

# BTI 2012 | Haiti Country Report

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

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Please cite as follows: Bertelsmann Stiftung, BTI 2012 — Haiti Country Report. Gütersloh: Bertelsmann Stiftung, 2012.

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## Key Indicators

Population	mn.	10.0	HDI	0.454	GDP p.c.	\$	1111
Pop. growth <sup>1</sup>	% p.a.	1.3	HDI rank of 187	158	Gini Index		59.5
Life expectancy	years	61	UN Education Index	0.406	Poverty <sup>3</sup>	%	72.2
Urban population	%	49.6	Gender inequality <sup>2</sup>	0.599	Aid per capita	\$	111.6

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

## Executive Summary

The January 2010 earthquake had a devastating impact on Haiti's political, economic and social situation. Some 300,000 people died, 250,000 houses were destroyed and more than 1 million people still live in refugee camps. With the estimated economic damage totaling some 120% of GDP, the Haitian earthquake has had a profound effect on the country's economy.

It has to be stressed that the country's heavy losses were mainly due to political disorder, incapacity and negligence of President René Préval's government and former governments. In addition Haiti suffers from serious structural issues, some rooted in the country's colonial past and others stemming from the country's state of dependency, which has led to a poverty-stricken life for the majority of Haiti's population.

The popular support for President Préval had already started to weaken in 2009. The population had not experienced any changes in their harsh living conditions, while corruption and clientelism continued as part of everyday life. The dismissal of Prime Minister Michele Pierre-Louis at the end of 2009, together with the political maneuvering of President Préval to guarantee his party's success in the February 2010 elections, offered some insight into the mainly power-driven political ambitions of the president.

While the administration's performance was already deemed as poor in 2009, it worsened in 2010. President Préval literally vanished after the earthquake and only reappeared one week after the disaster. He held his first public speech one month after the earthquake and his message was lacking the motivation a suffering public needed. No major reconstruction efforts were carried out in 2010 and only 10% to 20% of rubble from destroyed buildings has been removed. Worse, refugees in the many refugee camps, some of them located in the middle of Port-au-Prince, have started to build houses as their tents have started to show wear and tear. Without the engagement

of international NGOs the mortality rate would be much higher and the living conditions for many refugees even worse.

This poor performance further weakened popular support for Préval and his party. While the president declared a state of emergency in February 2010, the international community insisted that elections had to be carried out in the same year even though it was clear that the country was far from being prepared for such a task. Only nine months after the earthquake, on November 28, presidential and parliamentary elections were held. The process of registering voters and clearing the existing voter lists, issuing identity cards and finding general technical assistance was extremely challenging for the Provisional Electoral Commission (CEP), and elections were marred by massive chaos and fraud.

Only one day after the elections, and although all candidates declared they would not run for a second round, the U.N. head of the mission in Haiti held secret talks with the two leading opposition candidates, Mirlande Manigat and Michel Martelly, convincing them to continue their candidacy into the second round. The U.S. Embassy published a statement that the preliminary results were inconsistent. This served as a catalyst for government opponents and protesters, who with violent protests paralyzed the capital for several days. While the United Nations and the United States seemed determined to prevent Préval from imposing his candidate Jude Celestin, he struck back by orchestrating the return of former dictator “Baby Doc” Duvalier in January 2010 in an effort to demonstrate his power. However, Préval could finally not insist on his candidate and Manigat and Martelly run for a second tour on March 20, 2011. On April 4 the Electoral Commission declared Martelly the winner with almost 68% of the votes.

However, it is unlikely that the newly elected president will succeed at installing a functioning democracy. Lacking natural resources, beleaguered by poor agricultural performance and undergoing rapid population growth, Haiti is utterly dependent on foreign aid. The concept of democracy means little to a population primarily concerned with development and improved living conditions. This renders them highly vulnerable to promises made by populist and demagogic figures, and makes the stabilization of political institutions unlikely.

## 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. Jean-Bertrand Aristide, a former priest, emerged as president. 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 and U.N. mandate, triggered substantial economic progress. Nevertheless, the structural adjustment program, prescribed by the Bretton Woods institutions and executed by the Aristide government, was halted two years later following a wave of protests denouncing the policies' negative social impacts. Rene Préal, a close ally of Aristide, took over office from Aristide in 1996 and 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, Aristide was elected president for a second time, also in 2000. The political crisis, in combination with a suspension of international aid programs, put Aristide and his government in an awkward situation. The implementation of his political and social programs became increasingly difficult. Opposition parties, frustrated by Aristide's second electoral victory, tried to prevent his party from expanding its hegemony and opposed vehemently everything he did.

Negotiations to smoothen the crisis failed and violence increased instead. In September 2003, students in Port au Prince organized public protests against Aristide that triggered nation-wide resistance. At the end of February 2004, an armed rebellion led by former members of the Haitian Armed Forces (formerly dissolved by Aristide) and rebels linked to armed gangs from northern parts of the country prompted the breakdown of Aristide's government and his departure on 29 February 2004. With support from support the so-called Interim Cooperation Framework (ICF) and financing by the Bretton Woods organizations, a transitional government was charged with organizing democratic presidential and legislative elections, restoring macroeconomic stability and improving economic governance. The U.N. Security Council authorized the deployment of a multinational interim force to re-establish stability until the arrival of a U.N. peacekeeping Mission (MINUSTAH) in June 2004.

A political pact was signed between political parties, the transitional government and civil society groups in order to transfer power to a newly elected government. Aristide's party, Fanmi Lavalas, boycotted this pact and civil unrest punctuated the transitional government's tenure, revealing the deterioration of the state's capacity to guarantee the rule of law. Finally, after several delays, presidential and parliamentary elections were held in February 2006. Rene Préal, a former prime minister and president, was declared winner (after creative counting) with 51% of votes after the first round.

The political system stabilized slightly until 2009, although high levels of party fragmentation and constant political conflict between the executive and the legislative blocked real progress. A slight recovery of the economic situation, prompting a 2.5% growth rate in 2009, could not be translated into considerable improvements in the living conditions of the majority of the population. The institutional stability came to a sudden halt when President Préal discharged

Prime Minister Michele Pierre-Louis at the end of 2009, after only one year in office. This was mainly due to strategic considerations regarding the forthcoming parliamentary elections that were due to be held in February 2010.

The earthquake on January 2010 had a devastating impact on the country's political, economic and social situation by derailing the economy, killing more than 300,000 individuals and leaving more than 1 million people homeless, most of whom live in refugee camps. One year after the earthquake, no major reconstruction effort had been undertaken, and the political situation grew increasingly unstable after rigged elections were held on 28 November 2010.

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

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

The state cannot effectively assure its monopoly on the use of force. Even before the earthquake, state presence was absent in most rural areas. Since the dissolution of the Haitian Army in 1995, the national police represents the country's only national security force. It has some 8,500 members (although estimates vary, from 5,000 and 9,500) and is poorly equipped. The earthquake left 77 police officers dead and 250 injured, while 45 police stations were destroyed. Some 5,000 individuals escaped from prison as a result of earthquake damage and confusion following the earthquake. Many criminal gangs have regrouped and resumed activities in the commune of Cité Soleil. The United Nations Stabilization Mission in Haiti (MINUSTAH) has a mandate to guarantee the maintenance of stability and order, and some 12,000 international troops have been deployed since 2004.

The idea of the nation-state is not essentially contested, but exists only as a loose concept at best. In reality a large majority of the population cannot even acknowledge this concept, having never experienced the basics of citizenship, such as enjoying the provision of social services or having participated in elections. Only 20% of the population participated in recent elections; yet this low number is also due to many citizens not being provided with necessary voting documentation.

Religious dogmas play an important role in everyday life, but now less than in the past and in general, religion has limited influence in politics. The country's various churches maintain a visible presence in political affairs, however, although on a much lower level than before. For example, the President of the Provisional Electoral Commission, which was one of the most important political institutions during 2009 and 2010, is of the Protestant faith. Nevertheless, such actors do not bring their religious beliefs into the workings of their political positions.

Question  
Score

Monopoly on the  
use of force

2

State identity

7

No interference of  
religious dogmas

9

Government administration was weak before the earthquake and it collapsed afterwards. The Presidential Palace and the Palace of Justice were completely destroyed, together with nearly all of the ministries. In total, 95% of all public buildings in Port-au-Prince were destroyed. In rural areas, public administration is extremely weak. Few attempts at reconstruction have been made since January 2010. The majority of basic services have been provided with international assistance.

Basic  
administration  
1

## 2 | Political Participation

Haiti has held 13 elections since the passage of its 1987 constitution, the majority of which have been marred by delays, suspensions, widespread irregularities, fraud or accusations of fraud, unrest and post-electoral violence, and followed often with general political turmoil.

Free and fair  
elections  
4

The 2010 elections were held under pressure by the international community on 28 November 2010, even though the country was ill-prepared for a race and that the Provisional Electoral Commission (CEP) lacked legitimacy. Only nine months after the earthquake, registering voters, clearing the existing voter lists, issuing identity cards and managing general technical details was a huge challenge for the CEP, resulting in an election day marred by chaos and fraud. Sixteen of 18 candidates declared they would neither accept the results nor would run in a second round. With the CEP's preliminary results pointing to a run-off between Jude Celestin, a technocrat backed by President René Prével, and Mirlande Manigat, the main opposition leader, widespread claims of vote rigging and fraud by the government further undermined the electoral process that from the start lacked credibility. Violent protests engulfed the capital of Port-au-Prince for more than a week.

The political crisis persisted as the second round of voting, originally scheduled for January 16, was cancelled. While the international community declared Michel Martelly and Manigat as the legitimate candidates for a second voting round, Prével insisted that his candidate, Jude Celestin, garnered more votes than Martelly. However, Prével could finally not insist on his candidate and the opposition leaders Martelly and Manigat ran in a second round on 20 March 2011. On April 4, the electoral commission declared Martelly the winner, with almost 68% of the votes.

Haiti was already heavily dependent on external aid before the 2010 earthquake, with more than 70% of its funding coming from abroad. Considering the massive reconstruction effort that currently faces the new administration and the absence of functioning administrative structures, it has to be questioned whether the government has the means to govern effectively. An Interim Reconstruction Commission, composed of donor representatives and headed by former U.S. President Bill Clinton, is charged with assisting in reconstruction efforts. The

Effective power to  
govern  
2

United Nations Stabilization Mission to Haiti (MINUSTAH) plays a vital role in security and is also coordinating reconstruction projects.

The international community has considerable veto power over the current administration and is in essence limiting national sovereignty.

The Haitian constitution protects the right of independent political and civic groups to associate and assemble freely. Normally a range of different groups are able to operate free from state interference. Nevertheless, trade unions and other civil society groups are often too weak to be involved in political discussions or wage negotiations.

Association /  
assembly rights  
7

The Haitian constitution guarantees citizens the right to freely express opinions as well as guarantees the freedom of the press. Although Haiti's past is rife with violence, the situation has improved considerably in recent years. Yet there are still many cases of intimidation of journalists and "outspoken public personalities," although it is unclear whether these acts are organized by government forces or driven by personal interest, especially when corruption claims are involved. During the 2010 election campaign, serious cases of intimidation and murder threats received by political activists have been reported. Generally journalists tend to practice self-censorship to avoid violent retaliation over critical reporting. There are a few newspapers, primarily in the capital Port au Prince, that play a role in criticizing the government. But as more than half of the population is illiterate, many rely entirely on state-run television to keep up with political information. The first cable station, Television Haiti, closed after the quake, ending the distribution of some 30 national and international channels. Private radio stations are very popular and important in the larger cities, but cannot always be heard in the countryside.

Freedom of  
expression  
5

### 3 | Rule of Law

The 1987 Constitution stipulates that citizens delegate the exercise of national sovereignty to three authorities: the executive, the legislative and the judiciary. This constitution introduced as well the separation of power between the president and the prime minister as head of the government.

Separation of  
powers  
4

In reality, neither the separation of power nor checks and balances in government has ever worked. The president of Haiti defines de facto the politics of the country. The frequent changing of prime ministers during the period under review demonstrates the position's weak role. The majority of parliamentary members do not have the necessary capabilities to fulfill their legislative role. Political fragmentation and volatility is extremely high and makes professional cooperation even more difficult. The Senate maintains a nearly unlimited veto power, which has led to severe political problems in the past. In 2010, however, the president declared



a state of emergency after the earthquake although there are no legislative provisions for such a measure. Ever since the disaster, the Senate as well as the Chamber of Deputies has been recessed and the president governs by decree.

The non-existence of an independent and permanent electoral commission as foreseen by the constitution is another indicator for a lack of political will on behalf of the government to establish real institutional independence and therefore guarantee checks and balances.

Haiti, as a former French colony, inherited the five classic Napoleonic Codes, and the procedure codes have been left almost unchanged since the early 1800s. The judicial system is undifferentiated and not independent from politics. The Supreme Court does not function as the president has yet to nominate a judge as president of this major legal institution. Even before the earthquake, the legal system suffered from a lack of resources, poor infrastructure and a lack of qualified judges. Corruption is endemic and a culture of impunity has led to the general conviction that there is no rule of law at all in Haiti. After the earthquake, the situation deteriorated even further. Many employees of the courts as well as judges and lawyers died in the earthquake, and the majority of the infrastructure was completely destroyed, including numerous archives and files. Today only 10% to 15% of the amount of previous legal activity is proceeding in Haiti.

Independent  
judiciary  
3

Corruption is endemic and for citizens a part of everyday life. Without state institutions that would provide for social services, Haitians are used to paying extra for every need, so much so that the practice has become a cultural norm. Although there is rhetorical stigmatization of corruption, officeholders do not fear legal consequences. President René Préal for example nominated as his electoral candidate an official who has been suspected to have engaged in corrupt practices. The government still has not been held accountable for the large sums of aid money donated after the 2008 hurricanes. Adding to the lack of absorption capacities, many bilateral donors are reluctant to transfer money that has been promised for earthquake reconstruction. As a result, no serious reconstruction efforts have been undertaken nearly one year after the earthquake.

Prosecution of  
office abuse  
3

Various fundamental civil rights are not protected in Haiti, including citizens' safety and freedom from harm or torture, impunity and general freedoms (such as rights to a free press and a fair trial). Due to the weakness of the legal system, any civil rights violations are seldom prosecuted. Thousands of prisoners have been in jail for years without trial and many exceeded by far the maximum jail time for their alleged crime. The long duration of the period of prisoner remand is a clear violation of international human rights. There is no counsel guarantee for indigent criminal defendants, and torture and mistreatment of prisoners is frequent, though not systematic.

Civil rights  
5

Widespread and general violence against women and children, including rape and trafficking of persons, are serious threats. Thousands of children work illegally in households and in manufacturing, without compensation and are often malnourished and suffer abuse. Few victims can claim legal assistance, because for one they cannot afford it and even if they could, they would not trust the council given because of Haiti's systemic legal weakness.

The approximately 500,000 undocumented Haitian migrants in the Dominican Republic are often subject to maltreatment and violations of their international human rights; the Haitian government is not able or willing to provide them with diplomatic support.

#### 4 | Stability of Democratic Institutions

Even before the 2010 earthquake, Haiti's political institutions were in poor shape. The country's weak democratic institutions reflect the Haitian political culture where self-interest, social segregation and fighting for survival are key components. The earthquake and its effects on the country's governing institutions represent a serious step backward on Haiti's democratic path. President René Préval declared a state of emergency after the earthquake and assumed both legislative and executive power. A Provisional Electoral Commission (CEP) was charged with organizing presidential elections in November 2010. The electoral commission was not perceived as being independent and its composition and decisions were highly contested. Even though the constitution requires the establishment of a permanent electoral commission that is independent from political influence, Préval, like his predecessors, failed to see this constitutional stipulation through.

The presidential elections on 28 November 2010 were fraught with organizational deficiencies and chaotic management. All opposition candidates declared on election day that they would not accept the results. However, 10 days later the electoral commission declared that President Préval's candidate, Jude Celestin, and the main opposition leader, Mirlande Manigat, won a majority of votes and would therefore participate in a second round. This decision led to violent protests and weeks of political turmoil as candidate Michel Martelly was believed to have won second place after Manigat by the public. Only after votes were recounted by the Organization of American States and a report was issued did the CEP declare Manigat and Martelly as winners to compete in a second round on March 20.

Despite deficient democratic institutions and a weak rule of law, all major political actors in Haiti support the country's transition toward democracy. Yet public support for democratic transformation is feared to have weakened after the earthquake, as citizens are both disappointed and deeply frustrated over the poor

Performance of  
democratic  
institutions

2

Commitment to  
democratic  
institutions

2

performance of the Préval administration and its serious shortcomings in managing the post-disaster period.

The electoral fiasco in 2010 showed the serious mistrust on behalf of the citizenry of the government system and an emergence of veto actors that have the ability to question the democratic process. There are certain business interest groups that would seek to elect a government that would be the easiest to influence and thus serve their interests. There are also criminal or drug trafficking networks that prefer social instability and an unaccountable government. And there are some political actors who have been excluded from the political process and seek a return to gain influence within a transitional government. The surprising return of ex-dictators Jean Claude Duvalier (in January 2011) and Jean-Bertrand Aristide (in March 2011) could also confuse the general acceptance of democratic institutions.

## 5 | Political and Social Integration

The party system is highly fragmented and volatile. Political parties do not represent the interests of the population but represent instead mainly individual or clientelistic interests. In addition there is little to no social basis in the population outside of urban centers, and even there it is weak. Political parties can appear or disappear literally overnight, as was witnessed at the end of 2010, when President René Préval founded a new political movement called Unity (Inite) that became a melting pot for former members of all other political parties. No political party has presented a real program, and only two or three can claim nationwide structures or representations. Political parties instead play a more emotional role in manipulating youth, which at times has resulted in triggering violent public demonstrations.

Party system  
3

There are some 2,400 officially registered popular organizations, interest groups and civil society organizations. In general terms, such groups have very limited access and influence on government decision-making. Many serve only as a vehicle for personal interest or as a means to access international funding. Trade unions have lost most of their influence as a majority of the population is employed in the informal economic sector. The only groups that can effectively organize are those in the business sector, and use their lobbying power to their own advantage.

Interest groups  
3

There are many local grassroots organizations and in some cases, such groups are able to effectively represent the interests of the local population. Access of these organizations to local officials remains traditionally higher than in Port-au-Prince, but given the high level of centralization, all important political decisions are still made in the capital. In the aftermath of the earthquake it was made clear how little clout local organizations have with the government. There were no attempts made to include civil society organizations in the formulation of reconstruction plans. The only groups involved were from the business sector, while many other groups were

only consulted during a one-day show event that had little real impact on the formulation of future priorities. Trade unions have further lost members and thus power in the wake of the earthquake, as the official unemployment rate stands at nearly 80%.

The inadequate response of the Préval administration in the wake of the 2010 earthquake both in showing leadership and dealing with damages has weakened citizens' acceptance of democratic governance. In an OXFAM survey conducted in March 2010 more than 60% of Haitians claimed they would prefer that a foreign country would head up the reconstruction process rather than their own government. The respondents' overall feeling was a deep sense of frustration and disappointment with the Haitian government. Only 20% of registered voters participated in the 2010 presidential elections.

Approval of  
democracy  
n/a

The majority of the population has never experienced any form of material benefit from democratic governance. The only advantage for most was the absence of authoritarian rule and repression. Considering the low level of education and the high level of illiteracy in the country, only a small group of economic and intellectual elite understands the principles behind democratic institutions. What is important for a majority of citizens is to simply improve their living conditions.

The 2010 earthquake saw the disintegration of the Haitian community's previously solid traditions of solidarity and mutual help. However no serious looting or significant social unrest was reported in the weeks after the earthquake, although many prisoners escaped from damaged prisons following the earthquake. Cooperative and associative mechanisms of self-organization do exist, both in the rural and urban context, but their impact remains underdeveloped. Today more than 1.5 million internally displaced persons are living in refugee camps, where they rely heavily on external help. Nevertheless, given the extreme high number of Haitians living abroad, young people are now looking abroad for solutions rather than staying home to focus on how to improve living conditions in their own country.

Social capital  
4

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

The United Nations Human Development Index ranked Haiti at 145 out of a total of 177 countries for 2010. Haiti shows by a large margin the worst performance in all indicators for Latin America and the Caribbean. One of Latin America's biggest slums is situated in Port-au-Prince, with an estimated 500,000 people living in dire

Question  
Score

Socioeconomic  
barriers  
1

conditions with high rates of criminality. The income distribution inequality is very high, with a Gini Index of 0.59%.

The 2010 earthquake severely impacted Haiti's economy, at an estimated 120% of GDP. After Haiti's GDP grew by a comparatively strong 2.9% in 2009, expectations are that growth will contract sharply in 2010 and 2011.

More than 80% of the population lives below the poverty line, while approximately 60% live on less than \$1 per day. Rural areas are the most affected, with nearly four-fifth of Haiti's extreme poor living outside cities. Before the 2010 earthquake only half of Haiti's children were enrolled in school; after the disaster this has dropped to 30% to 40%. Gender differences are the starkest in education; only 39% of women are literate, compared to 53% of men.

Access to health services are limited and worsened with the outbreak of cholera in 2010. More than 3,500 people died in this epidemic because there either was no or insufficient access to health care or simply clean water. Infant and maternal mortality in Haiti is the highest in the Americas, with about 60 deaths per 1,000 live births.

More than one-third of the population lacks sufficient food, as land resources are limited and traditional methods of farming do not produce the quantities needed. More than 1 million internally displaced persons depend on food aid provided at refugee camps.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	5971.3	6407.7	6478.6	<b>6709.7</b>
GDP growth	%	3.3	0.8	2.9	<b>-5.1</b>
Inflation (CPI)	%	8.5	15.5	0.0	<b>5.7</b>
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	1.2	0.5	0.6	<b>2.2</b>
Export growth	%	-2.9	13.6	9.9	<b>-7.3</b>
Import growth	%	0.5	5.3	5.8	<b>19.7</b>
Current account balance	\$ mn.	-85.1	-292.4	-226.7	<b>-165.6</b>

Economic indicators		2007	2008	2009	2010
Public debt	% of GDP	35.0	37.6	24.7	<b>15.7</b>
External debt	\$ mn.	1580.1	1950.9	1325.2	<b>491.8</b>
Total debt service	\$ mn.	82.4	57.8	44.7	<b>130.9</b>
Cash surplus or deficit	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	5.7	6.1	6.1	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.0	0.0	0.0	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

## 7 | Organization of the Market and Competition

The majority of the population works in the informal economic sector, and former estimates by the World Bank suggest that 95% of private employment in Haiti is in the informal sector. As up to 25,000 government offices and businesses collapsed during the 2010 earthquake, this figure is probably higher for the period under review.

The formal sector is small and highly regulated in some areas, for example in taxes and tariffs, and not regulated at all in other areas, especially when it comes to workers' protections and rights. The country's most important bilateral agreement (Hemispheric Opportunity through Partnership Encouragement, HOPE II) gives its garment industry free access to the U.S. market, with preferential terms for products from the United States. Import barriers are high, but due to endemic corruption large parts of taxes and tariffs are simply not applied. Most of the national economy in essence belongs to approximately 15 large families.

Considering the country's weak legal system and the high level of political interference in judicial decisions, investments are not protected and market participation is therefore risky. This is especially problematic when it comes to land ownership, as there is a dual system of traditional and modern legislation of property rights.

Market-based  
competition  
3

The national currency, the gourde, maintained a trend of gradual nominal depreciation in the month after the January 2010 earthquake, but recovered later in the year.

Through most of Haitian history, the economic and political elite has been protected by the military. Although there has been some economic liberalization, this trend of monopolistic practices remains unbroken. The lack of regulation reinforces oligopolistic networking. There is no regulatory mechanism or institution to control mergers, price fixing or predatory pricing.

Anti-monopoly  
policy  
3

Formally, Haiti made steps to liberalize its economy significantly in the 1990s. The tariff structure has been simplified and rates reduced as a part of a structural adjustment. Haiti's simple average tariff has thus become one of the lowest in the region (about 5%). However, non-tariff barriers are still significant, and inadequate infrastructure and administration further hamper foreign trade. Trade liberalization has had considerable negative impact on the economy, as local products cannot compete with cheap imports. This has especially affected the agricultural sector, and in the period under review it has been discussed whether some of the dispositions should be changed to favor local production. With the enactment of the Hemispheric Opportunity through Partnership Encouragement (HOPE II) with the United States, Haiti gains 10 years of preferential access to U.S. markets through special tariff exemptions.

Liberalization of  
foreign trade  
6

The Central Bank is the sole financial supervisor in Haiti. Its supervisory mandate extends to commercial banks, business banks, saving banks and credit unions. However, the Central Bank is seriously and increasingly undercapitalized and its operations have been until recently subject to political interference, which led to the fall of Socobank in 2008. According to an IMF report, capital adequacy requirements are largely Basel I compliant, but there are no specific regulations on minimum standards for risk management beyond traditional internal control principles. There is no independent auditing system for most banks. The average capital-to-assets ratio was 7.2 in 2008 and the trend of non-performing loans was -18%. It is unclear in how far the continued non-service of loans following the 2010 earthquake will affect smaller banks.

Banking system  
4

## 8 | Currency and Price Stability

The Haitian gourde maintained a trend of gradual depreciation during 2009, with the exchange rate weakening from HTG 39.8 to HTG 42 to \$1 in the end of 2009. The interruption of imports after the 2010 earthquake (especially fuel imports which count for 30% of total imports) had an immediate impact on the Haitian gourde, and by the end of January 2010, the exchange rate had appreciated by around 25% to HTG 30 to \$1. Living expenditures rose for many Haitians, although this is not

Anti-inflation /  
forex policy  
6

reflected in official figures. Prices have risen considerably after the 2010 earthquake but according to official figures, inflation is estimated to be only 6%. This figure is questionable as when taking into consideration the decrease of nearly all economic activity following the disaster, and also shows that the government's main lever to control inflation consists simply in manipulating the official rate of inflation.

The Central Bank is subject to political interference. Its role was weakened further following the 2010 earthquake, and the expected influx of foreign money toward reconstruction efforts could produce a considerable impact on inflation and price stability.

The 2010 earthquake undermined much of the recent progress made to stabilize Haiti's economic situation and has further limited the government's capacity to follow any sort of macroeconomic strategy. For years the country will have to rely heavily on foreign aid. Haiti's original three-year, \$140 million poverty reduction and growth facility was automatically converted to an extended credit facility prior to the earthquake. The IMF approved immediately after the earthquake an additional \$102 million loan, which represents together with the former loans 80% of the countries' quota. Haiti is not expected to make any payments to the IMF until 2012. The fund also reduced debt service and made arrangements to help maintain an adequate foreign reserve cushion. This will save the country at least 3% of the 2008 overall expenditure in debt service. The worldwide debt relief enacted after the earthquake reduced pressure on government finances, as the government's ability to obtain revenues was severely debilitated; the building of the Internal Revenue Agency was destroyed along with much of its records.

Macrostability  
5

## 9 | Private Property

The constitution guarantees private property and assigns the state the duty of protection and promotion of private entrepreneurship. The country has signed international conventions on patents and trademarks. However, the weak judiciary, endemic corruption and a general lack of political will impede effective enforcement of these rights. Given the fact that the majority of the population is living in rural areas and taking into the consideration the forthcoming reconstruction efforts following the 2010 earthquake, problems of land ownership are among the most urgent. Land titles and questions of ownership are often unclear and the often inexistent legal structures lead to violent conflict. Fraudulent sale of land titles and claims to traditional ownership are among the most frequent sources of these conflicts.

Property rights  
4

Private companies can act without restrictions and private business engagement is encouraged by the government, at least on a rhetorical level. The only formal limitation to start a business is the heavy and complicated administrative procedures

Private enterprise  
5



required to register an enterprise. Starting a business in Haiti takes four times longer than the world average. Commercial laws are applied inconsistently and non-transparently. Though private companies represent the majority on the national market, public enterprises occupy important sectors such as telecommunication, electricity, ports and airports. Only two of the nine state-owned enterprises were privatized during the 1990s, and these privatizations have been deemed failures in terms of pricing and production capacity. Despite the opening of a Center for the Facilitation of Investment in 2007 and former U.S. President Bill Clinton's initiative to attract investors to the island, substantial improvement has not been observed.

## 10 | Welfare Regime

The state provides a very basic health and pension insurance scheme, but as only 10% of the population is formally employed, only a few citizens benefit from this rudimentary system. Public expenditure on health is about 1% of GDP, and life expectancy is an average of 60 years. Only 3% of all schools are run by the state. While Haiti's social net was already sparse, following the 2010 earthquake the country depends almost entirely on international humanitarian aid. The outbreak and spread of cholera following the disaster, which claimed more than 3,000 lives, shows the severe limitations of Haiti's health system.

The most important contribution to social welfare comes from the large Haitian diaspora. While their remittances represented 19% of GDP in 2008, this figure dropped significantly in 2009 due to the economic crisis in the United States.

The emigration exodus that began after the 2010 earthquake, especially toward the United States and Canada, further eroded the traditional system of social solidarity. There would be no viable welfare system following the disaster without international support.

Due to the massive poverty in Haiti there is no equality of opportunity. Levels of income inequality are among the highest in the Americas. Nearly half of national income goes to the richest 10% of the population, while nearly 80% of the population lives below the poverty line. Women are an especially vulnerable group, as they suffer more from poverty than do men. Women are on average less educated and are more often victims of hunger or natural disasters. Three-quarters of women under the age of 21 who have children said their pregnancy was undesired. There are no legal provisions to foster gender equality and many of the laws that protect women and children are not really implemented.

Social safety nets  
3

Equal opportunity  
3

## 11 | Economic Performance

The Haitian economy has been completely derailed following the 2010 earthquake, and the government will rely even more heavily than before on international assistance. While economic performance began to improve in 2009, with annual growth rising from 1.8% in 2005 to 2.5% in 2009, this gain did not translate into any significant improvement in the living conditions of the large, impoverished majority. In 2010, GDP per capita sank by 8.5% according to the Economic Commission for Latin American (Comisión Económica para América Latina, CEPAL). The GDP per capita (PPP) remained at its very low level of \$1,153 (2009). There are no reliable figures on unemployment, yet some figures have ranged from 50% to 70% of the population.

The trade and current account deficits have widened during the review period, as domestic production has been severely weakened and the demand for imported food and reconstruction materials has risen sharply.

The restoration of Haiti's economy was one of the main subjects discussed at the World Economic Forum in Davos at the beginning of 2010. Former U.S. President Bill Clinton as the U.N. special envoy to Haiti tried to convince investors to come to Haiti, but the call has yet to be heeded. Before the 2010 earthquake Haiti was still servicing debt totaling over \$1 billion. But calls for the cancellation of Haiti's debt have been answered positively by bilateral and multilateral donors, and most debt has been cancelled.

## 12 | Sustainability

The government fails to take environmental concerns into consideration and there is no noteworthy environmental policy. Haiti faces serious environmental degradation, which increases the country's vulnerability to natural disaster. There is a high risk that each tropical weather phenomena can produce serious consequences for the population, as flooding and erosion have shown in the past. Of the country's 30 watersheds, 25 are without natural cover. The remaining forests, covering only 1% of the territory, cannot play any significant environmental role. Deforestation and land degradation undermine efforts to improve agricultural production. The disastrous and widespread effects of cholera can only be explained by the large scale of environmental degradation, as the water from the Artibonite River, one of the main water sources in the country, is used as a source of drinking water as well as a public toilet. Considering demographic growth, these problems will only become more serious in the future.

Output strength  
2

Environmental  
policy  
3

Though since 1999 a national environmental action plan has been in place and updated, socioeconomic development and protection of the environment have proved difficult to reconcile. Though problems and solutions have been widely discussed, and farmers and politicians are well aware of Haiti's environmental fragility, the country's political, social and economic groups have not been able to come together to combat continued environmental degradation. In the last Growth and Poverty Reduction Strategy paper (GPRS), efforts were made to combine economic policies and environmental concerns. However, the overall conditions and the lack of capacity are not in favor of the application of a coherent environmental policy.

The Haitian education sector suffers from lack of state resources, absence of regulation capacity and is impaired by the influx of private service providers. About 90% of education in Haiti is private and only 10% public. Some 80% of the national education budget is provided by international donors; there are no reliable figures on public education expenditures. Free schooling services existed before the 2010 earthquake for 17% of school-age children, yet that number has fallen after the disaster. The United Nations Children's Fund (UNICEF) estimated that some 500,000 school-age children do not attend any sort of school service, and the literacy rate is about 45%. Access to higher education is extremely limited due to a lack of resources to pay fees, but also due to poor quality. Universities have irregular schedules and are prone to student unrest. There is no data on research activities, as such activities hardly exist. Another constraint is the near total absence of vocational training, which leads to extremely poor standards of technical qualifications.

Education policy /  
R&D

1

## Transformation Management

### I. Level of Difficulty

Structural constraints were already very high in Haiti prior to the 2010 earthquake and following the disaster, the situation has worsened. Nearly 80% of the population lives in absolute poverty and nearly half of the population is illiterate. One year after the earthquake, more than 1 million internally displaced persons live in refugee camps. The cholera pandemic added another limitation and shows the effect of an absence of basic health services. The majority of government buildings were destroyed during the earthquake as well as large swaths of the capital, Port-au-Prince. The government is completely dependent on external aid to rebuild destroyed infrastructure and provide the population with a minimum of social services. Democratic institutions and traditions are in general weak and the government depends on the presence of United Nations troops to maintain peace and stability. The country's political paralysis following the chaotic elections in 2011 further demonstrated the fragility of Haiti's institutions.

Structural  
constraints  
10

Civil society traditions are fairly weak and were mostly quashed during the successive Duvalier regimes, although in the 1980s civil groups began to develop. Considering Haiti's traditionally weak state structures and the lack of trust by the population in political institutions, the country today has a fairly active civil society culture, especially at the local level. But many groups have been incorporated or manipulated by political and economic elites in recent years. It also should be noted that much international humanitarian engagement in Haiti has been channeled through civil society organizations, and thus membership in such groups has become a means to live and survive for many Haitians. The emergence of civil society organizations in recent years reflects more the strong engagement of international NGOs than a real push in local civic engagement. It has to be added however that the 2010 earthquake revitalized in a way a sense of solidarity and community that was previously lost. Yet Haitian civil society is still highly fragmented and split along religious, social, political and cultural lines. This reduces civil society group's capacity to influence political decisions.

Civil society  
traditions  
8

Although Haiti is not marked by significant ethnic or religious cleavages, social and political conflicts are an inherent part of the country's history and have impeded

Conflict intensity  
7

democratic and economic transformation. The exclusion of major parts of the population and the enrichment of the political and economic elites have deeply divided Haitian society, fuelled violence and hindered dialogue. Political conflict is often carried out in the streets, as the demographically most significant group, young, poor men between 15 and 25 years old, are easy to influence and are often manipulated to engage in violent protest.

## II. Management Performance

### 14 | Steering Capability

In 2008, the government presented a plan of strategic action to reduce poverty and foster economic growth, following the release of a Poverty Reduction Strategy Paper (PRSP). This strategy had been prepared with strong support from the World Bank. The strategy outlined human development, democratic governance and the promotion of growth in specific sectors as the three strategic pillars of action. But none of these actions had been realized by 2009, as most of the internal political capacity had been absorbed by the frequent change of prime ministers.

These strategies had to be replaced by new plans after the 2010 earthquake. During the first quarter of 2010 and with massive support by the international agencies, the government presented a Plan for the Reconstruction of Haiti. This plan, mainly established by international consultants, distinguished between short-term, medium-term and long-term measures and served especially as a first step for international donors to better channel their funds. The findings of the PRSP were taken into account with a focus on reconstructing infrastructure, providing social services, developing the agricultural sector and strengthening state institutions. Civil society groups had only limited participation and the plan still needs large reconsideration to become operational; most plan points have yet to be realized.

The government has failed to implement many of its policies. Already in 2009 the effects of the financial crisis and the preparation for national elections drew considerable attention and capacity from the pursuit of defined political goals, such as those outlined in the Poverty Reduction Strategy Paper (PRSP). At the end of 2009, a rare period of political stability came to an end when the Senate passed a vote of no confidence in Prime Minister Michele Pierre-Louis, removing her and her cabinet after less than 14 months in office. Pierre-Louis had been appreciated by the international community as a guarantor of institutional stability, a fighter against corruption and leader in the pursuit of strategic goals. The official

Question  
Score

Prioritization  
3

Implementation  
2

explanation was that Pierre-Louis couldn't explain what had happened to a large sum of emergency aid disbursed after the 2008 hurricanes.

The ouster of Pierre-Louis has to be seen as part of a pre-electoral strategy rather than the expression of a demand for the government to take a new economic direction. This step was followed by the overnight creation of a new party by President Préval that seriously damaged the political landscape. Various members of Congress and senators attached themselves to the new movement, leaving their old parties in despair.

The already negative impression of Préval's time in office worsened after the earthquake as the president literally disappeared after the disaster and only made a public appearance one full week later. His first public speech was held four weeks after the earthquake, and during that time his abilities for crisis management were sharply criticized. One year after the earthquake little visible reconstruction has been pursued by the government, and in essence 2010 was a lost year for Haiti. A lack of leadership and coordination plus the preparation of Préval's succession amid presidential elections made a bad situation even worse.

Polarization and a general lack of willingness for political compromise have historically made policy learning difficult. There have been some small improvements at the beginning of the period under review. The Pierre-Louis government had more success in communicating with Congress and with the population, as well as within executive. More experts took part in ministerial administration. But the dismissal of Pierre-Louis, the earthquake's effects and especially the rigged November 2010 elections have offered proof of the island nation's old traditions of power politics.

Policy learning  
2

## 15 | Resource Efficiency

Poor fiscal management and economic governance have inhibited the efficient use of both domestic resources and external assistance in recent years. Tax revenue is limited, totaling approximately 10% of GDP in 2009, and dropping significantly after the 2010 earthquake. The already inadequate quality and quantity of human resources have further deteriorated with the heavy loss of life and damage to public infrastructure.

Efficient use of  
assets  
3

The forthcoming reconstruction effort will be hindered by the scarcity of skilled people, a situation exacerbated by massive outward migration. The country's administrative system suffers from a lack of incentives for motivated civil servants. Low wages reinforce corruption and clientelism, which have come to be deeply embedded in the system. The lack of public sector performance and absorption

capacity will be a serious obstacle to reconstruction. Due to the humanitarian crisis after the earthquake, remittances from the diaspora have risen considerably.

The ouster of Prime Minister Michele Pierre-Louis in 2009 was yet another sign of the government's failure to coordinate conflicting objectives. In this case, short-term-orientated and power-driven strategies were more important than the pursuit of the alleviation of poverty. Prime Minister Jean-Max Bellerive, who replaced Pierre-Louis, represents the old-fashioned Francophone elite and its bureaucratic, centralized and hierarchy-orientated policy style that has proven ineffective over the last decade. Haiti relies heavily on foreign aid, and after the 2010 earthquake more than ever before, and thus the government should continue to play the role of intermediary between the population and the donors. Instead, foreign aid is more treated as a personal asset of the government, without any input from the people that said funds are supposed to benefit.

Policy  
coordination  
3

A number of integrity mechanisms have been implemented to reduce corruption. The government has strengthened the management of public finances, including internal audits and accounting processes. It has reviewed the regulations of public institutions but has yet to put forth a complete anti-corruption bill. While these steps seem significant, the starting point needs to be taken into consideration, as there have never been any real mechanisms in place to monitor and control government activities. One of the most sensitive points in the political realm remains party funding, and especially campaigning. There are no regulations over party financing or over electoral campaigns, which has led to the abuse of public funds through the presidential party.

Anti-corruption  
policy  
3

In 2010, due to Haiti's state of emergency and the resulting absolute power vested in the president, no efforts at public accountability have taken place. The international community has pledged \$11.5 billion to "refund" the nation and an Interim Reconstruction Commission is charged with monitoring this process and to channel appropriate funds. It is still unclear which procedures will be followed to prevent misuse and corruption.

## 16 | Consensus-Building

The majority of national stakeholders agree on the establishment of a market economy and democracy, yet their ideas and strategies are very different. Major dissent arose over the debate on the neo-liberal impact of reforms and the absence of meaningful domestic participation. Due to a lack of democratic tradition and experience, there have been various attempts to reach a "national consensus" through a government of reconciliation or a consensual committee, but these attempts failed.

Consensus on goals  
5

The electoral fiasco in 2010 showed serious mistrust in the system and the emergence of veto actors who question the democratic process. A small number of business interest groups seek to elect a government that would be the easiest to influence and which would serve the business community's interests. Criminal and drug trafficking networks prefer instability and unaccountable government. Other political actors who have been excluded from the political process now seek to gain influence in a transitional government. Especially worrisome was the return of ex-dictators Jean-Claude Duvalier in January 2011 and Jean-Bertrand Aristide in March 2011.

While ex-army members and supporters of the former President Jean-Bertrand Aristide who favor autocratic rule have lost much of their political influence, there have been new anti-democratic actors emerging that could challenge reforms. There are close relations between some political actors and business interest groups that would support weak state institutions to better serve their individual interests, and a considerable amount of drug-trafficking money circulates in the political realm. Some members of Congress use their immunity to pursue illicit or criminal business activities. Whether all these actors can be controlled remains unclear after the 2011 elections.

Anti-democratic  
actors

4

The management of cleavages and conflict has not substantially improved in recent years. The Préval administration inherited a legacy of political and social polarization that has fostered recurring armed violence. Overcoming the state's historic weakness and mustering the political will to mitigate social cleavages remains a major challenge in Haiti. The almost amorphous structure of political and civil society, reflected in the highly fragmented and volatile party system, complicates this task. Despite a further increase of poverty and a deterioration of living conditions, the political elites seem incapable of overcoming governance patterns dominated by short-term interests.

Cleavage /  
conflict  
management

4

There are numerous civil society organizations, some of them well-rooted in society, and they provide for the majority of social services that the government fails to offer. While civil society participation has increased slightly in recent years, the 2010 earthquake was a sobering experience. None of the civil society organizations, except for in the business sector, were consulted in the process of outlining a medium- and long-term reconstruction plan. Only one seat was reserved for civil society groups within the Interim Reconstruction Committee, although such groups provide the major competences in nearly all strategic sectors. Civil society groups should also play an important role in monitoring the government's financial transactions in the reconstruction phase, an oversight role which was rejected by the Préval presidency.

Civil society  
participation

4

Little effort has been made to overturn the culture of impunity in Haiti with respect to past human rights violations, and what has been achieved has been mostly donor-

Reconciliation

3



driven. While the end of the Aristide era was marked by frequent human rights violations that have remained unchallenged, the transition toward a democratic government has been accompanied by imprisonment without trial, although in many cases there is widespread doubt of any basis for the accusations. There have also been several cases of U.N. forces being involved in civilian deaths, which have yet to be investigated.

The return of former dictator Jean-Claude Duvalier, or “Baby Doc,” in January 2011 revealed not only the strategy of President Rene Préal to increase the political chaos on the ground but also the criminal negligence of courts in pursuit of former injustice. In the period under review no case had been successfully brought against Duvalier and his attorney claims the former dictator cannot be charged before the International Criminal Court in The Hague as the Congress failed to ratify the government’s signature of the international treaty.

## 17 | International Cooperation

The international community plays a major role in Haiti’s political and social development. The most visible contribution is the presence of the United Nations Stabilization Mission in Haiti (MINUSTAH), that maintains 8,000 soldiers, and 4,000 civilian and police officers. Their mandate has been expanded until 2012, and includes tasks such as supporting the democratization process, securing Haiti’s borders and controlling illegal migration.

Effective use of support  
4

During past years and with the support of the multilateral institutions, the government has developed needed documents such as the Interim Cooperation Framework, the Interim Strategy Note and a Poverty Reduction Strategy Paper. But over time it was questioned whether the government really felt it owned the plans and had the drive to implement the necessary measures, and what’s more, international aid still was not being used effectively. Corruption is endemic and it appears that personal gain is still the major driving force behind the majority of politicians.

The 2010 earthquake further exacerbated lending issues. The reluctance of bilateral donors to actually transfer funds that had been promised during donor conferences after the earthquake reflects donor fatigue and doubts about the government’s commitment and capacity to effectively use the money. Even for well-organized NGOs, the administrative hurdles are difficult to navigate to deliver funds and help efficiently.

While Haiti gained more donor trust in recent years, which was reflected by the IMF’s approval of additional disbursements and the augmentation of Haiti’s quota within the institution, the 2010 earthquake and following rigged elections

Credibility  
4

represented a clear step backward. The government's ability to manage the crisis was so poor that donors felt reluctant to disburse urgently needed reconstruction money for fear of further mismanagement. Despite the establishment of an Interim Reconstruction Commission, where the main donor countries have important influence on how reconstruction is managed, not one single project was approved in 2010.

Haiti is a member of the Caribbean Community and Common Market (CARICOM) and participates in Venezuela's PetroCaribe program. Venezuela delivers oil at preferential prices to member states, who can resell it at international market prices. Haiti has also special ties with Cuba, which still sees Haiti as an icon as the world's first free slave republic and offers the island free medical assistance. Relations with the Dominican Republic are tense, although the presidents of the two countries pretend to maintain a personal friendship. This is mainly due to massive illegal migration to the Dominican Republic.

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

Regional  
cooperation  
6

## Strategic Outlook

The devastating 2010 earthquake as well as the political crisis in the aftermath of the 2010 elections have further compromised Haiti's fragile transformation process. With damage from the earthquake alone put at \$8 billion, or 120% of the country's GDP, not to mention the damage caused by annual hurricanes, Haiti cannot survive without external aid. This aid however will be withheld unless the government is deemed strong and credible. The international community has always played a crucial role in Haiti's development and continues to wield considerable influence.

While the international community seeks a stable and credible government for Haiti, the United Nations Stabilization Mission in Haiti (MINUSTAH) is facing one of the biggest challenges to its legitimacy since its establishment in 2004. In 2010 and early 2011 there were large anti-U.N. protests, triggered by rumors that actions by MINUSTAH were responsible for the current cholera epidemic. Many people have questioned both the results and the future of one of the largest and most expensive U.N. missions in the world. While MINUSTAH's mandate includes assisting Haiti in its process toward more democratization, the mission's support of democratic institutions has not been significant. If MINUSTAH intends to play a leading role in the democratization process that goes beyond organizing elections, the profile of its staff would have to change considerably. The majority of the MINUSTAH team is military staff, and most officers do not speak either French or Creole. What the national administration needs are well-educated experts and specialists that could help improve the substandard services offered by Haiti's public administration. The improvement of these services, for example, could be coupled to the disbursement of international aid. Another option for MINUSTAH could be to limit its mandate to mainly security issues, a task that could be achieved with half its current staff. While nationalistic voices in the country have called for a complete drawback of U.N. troops, this is unrealistic given the weakness of the national police and the country's still seething potential for violence.

There are no simple or clear strategic options for Haiti. The future of the country's political crisis is as uncertain as the island's reconstruction efforts. Michel Martelly, the winner of the presidential elections in 2011, will need to devote just as much time to overhauling the fragile political and electoral landscape as spending the billions of dollars in reconstruction assistance. The spending however may not be the main problem; instead the supervision of complex, multifaceted projects and the need to maintain transparency in the process may prove to be insurmountable challenges. Haiti needs credible government, supported by a majority of the population and willing to fight corruption and incompetence. It is difficult to see how President Martelly might fulfill these expectations, as he lacks political experience as well as political support. Due to Haiti's fragile and volatile political institutions, this will be a severe handicap.

Haiti might serve as a good example for the argument that electoral legitimization alone is not enough to stabilize a country. Even if a democratically elected government is sworn in, it will lack the means to provide the population with basic, desperately needed services, while NGOs and the United Nations attempt to fill in the gaps. President Martelly has to show the public that he will be able to change this landscape.