

BTI 2010 | Haiti Country Report

Status Index	1-10	4.47	# 98 of 128	
Democracy	1-10	5.05	# 76 of 128	↗
Market Economy	1-10	3.89	# 108 of 128	➔
Management Index	1-10	4.75	# 71 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	9.6	HDI	0.53	GDP p.c.	\$	1157
Pop. growth	% p.a.	1.7	HDI rank of 182	149	Gini Index		59.5
Life expectancy	years	61	UN Education Index	0.59	Poverty ²	%	72.1
Urban population	%	45.5	Gender equality ¹	-	Aid per capita	\$	73.0

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

With the successful realization of presidential, parliamentary and local elections in 2006, Haiti made an important step toward a sustainable democratic transformation. Since then, reform initiatives such as those in the security sector have been attempted, but due to poor cooperation between the executive and legislative branches, high parliamentary fragmentation, and political and economic shocks, progress has not been significant. The National Haitian Police, working alongside the U.N. stabilization mission MINUSTAH, has made inroads in addressing the problem of criminal gangs. Thus, the level of violence has been reduced in general terms, but persistent political and social fragmentation and the abundant weaknesses of the justice system threaten these achievements. Security issues remain a priority.

Violent riots in April 2008, prompted by rising living costs, led to the ouster of then-Prime Minister Jacques Édouard Alexis. After five months of political stalemate, the new Prime Minister Michèle Pierre-Louis finally took office in September 2008. Four hurricanes and tropical storms in August and September 2008 had a devastating impact on the impoverished population's social and economic situation. Performance on social indicators remains the lowest in the Western Hemisphere, and food insecurity bears particular potential for renewed destabilization.

President René Préval's support among the Haitian population is weakening, since he has not been able to improve the living conditions of a large part of the population, and has not been able to fight corruption as effectively as promised. However, it must be noted that structural constraints such as limited resources, the obstructive behavior of other political actors and Haiti's vulnerability to external shocks restrict his ability to govern in an efficient manner. Nevertheless, Préval still enjoys a relatively high degree of credibility with foreign governments and multilateral agencies engaged in Haiti, which is important as the country depends heavily on continued international aid. As 2009 is an important election year (with ballots for the Senate

and the Chamber of Deputies), it is critical that political actors face responsibility for the huge challenges ahead without getting stuck in political turf wars, as has often happened in the past. One negative sign in this respect was the Election Council's February 2009 decision to bar candidates from Fanmi Lavalas, the country's most popular party, from participating in Senate elections.

The country's main problems are highly interdependent. Despite a relatively sound macroeconomic policy, improvement in social indicators is hampered by severe deficiencies in the rule of law, the government's failure to exert a monopoly on the use of force, and a lack of equal opportunity. Along with the country's vulnerability to external shocks and dependence on international support, these factors limit the scope of action for every government in power, even if they have the political will and the capacity to reach a sustainable political consensus. The current global financial and economic crisis has the potential to further restrict the government's room for maneuver.

History and Characteristics of Transformation

The breakdown of the Duvalier regime in February 1986 represents the starting point of a protracted process of democratic transformation in Haiti. After a period of political transition that was marked by several coups d'état leading to military and provisional governments, the first free and democratic elections were held in 1990, from which Jean-Bertrand Aristide emerged victorious. Ten months later, another coup d'état interrupted the process of democratization, forcing Aristide into exile and installing a three-year military regime (1991 – 1994).

The return to a constitutional order in 1994 – enforced by international military intervention under U.S. leadership – triggered substantial economic progress. Accompanying factors such as increased external aid, the adoption of a plan to stimulate the economy and an increase in remittances by Haitians living abroad stimulated this surge forward. Haiti witnessed a substantial improvement in many economic indicators during that time. Nevertheless, the program of structural adjustment introduced by the Aristide government, which included reforms such as trade liberalization, the privatization of public enterprises and a modernization of the public sector, was halted two years later following a wave of protests denouncing the policies' negative social effects. President René Préval (1996 – 2001) reintroduced the reforms during his first term, only to face another rupture when Prime Minister Rosny Smart resigned in 1997.

By this time, the conflict between Aristide and a reformist wing of his Lavalas movement represented by the Organisation du Peuple en Lutte (OPL) had escalated to the point of splitting the movement, resulting in a near-complete paralysis of the political administration. Against the background of a political crisis triggered by controversial parliamentary elections in 2000 and an

increasingly difficult relationship between the opposition and the Fanmi Lavalas Party, Jean-Bertrand Aristide was elected president for a second time, also in 2000. The political crisis, combined with a cessation of funds from international financial aid programs, put Aristide and his government (under the leadership of Prime Minister Yvon Neptune) in a very awkward situation. The application of his social and political program became increasingly difficult. Opposition parties, frustrated by Aristide's second electoral victory, tried to prevent his party from expanding its hegemony over the Haitian political system any further, and acted vehemently to oppose the government's policies. Protracted negotiations between the government and the opposition failed to defuse the political crisis; rather, it intensified to the point of violence. At the end of February 2004, an armed rebellion led by former members of the Haitian Armed Forces (dissolved by Aristide in 1994) and rebels linked to armed gangs from the north of the country prompted the breakdown of Aristide's government and his departure on 29 February 2004. Supreme Court Chief Justice Boniface Alexandre was designated as provisional president. Following the recommendations of a seven-member advisory council ("Council of Wise Men") in charge of charting the country's transition, Gerard Latortue was appointed to the position of interim prime minister. He formed a transitional government charged with laying the groundwork for effective and democratic presidential and legislative elections, restoring macroeconomic stability, improving economic governance and rehabilitating the weak national economy. This program was supported by the international community under the so-called Interim Cooperation Framework (ICF). The U.N. Security Council authorized the deployment of a multinational interim force (MIF) tasked with reestablishing stability until the arrival of a U.N. peacekeeping mission (MINUSTAH) in June 2004.

In April 2004, a political pact was signed between the transitional government, political parties and civil society groups, aiming to create viable conditions for the organization of democratic elections and the transfer of power to a newly elected government in February 2006. The pact was boycotted by Aristide's Fanmi Lavalas party. Civil unrest punctuated the transitional government's tenure, revealing the deterioration of the state's capacity to guarantee the rule of law or maintain its monopoly on the use of force. After several delays due to organizational and security problems, presidential and parliamentary elections were finally held in February 2006. Rene Garcia Préval, a former prime minister and president, was declared winner with a total of 51% of votes after the first round.

Since that time, a number of reform initiatives have been launched, but little progress has been made. Genuine transformation has been impeded by high levels of parliamentary fragmentation, the ruling party's lack of a majority in either chamber, and constant political struggles between the executive and the legislature. As the Haitian economy is very vulnerable to external shocks, the rise of food and fuel prices in early 2008 represented a major challenge. This led to violent protests in April, followed by a vote of no confidence against Prime Minister Jacques Édouard Alexis. It took five months to nominate his successor successfully. In September 2008 Michèle Pierre-Louis took office. Four hurricanes and tropical storms in August and September 2008 had a devastating impact on the country's social and economic infrastructure. Reconstruction has been very slow.

Transformation Status

I. Democracy

1 | Stateness

The state cannot assure its monopoly on the use of force effectively over the entire territory. President René Prével's government, in office since May 2006, has been unable to fully establish its authority in most provinces, even though there has been progress in the fight against various armed groups and ex-members of the dissolved Haitian Armed Forces, who subsequently acted as illegal security providers. The gang warfare and general insecurity that characterize several districts of the capital Port-au-Prince have diminished, but still represent a potential threat to political stability. The number of kidnappings has been reduced following the capture of various gang leaders by the U.N. stabilization mission (MINUSTAH) and the Haitian National Police (PNH). Factions sympathetic to former President Aristide control many of the armed groups in poor neighborhoods, while others are under the influence of anti-Aristide groups, drug traffickers and other criminal organizations, or even elements of the national business elite. The state's capacity to respond to this phenomenon is slowly improving. Since the dissolution of the Haitian Armed Forces in 1995, the National Police represent the only security force in the country. But this entity of about 9,000 members so far has not reached full performance and does not have the logistical means to effectively cover the country's entire territory. Although some effort has been made, further reforms in the security sector remain essential to the stabilization progress. MINUSTAH, deployed in the country since June 2004, is playing a vital – though widely criticized – role in stabilizing the country and helping the state to gain back its monopoly on the use of force. The implementation of a much more robust mandate after December 2006 has yielded visible results, in the form of a joint effort with the government to reinstate control over the entire territory. The installation of the National Commission for Disarmament, Dismantlement and Reintegration (CNDDR) in August 2006 also marked an important step, but the lack of strong, transparent and inclusive leadership for this group remains a problem. In 2007, President Prével ended an attempt to negotiate a disarmament process with gangs and instead asked MINUSTAH to initiate a crackdown. Violent nationwide riots over the rising cost

Monopoly on the
use of force

of food and fuel in April 2008 killed at least six people and led to the ouster of Prime Minister Alexis. PNH and MINUSTAH had difficulty in bringing the situation under control.

Haiti has no meaningful ethnic diversity. Nevertheless, significant social cleavages tied to culture, language and religion divide the country. Historically, the peasants that represent the majority of the Haitian population have not been considered to be full citizens, and have thus been prevented from exercising their civil and political rights. The widespread demand for democracy expressed by the rural population since the beginning of the transformation process reflects the legacy of a centuries-old fight for their civil rights. Even today, nearly 40% of the Haitian population lacks identity papers, without which they cannot exercise their civil rights or position themselves within the nation-state. However, the legitimacy of the nation-state is not questioned in principle.

State identity

Religious dogma does not play an important role in the legitimacy of the state or the definition of the legal order in Haiti. Nevertheless, the Catholic Church and various Protestant denominations maintain a visible presence in political affairs. These religious organizations have managed to have considerable impact on political negotiations by means of participation in such institutions as the Provisional Electoral Council (CEP). Still, religious actors play a facilitating rather than strategic role; that is, they do not seek through their influence to impose religious dogma on the state.

No interference of religious dogmas

The administrative system is highly deficient; it is centralized in the capital Port-au-Prince and other smaller urban centers. It cannot distribute public resources efficiently nor satisfy the basic needs of the majority of the population. Most rural areas do not have any functioning administrative structure at all. NGOs and international aid compensate only in part for the weakness in infrastructures and basic service delivery caused by the scarcity of state resources and increasing corruption; their interventions are incoherent and are not coordinated by the state. Because of the weak administrative infrastructure, the Haitian government has found it very difficult to deal with the devastation caused by 2008's hurricanes and tropical storms. The government has been particularly unable to satisfy the basic food needs of the population.

Basic administration

2 | Political Participation

Since the beginning of the democratic transformation, rulers have generally been determined by free and fair elections – though there have been serious shortcomings in this process. The presidential and parliamentary elections in 2006, which led to the replacement of the transitional regime and reestablished the constitutional order, represented an important step toward a democratically legitimized executive and

Free and fair elections

legislature Nevertheless, considerable organizational and logistical weaknesses marred the process, as did political confrontations within the Provisional Electoral Council (CEP) named by the transitional government in 2005. In a number of fields, including voter registration, issuance of identity cards, security, transport of sensitive materials and provision of technical electoral assistance, Haiti was dependent on international support such as that from MINUSTAH and the Organization of American States (OAS). The Haitian state could not have organized this logistical and organizational effort on its own. Despite all these problems, the election was an important step toward democracy, due to the fact that the outcome was generally undisputed. In December 2006, local elections were held in accordance with the constitutional provisions governing territorial administration. The results of these elections were widely disputed in several parts of the country; reelections had to be held and final results were published only in March 2007. Preparations for the 2008 Senate elections were difficult. Scheduled for spring 2008, encompassing the first third of the Senate, they were postponed and as of the close of the review period were planned for 19 April 2009. The Senate has operated with less than two-thirds of its legal membership since the terms of the first 10 senators ended in early 2008. In early 2009, CEP electoral officials barred Fanmi Lavalas, the country's most popular party, from Senate elections. Officials said that Lavalas failed to submit papers from former President Aristide authorizing the party's list of Senate candidates. Party members protested when officials refused to register their candidates. The exclusion was widely criticized, as it could lead to serious threats to Haiti's political stability. Several members of the CEP were chosen by rival parties and Lavalas has no representative on the panel. Under these circumstances 2009 will be a critical year for Haiti, with further Senate and Chamber of Deputies elections in November. The country will continue to need the technical and logistical assistance of the international community to assure reasonably free and fair elections.

Generally rulers emerging from elections in Haiti have the power to govern. But the society's strong polarization and the political class' predominant culture of confrontation mean that real governing power is constrained. The government installed in May 2006 includes a broad spectrum of political parties and is generally considered to be a national unity government, tending to integrate potential spoilers into the process of political stabilization rather than seeking confrontation. But in the last two years, President Préval's popularity has been on the wane due to stagnating economic and social progress and difficulties in combating corruption. Furthermore, the government has been constantly criticized for lack of leadership in the aftermath of 2008's April riots and tropical storms. The fragility of government was demonstrated by the political turmoil following the parliament's April 2008 no-confidence vote deposing then-Prime Minister Jacques-Édouard Alexis, after the April riots. The protracted negotiations between President Préval and the parliament over a new prime minister lasted until August, with two proposed candidates

Effective power to govern

rejected before Michèle Pierre-Louis was finally confirmed. The postponed Senate elections represent another difficulty, as two-thirds approval in each chamber is needed to put constitutional amendments on the legislative agenda. Nevertheless, as all major political players generally recognize the necessity of reconciliation and national dialogue in order to improve the economy, they share a minimum commitment to cooperation.

The Haitian Constitution protects the right of independent political and civic groups to associate and assemble freely. However, in the context of political confrontation and polarization that still dominates the political landscape, this principle is de facto not respected in practice. Various political and civic groups have suffered persecution and acts of violence in the past few years. In the aftermath of the 2006 elections, the situation has improved considerably. Haiti's peasant groups are beginning to affiliate and are actively pressuring the political elite to focus on the needs of the rural population. Nevertheless, unions and other civil society groups are still too weak to get effectively involved in collective bargaining.

Association /
assembly rights

The Haitian constitution guarantees the right to freely express opinions as well as the freedom of the press. However, in the recent years' climate of political confrontation these rights were severely restricted. Several people, including a number of journalists, have suffered from acts of violence as a result of opinions expressed in public. Amnesty International counts at least nine instances since 2000 in which journalists have been killed. The lack of an effective and professional judicial system means the majority of these crimes still have not been prosecuted. But it should be mentioned that the media themselves have contributed significantly to the environment of confrontation and polarization, as they are often overtly politically biased, and make no effort to provide disinterested, information-oriented reporting. On the other hand, journalists tend to practice self-censorship in order to avoid violent acts of vengeance for critical reporting. Another constraint is the fact that nearly half of the population is illiterate, relying on radio and television. State-run television in particular tends to be strongly biased in favor of the government.

Freedom of
expression

3 | Rule of Law

The constitution guarantees a balance between the executive, legislative and judicial branches. However, implementing and maintaining this balance has proved to be a challenge ever since the beginning of the democratization process. The problematic collaboration between the executive and the legislature has been one of the country's main sources of institutional instability. The ratification of the budget, international treaties and important laws dealing with economic, social and political transformation are often postponed or treated with nonchalance, revealing a lack of professional capacity in the parliament. Recently, police and justice sector reforms have become stuck in the legislative process. There are no adequate institutional

Separation of
powers

mechanisms to push parliamentarians to do the work the constitution and the people demand. Since the installment of the new government in 2006, executive interference with the work of the legislature has been considerably reduced. However, the majority of Chamber of Deputies members have yet to demonstrate a sufficient level of professional ethics or capability. The high level of party fragmentation in the parliament makes professional cooperation even more difficult. The Senate, the preeminent player in the political system, enjoys a nearly unlimited veto right. Over the last 15 years, this has led to parliamentary anarchy and deadlock. In order to prevent a slide back to authoritarianism, the 1987 constitution checked presidential power with a strong parliament composed of two independent chambers. In 2006, an administrative department was created to facilitate communication between the executive and the legislature. Still, this institutional arrangement contains risks if parliamentarians resist compromise. The 1987 constitution introduced a distinction between the president of the republic as chief of state and the prime minister as head of government, in order to limit the power of the president. However, Haiti's strong tradition of presidentialism makes it very difficult for the prime minister to lead governmental affairs. Before the government crisis following the fall of Prime Minister Alexis in April 2008, developments showed considerable amelioration of this constraint on the working separation of powers. As 2009 is an important election year, it is possible that political actors will focus on their own political interests at the expense of effective relations between the executive and the legislature. Debate over a constitutional reform is expected to begin in June 2009, but it is too early to predict what possible impacts a reformed constitution might have on the relations between executive and legislature. Although there is broad consensus on the urgency of reform, the debate contains considerable potential for further conflict.

The judicial system is weak and dysfunctional due to a lack of resources, infrastructure, professionalism and qualified judges. Judicial procedures are costly, and the system as a whole is strongly dependent on the executive. This latter point is clearly visible in the judiciary's politicization during recent years. Underpayment of judges has led to widespread corruption, which has fueled the popular belief that a party's capacity to pay bribes determines the outcome of justice in both civil and criminal cases. Impunity from prosecution has also contributed to the general loss of confidence in jurisprudence. As in all former French colonies, Haiti has inherited the five classic Napoleonic Codes. The penal and criminal procedure codes have been left almost unchanged from the early 1800s. These antiquated provisions are yet another cause for the lamentable state of justice. Furthermore, the official language in the judicial system is French rather than Creole, which discriminates against a large part of the population. In 2006, a Judicial Council (Conseil Supérieur de la Magistrature) was created with the aim of enhancing judicial independence and integrity. At the end of 2007, three laws were passed establishing the Superior Council of the Judicial Power (Conseil Supérieur du Pouvoir Judiciaire), defining

Independent
judiciary

the status of magistrates, and reestablishing the Magistrates School (EMA) that ceased functioning in 1995, and was finally reopened in March 2009. But despite singular efforts and much donor support, the national judicial system does not adhere to democratic standards and is not prepared to confront the challenges posed by a high level of criminality, the proliferation of armed groups, a transnational drugs and arms trade that is only marginally under control, and the corruption of state institutions. The creation of special chambers for serious crimes such as major human rights abuses, kidnapping and trafficking remains unrealized. In general, the lack of prioritization, strategic planning, donor coordination and political will has slowed progress toward modernization of the system. The judicial system places severe constraints on the rule of law. Better vetting of judicial candidates, adequate payment of judges and the elimination of political influence all will be crucial in establishing judicial independence.

Perceptions of corruption in Haiti are the lowest in the region, according to the Latin American Public Opinion Project (LAPOP) Americas-Barometer survey. However, this does not mean that corruption is not a big issue in the country, but rather indicates that people are so used to corruption that they consider it to be normal. Corruption is in fact widespread, and nearly endemic to all state administrative structures. Nearly one out of two Haitians report being victimized by corruption, revealing the prevalence of many forms of corruption in the country. The so-called *politique du ventre* – the struggle for the acquisition of personal wealth through conquest, plunder and misuse of state offices – is well established within the political tradition of the country. All major government actors and key civil society sectors agree that corruption today is a manifestation of multifaceted systemic weaknesses, and is sapping the country's capacity for political and economic development. Although widespread public debate and stigmatization of officeholders usually accompany corruption scandals, legal and/or political penalties for those who abuse their position remain minimal, creating a culture of impunity as the general rule. President Préval called the fight against corruption a major priority of his presidency. But the dismissal of hundreds of police officers and other state administrative officials accused of corruption has so far remained selective. The circumstances of the recent so-called narco-dollar scandal clearly indicate that these practices remained tolerated. In this case, judicial officials and police officers were alleged to have stolen a large sum of money during a raid on a house belonging to an alleged drug-trafficker's relative, near the northern town of Port-de-Paix.

A number of fundamental civil rights are systematically violated. Contempt for due process represents one of the most salient examples. The long duration of the period of prisoner remand is a continued violation of international human rights standards. Many prisoners have been in jail longer than the maximum sentence associated with the crimes for which they were charged (or for which they have been detained but

Prosecution of
office abuse

Civil rights

not yet charged). The judicial system in Haiti does not guarantee counsel for indigent criminal defendants. Widespread violence against women and children, trafficking of drugs and people, and child labor represent a serious continuing threat to the civil rights of a large part of the population. As the majority of the population cannot afford legal services, this constitutes a severe restriction of access to justice and equality before the law. In addition, Haiti has neither a witness protection program nor security in courtrooms, which leaves witnesses vulnerable to intimidation and interferes with their exercise of civil rights. Another serious problem is embodied in Haiti's overcrowded, understaffed and insecure prisons, which are in no way equipped to face the high number of inmates.

4 | Stability of Democratic Institutions

During the period under review, persistent constraints have hampered the performance of democratic institutions. Due to the strong parliamentary fragmentation, the private interests of political actors dependent on regional support, and financial and administrative restrictions, the legislature has played a reactive role rather than actively proposing legislative initiatives. Lawmakers primarily oppose or accept initiatives from the executive branch. The absence of efficient mechanisms mediating between the executive and the legislature has left important reforms, such as security sector reform, trapped in the legislative process. The performance and effectiveness of democratic institutions is also limited due to the strongly centralized governmental and administrative structures in Port-au-Prince.

Performance of
democratic
institutions

Despite severe deficiencies with respect to the functioning of democratic institutions and the rule of law, all major political actors in Haiti support the process of transformation toward democracy and a market economy. Former members of the dissolved Haitian army have lost influence in the political arena. Public support for the transformation process will depend on continuous improvement in the economic and social situation. The distrust of democratic institutions among large parts of the population, which is attributable to the high level of corruption, the dysfunctional judiciary and continued violations of civil rights, constitutes a serious danger to political stability and therefore to the institutions themselves.

Commitment to
democratic
institutions

5 | Political and Social Integration

The traditional Haitian party system is characterized by a low degree of institutionalization and coherence and does not mediate between the interests of state and society. In general, parties are not concerned with the integration of the population, paying it little mind except during the intensive moments of mobilization before, during and after elections. This creates a rather authoritarian

Party system

and paternalistic role for parties within the process of democratic transformation. The satisfaction of personal interests and those of clientelist networks are common issues undermining the legitimacy of parties as platforms of representation. Party fragmentation in the parliament and voter volatility make strategic planning in the legislative process a difficult task. Even Lavalas, the country's most popular party, suffers from internal fragmentation, as was seen after the party's Senate candidates were banned from the elections in February 2009. Few parties have programs known to the public, and only very few have a nationwide structure or representation. Despite these deficiencies, the ability of Haiti's political parties to manipulate large groups of persons and to turn demonstrations into violent protests represents a serious threat to the country's overall stability.

A variety of popular organizations, labor unions and peasant groups had a strong impact on the political system at the beginning of the democratic transformation process. One of the largest labor unions in the country is the Confédération de Travailleurs Haitiens (CTH), made up of 11 labor federations and three national commissions on women, human rights and youth. However, partisan politicization, the integration and absorption of these groups' leaders into the political system, and the emergence of new, influential players such as the private business sector have steadily decreased the political influence of traditional cooperative associations and interest groups. The social fabric has been badly damaged by this process. One of the main tasks for President Préval and new Prime Minister Pierre-Louis will be to repair the social fabric by uniting the country's many scattered civil society organizations, helping them to build economic and cultural relationships, and create comprehensive networks with other organizations.

Interest groups

Even though there generally is consent to and acceptance of democracy and its norms and procedures, popular disillusionment with members of the traditional political class and state administrative officers constitutes an obstacle to democratic transformation. Considering the importance of service delivery in building a political system's legitimacy, the deficiencies of the Haitian state in terms of providing economic growth, increased welfare and individual security has a negative impact on the legitimacy of the democratic system. This was tragically visible during the politically motivated violent riots against high living costs in April 2008, and again when Aristide supporters clashed with police in December 2008. According to the LAPOP AmericasBarometer survey, a rather high share (in regional comparison) of 7.9% of the population stated in 2008 that they would support the violent overthrow of a democratically elected government, an increase compared to 2006. In the same survey, only 47.5% of respondents agreed that one should support the political system of Haiti. The ongoing efforts at social and political integration supported by the international community are questioned by some sectors of the political and economic elite, who consider the country's periodic social and economic crises to be a consequence of popular groups'

Consent to
democratic norms

increased political participation following the 1986 breakdown of the Duvalier regime. These elite forces hope to maintain a political system that ignores the broader population's basic social needs and desire to participate in the country's democratic and economic transformation. Thus, these elements have fought for the restoration of a strong political regime and for the reestablishment of the army, which traditionally has been used to suppress the poor majority. This polarization reflects a nation historically divided into two parts, which is still unable to overcome this cleavage to establish an emancipative democratic and economic order.

Haiti does not lack social resources, but rather the ability and will to capitalize on what resources do exist. The aggravation of generally poor living conditions in Haiti during 2008 has triggered violent protests and kept migration flows active – internally toward the metropolitan area of Port-au-Prince, and internationally toward the adjacent Dominican Republic, the United States or other countries in the Caribbean. This high degree of mobility and accompanying high potential turnover in the labor force has deterred investment in social capital. Most strikingly, this wave of migration proceeds from the marginalized rural areas as well as from the urban middle class – two critical sectors in the process of democratic and economic transformation. Cooperative and associative mechanisms of self-organization do exist, both in the rural and urban context, but their economic potential and impact remains underdeveloped. With 44.3% of the population feeling very or somewhat unsafe in the neighborhood where they live (according to the LAPOP AmericasBarometer survey), a high level of perceived insecurity has undermined the construction of social capital and interpersonal trust in Haiti.

Associational
activities

II. Market Economy

6 | Level of Socioeconomic Development

Key socioeconomic indicators show a rather low level of development for Haiti, which in turn obstructs the majority of its citizens from adequate freedom of choice. Resources and power are heavily concentrated in the hands of a few; poverty-based exclusion and marginalization, as well as a considerable education gap are evident. Levels of income inequality are among the highest in Latin America and the Caribbean region. Nearly half of the national income goes to the richest 10% of the population. Political instability and the high level of violence in recent years have contributed to a net decline in socioeconomic development. The 2007 –2008 United

Socioeconomic
barriers

Nations Human Development Index ranked Haiti 146th out of 177 countries, which was a slight improvement compared to 2006.

An estimated 78% of the population lives below the poverty line (on less than \$2 a day) while approximately 54% live in abject poverty (on less than \$1 a day), according to data covering the period from 1990 to 2005. Rural areas are the worst affected, with close to four-fifths of Haiti's extreme poor living outside the cities. The slum areas of the capital Port-au-Prince also house large pockets of urban poverty, however. One of the biggest slums in Latin America is the capital's Cité Soleil, with its extreme living conditions and high rates of criminality. Haiti shows the region's worst performance on virtually all indicators. Only 55% of children aged 6 to 12 are enrolled in school. Gender differences in access to education are apparent. Whereas up to the age of 10, the percentage of females attending school is higher than that of males, the ratio shifts between the ages of 14 and 24. Only 39% of adult women are literate, compared to 53% of adult men. Access to and quality of health care is very limited, which has resulted in dire health conditions for Haiti's marginalized poor and rural populations. Infant and maternal mortality is the highest in the Americas. Haiti has the highest adult rate of HIV infection in Latin America and the Caribbean (about 4.5% of the population is estimated to be infected). The country's enormous social and economic inequalities reflect a history of neglect of secondary cities and rural areas. The result has been an underdeveloped and impoverished rural sector where basic public goods – notably physical infrastructure, law enforcement, judicial institutions, basic services, environmental protection and regulatory frameworks – are almost entirely absent. The situation was exacerbated by the early 2008 food crisis and the hurricanes and tropical storms in August and September 2008 (which also significantly slowed economic growth), as the government has been unable to provide basic support and lacks resources for reconstruction. In September 2008, nearly a third of the Haitian population was threatened by food insecurity.

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	3840.9	4311.7	4960.7	6715.2
Growth of GDP	%	-3.5	1.8	2.3	3.4
Inflation (CPI)	%	22.8	15.7	13.1	8.5
Unemployment	%	-	-	-	-

		2004	2005	2006	2007
Foreign direct investment	% of GDP	0.2	0.6	3.2	1.1
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-55.6	5.2	-73.2	-80.3
Public debt	\$ mn.	1225.0	1277.9	1346.1	1500.4
External debt	\$ mn.	1311.0	1327.0	1504.7	1597.9
Total debt service	% of GNI	2.5	1.3	1.2	1.5
Cash surplus or deficit	% of GDP	-	-	-	-
Tax Revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	6.5	7.0	9.0	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	3.0	3.3	5.7	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

The market in Haiti operates under a weak institutional framework with hardly any regulatory mechanisms. Over the last 20 years, the informal sector in Haiti has grown considerably, providing a living for an estimated 70% of the population. A World Bank needs assessment for Haiti estimates that 95% of private employment is in the informal sector. This sector, like all informal markets, generates a high degree of insecurity, as markets clear rapidly and prices and incomes can fluctuate substantially over short periods. Haitian women working in agriculture are the main category of workers in the informal sector. Structures that could support and protect those operating in informal settings are absent. Careful estimates show that there are some 300,000 informal microenterprises in Haiti, which are mainly concentrated in the trade and service sector. To a high degree, Haitians engage in informal business on a day-to-day basis in order to ensure their survival. Bringing informal sector businesses into the formal sector is seen as critical to ensuring Haiti's economic development and establishing a strong market economy.

Market-based
competition

During most of Haiti's history, the elite classes' economic monopolies were protected by the military while the interests of the poor majority were suppressed. The inherent trend towards monopolistic and oligopolistic practices in Haiti is not sufficiently controlled. The weak institutional framework and a general lack of set rules of the game allow powerful economic stakeholders to develop unregulated rent-seeking strategies. Due to this lack of regulation, Haitians are often forced to pay exorbitantly high prices for commodities.

Anti-monopoly
policy

Haiti is one of the most open economies in the world, having liberalized its economy significantly in the 1980s and 1990s. The tariff structure has been simplified and rates greatly reduced as a part of broad structural adjustment measures applied over the course of a very short period. This has led to a flood of cheaper imported goods into local markets, facilitating the demise of local production. Haitian producers simply have not been able to compete against imports, given the agricultural sector's low levels of productivity and high vulnerability to natural risk, as shown in 2008. The rice sector shows how this trend has developed. Whereas in the 1980s, Haiti used to import only 8% of the rice it consumed, today between 60% and 68% of rice – which represents the basis of most Haitian's daily diet – is imported. Haiti's domestic food production can provide only 46% of the country's demand. In 2008, the parliament ratified an agreement to join the common market of the Caribbean Community (CARICOM), other members of which have suffered similar problems, albeit far from the same extent. With the enactment of the Hemispheric Opportunity through Partnership Encouragement (HOPE II) agreement, which gives Haiti nine years of duty-free and quota-free access to the U.S. market, new opportunities have emerged. But so far, the recurring crises have limited achievements in this sector.

Liberalization of
foreign trade

Although the Haitian banking system has been significantly modernized in recent years, and now applies most of the precautionary measures of the Basel Accords, it still lacks overall stability and trustworthiness. Nevertheless, according to IMF reports, the country's financial system has not been significantly affected by the ongoing global crisis. Indicators of banking sector soundness remained mainly satisfactory at the end of September 2008, with increased net profits and declining non-performing loan ratios. However, the financial situation of two small banks had worsened further. An independent assessment indicated that the Banque Nationale de Crédit (BNC) would need to be recapitalized to accommodate its 2006 absorption of Socabank, and its operational structure reviewed.

Banking system

8 | Currency and Price Stability

Inflation peaked at 19.8% in September 2008 (on a 12-month basis), compared to 7.9% a year earlier, but declined to 10.1% by the end of December due to rapidly falling international food and fuel prices. The real effective exchange rate

Anti-inflation /
forex policy

appreciated by about 5% during the last quarter of the fiscal year 2008, after some small depreciation earlier in the year. The gourde remained broadly stable against the U.S. dollar. The government has continued the consistent policy on inflation and currency introduced by the preceding transitional government (2004 – 2006) in cooperation with the IMF.

The recent series of devastating shocks threatened the Haiti's macroeconomic stability. The riots that prompted the fall of Prime Minister Alexis in April 2008 and led to a five-month political stalemate significantly constrained government operations. Hurricanes and tropical storms caused extensive food shortages and infrastructural damage in 2008, amounting to approximately 15% of GDP. Economic growth slowed to 1.3% in 2008 from 3.4% in 2007. Budget execution in 2008 was satisfactory; tax revenue was slightly below target (at nearly 10% of GDP). With domestically financed investment outlays exceeding expectations, spending capacity improved. The overall fiscal deficit slightly exceeded program projections (2% of GDP instead of 1.7%) and was fully financed with external resources. The government's fiscal policy centers on boosting revenue and improving budgetary management (at both the central and local government levels), in order to allow for more spending and investment with a particular focus on reducing poverty.

Macrostability

9 | Private Property

The Haitian constitution guarantees private property and assigns the state the duty of protection and promotion of private entrepreneurship. Haiti is a signatory to the international conventions on patents and trademarks. Private companies can generally act without restrictions. However, the weak judiciary and a general lack of political will can impede effective enforcement of these rights. Given the importance of the peasant population, problems of land ownership are very important in rural areas. Peasants working the land rarely have land title rights, and the state does not facilitate their acquisition of those titles. This has led to violent land conflicts throughout the country's history. The agrarian reform initiated during Rene Prével's first term (1996 – 2001) was not pursued by the following administrations, and consequently there have been no subsequent developments of note.

Property rights

Private companies can generally act without restrictions. The only limitation is the complicated registration of enterprises, which involves long administrative procedures. Starting a business in Haiti takes four times longer than the world average, and commercial laws are applied inconsistently and non-transparently. Though private companies represent the majority of actors on the national market, public enterprises occupy strategically important sectors such as telecommunication, electricity, ports and airports. Of the nine state enterprises

Private enterprise

targeted for privatization by the structural adjustment programs introduced in the late 1990s, two have been privatized: the state-owned flour mill (Minoterie d’Haiti) and the construction materials plant (Ciment d’Haiti). These privatizations have had very negative results. Prices for these products have increased, and there has been no improvement in their distribution to the masses. Members of the diaspora are aware of speeches by government officials asking them to invest in Haiti. A Center for the Facilitation of Investments (CFI) was opened in July 2007. Concrete government actions are needed to guarantee further private investments. Substantial reforms in the judicial sector and the establishment of dispute resolution mechanisms are needed to assure property rights.

10 | Welfare Regime

A basic system of social security exists, but it excludes the majority of the Haitian population as it is bound to the formal labor market represented by public and private institutions. The lack of a professional administrative infrastructure, especially in remote areas, complicates the distribution of public services. Traditional solidarity networks such as the family generally manage social risks. However, the recent economic decline, poverty and migration have seriously eroded this kind of social security net. The most important contribution to social safety nets and compensation for social differences still comes from Haitians living abroad. In 2008, remittances from Haitians living in the United States, France and other countries constituted 19% of GDP. It is expected that the global economic crisis will result in a decrease in these remittances in 2009, which could have very negative effects on the already difficult social situation. Thus, initiatives by NGOs and international organizations engaged in Haiti play an important role in compensating for gross social differences.

Social safety nets

As socioeconomic indicators show, there is no equality of opportunity. An estimated 78% of the population lives below the poverty line (on less than \$2 a day), while approximately 54% lives in abject poverty (on less than \$1 a day). Levels of income inequality are among the highest in the Latin America and the Caribbean region. Nearly half of national income goes to the richest 10% of the population. The high rate of unemployment, economic shocks caused by natural disasters and the high level of insecurity mainly affects the poor parts of the population, exacerbating the already serious social inequality. The poor population is particularly vulnerable to issues of food insecurity, and suffers directly from any rise of market prices. This led to political instability in 2008.

Equal opportunity

11 | Economic Performance

Macroeconomic output in 2008 was weaker than anticipated by IMF experts. Primarily due to natural disasters and the months-long political stalemate, economic growth slowed to 1.3%, while inflation jumped to nearly 20% at the end of the year. Despite these shocks, program performance remained satisfactory, avoiding significant deterioration in macroeconomic stability. It is hard to predict how likely political struggles, motivated by election campaigns and the global economic crisis, will affect the Haitian economy. Donor countries could reduce their commitments as a result of their own domestic budget difficulties; as Haiti is highly dependent on foreign aid, this could have damaging results.

Output strength

12 | Sustainability

Haiti faces serious environmental degradation, which has negative social and economic effects and increases the country's vulnerability to natural disasters. There is a link between the decades-long trend of environmental destruction and the country's problems of instability and violent conflict. However, the government still fails to take environmental concerns adequately into account. Of the country's 30 watersheds critical to abating the impact of natural disasters, 25 are without natural cover. The remaining forests, covering only about 1% of the territory, are unable to play any significant environmental or protective role. Deforestation and land degradation undermine efforts to improve agricultural production, and in concert with the high level of poverty, weak infrastructure and a general lack of investment in risk reduction activities, exacerbate Haiti's already high vulnerability to natural disasters. Considerable efforts have been made to strengthen national capacities for natural resource protection. Natural disaster management has also improved significantly with the implementation of an early warning system that helped reduce fatalities in the 2008 Hurricane season to less than 1,000; however, these efforts have not mitigated the macroeconomic impact of large natural disasters, or integrated environmental issues into broad economic and political planning. Cooperating and sharing experiences with other countries in the region that also face yearly hurricane threats could enhance Haiti's preparedness and mitigation capacity.

Environmental policy

The Haitian education sector has suffered acutely from deterioration in service quality. The state's lack of regulatory capacity, exacerbated by the influx of private service providers, is a major cause of this deterioration. Free public education exists for barely 20% of school-age children, causing considerable problems with respect to efficiency, accountability and equity. Children's access to education is limited by the impact of poverty, violence and high education fees. In many cases, parents simply cannot afford to send their children to school. UNICEF recently estimated

Education policy / R&D

that nearly 500,000 children were out of school in Haiti. The literacy rate narrowly exceeds 50% of the adult population, which is far below the Latin American average. Access to higher education remains a big problem in Haiti and thus represents a serious further obstacle to sustainable progress in democratic and economic transformation. Every year approximately 100,000 to 150,000 students obtain their baccalaureate. Of this total, only 10% to 15% can continue their education in any meaningful way. Lack of financial means to pay for fees and tuition represents a major constraint, but so too does the paucity of available institutions offering a solid higher education. The majority of higher education institutions are concentrated in the capital, which increases inequality of opportunity in terms of access. About 2,000 young women and men have left to pursue higher education in the United States, Canada or European countries. Another constraint in this field is the near-total absence of specialized institutions for technical vocations which could serve as a base for national research and product development.

Transformation Management

I. Level of Difficulty

Structural constraints on governance in Haiti are massive. The vulnerability to natural disasters and external economic shocks, the high level of poverty afflicting the majority of the population and the alarming condition of the infrastructure make transformation difficult. To these hardships can be added the weakness of the country's democratic tradition, the discouraging effect of political struggle marked by continued confrontation, and the shallow roots of the directionless political parties. The state's weak capacity to satisfy the population's basic needs in terms of education, security and public health has exacerbated civil society's distrust of the state. The interdependence of all these deficiencies makes it very difficult for any government to pursue a specific and comprehensive transformation strategy. With the country's strong dependence on international support, the frame of action is very limited.

Structural
constraints

Haiti has rich civil society traditions at the local level, but many of its formally organized groups have been co-opted and manipulated by political and economic elites in recent years. Generally, organizations have little ability to influence national policies, due to a lack of open channels for participation and an internal lack of administrative or financial management capacity. The participation of a large number of organizations in the massive protests against former President Aristide was initially seen as a positive sign of a maturing civil society. However, despite some progress, it is obvious that Haitian civil society is still highly fragmented and split along religious, social, political and cultural lines. This considerably reduces the contribution that the civil society can make to the country's economic and social transformation. Trust in political institutions is relatively low in Haiti, with political parties and the parliament among the less-trusted institutions. Therefore, strengthening these political institutions will be crucial for enhancing the process of democratic transformation.

Civil society
traditions

Although Haiti is not marked by significant ethnic or religious cleavages, social conflicts are an inherent part of the country's history and have impeded democratic and economic transformation. The blatant exclusion of large sectors of the population and the continuing enrichment of the powerful political and economic elite have deeply divided Haitian society, fuelled violence and hindered dialogue.

Conflict intensity

II. Management Performance

14 | Steering Capability

The current government pursues long-term aims and objectives that advance democracy and market economy. However, the pursuit of those goals has been challenging to reconcile with short-term solutions to the population's immediate needs. This approach can result in friction, but is consistent with the government's prioritization plan in its political program. The integration of the Program for Social Appeasement into the framework of a long-term Poverty Reduction Strategy is a viable example of this two-pronged approach. In November 2007 the government completed the National Strategy for Growth and Poverty Reduction, which sets out the main development challenges facing the country and the government's strategic priorities for addressing them. This Poverty Reduction Strategy Paper (PRSP), which followed the Interim Strategy Paper of late 2006, was developed through a broad consultative process under the leadership of the Ministry of Planning and External Cooperation, and submitted to the World Bank and the IMF. The strategy outlines human development, democratic governance and the promotion of growth in specific sectors (agriculture, rural development, tourism, infrastructure, science and technology) as the three strategic pillars for action. In December 2008, the government presented a road map of planned government action. The annexed sector plan for fiscal year 2008 – 2009 offers a strategy to stimulate economic growth and reduce poverty. The authorities must prove their capacity to maintain these strategic priorities with regard to potential spoilers both within the administrative system and outside it. The recurrent crises in 2008 drew considerable attention and resources away from the pursuit of this strategy.

Prioritization

Authorities and donors remain committed to the implementation of the Strategy Paper as the centerpiece of the development process, though some adjustments will be necessary to react to upcoming crises, as was the case with the food crisis in early 2008 and the storms in August and September 2008. The problems of limited public administration resources and recurring political struggles between the government and the legislature represent a serious threat to the pursuit of these long-term goals, and to Haiti's political stability as a whole. Under Prime Minister Pierre-Louis, communication with the legislature and the population has improved slightly. An election year, 2009 will demonstrate how political actors face the responsibility to fulfill their commitments.

Implementation

Polarization and a general lack of disposition toward political compromise have historically made policy learning difficult. Despite improvements in national dialogue and problem-oriented political approaches, the traditions of Haiti's national political class have the potential to impede progress. The new Pierre-Louis government has shown some improvement with regard to communication with the population and parliament, as well as within the executive itself. The new government has maintained some continuity by retaining some ministers, state secretaries and directors general from the former government; this gesture acknowledged the necessity of addressing Haiti's manifold problems collectively, with a clear strategy.

Policy learning

15 | Resource Efficiency

Relatively poor fiscal management and economic governance have inhibited the efficient use of both domestic resources and external assistance in recent years. Tax revenue is still limited (9.9% of GDP), in part due to the size of the informal sector. In recent years, governments have attempted to increase tax revenue by rationalizing the tax recovery system, but these measures have not sufficed to compensate for the fiscal administration's structural deficiencies. A new law governing the tax administration agency (DGI) has already been drafted, but had not yet been submitted to parliament by the close of the review period. Spending capacity has improved, but the inadequate quality and quantity of human resources have impeded public sector efficiency. The situation stems both from the scarcity of skilled people in the country (exacerbated by outward migration), and the lack of adequate incentives and accountability systems to attract, maintain and motivate civil servants. The low public administration salaries encourage corruption and officeholder disengagement. The lack of public sector capacity represents a serious obstacle to the absorption of aid, as the state's administration is often ill-equipped to respond to the competing requirements of various donors. Due to the global economic crisis, remittances from members of the diaspora are expected to decline, while donors might have difficulties meeting their commitments; securing the support of donors for the reconstruction and stabilization of the country will thus be crucial.

Efficient use of assets

The formation of a coalition cabinet with the participation of six different parties in 2006 was seen as a first major step in enhancing dialogue between different political forces, and thus advancing the administration's capacity to coordinate conflicting objectives. Prime Minister Pierre-Louis retained seven ministers and several state secretaries from her predecessor's government when she took office in September 2008, seeking to maintain administrative continuity in order to carry out effective policy coordination. The population's consent to government policy is largely linked to rapid and measurable improvements in the living conditions of the

Policy coordination

marginalized poor. Violent political protests following the food crisis and the devastation caused by natural disasters in 2008 weakened public support for the government. As the social situation for large parts of the population remains deeply unsatisfactory, external shocks have a tremendous impact on the Haitian economy. Given that financial and administrative resources are very limited, it remains difficult for the government to pursue a coherent overall development strategy. Haiti relies heavily on multilateral and bilateral aid flows, and must therefore continuously arbitrate between popular resistance to the conditionality of aid programs and donors' frustrations with setbacks and problems of policy implementation.

A number of integrity mechanisms have been implemented in recent years aimed at increasing the government's ability to contain corruption. The creation of a National Commission for Public Procurement (Commission Nationale des Marchés Publics, CNMP) in 2005 established the use of competitive procurement methods as the norm, and introduced more effective controls over public administration procurement. Other advances in transparency have been achieved through the preparation of standard bidding documents, the publication of lists of government contracts awarded, and the creation of a supplier database. Citizen and media access to information on financial and economic activities, expenditures, and procurement processes has been improved in recent years. The government has strengthened public finance management, including budgeting, internal audit and accounting processes. It has reviewed regulations governing the operations and functions of public institutions, and has energized public procurement procedures. In 2009, the parliament is expected to discuss an anti-corruption bill. Though these steps constitute significant advancements, the legal framework and judicial capacity for effective prosecution of corruption remain weak.

Anti-corruption
policy

16 | Consensus-Building

The majority of influential political and social actors agree on the establishment of stable market-based democracy as a goal for reform, although their ideas of how to reach that goal vary considerably. The means of and strategies for integration, and the character of the decentralization process, represent major points of dissent. Some political and social actors are skeptical of the reform project's neoliberal impetus and criticize – citing historical evidence – the lack of meaningful domestic ownership of the process. In an attempt to reach consensus on the new government's program, five of the six parties in the former Alexis government met with Préval and Pierre-Louis in August 2008 to discuss the idea of a governance pact. No agreement could be reached, and the parties now in opposition are reluctant to support the government. As a result, political consensus has deteriorated. With the upcoming elections and the expected debate on constitutional reform in 2009, consensus-building could become even more difficult.

Consensus on goals

Over the last two years, anti-democratic economic actors' ability to impede democratization and economic reform aimed at mitigating the country's dramatic socioeconomic inequalities has deteriorated. Nevertheless, this economic elite remains skeptical of democratic rules giving power to the broader population and is reluctant to distribute resources equally. Ex-army members and supporters of the former President Aristide who favor autocratic rules have lost much of their political influence. However, they still have the capacity to affect the established political order by means of demonstrations and violent protests.

Anti-democratic
veto actors

The management of cleavages and conflict has not substantially improved in recent years. The current political leadership has inherited a legacy of political and social polarization that has fostered recurrent armed violence. Overcoming the state's historic weakness and mustering the political will to mitigate social cleavages remains a great challenge in daily Haitian politics. The almost amorphous structure of political and civil society, reflected in the fragmented party system, complicates this task tremendously. Despite some efforts at consensus building, the political elites seem incapable of overcoming governance patterns dominated by short-term interests. Haiti thus risks recurrent escalation of social conflict.

Cleavage /
conflict
management

The rise of kidnappings since September 2007 has disillusioned the Haitian public, which has called persistently for improvements in security. The killing of kidnapped individuals prompted civil society associations to join together in the National Fight against Kidnapping (Lutte nationale contre le kidnapping, LUNAK). This group organized large-scale protest marches in Port-au-Prince and Cap-Haitien in June 2008. Prime Minister Michèle Pierre-Louis has broad experience working within civil society organizations. This circumstance has generated hope that the new head of government will work more closely with civil society. In general, civil society participation has increased slightly over the last two years, and some groups were involved in reviewing the Poverty Reduction Strategy Paper. While there is much to improve, early efforts in this area show a broadening of legitimacy of political processes. Civil society should also be actively involved in the reconstruction of infrastructure and agriculture that was extensively damaged by the tropical storms and hurricanes in 2008.

Civil society
participation

There has been little effort to overturn the culture of impunity with respect to legal prosecution for past human rights violations. This taints the Haitian political and social system. The transitional government's decision to imprison Fanmi Lavalas party leaders without trial during the new regime's first few months contributed to the population's loss of confidence that a sustained process of national reconciliation would be forthcoming. Confronted by substantial political pressure, the newly installed authorities urged in June and July 2006 that the most prominent convicts, including former Prime Minister Yvon Neptune and former Interior Minister Jocelerme Privert, be released. Both men were incarcerated without trial, accused of participation in the killing of Aristide opponents in La Scierie, Saint-

Reconciliation

Marc, in February 2004. While their release may have been warranted given the state's failure to properly try them, the La Scierie case was never fully investigated, and widespread doubts remain over responsibility for the crimes committed. Amnesty International states in its latest report that disarmament has continued at a very slow pace, and that little progress has been made in investigating past cases of human rights violations. On 12 August 2007, Lovinsky Pierre-Antoine, the head of the 30 September Foundation and one of Haiti's best-known and most-respected human rights advocates, was kidnapped. His whereabouts remained unknown by the end of the review period. He had worked to end the tradition of impunity for past abuses and to obtain reparation for victims of human rights violations under the military government.

17 | International Cooperation

The international community has played a major role in Haiti's political and economic transformation since the beginning of the process. The most visible contribution to Haiti's stability is the presence of MINUSTAH, whose contribution to security has been vital. Led by the Brazilian army, the mission's current mandate lasts until October 2009. Although there have been positive achievements in the fight against criminal gangs, accusations of sexual misconduct and exploitation brought against U.N. peacekeepers have discredited the mission. In 2004, bilateral and multilateral donors developed an international assistance strategy known as the Interim Cooperation Framework (ICF), which was based on four strategic axes of intervention over a transitional period: strengthening political governance and promoting national dialogue; strengthening economic governance and contributing to institutional development; promoting economic recovery; and improving access to basic services. In a review of these goals, progress could be classified only as minimal, while positive effects on the population's quality of life have been barely perceptible. Bureaucratic procedures significantly delayed disbursements and the national administration lacked coordination both internally and when working with the international community. All these issues constituted key factors in the lack of progress and the waste of funds associated with this exercise. A series of follow-up international meetings barely masked the divergent powers and interests at play. The ICF was initially designed to serve for the transitional period from 2004 to 2006, but its tenure was prolonged until the end of 2007. The World Bank's strategy and program in Haiti for the fiscal years 2007 and 2008 were set out in the Interim Strategy Note (ISN). A full Country Assistance Strategy (CAS) for 2009 – 2012 is being prepared and is scheduled for completion in 2009 on the basis of the PRSP. After the devastating storms in 2008, President Préval claimed that Haiti needed aid that is better fitted to sustainable development goals. While donors complained of fatigue and inability to mobilize additional funds rapidly during the financial crisis, national and international media began to question the international community's commitment to Haiti.

Effective use of support

Despite rising tensions with the donor community over the questions of ownership and participation, the Haitian government will remain heavily reliant on the continuation of multilateral and bilateral aid flows during the years to come, especially in the light of natural disasters and food crises as seen in 2008. Although the use of international aid has been inefficient, the eventual costs of dealing with a collapsed state would be much higher. The government has thus made efforts to maintain the support of the governments of the United States, Canada and France, Haiti's main trade partners and aid donors, as well as that of multilateral agencies like the IMF, the Inter-American Development Bank, the United Nations and the World Bank. In addition, the new government has reached out to other countries in the region to diversify its sources of support. Cooperation with international NGOs has had its difficulties. Their work is vital to the country's development, but Haitian Minister of Planning and External Cooperation Jean-Max Bellerive has also complained about independent groups' lack of coordination with donors. Sometimes, the government is unaware of a program's existence. According to Bellerive, of the 3,000 NGOs operating in Haiti, only 400 are registered with his ministry. Donors respond that Haiti doesn't have the capacity or manpower to administer such programs effectively.

Haiti's agreements for debt relief with multilateral donors reflect overall donor satisfaction and prove that the government has met necessary conditions both in terms of macroeconomic targets and progress on policy. In early 2009, the IMF's executive board reviewed Haiti's performance under the Poverty Reduction and Growth Facility (PRGF) and approved an increase in financial assistance (of about \$ 36.6 million), designed to mitigate the negative effects of the tropical storms in 2008 and the global economic downturn. Total disbursements to Haiti were about \$136.1 million in 2008. The IMF and the World Bank have determined that Haiti qualifies for debt relief under the enhanced Heavily Indebted Poor Countries Initiative (HIPC). In June 2008, the IMF approved the first augmentation under the PRGF agreement, in an amount of \$24.4 million, aimed at helping Haiti cope with the impact of high international food and fuel prices. These decisions reflect the fact that Haitian authorities have in general gained international donors' trust, and that they have demonstrated a satisfying performance and firm commitment to the programs. A donors' conference, scheduled for April 2009, could help mobilize further resources, but prospects for significant additional commitments are uncertain.

Haiti's suspended Caribbean Community (CARICOM) membership was reinstated when a democratically elected government again took power in 2006. Haiti is the most recent country to join the 15-member organization, and has by far the largest population – its more than eight million people outnumber the combined total 14 other member states' populations – but it is also the poorest member. In 2008, the parliament ratified an agreement to join CARICOM's common market, which

Credibility

Regional
cooperation

provides for the free movement of goods, skills, labor and services across the region. Full participation is planned in the course of 2009. It is as yet too early to evaluate the extent to which the Haitian economy will benefit. In May 2006 Haiti became the 16th member of the PetroCaribe program, an initiative of Venezuelan President Hugo Chávez. Through the program, Venezuela delivers oil at preferential prices to Caribbean countries, which the governments can resell to the private sector at market prices. President Préval resumed the bilateral cooperation with Cuba he initiated during his first term, from 1996 to 2001. Cuba is financing scholarships for 800 Haitians enrolled in Cuban medical schools, and has intensified the deployment of its health brigades in rural Haitian areas. Currently 400 Cuban doctors and nurses are working to improve access to basic health services for the country's marginalized rural population.

Strategic Outlook

Despite a high level of difficulty and various structural constraints, Haiti has entered a new democratic phase since 2006 that offers opportunities for further democratic and economic transformation. The challenge for the Haitian government is not only to overcome the long history of political polarization, but also to provide persuasive and sustainable answers to the country's many immediate social and economic problems. Urgent action is needed to organize reconstruction following the natural disasters in 2008, and to provide increased economic opportunities for large marginalized groups. Donors must be convinced to participate more actively in reconstruction efforts, and to provide an operational reconstruction plan. The donors conference planned for April 2009 may offer opportunities for enhancing and better coordinating support. Continued efforts to control organized crime, reform and strengthen the legal framework, reform the security sector, and improve the equipment and training of the National Police remain a high priority.

Haiti must pursue more elaborate strategies to attract private investment. These should include the fortification of the rule of law and the reformation of the judicial and penal systems, which would strengthen anti-corruption mechanisms and improve public trust in these institutions. Special attention should be drawn to the needs of the marginalized rural population in order to stem migration to the capital and to foreign countries. In Port-au-Prince, uncontrolled ghettoization (bidonvillisation) contributes to the degradation of living conditions and the growing vulnerability of the city's population. A sense of national ownership of the post-catastrophe reconstruction process should be encouraged, through the participation of the business sector and civil society. Improving transparency in handling emergency funds and in carrying out reconstruction should be a first step.

Despite inevitable frictions, the government must facilitate consensus and cooperation between Haiti's key political actors if the manifold challenges are to be addressed. However, this national dialogue should not be left to the parties and the better-organized civil society organizations based in the capital. Early efforts to involve broader civil society groups were made as a part of the Poverty Reduction Strategy Paper review process. In particular, peasant organizations and groups representing the population's marginalized rural and urban sectors must be encouraged and given the means to participate fully in Haiti's democratic and economic transformation. There is also urgent need for greater international donor coordination with Haiti under the framework of the Poverty Reduction Strategy. An elementary effort will be more efficient cooperation between the executive and the legislature. Democratic institutions must be strengthened, and free and fair parliamentary elections in 2009 must be assured with the deployment of international observers.