

Haiti

Status Index (Democracy: 1.8 / Market economy: 1.6)		3.4	Management Index		2.0
System of government	Presidential democracy		Population	8.1 mill.	
Voter turnout	60 % ^b , 5-10 % ^c , 25 % ^d		GDP per capita (\$, PPP)	1,860	
Women in parliament	3.6 % (2003)		Unemployment rate	n. a.	
Population growth^a	1.9 %		HDI	0.467	
Largest ethnic minority	5 %		UN Education Index	0.51	
			Gini Index	n.a.	
<p>Data for 2001 – if not indicated otherwise. ^{a)} Annual growth between 1975 and 2001. ^{b)} First round of parliamentary and local elections, 2000. ^{c)} Second round of parliamentary and local elections, 2000. ^{d)} Presidential elections, 2000. Source: UN Human Development Report 2003.</p>					

1. Introduction

Haiti has floundered in a state of crisis since 1997. As a result, the nation made scant progress toward political and economic transformation during the period of this report. The weak performance of the government of René Garcia Préval (1996–2001), the almost total incapacity of state institutions, the continuing disputes about the outcome of parliamentary and local elections held in 2000, the resulting cessation of international aid payments and the paralysis of the Haitian economy have significantly hampered development.

Therefore, this report on the status of democratic and economic transformation during the past five years (1998–2003) concludes that, in terms of absolute achievement of goals, development has stagnated at a low level. Without a tremendous effort by the country's political leaders, the overall transformation could even lose ground. Above all, these leaders must remedy serious shortcomings in the performance of state institutions and forge a political consensus about a sustainable national development strategy. Otherwise, the country's poor socioeconomic conditions and historical structural difficulties seem insurmountable.

Since the end of the evaluation period covered by this study, Jean-Bertrand Aristide was overthrown in an opposition coup. This development means that the country faces increasing difficulty in its transformation process, at least in the short term.

2. History and characteristics of transformation

With the overthrow of the Duvalier dictatorship (François Duvalier 1956–1971, Jean-Claude Duvalier 1971–1986) in February 1986, Haiti embarked on a journey toward democracy. The institutional framework for that democracy rests in the constitution, which was adopted in 1987 and is still valid today. A critical high point in the country's transition came in 1990, when Aristide took office as the nation's first democratically elected president. Ten months later, a military coup forced Aristide to flee the country. He returned to power three years later, in the wake of military intervention by a multinational force under United States command.

The United Nations subsequently stationed a peacekeeping force in Haiti. Its key tasks—before the last contingent finally withdrew in March 2000—included helping to restructure the security sector, primarily by developing the new Haitian police force, the *Police Nationale d'Haiti* (PNH).

Haiti disbanded its armed forces in 1995, leaving the police as the nation's only security force. Their ability to maintain security and order throughout the country is limited. The civilian component of the UN mission, with activities centered on observing the human rights situation and supporting the government's effort to establish an independent judiciary, remained in Haiti until February 2001. Despite some progress, Haiti's judicial system has far to go before the rule of law prevails.

Since 1997, power struggles among members of the political class have brought Haiti to near gridlock. These quarrels caused a rift in the former *Lavalas* alliance, which broke into two opposing factions: Aristide and the members and supporters of the *Fanmi Lavalas* (the party he founded in 1996), and a very diverse alliance of 17 opposition parties, the *Convergence Democratique*. The spectrum of parties in the opposition extended from the social democratic *Organisation du Peuple en Lutte* (OPL) to the reactionary *Mouvement Patriotique pour le Sauvetage National* (MPSN). Beyond their political battle against Aristide and the *Fanmi Lavalas*, the opposition parties had few common ties. Only the OPL had more than a limited presence throughout the country.

No true programmatic alternative to the “Aristide system” has yet emerged. The skirmishes for power did not produce a clear outcome, but they did lead most members of the political class to squander whatever trust the population had placed in them. Of the euphoria and anticipation that accompanied Haiti's first steps toward democracy, only traces remain.

Haiti's voyage toward economic transformation began some time earlier. After Jean-Claude Duvalier's proclamation of an “economic revolution” that would make Haiti the Taiwan of the Caribbean, a strong manufacturing industry sprang

up in the mid-1970s around the capital city of Port-au-Prince. Investors were drawn by significant customs and tax concessions, preferential access to the U.S. market, a relative lack of organization of unions or other worker representation and, especially, the low minimum wage—workers would actually accept wages well below the minimum, a practice that continues even today. With these incentives, the manufacturing sector expanded considerably until the early 1990s.

The economic embargo imposed following the military coup devastated manufacturing. Most of the factories closed, and foreign capital migrated to other low-wage countries in the region. Of approximately 46,000 factory jobs, all but about 5,000 disappeared. The situation relaxed somewhat after 1994, and about 20,000 jobs were restored. However, even domestic investors still see Haiti as a very high-risk prospect. Foreign investors are much more skeptical of the country's stability, and they take a correspondingly conservative stance.

Unremittingly poor prospects for steady work drive more and more people into the informal sector, particularly in Haiti's urban centers. According to conservative estimates, more than 750,000 people already seek to earn a livelihood in this market. Such enterprises have extremely low profit margins and pay no taxes. Production methods in this sector are often quite labor-intensive and technologically primitive. Most of the workforce has little or no formal education.

In addition to such independent initiatives, the Haitian economy increasingly depends on direct transfers from the approximately 1.5 million Haitians living abroad. According to the Inter-American Development Bank (IDB), in 2001 these remittances amounted to a total of \$810 million—24.5 % of the country's GDP. Before his return to Haiti in 1994, Aristide promised the international donor community comprehensive reforms that essentially comprised a traditional structural adjustment program.

The changes were to include privatization of state enterprises, rationalization and reform of the public sector and deregulation of foreign trade. Because of mounting political and social resistance to these measures, as well as the de facto paralysis of Haiti's legislature and executive branch between 1997 and 2000, scant progress has been made toward implementing these projects. The international community put increasingly heavier pressure on the administration to implement reforms. Since 1997, international donors have withheld about \$500 million in aid funds—a sum that does not include the IDB funds frozen since 2001.

After considerable political wrangling over the parliamentary, local and presidential elections in 2000 (which gave Aristide the presidency yet again), most bilateral and multilateral donors carried out their threats, suspending all direct payments to the Haitian government until further notice. The World Bank

and the IDB halted their cooperation—and hence the disbursement of already promised loans—when Haiti stopped its debt service payments in mid-2001.

3. Examination of criteria for democracy and a market economy

3.1 Democracy

Haiti has barely begun to transform its political order. The greatest barriers blocking its way are the historical and structural conditions it faced at the outset, along with the inefficacy and instability of its state institutions.

3.1.1 Political order

(1) *Stateness*: Haiti's national state identity and prevailing power structures exhibit several fundamental flaws. In principle, the government's monopoly on the use of force had been established nationwide, but in practice it fell far short. The rising crime rate—in large part linked to organized crime, and particularly the drug trade—and the proliferation of politically motivated violence merely reflect the inadequacy of the national police force. Furthermore, police officers have the reputation of taking sides politically, and some are entangled in criminal machinations themselves. Even the administrative system functions rather poorly, fails to reach broad segments of the population and, in some cases, cannot even carry out basic tasks.

The question of citizenship, and who qualifies as a citizen, is well defined and has no particular political relevance. All citizens have the same rights. Ethnic fragmentation is minimal and at present plays little role in politics. The political process is basically secularized; that is, the prevailing religious dogmas exert no appreciable influence on politics and law in Haiti.

(2) *Political participation*: By 1990 at the latest, the people of Haiti had accepted general, free and fair elections as the means of filling leadership positions. As in the past, the elections held during the evaluation period—the parliamentary and local elections in May and July of 2000 and the presidential election in November 2000—were seriously flawed in design and in practice. According to international observers, the tabulation of votes cast in the first round of Senate elections involved massive irregularities that favored *Fanmi Lavalas*, the party in power. The opposition parties, joining forces in the *Convergence Democratique*, boycotted the second round—a factor that contributed to that round's extremely low voter turnout, estimated at between 5 % and 19 %.

Persistent political disputes about the legality of the election results also marked the November 2000 presidential elections, which Aristide—running virtually unopposed—won by a landslide, with 92 % of the vote. Widely varying figures on voter turnout, with estimates ranging from 5 % to 61 %, along with charges of electoral fraud cast considerable doubt on the legitimacy of these elections.

In principle, the leaders emerging from Haiti's elections had the power to govern. However, the severe polarization of society, the constant battles with the opposition, and the reaction of the international community—which continues to withhold the bulk of urgently needed aid funds—place major constraints on the government and other state institutions. As a result, there are problems with exercising the rights of political organization and communication. There are also partial restraints—not consistent with democratic principles—on freedom of association and assembly and on freedom of opinion and of the press. These restrictions mainly affect the already weak workers' organizations, as well as certain private media, especially those critical of the government.

The severe polarization of Haiti's society also somewhat limits political organizations' freedom of assembly. In recent years, street protests and other demonstrations by opposition activists have drawn violent harassment by *Fanmi Lavalas* loyalists. However, the opposition also harbors violence-prone groups that add fuel to the fire.

(3) *Rule of law*: Haiti's transformation also falls quite short in checks and balances among the executive, legislative and judicial branches. The biggest problem in this area is that the decentralization of powers mandated by the constitution remains deficient, and the executive branch definitely outweighs the legislative and judicial branches. Between 1997 and 2000, the balance of powers on the national level virtually disappeared. After Prime Minister Rosny Smarth resigned in the summer of 1997, the office remained vacant until early 1999, because none of the nominees put forward by President Préval made it past the opposition's blockade.

Legislative elections scheduled for 1998 were cancelled. In January 1999, the president, claiming that the delegates' terms in office had officially expired, dissolved Parliament and installed a new prime minister by decree. After the 2000 elections, the governing party held an absolute majority in both houses of Parliament, 73 out of 83 seats in the Chamber of Deputies and 26 out of 27 seats in the Senate, although the legality of the elections remained much in dispute. The result of the controversy was that Parliament's hands were effectively tied, and its oversight over the executive branch was greatly limited.

The judicial system, though institutionally well differentiated in formal terms, has severe functional deficits. The run of its writ, its equipment and its training all fall

short. The situation is troubling, particularly in regard to procedural efficiency: Processing and prosecuting criminal offenses is so backlogged that in 2001, about 80 % of the more than 4,000 inmates of government prisons had not yet been convicted of crimes. Furthermore, the judiciary is subject to serious charges of corruption, as well as accusations of inadequate political independence in court rulings. Abuse of office pervades other government institutions.

Institutions and political parties are riddled with corruption at all levels. Corrupt officeholders are not prosecuted adequately under the law, although they do occasionally attract adverse publicity. Compared with the decades of the Duvalier family dictatorship and the excesses following the overthrow of Jean-Claude Duvalier, especially under military rule (1991–1994), Haiti has made considerable progress in the protection of human rights. However, in recent years, political disputes have brought a new wave of severe human rights violations, including harassment of critical journalists and members of different parties, as well as politically motivated assassinations.

Also alarming are the instances of extralegal executions and other forms of mistreatment carried out by members of the police force. Due to the weaknesses of the judiciary and the weight of political pressure, these misdeeds escape adequate prosecution. In dealing with human rights violations by previous regimes, a few positive exceptions have emerged, such as the trial of those responsible for the 1994 Raboteau massacre. On the whole, however, too many violations have not been addressed.

3.1.2 Political patterns of behavior and attitudes

(1) *Institutional stability*: Democratic institutions are limited in their ability to function, a situation that causes significant deficiencies in the political process. The judicial system, in particular, has considerable shortcomings, and the much-needed reform of this important institution has stalled. Most public institutions were dominated by members or sympathizers of the *Fanmi Lavalas*, and they often lacked political neutrality. The opposition parties challenged the legitimacy of certain institutions.

(2) *Political and social integration*: The polarization and intense fragmentation that characterize Haiti's party system inhibit the transformation process. President Aristide's party claimed to legitimately represent the political will of the majority—a claim that was challenged on the national level, especially by the opposition parties.

The extremely diverse oppositional spectrum includes many groups whose anchoring in society appears limited to a small circle and whose "party platforms"

often merely promote the particular interests of individuals. The opposition's organizational weakness constitutes a significant obstacle to the development of a democratic party system. The landscape of interest groups is meager, important social interests are underrepresented, and a few actors dominate the system of interest groups.

Although no survey data is available, consent to democracy as a form of government can be estimated as moderate to high. However, because of the dismal education situation, much of the population is poorly informed about democratic processes and mores. The extremely low voter turnout occasionally seen in recent years does not reflect a fundamental opposition to democracy. Rather, it results from poorly organized campaigns and bad public relations work on the part of the relevant state institutions and parties, as well as widespread popular disillusionment about the motives of elected officials.

The end of the Duvalier family dictatorship brought a tremendous growth of civic organizations. Local church communities (*ti Legliz*) in particular began organizing in an effort to compensate for the state's failure to provide for basic needs, such as ensuring general literacy, improving schools and maintaining health care and nutrition. Social self-organization increased quantitatively in other areas as well. Qualitatively, however, socioeconomic and infrastructural barriers inhibit the effectiveness and overall influence of these groups, clubs and organizations.

3.2 Market economy

Haiti also shows definite shortcomings in its economic transformation. The disappointing pace of advances in development and reform is closely linked to the problems on the political level.

3.2.1 Level of socioeconomic development

The fundamental data indicate a very low level of development. Even though the country's development status, as measured by the U.N. Human Development Index, improved slightly during the period, most of the population lacks adequate freedom of choice. Overall, 65 % of the population lives below the national poverty line. In rural regions where about two-thirds of the population lives this figure is about 80 %. The considerable income disparities—nationwide and especially between rural regions and urban centers—entail substantial social exclusion. The greatest barrier to the integration of additional segments of the population is the persistently low education level, as is evident in the U.N. Education Index.

3.2.2 Market structures and competition

Haiti's market economy depends primarily on agricultural production; 44 % of its workers engage in farming, chiefly subsistence farming. In addition, there is a small industrial sector (5 %) that specializes in export-oriented textile mills. Most economic activity (51 %) occurs in the informal sector. In Haiti, as elsewhere, the informal sector features little government regulation and only rudimentary rules of play for market participants.

The country's informal sector serves as a general catchment basin for those who cannot find work in the formal sector. Haiti's unemployment rate is estimated (roughly, given its structure) at 50 %. Most unemployed men—and especially women, often their family's sole source of support—must eke out an income in the informal sector. For several years, the government promoted micro-credit programs and cooperative banks, but these initiatives stalled after 2002, when numerous scandals exposed their inadequate oversight and lack of regulation.

Structural reforms implemented in 1986–1987 had already reduced the government's influence on the import-oriented economy. Additional reforms in 1995 largely deregulated foreign trade and the international flow of capital. The banking system is definitely underdeveloped and oversight is sketchy. The central bank has become more independent. The formation of monopolies and oligopolies is regulated occasionally, but inconsistently.

3.2.3 Stability of currency and prices

Despite Haiti's many serious economic problems, its national currency has remained relatively stable over the past years. For a long time, the gourde held steady at five to the U.S. dollar. Although the central bank made every effort to pursue a consistent policy on currency and prices, it could not prevent a marked rise in the inflation rate, as well as a devaluation of the national currency by nearly 30 %. In a classic scenario, fuel prices heavily influence the stability of prices. This sector is one of the few in which the government intervenes directly.

In autumn 2000, and again in 2002, the precarious condition of the public budget forced the government to reduce state subsidies for gasoline and other fuels, triggering violent protests among the population. Despite a relatively low debt-service ratio, the government has fallen short of meeting its obligations to international donors. This further complicates negotiations for new loans.

3.2.4 Private property

Property rights and property acquisition are adequately defined, but extremely serious shortcomings hamper administrative processes and implementation. The determination of property rights in regard to land titles remains a problem. The agricultural reforms that sought to address this issue have stalled. As a result, the questions over land ownership still trigger major conflict in some parts of the country, especially in the fertile Artibonite valley. As part of negotiations with international donors, the government in 1995 agreed to privatize the most important state enterprises, but, outside of a few cases, it has made no real progress.

3.2.5 Welfare regime

Apart from a few class- and sector-specific programs, Haiti's existing social safety nets to compensate for poverty and other such risks are socially organized. Family structures, and, in rural areas, village structures, provide most of the support. However, increasing migration—from countryside to city or to other countries—puts these traditional structures in great jeopardy. The universal health care system is embryonic. The government makes no systematic effort to fight poverty. Glaring social disparities obstruct equal opportunity and exact a particularly heavy toll on women.

3.2.6 Strength of the economy

The persistent political crisis has also brought a definite decline in Haiti's macroeconomic fundamentals. GDP per capita rose slightly at the start of the period, but since 2000 the figures have languished. Employment in the formal sector remains as low as ever. The mounting budget deficit—driven by higher public expenditures, declining international aid payments, diminishing overall economic activity and reduced tax revenues—poses the most serious problem. The negative balance of trade also failed to improve. Buffeted by crises, the government let economic performance slide. Unfavorable world market conditions for an import-oriented economy exacerbate the situation.

3.2.7 Sustainability

Haiti faces major environmental problems. Deforestation—and the attendant erosion, soil degradation and decreasing rainfall—is among the most serious threats. The chief cause of deforestation is the country's huge demand for firewood and charcoal. Because other energy sources are so costly, Haiti now meets about 71 % of its energy needs by burning wood. Despite relatively low per capita energy consumption, the people find it increasingly difficult to cover the country's annual demand (about 7 million cubic meters). Ecological sustainability is generally subordinated to growth efforts in other areas as well.

Haitian educational facilities fall short in quantity and quality. The national illiteracy rate for adults age 15 and older averages 50 %. Only about 65 % of children from 6 to 12 years of age attend school. In rural areas, this figure drops to 23 %. For secondary schools, the overall attendance rate is 22 %. The educational system is mainly private, both in facilities and in financing. Approximately 89 % of the elementary schools and 82 % of the secondary schools are private institutions. These schools are often very poorly equipped, and the teachers poorly educated, especially outside of the urban centers. Research and development are rudimentary at best.

4. Trend

(1) *Democracy*: During the five years surveyed, the transformation of Haiti's political order stagnated or regressed. In particular, the government's monopoly on the use of force was increasingly eroded, free and fair elections suffered manifest problems, and structural deficiencies in the rule of law and the administrative system persisted. The overall consolidation of democracy stalled at a very low level. Above all, Haiti's democratic institutions remain unstable and ineffectual.

The citizenry's options for organizing, social organizations' free activity, freedom of opinion and freedom of the press all show regressive tendencies. Consolidation of checks and balances among the executive, legislative and judicial branches slowed to a halt. Corruption remains widespread. The parties and associations made no progress toward political and social integration. The number of civic organizations grew, but their qualitative representation of interests and the breadth of participation fall short. On the whole, the development of a civic culture as the underpinning of democracy stagnated. The citizenry's willingness to participate is not assured.

(2) *Market economy*: Fundamental development indicators show a slight improvement for the period studied, but on the whole, they remain extremely low. Development overall is not sustainable.

Development of the institutional environment has stalled. The reforms in the organization of the economy and competition introduced in the mid-1990s have lost their momentum. No substantial new initiatives have materialized. The economy as a whole is heading downhill. Growth rates rose slightly at the start of the period but then definitely backslid, and now—like other macroeconomic fundamentals—they show a negative trend.

Table: Socioeconomic indicators of modernization

	HDI	GDI	GDP Index	UN Education Index	Political representation of women ^a	GDP per capita (\$, PPP)
1998	0.440	0.436	0.44	0.40	n.a.	1,467
2000	0.471	0.467	0.45	0.50	9.1 %	1,383

^a Percentage of women in Parliament.

Sources: UNDP: Human Development Report 2000, 2002.

Table: Macroeconomic fundamentals (1998–2002)

	1998	1999	2000	2001	2002
Growth of GDP in %	2.9	2.9	1.9	-0.7	-1.5
Export growth in %	23.3	16.5	6.3	-14.5	n.a.
Import growth in %	6.6	22.7	29.3	-11.1	n.a.
Inflation in % (CPI)	7.4	9.7	19.0	8.1	10.1
Unemployment in %	n.a.	n.a.	n.a.	n.a.	n.a.
Budget deficit as % of GDP	-2.4	-2.4	-2.6	-2.7	-2.9
Current account balance in \$ billions	-38.0	52.0	-31.0	-16.3	n.a.

Sources: World Bank. CEPAL. Banque de la République d’Haiti (BRH).

5. Transformation management

5.1 Level of difficulty

Because of Haiti's low level of economic and social development, high social exclusion, ineffectual state administration and challenges to the state monopoly on the use of force, the difficulty of transformation is very high. The economic system is market-based in principle, but structural problems interfere with implementation of uniform rules of the game. Serious irregularities in the conduct of democratic elections also block the path toward deep and stable democratic transformation. Haiti's long history of authoritarian rule contributes to the problem. It also shapes the attitudes of most of the nation's political class, as well as the cumbersome and apparently reform-resistant structures of state institutions.

Under these circumstances, it is not surprising that the potential influence of civil society is relatively minor. However, the numerous local NGOs do make a valuable contribution to establishing a civic culture. The crisis-ridden political and economic developments are interlocked in a spiral that blocks further substantial advances toward transformation.

5.2 Reliable pursuit of goals

The government's economic reform strategies under Préval (before February 2001), and afterward, under Aristide, appeared irresolute and largely eclipsed by the political crisis. Especially during the Préval administration, numerous projects foundered, either because of the lack of support from parliament—which often can influence the government's policies only by voting them down in their entirety—or because of insufficient resources.

Ad hoc measures and efforts to maximize short-term political gain take precedence over the medium- and long-term goal of overcoming transformation problems. Thus, important reform projects in agriculture, health and education—which the Préval government had pursued with at least some consistency—ground to a halt or suffered from a lack of strategic planning. Despite the Aristide government's heavily populist rhetoric, severe political polarization hindered the inclusion of additional societal groups and organizations. The government and the opposition were unwilling to work cooperatively. On the whole, social and economic actors, both foreign and domestic, showed little confidence in the future.

5.3 Effective use of resources

The government did not use available resources effectively. Personnel expenses in the public sector were too high relative to the services offered by the state. The restructuring measures initiated by the Aristide government must be continued and intensified to maximize their intended results. The government's fiscal latitude remains extremely limited. The mounting deficit and persistently high state debt suggests that government policies have not aimed at a balanced budget.

The bureaucracy is bloated, and inefficiency is widespread and entrenched. Coordination among individual administrative branches and ministries is inadequate. Furthermore, local administrative bodies lack the financial resources that the law requires. The government carries out only some of the announced reform projects and cannot keep to its own plans. The quality of state services—especially when it comes to human resources development—cannot support further substantial progress toward development and transformation.

Efforts to curb corruption are inadequate. Haiti's cultural heritage affords the political elite very little in the way of potential resources to advance transformation. Yet Haiti's society harbors many resources that go untapped, because of the high degree of social exclusion and the limited ability of civil society to organize.

5.4 Governance capability

The performance of Haiti's political leaders during the period studied demonstrates little willingness to learn from events. Any changes were so marginal that policies remained stuck in the same rut. In general, disputes between the government and the opposition relate only superficially to substantive issues. For the most part, the disputes are about power games. Innovative policies are not in evidence at this time. The continuing conflict over the 2000 elections severely impaired the Aristide government's authority and legitimacy at home and abroad. Some of the population, for historical reasons, still saw President Aristide as a charismatic leader. This afforded him a certain fundamental legitimacy, but not enough—even assuming that he had the political will—to achieve substantive progress toward transformation. The government largely ignores the misallocations arising from its economic policies. The country's reform-oriented leaders have yet to tailor their tools and strategies appropriately to the opportunities and limitations of their situation.

5.5 Consensus-building

Although Haitian society shares a broad fundamental consensus on building democracy and a market economy, some actors give higher priority to pursuing special interests and maintaining lucrative clientele networks. The goals of leaders conflict significantly, above all, in terms of the need to redress socioeconomic inequalities. These dissenting forces have not yet been satisfactorily integrated.

Because of the political situation, the government itself contributes to social cleavage and has made very little effort to seek a lasting solution to the problem. Haitian society does have a willingness to act with solidarity, but various political actors exploit this willingness in ways that dissipate much of its potential integrative power. The need to deal with past injustices is recognized in principle, yet progress remains unsatisfactory, not least because of the weak judicial system. Memories of historical injustices are manipulated as a weapon against political opponents.

5.6 International cooperation

Relations between domestic and international players have definitely deteriorated in recent years. After the considerable international attention—and corresponding financial allocations—that Haiti attracted in the early 1990s, the persistent political crisis brought international cooperation to a standstill. The continued controversy over the outcome of the 2000 elections further exacerbated the situation. Despite substantial international mediation efforts under the leadership of the Organization for American States (OAS), the political actors have so far failed to reach a generally accepted compromise.

The most important bilateral and multilateral donors refuse to resume financial cooperation until Haiti meets the demands listed in September 2002 under OAS Resolution 822. Negotiations with the IMF, the IDB, the World Bank and the German Bank for Reconstruction (Kreditanstalt für Wiederaufbau, KfW) about potential new loans have likewise stalled, because the government does not meet the imposed obligations and stipulations. The ineffectuality of state administrative structures makes it much more difficult to carry out humanitarian aid programs effectively. In principle, however, the political actors are open to cooperation on the regional and international level.

6. Overall evaluation

In view of the initial conditions in Haiti at the beginning of the study, the country's status during the study and its evolution, as well as the actors' political achievements (management), this assessment concludes the following:

(1) *Originating conditions:* The starting conditions for purposeful transformation were extremely difficult. The absence of traditions in the rule of law, civil society and democracy created a crucial obstacle to the establishment of sustainable democratic and market economy structures. The low development level of Haitian society in general, along with the high degree of social exclusion, likewise imposes a difficult burden on transition efforts. Other barriers to transformation include the inadequate educational system and the poorly differentiated civil society. In the economic arena, the greatest challenge is to rise above an economic order that is essentially based on agricultural production, in a situation fraught with ecological vulnerability.

(2) *Current status and evolution:* In light of Haiti's history, its democratic transformation has been of brief duration, and thus far, it has gained very little ground. During the period of this report, the political decision-makers failed to achieve substantial development advances or to quantitatively and qualitatively broaden the transformation. On the whole, consolidation has faltered or lost ground. Disregard for rule-of-law principles threatens Haiti's democratic structures from within; the state monopoly on the use of force has eroded; and corruption and abuse of office run rampant—all indications that transformation has only hobbled along.

The total ground gained in the transformation toward a market economy is likewise fairly limited, even though the journey covers a longer time span. Here too, the footing is still shaky. The period saw no stabilization of macroeconomic development and no further improvement—building on past reform initiatives—in the structures framing a market economy order. Any further advances along that road would require the relevant actors to forge a political consensus about the fundamental course of Haiti's economic order and about socially tolerable redistributive measures. The leadership failed to take these steps. As a result, the overall development process has come to a standstill, and, in some respects, it shows signs of backsliding.

(3) *Management:* The verdict on the actors' relative management performance is negative. The political and economic transformation both lack momentum and have low prospects for success. The leadership has not demonstrated reliability in achieving goals or in effective use of resources. The chief barrier to development—with repercussions in the political and the economic spheres—is that the members of the political class, both government and opposition, lack the

capacity and the will to reach a consensus on resolving the political crisis. They also showed a lack of sensitivity in dealing with external actors and were unable to repair the damage to these cooperative relationships.

7. Outlook

The negative overall assessment of transformation outlined here tallies with that of most observers, who draw a very bleak picture for Haiti's future. After the events surrounding the 2000 elections and Aristide's controversial return to office in February 2001, the possibility that the nation would return to its nearly chronic authoritarian rule was on everyone's lips. The ouster of Aristide, which took place in 2004, just after the evaluation period, further contributed to short-term political, social and economic instability. However, the workings of Haiti's political system are extremely complex: Seemingly obvious truths and facts often prove to be illusions. The establishment of democratic structures is a long slow, process, fraught with conflict and an uncertain outcome—and not just in Haiti.

The contradictions and paradoxes that now pervade Haiti's political system should be recognized as a hallmark of the transformation processes. There must also be no doubt that the main obstacle to Haiti's development is the weak organizational capability of its political actors. To overcome the difficult starting conditions, these actors must develop a workable and forward-looking strategy. Above all, they must devote serious effort to improving the efficacy of state institutions. Without capable institutions, most reform initiatives will disappear in the sand.

An enduring culture of democracy rests on strong civil society structures and solid opportunities for participation. To lay the necessary groundwork, the state must expand its services in meeting the population's basic needs and produce a coherent strategy to fight poverty. Education must take a prominent position in this endeavor. Better education will pave the way for advances in research and development, which in turn hold the key to changes in the country's economic structure.

Furthermore, Haiti must restructure the conditions of agricultural production. Programs already underway must be integrated into a comprehensive strategy of rural development that supports further advances in environmental protection—a task that calls for highly innovative thinking. For Haiti's non-urban regions, the strategy should include the creation and promotion of jobs outside of traditional agriculture. The enormity of this undertaking and the paucity of the state's financial resources suggest that transformation in Haiti cannot rise to greater intensity without help from abroad. The government should do whatever it must

to mend its fences with the international community as quickly as possible and lay a sound foundation for the tasks at hand.