitian comptroller's office responsible for auditing the public administration.

The already inadequate quality and quantity of human resources further deteriorated with the heavy loss of life and damage to public infrastructure. The country's administrative system suffers from a lack of incentives to motivate civil servants. Low wages reinforce corruption and clientelism, which have come to be deeply embedded in the system. The lack of public sector performance and absorption is a serious obstacle to reconstruction. Due to the deteriorating security situation, the few well-educated and trained people who remain in the country prefer to migrate rather than risk their families' lives. Notwithstanding, at least at the local level there are some signs of improvement as some of the newly elected mayors are concerned with recruiting personnel based upon their performance and qualifications. The Office of Management of Human Resources (OMRH) began to administer civil service exams to recruit government employees. However, this initiative is marred by favoritism and partisanship.

Haiti relies heavily on foreign aid, and most of these funds are seen as personal assets of politicians. One cannot really talk of policies, as decisions are taken on a day-to-day basis, depending on opportunities. The continued confrontation between the executive and legislative branches, due to the government's formal and legal negligence, shows once more the failure of the previous governments to formulate and coordinate proper policies in accordance with democratic rules. This malaise is not unique to the current Moïse government; it reflects the structural challenges Haiti has faced for decades. Hardly any policies are proposed and the administration relies mostly on external sources to formulate such planning. In reality, the government considers this planning only important insofar as it provides conditions for obtaining international funding.

Policy
coordination

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Haiti has always been one of the most corrupt countries in the world and has a population that is used to paying for any service, given the absence of state services. In 2004, Haiti created three state institutions to combat corruption. One is the Unité de Lutte Contre la Corruption (ULCC), the Agency to Combat Corruption, another is the Unité Centrale de Renseignement Financière (UCREF), the Central Unit for the Investigation of Financial Wrongdoing and the third the Passation de Marché, the Office of Contracts and Bids. Since their creation, none of these agencies has prosecuted anyone for financial crimes, even though several ministers and even the current president have been indicted for financial improprieties. All public institutions in charge of corruption – the financial intelligence unit, the Anti-Corruption Unit and the Public Administration Audit Court – suffer from bad reputations and/or a chronic lack of material and human resources. In a very recent and rather spectacular case, Jovenel Moïse was accused by the financial intelligence unit of money-laundering, but none of the judges was willing to indict him. Once he took office in 2017, he removed the director of the ULCC before the expiration of his term. In 2018, parliament released a report on the misuse of the Petrocaribe Fund. Instead of following the legal and administrative process to investigate these accusations, President Moïse used his power to suppress the report. Although the law requires that office holders declare their assets upon assuming office, none of the cabinet ministers and high-level government officials have complied with this.

Anti-corruption policy

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16 | Consensus-Building

Although democracy as a principle is theoretically accepted, only a very small minority of the political players would act according to democratic rules. The main objective of the ruling class is to remain in power and to have access to funds. The main objective of those not in power is to win access to these funds and positions. There seems to be no middle ground in Haitian politics.

Consensus on goals

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Despite the political crisis that former President Michel Martelly created before he left office, Haiti succeeded in electing a new president who assumed office on February 7, 2017. All national and local political offices are now filled by elected officials. Although the major political actors are in conflict with respect to the goals of democracy and a market economy, this is the first time since 2006 that Haiti is governed entirely by elected officials. In 2019, the country will face mid-term parliamentary elections for the Senate and the lower house. This will be the first time Jovenel Moïse's government will be tested on its democratic values, if the elections take place as scheduled.

Although there are some members of parliament who advocate for an economy that would provide preferential treatment for the poor, the majority of leaders are oriented toward a market economy. The Moïse government prioritized a market economy

without regulation. This primarily benefited the political elite and only secondarily the population.

While some actors in the parliament have asked for more regulations and law enforcement, the majority seek their own political or economic advantage and have engaged in commercial activities with the Dominican Republic, while avoiding paying customs.

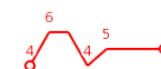
Given Haiti's situation, it is difficult to assess whether there are any reformers, or who are anti-democratic actors. Since 2003, Haiti has oscillated between being a highly defective democracy, a moderate autocracy and a failed state, albeit with few changes among the elite. The main objective of the ruling class is to remain in power and have access to funds and not pursuing (sometimes even obstructing) reforms that might strengthen democracy.

While ex-army members have lost much of their political influence, the reintroduction of the Haitian Armed Forces (FAd'H) in November 2017 was followed in March 2018 by President Moïse's appointment of six former soldiers to head its high command. All of them had at one time had their assets frozen by the United States as punishment for supporting the military coup that overthrew President Jean-Bertrand Aristide. This has raised fears – among, for example, former Prime Minister Latortue and human rights organizations – that an anti-democratic actor is being revived. In addition, new anti-democratic actors have been emerging that could challenge reforms. There are close relations between political actors and business groups that support weak state institutions to better serve their interests. A considerable amount of drug-trafficking money circulates in the political realm. Some former members of parliament use their immunity to pursue illicit or criminal business activities. High-ranking security officials are involved in cases of kidnapping and organized crime. The role of drug-trafficking and its impact on politics is underestimated by the international community, but its impact remains unclear. According to several human rights organizations in Haiti, the 2017 parliament is dominated primarily by individuals who have been associated with criminal activities, such as money-laundering and drug dealing. Since 2018, parts of the capital have been under the control of various gang organizations armed by members of parliament and other high-level government officials.

Anti-democratic
actors

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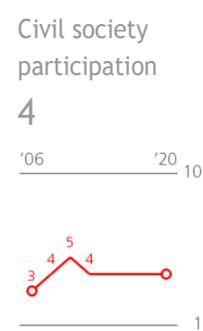


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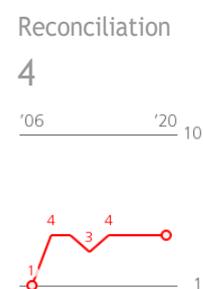
The management of cleavages and conflicts did not improve during the Martelly administration and has become worse under Moïse, due to the government’s inability to fulfill its promises. Cleavage-based conflicts have escalated in the past two years and forced Moïse to exchange his prime minister for a member of the opposition. While Martelly’s presidency was marked by conflicts with parliament, the Senate and the entire political class, Moïse’s conflicts are primarily with the population due to his inability to achieve the promises he made during his campaign. Overcoming the state’s historic weakness and mustering the political will to mitigate social cleavages remain major challenges.



There are numerous civil society organizations, some of them well-rooted in society, and they provide for the majority of social services that the government fails to offer. While civil society participation has increased slightly in recent years, the 2010 earthquake and the following process of reconstruction constituted a sobering experience. None of the civil society organizations, except for in the business sector, were consulted in the process of outlining a medium- and long-term reconstruction plan. Civil society groups, such as human rights, anti-corruption and budget-monitoring groups, play a major role in educating the public about the election process. They also have certain, albeit limited, influence on setting the national agenda with regard to budgeting, infrastructure projects and education, and exert pressure on the government to make inquiries into corruption linked to the Petrocaribe Fund.

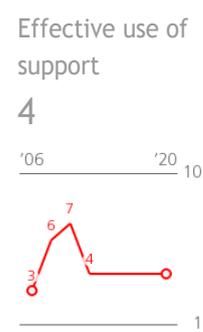


Little effort has been made to overturn the culture of impunity in Haiti with respect to past human rights violations. The return of former dictator Jean-Claude Duvalier, or “Baby Doc,” in January 2011, revealed the criminal negligence of courts in pursuit of injustice. No case had been successfully brought against Duvalier before he died suddenly from a heart attack in October 2014. Jovenel Moïse initiated a national dialog with members of the opposition as a way to start a reconciliation process. So far, no one from the opposition has accepted his offer. Many of the important functions in his government are filled by former allies of Duvalier or people who have been accused of financial or civil crimes.



17 | International Cooperation

The international community plays a major role in Haiti’s political, economic and social development. The most visible role was the presence of the United Nations Stabilization Mission in Haiti (MINUSTAH) until 2017. This mission was replaced by a U.N. Justice Mission (MINUJUSTH), whose role is to support judicial reforms. In recent years, with the support of multilateral institutions, the government has developed several strategy papers on reconstruction. But it has been questioned whether the government really felt it owned the plans and had the drive to implement the necessary measures. Overall, international aid has not been used effectively. Most political and economic development goals are accepted by the government in the



hope of receiving grants, but there are no real mechanisms to implement them. Corruption also takes its toll. Reports on the Petrocaribe Fund that Venezuela provided indicate that most of the money was stolen by government officials. This left several construction projects initiated using the fund, such as public markets, the parliament building, highway overpasses and others, unfinished. In 2018, the International Monetary Fund (IMF) initiated a Staff-Monitored Program (SMP) with the Haitian government. The Haitian government committed to carry out economic and structural reforms to promote economic growth and stability and alleviate poverty in the country. However, violence erupted right after it was signed and Jovenel Moïse had to postpone implementation of the program.

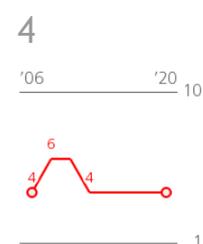
While Haiti had gained more donor trust throughout the first decade of the millennium with its full integration into CARICOM, major support from the European Union and other international agencies, it has not been able to uphold its international commitments. Human trafficking, labor violations, gender discrimination and the lack of a fair judicial system remain endemic problems. Although Haiti has signed all the major conventions on human, labor and gender rights, working conditions are still appalling. Under the Martelly presidency, there was an attempt to project a different image. But once the international community realized that most of the politicians he supported were involved in drug-trafficking and money-laundering, that image was no longer sustainable. In 2013, Canada suspended its aid because of ongoing fraud and corruption issues within the government. The funds that the international community provided for the 2015 and 2016 elections were managed by the U.N., not by the Haitian government. Reports on the Petrocaribe Fund that Venezuela provided indicate that most of the money was stolen by government officials, further undermining the government's credibility.

Haiti is a member of the Caribbean Community Common Market (CARICOM). It also participated in Venezuela's Petrocaribe program, which ended in 2017 due to Venezuela's economic hardships. Haiti also has special ties with Cuba, which still sees it as an icon as the first post-colonial independent black-led nation in the world and offers the island free medical assistance. Relations with the Dominican Republic are difficult, which is mainly due to massive illegal migration to the Dominican Republic.

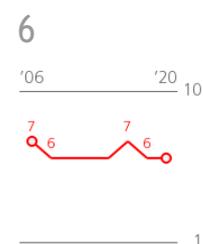
As a charter member of the Organization of American States (OAS), Haiti has obtained political support from the OAS and, at the same time, has been unable to prevent it from interfering in its domestic policy.

The United States has always played a crucial role in Haiti's development. One of the major interests of the United States is to avoid an influx of "boat people" or immigrants and to keep the island as stable as it is needed in order to not become another failed state. The line between aid and interference in internal affairs, however, is often not respected. The majority of democratization efforts must be understood in this context.

Credibility



Regional cooperation



Strategic Outlook

The peaceful transfer of power to Jovenel Moïse, when he became president of Haiti on February 7, 2017, represents the third time since 2006 that Haiti has experienced an orderly transition of power from one president to another. Although this is a positive step toward stabilization of the country, the new government has remained fragile and does not command any form of respect among the international community and the opposition. In less than two years in office, Moïse is already on his second prime minister. Although Moïse's Tet Kale (PHTK) party controls the majority of seats in both chambers of parliament, he has been unable to introduce key legislation to modernize the economy. Drug-trafficking, extrajudicial killings and corruption at all levels of the public administration have made the country unattractive to foreign, as well as domestic, investments. Jovenel Moïse has three years left in his five-year term. To be successful, he needs to change the country's image by introducing legislation to reform the judiciary, creating conditions for respect of the rule of law, modernizing the economy, combating corruption, creating employment opportunities, fortifying state institutions and regulating the NGOs that are functioning in the country without any government supervision. To earn the respect of the opposition and the international community, he needs to implement parliament's recommendations with regard to corruption and money-laundering related to the Petrocaribe Fund and ensure that the mid-term elections are held on time.