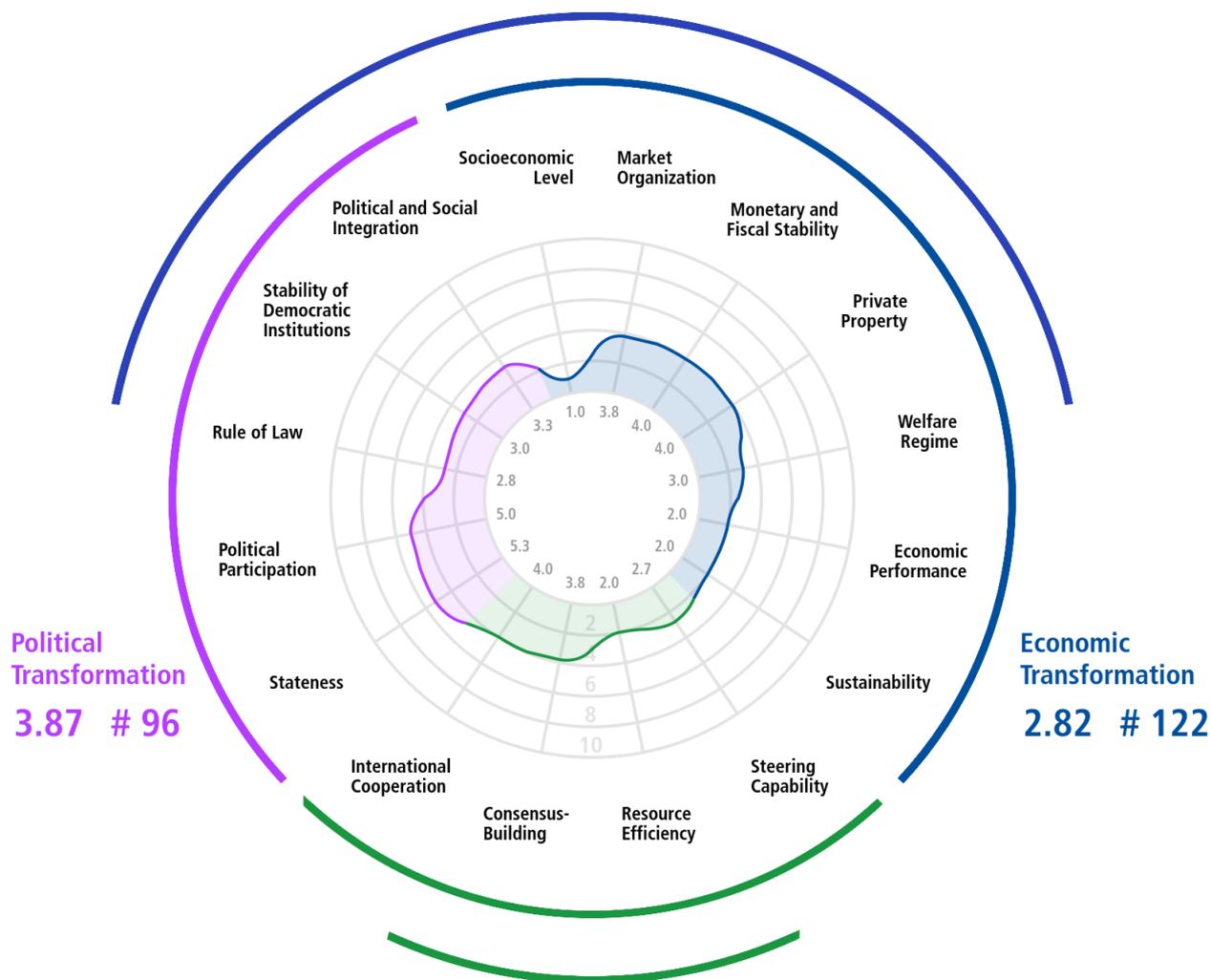


Haiti

Status Index

3.34 # 118

on 1-10 scale out of 137



Political Transformation
3.87 # 96

Economic Transformation
2.82 # 122

Governance Index

2.94 # 121

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	11.4	HDI	0.510	GDP p.c., PPP \$	2925
Pop. growth ¹	% p.a.	1.2	HDI rank of 189	170	Gini Index	41.1
Life expectancy	years	64.0	UN Education Index	0.456	Poverty ³	% 50.3
Urban population	%	57.1	Gender inequality ²	0.636	Aid per capita \$	64.5

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Haiti has fallen into a spiral of political, economic and social chaos not seen since the overthrow of the Duvalier government in 1986. All state institutions such as parliament, the judicial system and the public administration have collapsed. Many factors have caused this unprecedented crisis. First, Jovenel Moïse, who became president in 2017, was never accepted by the population as a legitimate leader. Second, he failed to hold scheduled parliamentary and municipal elections in 2019. Third, since he assumed the presidency, he has unilaterally replaced all officials that contested his decision in the judicial branch and failed to renew the terms of the judges and prosecutors who refused to accept his arbitrary decisions. Parliament has been shut down since January 2019, and local elected officials were forced to leave their posts. Since 2019, there have been only 11 elected officials in the country. Moïse has introduced decrees that curb people's civil and political rights, created agencies and promoted policies that should have required the approval of parliament. Since 2018, the country has experienced a wave of kidnappings, summary killings and massacres in the capital's most heavily populated slums. Although human rights, civic and international groups have called on the government to rein in the armed gangs that are terrorizing the population, the government has ignored them and let these groups continue to wreak havoc everywhere. These incidents have exacerbated the political crisis in the country and fueled renewed calls for his resignation.

(Moïse was assassinated on July 7, 2021; presidential and parliamentary elections scheduled for September 2021 have been postponed to 2022.)

Although Haiti has not experienced a major setback from the COVID-19 pandemic that has shut down the world's economy, the political crisis, the impunity and the demise of key state institutions have been major factors in the country's worst economic performance in years. According to the World Bank, economic growth is expected to decline by 3.1% in 2020, the fiscal deficit to widen to over 6% of GDP (from a pre-pandemic forecast of 3%), and inflation to reach over 20%. The Economic Commission for Latin America and the Caribbean (ECLAC) projects

that Haiti's GDP will only grow by 2% in 2021. Land spoliation, and a lack of effective control over the country's ports and tax offices have led to a free fall economy. Moreover, the government has taken a number of arbitrary decisions related to the national currency that have, at times, devalued the gourde or deprived businesses access to foreign currency. Since 2017, there has been little foreign investments made in the country. Due to the government's intimidation and threats toward the private sector, businessmen are forced to leave Haiti or relinquish their company to the government and allies of President Moïse.

So far, the country has been spared the devastating effect of the COVID-19 pandemic. There were only 11,370 confirmed cases and 244 deaths as of writing. Nevertheless, according to the 2020 Latin American Public Opinion Project (LAPOP) survey, 61% of respondents in Haiti disapproved of the government's response to the pandemic, and half are worried that the COVID-19 pandemic will negatively affect their household finances.

History and Characteristics of Transformation

Haiti, which became in 1804 the world's first independent republic formed after a successful slave revolt, is no stranger to political instability. One of the longest periods of stability in recent history was during the brutal autocratic rule of "Papa Doc" François Duvalier (1957 – 1971) – known for demonstrating paternalistic concern for poor Haitians – which was followed by his son "Baby Doc" Jean-Claude, who maintained his power through intimidation until he was forced to flee in 1986 under the pressure of rioting crowds and the United States. Haiti's first free and democratic elections were held in 1990, when Jean-Bertrand Aristide, a former priest, was elected president. Only 10 months later, a coup d'état interrupted the process of democratization, forcing Aristide into exile and ushering in a military regime that lasted three years. The return to a constitutional order in 1994, enforced by international military intervention under U.S. leadership, returned Aristide to the presidency. In 1996, René Préval, a close ally of Aristide, succeeded him as president.

In 2000, Aristide was elected president for a second time. Very popular among the poor, Aristide began implementing redistribution measures and cut privileges for the wealthy. Confronted with harsh measures by the United States and international financial institutions, the country's fragile economy suffered several blows, making it difficult for Aristide to govern amid an increasingly polarized political environment. Following violent protests and an armed rebellion, Aristide had to leave the country on February 29, 2004. The interim government invited the United Nations to send peacekeeping forces to stabilize the country. In 2004, the UN Security Council authorized the deployment of a multinational interim force to re-establish stability until the arrival of a UN peacekeeping mission (MINUSTAH). In 2017, MINUSTAH was replaced by a smaller UN mission (MINUJUSTH) with the goal of reforming the country's judicial system. MINUJUSTH was then replaced in 2019 by a UN monitoring program called the United Nations Integrated Office in Haiti (BINUH).

During Préval's second term (2006 – 2011), the country was hit by a devastating earthquake on January 12, 2010, which killed more than 250,000 people, left 1.5 million homeless and severely affected the country's already fragile infrastructure. Amid this chaotic situation, the international community insisted on organizing elections in November 2010. After a chaotic election process, accompanied by irregularities and violence, Michel Martelly, a former singer and nightclub owner, became president. In 2015, Martelly was unable to organize parliamentary and presidential elections for an orderly change of government and was forced to relinquish power to a provisional administration on February 7, 2016. Jocelerme Privert, president of the Senate, became the interim president of the country with a mandate to hold presidential and parliamentary elections within three months. However, dissension among the political parties and Privert's allies prevented him from implementing the mandate. After much quarreling among the parties and parliament members, on November 20, 2016, Haiti held elections, which were by now a year overdue; the Provisional Electoral Council (CEP) declared Jovenel Moïse the winner with 55% of the vote. Only 21% of the five million eligible voters went to the polls, which seriously affected the legitimacy of the new president. On February 7, 2017, Moïse became Haiti's 58th president.

Haiti has a free market economic system which relies primarily on small-scale subsistence agriculture, free trade, the assembly industry, tariff liberalization and foreign exports. In the 1980s it began to liberalize its economy and became one of the key partners of the Reagan administration's Caribbean Basin Initiative, which transformed the economy from partially state dependent to an open system. Since then, the country has gone through several structural adjustment agreements with the International Monetary Fund (IMF), World Bank, Inter-American Development Bank (IADB), and other international financial institutions to create necessary conditions for private sector growth. However, many of these policies have failed to promote growth and attract foreign investments due to political instability, corruption and government failure to modernize the country's infrastructure and legal systems.

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

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of force is established nationwide in principle, but severe challenges persist. The weakness of the state is challenged above all by (rival) gang members who seek to maintain their power in areas they more or less control, primarily in the Port-au-Prince region. Rising homicide rates – though still comparatively low in a regional comparison, at approximately nine per 100,000 citizens in 2019 – and cases of abduction, as well as repeated gang clashes contribute to a climate of insecurity. According to InSight Crime, some of these gangs – such as the gang alliance “G9 an Fanmi” (G9 and Family), founded in June 2020 – benefit from ties to the government, while the “government has found in them loyal foot soldiers quelling insecurity, stamping out opposition voices and shoring up political support across the capital.”

Marie Yolène Gilles, a leading human rights activist at the Fondasyon Je Klere (FJKL) watchdog group, reported to the UN Security Council in February 2020: “To date this year we have already noted 31 violent deaths, but the actual figure is likely higher. The state is losing its monopoly of the use of legitimate violence. Entire areas are controlled by armed gangs, which are often better armed and better equipped than law enforcement authorities. ... The authorities, in an attempt to survive politically, often rely on gangs and use gang-warfare strategies. ... As armed-gang fiefdoms have become inaccessible to the police, the gangs have taken full control of the civilian population living in those areas and of those they have kidnapped, who are often subjected to the worst atrocities.”

In 2017 the UN mission, MINUSTAH, left Haiti. Given the absence of a domestic military, MINUSTAH's presence in some ways allowed the Haitian government to have a police force in place without having to pay for it. Since 2017, national security has been primarily provided by the – still rather underperforming – Haitian National Police (HNP). The size of the HNP has gradually increased since 2004. According to a September 2020 report from the United Nations Integrated Office in Haiti

Question
Score

Monopoly on the
use of force

4

'06 '22 10



(BINUH), the total number of police officers nationwide amounted to 15,022, a slight decline compared to the previous BTI report. This brings the police-officer-to-population ratio to 1.28 per 1,000 inhabitants, which is still below the United Nations standard of 2.2 per 1,000, and even below the BINUH target of 1.4.

Doubts have been repeatedly raised as to whether the national police force is able to guarantee security and protection for citizens, enforce the law, and promote political stability. This issue resurfaced in 2017 (Grand Ravine), 2018 (La Saline) and 2019 (Bel Air), when the country experienced several days of disturbances that tested the capacities of the police force to maintain order and resulted in massacres. Since President Moïse's tenure began, the police force has been politicized to a point where there are several infighting factions. The undermining of the police force has strengthened gang leaders who roam freely in the capital's neighborhoods, as well as in the major cities of the provinces.

In November 2017, President Moïse reinstated the Haitian Armed Forces, which were disbanded in 1995 following a series of human rights abuses. He claimed that the army would help in times of natural disaster and patrol Haitian borders. The force is expected to be eventually expanded to 5,000 soldiers. Since the donor countries that fund 60% of Haiti's budget have expressed doubts about the reinstatement of the army, Moïse has not been able to use it as he intended to. The majority of the force has not been deployed. It lacks the arms and equipment needed to address the current crisis in the country.

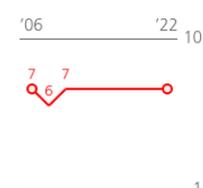
The majority of the population accepts the nation-state as a legitimate form of authority. Concerning citizenship as such, there is no discrimination on the basis of race, ethnicity, national origin, gender or political affiliation. Haiti was the first country in the world to permanently abolish slavery and color prejudice in its constitutional documents.

Historically, the state has struggled to provide birth certificates and national identity cards to its citizens. Since 2006, there have been considerable efforts to address this issue. The governments of former Presidents Préval, Martelly, and Moïse, with support from international organizations, made considerable efforts to provide citizens with identification papers and birth certificates. Many citizens still do not have legal papers and remain completely outside government registers. President Moïse continued his predecessors' policy of providing identity cards to citizens. However, the system has been plagued with corruption and mismanagement. Citizens usually have to wait more than a year to obtain an identity card after applying for one. The distribution of biometric identity cards had begun in anticipation of upcoming elections but was subsequently delayed by the pandemic.

The political and economic division between rural and urban Haitians is wide. As a result, fewer resources are allocated to rural areas, and educated middle class urban citizens look down on rural Haitians. This relationship has created conditions where significant resources are withheld from a large segment of the population since approximately 45% of the population live in rural areas.

State identity

7



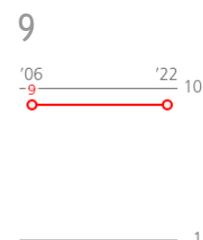
Although Catholicism is no longer the country's official religion since the revised constitution of 1987, which recognized Vodou as a legal religion, it still remains the preferred faith for public officials, since heads of state usually seek the advice of the Council of Catholic Bishops and the new cardinal on important national issues. The bureau for religious activities in the Ministry of Foreign Affairs recognizes Vodou priests and accords them the power to officiate all legal activities such as marriages, baptisms and funerals. The Vodou priests enjoy equal protection under the law. Although the state does not officially persecute citizens who practice Vodou, there have been incidents in the past where members of the fundamentalist Protestant sects have persecuted members of the Vodou religion by preaching against them or burning down their sanctuaries. The country is also experiencing a rise in other religions such as Rastafarianism and Islam.

Although religion does not have a direct influence on politics, the Catholic and Protestant clergy have the moral authority to intervene on national issues. While in the past the Catholic clergy played a central political role, this has now been diminished by the increased power of Protestant groups, which act as vectors for links with the United States and new forms of political ideology. Indeed, Protestant groups can be considered a significant latent political force.

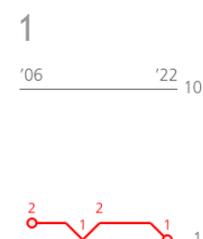
The Haitian state continues to fall into chaos and anarchy. Since the election of President Jovenel Moïse, it has been unable to provide basic services to the population. Haiti's administrative structure is divided into 10 departments. Although the constitution calls for a decentralized state, the government is highly centralized. As a result, local officials have little or no resources for providing basic services such as sanitation, clean water, health care, good education and housing. According to World Bank data, in 2015 only 58% of the population had access to an improved water source, and only 28% had access to sanitation. Eight million (out of an estimated population of 10 million) live without electricity; five million cannot read or write. In 2020 life expectancy was 65.3 years, one of the lowest in the Caribbean region. The mortality rate is 42.6 per 1,000 live births among children five years or younger. More than four times the regional average of women die in childbirth, and infant mortality is twice the regional rate. More than half of all families live in extreme poverty.

The fatal weakness of administrative structures became visible after the earthquake in 2010 and have become worse since 2017. Urgent needs like housing, water and sanitation remained incompletely met for over a decade. The 2020 LAPOP survey found that 55% of respondents felt that the quality of drinkable water is very bad, while 54% stated that the quality of trash disposal is very bad. The outbreak of cholera, and ongoing problems controlling the spread of disease show that sanitation and access to water, in particular, remain some of the most urgent issues facing the country. As a result of the political turmoil in the country and the COVID-19 pandemic, the mortality rate in the country is expected to rise in the coming years.

No interference of religious dogmas



Basic administration



Most government offices are closed and have been closed intermittently during the past three years of political violence, Petrocaribe protests, riots, and now the COVID-19 pandemic. The current situation is chaotic, and various ministries give conflicting instructions and reports.

2 | Political Participation

In 2019, the Haitian government failed to hold parliamentary and municipal elections to renew the mandate of the lower house and one-third of the Senate. Since January 2020, Haiti has lacked a lower house of parliament and a regular upper house. It took the Haitian president a long time to nominate a new prime minister after parliament dismissed the then-chief executive in 2019. After negotiating with the 10 remaining Senate members, President Moïse appointed Joseph Jouthe as Haiti's 4th prime minister on March 4, 2020.

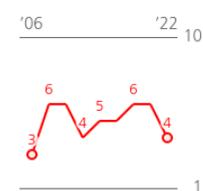
Since the return of democratic rule to Haiti after the overthrow of President Aristide in 2004, elections have been free, but not necessarily fair. All elections since 2006 have been contested by the losing parties. The attempted 2015 elections to replace the outgoing president ended in fiasco when the Provisional Electoral Council could not conduct them. A delayed election took place in November 2016 without serious incidents of voter intimidation or restrictions on candidates and political parties, despite complaints made by the losing parties. By all accounts, the election was free, though not entirely fair, and the electoral body, the Provisional Electoral Council (CEP), declared Moïse the winner with 55% of the vote.

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

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

Free and fair elections

4



The government's effective power to govern is limited by the absence of strong leadership, a lack of resources and the inability to implement public policy. When President Moïse assumed office in 2017, he introduced the concept of "Caravane du Changement" to execute a series of public works such as irrigation canals, highways and agricultural initiatives to increase the production of basic food staples such as rice, yams, bananas and coffee. However, due to corruption, a lack of adequate funding, nepotism and parliamentary rivalries over controlling the projects in particular communities, the program has not lived up to expectations. In 2018, there were two major attempts by opposition parties to overthrow Moïse's government. On July 16 and 17, 2018, Moïse's government was on the brink of collapse because it wanted to increase the price of fuel. There were a series of protests that forced Moïse to replace his prime minister. Four months later, the opposition was in the streets again, calling for Moïse's removal. For the past three years, the country has experienced large-scale disruptions at every level. These disruptions have severely limited the ability of the president to rule effectively. Since 2020 Moïse had been ruling by decree when parliament's term ended without new elections.

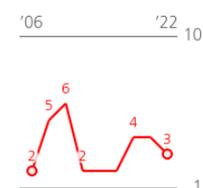
Since Haiti lacks robust laws to deal with foreign businesses and non-governmental organizations (NGOs), national and foreign business actors frequently co-opt members of the executive and the legislative branches by offering bribes. As a result, democratically elected representatives have limited power to govern.

The main problem, however, is not that there are strong veto groups able to undermine fundamental elements of democratic procedures – it is more that elected representatives in Haiti do not have much "power" to govern at all. The structural situation of the Haitian state is one of deep dependency upon foreign governments and international organizations. The state's ability to carry out any major initiatives in the areas of infrastructure, education, or health care is extremely constrained by a lack of economic resources and political cohesion. In many communities, basic services, including health care and education, are provided by an extremely complex patchwork of NGOs, mission groups and other small foreign organizations. This is a broader structural situation that severely limits the action and aspirations of any president and any political party.

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

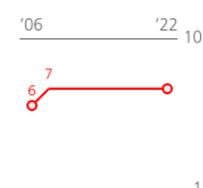
Effective power to govern

3



Association / assembly rights

7



In March 2020, at the beginning of the COVID-19 pandemic, the government imposed a sunset to sunrise curfew, mandated that citizens wear masks and banned public assemblies to control the transmission of COVID-19. However, very few people adhered to these decisions due to the inability of the government to enforce them. The dire economic and social conditions of the population made it impossible for these decisions to be implemented: the majority of the population live on a day-to-day basis, and they have no means to shop for groceries and store supplies for a long period of time. Besides, most people don't have the infrastructure to sustain a prolonged quarantine. Temporary restrictions on freedom of movement and assembly are still in place but are widely disregarded.

The constitution guarantees freedom of expression and freedom of the press. Journalism, particularly radio journalism, is rather robust and varied, which is the result of a long struggle during the Duvalier years. As a consequence, freedom of the press is particularly cherished. In 2020, Reporters Without Borders (RSF) ranked Haiti 83 out of 180 countries in terms of freedom of the press, a decline of 21 positions since 2019, citing a dangerous and precarious work environment for journalists.

The Association of Haitian Journalists (AJH) has protested the undue pressure that journalists experienced while covering demonstrations and parliament in 2018. Journalists are occasionally subject to unofficial censorship and are victims of violence and intimidation that lead to self-censorship. In the view of RSF, journalists also suffer from a lack of financial resources, an absence of institutional support and difficulty in accessing information. Under the presidency of Jovenel Moïse, there have been several attempts to intimidate journalists by blocking their access to news sites or through violence. In March 2018, Vladjimir Legagneur, a prominent reporter for a local radio station, was lured to one of the capital's slum communities where he was murdered. His case is still unsolved. In 2019, journalist Néhémie Joseph was murdered. Since 2020, there have been no major attempts by the government to control press freedom.

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

Freedom of
expression

6

'06 '22 10



1

3 | Rule of Law

According to the constitution, there is a separation of powers between the president and the prime minister as head of the government. Both houses of parliament (the Senate and the House of Deputies), are tasked with oversight functions and guaranteeing a degree of checks and balances. In reality, the president alone defines policies and – if necessary – tries to bribe the necessary number of deputies to give him support. The Constitutional Court – a permanent body separate from the Supreme Court, which has the task of resolving disputes among branches of government and reviewing the constitutionality of laws – has been inoperative since 2015. The Superior Judiciary Council is responsible for setting and monitoring judicial standards and safeguarding judicial independence. However, it began operations only in 2012 and its work has been contested. On February 7, 2021, President Moïse fired three members of the Supreme Court after one of them was accused of an attempted coup against his government. Although this decision was decried by civil society groups, since members of the Supreme Court cannot be fired by the president, there is no structure in place that could have forced him to reverse his decision.

The first-round victory of Moïse in the November 2016 presidential election marked the first time since 2001 that the president and the majority members of parliament came from the same party, Martelly's Tèt Kale Party (Parti Haïtien Tèt Kale, PHTK). The last time this occurred, in 2001 when Fanmi Lavalas (under President Aristide) had majority control of parliament as well as the presidency, the state was more paralyzed than active. Since President Moïse took over with a majority in both chambers of parliament, there have not been any checks and balances on the executive. In January 2020, parliament was disbanded after the president failed to call new elections. As a result, the president and 10 members of the Senate are the last remaining elected officials from the 2016 election. The president ruled by decree up to his assassination on July 7, 2021, including the contested decree enacting the reform of the Penal Code.

To counter the pandemic, the government declared a state of emergency in March 2020, which was extended in May and ended in July. Other measures included the declaration of several health emergencies, and implementation of curfews and restrictions on assembly and movement. Since overdue parliamentary elections had not taken place, there has been no sitting parliament since January 2020 and thus no review of these measures.

Separation of powers

3

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4 3 4 3

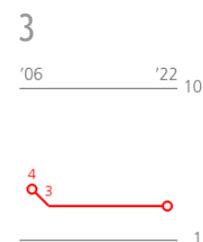
1

Haiti's judicial system is known for its dysfunction. 56% of respondents in the 2020 LAPOP survey believe that the country's court system does not guarantee a fair trial. On August 28, 2020, one of the most respected lawyers in Haiti, Monferrier Dorval, was murdered in front of his house. Although he lived in proximity to the official residence of the president, the investigation of his death has been slow. Although two individuals have been identified as the perpetrators of the crime, the population still has doubts that they are indeed guilty. Despite promises by the government for a thorough investigation, there has not been any serious attempts by officials to begin a trial. Beside Dorval, who was well known as the head of the Port-au-Prince bar association and an eminent jurist, hundreds of other individuals have been killed and kidnapped since 2017 without any definitive outcomes, leading to an overall climate of impunity.

According to the constitution, the judiciary consists of the Supreme Court and the Court of Appeals, and other smaller courts. The president appoints judges according to lists of candidates submitted by the Senate and regional and local assemblies. In reality, Haiti's judicial independence is heavily impaired by political authorities and very high levels of corruption. For the average Haitian citizen, it is nearly impossible to call on judiciary channels, due to high costs of appealing, endemic corruption and language problems (although every legal document should be made available in Creole, documents only exist in French). Since 2012, the Supreme Court has been operating with fewer than the mandated number of judges due to a conflict between the president and the Senate on how to select the judges. The number of judges on the court were further reduced after the president fired three of them in 2021.

After President Moïse took power in 2017, he had nine ministers of justice and several state prosecutors. The national bar association held several protests against the government due to its inaction and the lack of support for the prosecutors and judges. Although there has been a national outcry over the killing of Monferrier Dorval and an international call to find those who committed this heinous crime, the Moïse administration did not initiate a serious investigation of his murder. In September 2018, the Superior Council of the Judiciary (CSPJ) warned in a letter addressed to President Moïse of the "total dysfunction of the judiciary in almost all jurisdictions," pointing out that "courts can no longer function and have become inoperative because judges are waiting indefinitely for renewal of their term and re-appointment." However, the CSPJ itself is also criticized for being "bogged down by corporatism geared toward defending bad practices" (Jacques Létang, president of the Haitian Bar Federation). In 2021 the working conditions of judges have further worsened, which has led to a total dysfunction of the judiciary.

Independent
judiciary



Impunity at all levels of Haiti's public administration has been the norm since the Duvalier era and has gotten worse in 2021. Corruption is endemic and part of everyday life. The official procedures required by the constitution, such as the declaration of assets by senior state officials and the delivery of end-of-term discharge papers, remain unfulfilled requirements despite recent statements by the head of the anti-corruption agency (Unité de Lutte Contre la Corruption, ULCC) for government officials to report their assets.

No individual has been arrested and brought to justice, even when there is clear evidence that he or she broke the law. During the Martelly administration, two deputies, after a thorough investigation by a judge, were found guilty of orchestrating the murder of a police officer. To date, neither of the deputies have been arraigned or brought to justice.

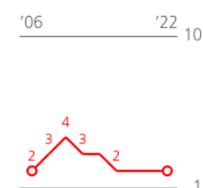
President Moïse was accused by the intelligence office on financial corruption (Unité Centrale de Renseignement Financiere, UCREF) of money laundering. Although the accusation existed before his election, the Provisional Electoral Council not only endorsed his candidacy, but installed him in office on February 7, 2017. In July 2017, Moïse replaced both heads of ULCC and UCREF with political allies and former members of the Martelly administration. After he became president, several ministers in his cabinet were accused of corruption. Instead of bringing them to justice, he either transferred them to other offices or kept them on as his private advisers. Nou pap Domi ("We are watching) is one of the leading civil society organizations in Haiti that challenged the Moïse administration to provide a full accounting of the use of the Petro Caribe fund. The organization not only held rallies, but initiated a major social media campaign demanding "#Where is the PetroCaribe Fund?" The Petrocaribe funds were low interest loans that Venezuela provided to the Preval and Martelly administrations for development and economic activities. The majority of the fund has disappeared and very few economic and infrastructure projects have been built.

Various fundamental civil rights are not protected in Haiti. Due to the weakness of the legal system, civil rights violations are seldom prosecuted. The many shortcomings reflect dysfunction in the justice system, where access to a judge is guaranteed neither for defendants who spend years in prolonged pretrial detention, nor victims.

Thousands of prisoners have been in jail for years without trial, and many have served by far in excess of the maximum jail time for their alleged crime. Police officers and guards routinely beat and torture prisoners and detainees. Despite a legal prohibition against arbitrary arrest, it occurs frequently. When cases do reach trial, they are often processed in the French language only, despite the fact that the majority of the population only understands Creole. Many defendants cannot follow or engage in their own legal cases. It is common for prisoners to die in prison without ever seeing a judge. Most of these deaths are due to lack of care for illnesses such as cholera,

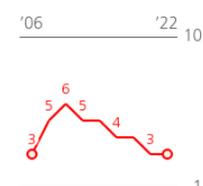
Prosecution of office abuse

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Civil rights

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HIV, or tuberculosis. Although some prisoners have been infected with COVID-19, the government does not keep data on them. State prosecutors rarely remain in office for more than a year.

Unlawful killings increased under President Jovenel Moïse's government. Violence against women and children, including rape and trafficking of persons, is widespread. Since 2018, gang violence has overtaken normal life in Haiti. More than 938 people lost their lives in 2020 due to gang violence. In 2020, 60% of the population surveyed by LAPOP felt some degree of insecurity due to gang activities. Thousands of children work illegally and without compensation in households and manufacturing. Discrimination against women, the LGBTQ+ community, and persons with disabilities is widespread. In November 2019, Charlot Jeudy, a gay man who founded Haiti's LGBTQ+ advocacy group Kouraj, was found dead at his home. To date, there has not been any investigation into his death, even though he was constantly threatened by those who expressed bias against LGBTQ+ citizens. There is no discrimination due to religion, ethnicity or political preference.

4 | Stability of Democratic Institutions

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

In practice, however, the formal rules are heavily impaired. The continuing instability in Haiti is due to the fact that politics have been marked by personalities for decades, while political parties, which could stabilize the political game, have only played a minor role in candidate selection. In 2015, Jovenel Moïse did not belong to any political party and was chosen by Martelly over experienced members of the latter's newly formed political party. The ruling elite's tradition of supporting politicians who do not belong to political parties to run for higher offices such as the presidency and parliament, has fostered a negative opinion toward professional politicians and members of political parties.

Haiti's democratic institutions are accepted as formal structures, but do not necessarily earn the respect of all political actors and citizens. Haiti today has no functioning political institutions. In addition, the government failed to hold parliamentary and municipal elections to renew the mandate of the lower house and one-third of the Senate. Since January 2020, Haiti has lacked a lower house of parliament and a regular upper house.

Performance of democratic institutions

3

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The Provisional Electoral Council of 2016 succeeded in holding the national and local elections for all the elected offices named in the constitution. In 2020 President Moïse decided to appoint a new provisional council without consulting the opposition and civic organizations. Although this provisional council is contested by the opposition, the president had no intention of revamping or firing the members.

At the point of President Moïse’s assassination in July 2021, Haiti had only 11 elected officials: the president and 10 members of the Senate, whose term expires in January 2022. After Moïse decided to rule by decree when his term expired on February 7, 2021, the country experienced major interruptions by civil society, religious and professional organizations, all protesting against his decision to schedule a referendum for a new constitution in June 2021 and general elections for fall 2021. Although there was general opposition to his unilateral decisions, Moïse did manage to obtain the support of the United Nations, which provided his government with \$22 million to prepare the elections.

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

Apart from the political scene, there are certain business interest groups, such as the Economic Forum composed of the major import businesses, the Haitian-American Chamber of Commerce, the National Lottery Association and drug trafficking networks, which seek to select a government easy to influence in order to serve their interests. The successful parliamentary and presidential elections of 2016 did not rekindle Haitians’ trust in democratic institutions, especially when the government failed to hold scheduled elections in 2019 and 2020.

5 | Political and Social Integration

The party system is highly fragmented and volatile. Political parties do not represent the interests of the population but individual or clientelistic interests. In addition, they have little to no social base in the population outside of urban centers, and even there it is weak. Political parties can appear and disappear literally overnight. This happened when President René Préval founded a new political movement called Inite (Unity) that became a melting pot for former members of other political parties. When President Martelly came to power in 2012, many former Inite followers changed to Martelly’s newly founded party, PHTK or “Tèt Kale” (one of Martelly’s nicknames, which means “bald head”).

Commitment to democratic institutions

3

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Party system

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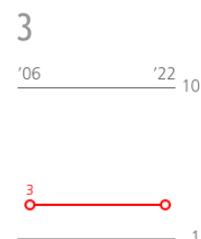


24 parties were represented in the 2016 – 2020 parliament. Three of the 119 deputies were women. The outcome of the 2015 and 2016 elections allocated the majority of the seats to PHTK and its allies. None of the parties are structured with loyal members. Most leaders tend to change parties in the middle of the calendar year, and they do not support any public policy issues or well-developed programs. Since Jovenel Moïse took office in 2017, he barely referred to the PHTK, the party that initially helped elect him to office. In the past year, several members of the party demonstrated against his administration and accused him of betrayal. Since general elections are scheduled to take place in 2021, several potential presidential candidates have announced their intention to create new political parties to compete with PHTK, the government's main party. In the wake of the elections, the already weakened national cohesion, combined with the lack of an elected legislature and the divide between government and opposition have contributed to a climate of increasing polarization.

Since the fall of the Duvalier regime in 1986, Haiti has created a thriving culture that encourages the creation of interest groups representing most of the country's sectors, including labor unions, women's groups and peasant associations, among others. Although many of these groups still exist, they are not as effective as they once were. Many of them have been transformed into NGOs to access foreign aid. There are some 2,400 officially registered popular organizations, interest groups and civil society organizations, though estimates of the actual number range from 3,000 to 10,000. Civil society groups do not have financial autonomy, making it difficult for them to articulate their interests and advocate for them. In general, they have very limited access to and influence on government decision-making. Some of them are more active and popular than others, but many serve primarily as vehicles for personal interest or as a means to access international funding.

Trade unions have lost much of their influence, as a majority of the population is employed in the informal sector. Most grassroots organizations have access to local officials or are sometimes indeed created by them to advance the latter's agenda. After the 2010 earthquake, the international community and the government rarely sought the advice of these groups in rebuilding the country. Human rights groups such as the National Human Rights Defense Network and Platform of Haitian Human Rights Organizations (POHD) have been active since their creation and are the two civil society groups that have maintained their independence. Therefore, since 2010 most interest groups have been weakened considerably and are unable to mediate between society and the political system. The only groups that can effectively organize are those in the business sector, due to their relationship with foreign entities, which can leverage their power to force the government to act.

Interest groups

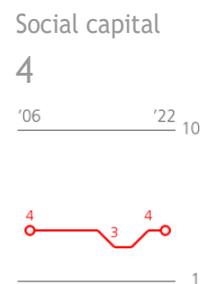


Since 1986, the majority of Haitians have expressed their support for democracy and have consistently supported the values associated with it, such as free and fair elections, freedom of assembly, speech, checks and balances on the institutions. However, since 2016, support for democracy has been eroded by the failure of successive governments to respect and enforce democratic practices. A 2020 survey by the Latin American Public Opinion Project (LAPOP) indicates that there are widespread negative evaluations of the political system and a lack of confidence in elections. More than 53% of the people surveyed are not proud of the country’s political system. Only 23% agree that citizens support the current political system, while only 27% believe that democracy is the best form of government. Some 41.4% would support a coup by the police to address the COVID-19 pandemic, though even more would support a coup in case of high crime (47%) or high corruption (43%).



In 2017, there were high hopes that Jovenel Moïse would attempt to address cynicism in Haitian society and build trust through his national dialogue initiative. Instead, the country has fallen into greater chaos and lower levels of trust in state institutions such as the presidency, parliament and the judiciary. Moïse’s failure to hold scheduled parliamentary and municipal elections in 2019 and 2020 and his decision to rewrite a new constitution without consulting civil society groups have greatly contributed to the government’s weakened support for democracy.

It is difficult to build social capital in a country that cannot protect its citizens from violence and gang related activities. The last protests against the government by the opposition in 2020 and 2021, and the increasing economic distress in the country, have further eroded trust in the government and in society in general. Although cooperative mechanisms exist, their impact remains weak. The main solidarity work is conducted by religious and non-profit organizations. The young generation seeks fortune abroad since the government does not offer policies and programs to improve living conditions in Haiti which would encourage them to stay.



The Latin American Public Opinion Program (LAPOP) data from 2020 suggest that interpersonal trust is greater when people are asked about their fellow Haitians in the country than in their own neighborhood. This is a result of the violence that has erupted in many neighborhoods, perpetrated by gangs that are supported by the current government. Only 45% of the people surveyed by LAPOP feel that people in the country are trustworthy, while 27% believe that people in their neighborhood are very trustworthy. Despite these statistics, there are dense informal networks that support individuals and provide resources in emergencies. Family networks – and not the state – operate as primary providers of resources and are also agents who build social capital to a degree.

II. Economic Transformation

6 | Level of Socioeconomic Development

Although Haiti's economic progress has been negatively affected by the COVID-19 pandemic due to the disruption to the world economy, the major cause of its setback in 2020 was the political and social turmoil that has been a characteristic of the country since 2017. The 2020 Human Development Index ranked Haiti 170 out of 187 countries, with a score of 0.510, indicating only minimum improvement since 2011. This is due to corruption, economic mismanagement, political turmoil and the end of the Petrocaribe fund, which provided financial support for several social projects in the country. In addition, Haiti has not fully recovered from the devastating effects of Hurricane Matthew on October 4, 2016, which destroyed 80% of the country's economy in the south. According to the World Bank, the country's GDP is estimated to have contracted by 1.4% in 2019, and experienced rapid currency depreciation (25.5%), and rampant inflation (17.3%) at the end of the fiscal year.

More than 70% of the population live below the poverty line, while approximately 50% live on less than \$1.25 per day. Gender inequality is high, which means that women are disadvantaged with regard to reproductive health, empowerment and the labor market. In the Gender Inequality Index, Haiti scored 0.636 in 2019, one of the 20 highest inequality scores in the world, and almost unchanged since 2011. Women are not integrated into all the country's social and political structures. In 2019, only three women were represented in parliament out of 149 representatives. Very few women hold high executive positions in the private sector and public administration.

There is no recent information on the country's Gini coefficient (it was 41.1 in 2012). The overall loss in Haiti's HDI score due to inequality was 40.6%, the third highest percentage registered in 2019. Income disparity has a major impact on the rural population, since 42% of the population is severely affected. More than one-third of the population lacks sufficient food. Land resources are limited, and traditional methods of farming do not produce sufficient food to ensure national food security. Nearly half of the national income goes to the wealthiest 10% of the population.

Question
Score

Socioeconomic
barriers

1

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Economic indicators		2017	2018	2019	2020
GDP	\$ M	14213.8	15965.7	14332.2	13418.0
GDP growth	%	2.3	1.7	-1.7	-3.4
Inflation (CPI)	%	10.7	12.5	18.7	22.8
Unemployment	%	13.7	13.6	13.5	14.5
Foreign direct investment	% of GDP	2.6	0.7	0.5	-
Export growth	%	-0.8	-0.8	-1.6	-5.0
Import growth	%	8.6	8.6	3.6	-4.1
Current account balance	\$ M	-265.0	-343.0	72.2	-
Public debt	% of GDP	19.0	21.6	25.8	21.3
External debt	\$ M	2169.8	2219.7	2213.9	2317.7
Total debt service	\$ M	20.0	18.6	21.6	25.5
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	8.4	8.5	7.5	9.0
Public education spending	% of GDP	1.6	1.7	-	-
Public health spending	% of GDP	1.0	0.9	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.0	0.0	0.0	0.0

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

The market in Haiti operates under a very weak institutional framework with few regulatory mechanisms. The COVID-19 pandemic has further contributed to the decline of the market economy, since the country was shut down for several months in 2020. Even before the pandemic, all foreign assessments indicated that investors in Haiti perceived the risks of doing business related to competitive conditions and competition policies to be higher than in other countries in the Caribbean region. These risks are primarily related to price controls and control of other market variables that both limit the benefits that firms may obtain by competing and lower incentives to invest; vested interests and discrimination against foreign firms hinder innovation and preclude more efficient firms from gaining a share of the market. Although capital repatriation is permitted, foreign businesses are reluctant to invest in Haiti due to weak investment laws that do not protect investors.

The majority of the population works in the informal economic sector, and most recent estimates by the World Bank and the Office of the Special UN Envoy for Haiti suggest that more than 90% of private employment in Haiti is in the informal sector. The formal sector is small and highly regulated in some areas, for example in taxes and tariffs, and not regulated at all in other areas, especially in terms of workers' protection and rights (such as wages and working conditions). The country's most important bilateral agreement (Hemispheric Opportunity through Partnership Encouragement, HOPE II) grants its garment industry free access to the U.S. market, with preferential terms for products from the United States. In 2020 the U.S. government extended the Haiti Economic Lift Program (HELP) Act of 2010 and extended the Caribbean Basin Trade Partnership Act (CBTPA) and HOPE II through September 2025.

The majority of the national economy in essence belongs to approximately 15 large families. Added to this are burdensome government regulations and various exit and entry barriers to market. Accordingly, Haiti is ranked 138 out of 141 countries in the 2019 Global Competitiveness Report and 179 out of 190 economies in the overall Doing Business ranking 2020 by the World Bank. Haiti's rank in the Starting a Business subindex is 189, due to a very high number of procedures (12), time (97 days) and cost (179.7% of income per capita). Considering the country's weak legal system, the high level of corruption, and the high level of political interference in judicial decisions, investments are not protected, and market participation is therefore risky. At the same time, a good relationship with the president or his family guarantees a friendly environment for rentable investment. There are no restrictions on currency convertibility.

Market
organization

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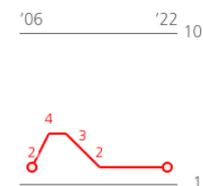
Although there has been some economic liberalization, the trend of monopolistic practices remains unbroken. According to the U.S. 2020 Investment Climate Statements, there is still no law to regulate competition nor any anti-trust legislation. The lack of regulation reinforces oligopolistic networking. The widely irregular economic liberalization that has taken place serves the business elites who control trade. The Global Competitiveness Report 2019 ranks Haiti 141 out of 141 countries concerning the extent of market dominance by a few business groups. There is no regulatory mechanism or institution to control mergers, price fixing or predatory pricing. As an example, in 2012 two of the three private cellular telephone companies were eliminated through protracted cooperation efforts between the state and Digicel, which led to a de facto monopoly in telecommunications in the country. This event not only is a symptom of the high level of corruption in the country, but it leaves customers with poor service and higher prices. In 2020, the government seized the assets of one of the companies that sold electricity to the state and forced its owner to flee the country.

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

Within Haiti, non-tariff barriers are still significant, and an inadequate infrastructure and weak administration further hamper foreign trade. With regard to trade openness, Haiti is ranked 80 out of 141 countries in the Global Competitiveness Report for 2019, but 139 concerning the prevalence of non-tariff barriers. Trade liberalization has had a considerable negative impact on the economy, as local products cannot compete with cheap imports. This has affected the agricultural sector in particular, and during the period under review, there has been some discussion of introducing measures to favor local production. The United States' introduction in 2010 of the Hemispheric Opportunity through Partnership Encouragement (HOPE II) gives Haiti 10 years of preferential access to U.S. markets through special tariff exemptions. In 2020 Congress extended the Hope II until 2025. Under the government of President Moïse, unregulated trade between Haiti and the Dominican Republic increased. Members of parliament have claimed special privileges to engage in trade with the Dominican Republic without paying any custom fees. This has further increased violence on the border of the two countries, since rival gangs fight each other for control over the illicit trade.

Competition policy

2



Liberalization of foreign trade

6



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

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

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

In 2020, total loans by the central bank represented 22.6% of GDP. Since there is no independent auditing system for most banks, they have basically become the preferred lender for the 15 Haitian families that control the economy. In 2020, the country experienced one of its most severe economic slumps since 2011 and capital continues to flow abroad. After 2019, President Moïse, in collaboration with the central bank, implemented a series of arbitrary monetary and fiscal policies that have had a major impact on the country's currency.

Banking system

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8 | Monetary and fiscal stability

According to the 2016 IMF report (“Haiti – Selected Issues”), the central bank (BRH) has strived to contain inflation through a mix of exchange rate market interventions and open market operations. As in many other low-income countries, the central bank also resorted to amending legal reserve requirements for conducting monetary policy that are transmitted to aggregate demand through credit channels. While monetary policies have been broadly successful in maintaining price stability, policy formulation is hampered by data gaps. Transmission is complicated by Haiti’s vulnerability to shocks and by the shallow domestic market, and assessing policies is at times difficult. Inflation has risen steadily since 2009 from 0.4% to 6.7% in 2015, 12.5% in 2018 and 18.7% in 2019. It is projected to remain above 20% in 2020 and is approaching 30% in relation to the value of the food basket.

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

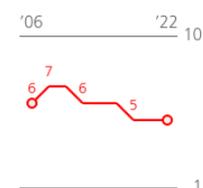
The country’s exchange rate remained volatile. It was 46.75 gourdes (local currency) to one dollar in 2014, before jumping to 65.70 gourdes to one dollar in 2017 and increasing again to 80 gourdes to one dollar in 2018. In 2020, the government arbitrarily decided that the daily exchange rate posted by the central bank is the only rate that applies to all businesses in the country. Since then, the country’s exchange rate has been set at 60 gourdes for one dollar. According to IMF data, the real effective exchange rate has varied annually at 12.7% (2017), 2.8% (2018) and 10.8% (2019).

The government’s fiscal and debt policies have been inconsistent and insufficient to promote macroeconomic stability. The COVID-19 pandemic has further limited its capacity to follow any sort of macroeconomic strategy since the country was shut down for more than six months.

In 2010, the majority of the government’s external debts were canceled by the international financial system but have since risen to \$2.2 billion in 2019. Tax revenue is limited. It fell significantly after the 2010 earthquake and has totaled approximately 13% of GDP annually over the past few years. Public debt has risen steadily since 2011, from 23.7% of GDP to 39.7% in 2018. In 2019, public debt rose markedly to 47.7% of GDP, as a consequence of the government relying primarily on borrowing to fund its operations. According to the IMF, the fiscal deficit was 1.4% of GDP in 2019 and 2.3% in 2020.

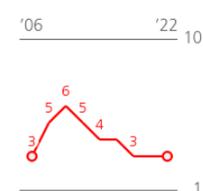
Monetary stability

5



Fiscal stability

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The impact of lax governmental fiscal policy severely affected the country in 2020. Government employees have not received their salaries for several months. Many projects that the Moïse administration had undertaken in its early years have either stopped or been canceled due to lack of funds. Although the World Bank provided \$20 million for COVID-19 pandemic relief, this made little difference to fiscal stability. In order to at least partially restore macroeconomic stability, the government requested emergency financial assistance, and the IMF granted \$111.6 million under the Rapid Credit Facility.

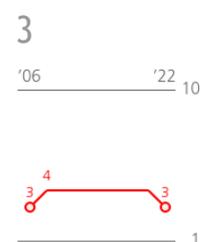
9 | Private Property

The constitution guarantees private property and assigns the state the duty of protecting and promoting private entrepreneurship. The country has signed international conventions on patents and trademarks. However, the weak judiciary, endemic corruption and a general lack of political will impede effective enforcement of these rights. Problems of land ownership are among the most urgent in economic terms, seriously hampering the agricultural sector. Land titles and questions of ownership are often unclear, and nonexistent legal structures lead to violent conflict. Fraudulent sale of land titles and claims to traditional ownership are among the most frequent sources of these conflicts. In the Quality of Land Administration Index (Global Competitiveness Report 2019), Haiti scores 2.5 on a 0–30 scale and ranks last. In principle, intellectual property rights are protected by law, but enforcement is weak. The Global Competitiveness Report 2019 ranks Haiti 139 out of 141 countries on both property rights and intellectual property protection. According to the World Bank's Doing Business 2020, it takes six procedures to register a property, but a rather time-consuming 319 days, by far the longest registration period of any country.

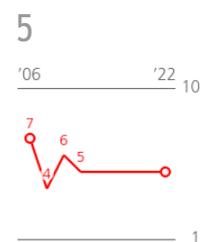
Private companies can act without restrictions and private business engagement is encouraged by the government, at least at a rhetorical level. The only formal limitations to start a business are the onerous and complicated administrative procedures required to register an enterprise. Starting a business in Haiti takes four times longer than the world average. According to Doing Business 2020, the process takes 12 procedures, 97 days and costs 179.7% of GNI per capita. For comparison, in the neighboring Dominican Republic starting a business takes 16.5 days and requires seven steps at a cost of 13.5% of GNI per capita. Concerning the burden of government regulation, Haiti ranks 134 out of 141 countries in the Global Competitiveness Report 2019.

One of the reasons for this long and frustrating process in Haiti is that commercial laws are applied inconsistently and without transparency. Though private companies represent the majority of the national market, joint public-private enterprises occupy important sectors such as telecommunications, electricity, ports and airports. The other side of the coin is the informal economy, meaning that private enterprise in a

Property rights



Private enterprise



broad sense (not only in terms of official companies) permeates throughout Haiti, albeit practiced on a small scale. The vast majority of enterprises are small and seek no official registration but are at the heart of the economic system.

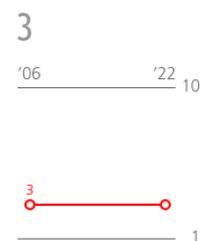
10 | Welfare Regime

A welfare regime is nearly nonexistent in Haiti. The social safety net is fragmented, limited in reach, and underfunded. The state provides a very basic health and pension insurance scheme, but as only 10% of the population is formally employed, only a few citizens benefit from this rudimentary system. According to World Bank data, public expenditure on health in Haiti is relatively low, hovering around 1.0% throughout the last decade. However, international aid, including investments from the Petrocaribe Fund, as well as private expenditures, raised the percentage significantly to an estimated 7% to 8% of GDP. Life expectancy in 2020 remains comparably low at 65.6 years of age.

Family networks, as well as community networks, notably in rural areas where almost 70% of households are considered chronically poor, function as the only reliable safety net. The most important contribution to social welfare comes from the large Haitian diaspora. Remittances are reported to constitute 29% of the overall GDP (2018) but are projected to have fallen by 20% due to the COVID-19 pandemic. International NGOs to some extent provide some of the most basic services but lack coordination, an issue that President Moïse repeatedly criticized.

Although Haiti has made some progress toward achieving several Millennium Development Goals (MDGs) in primary education, vaccinations of children, providing support for HIV+ women and prenatal care, the political instability that the country has experienced since 2018 severely affected the government's ability to maintain progress, since many of the programs ended in 2016 when President Martelly left office. After the riots in July and November 2018, the Moïse government began to reopen soup kitchens and community restaurants and secured an interest-free loan of \$229 million from the IMF to fund social programs. By 2019 many of these programs were shut down due to political instability and lack of funding. In 2020 the World Bank pledged \$20 million to the government to address the COVID-19 pandemic. It is unclear how this money was spent, and which organizations received it.

Social safety nets



Equality of opportunity does not exist. No special legal framework, apart from general provisions, has been voted into place. Women have long been subjected to widespread gender discrimination. Violence against women, girls, people with disabilities and LGBTQ+ people is the most severe manifestation of discrimination.

Gender is one of the main risks for living under the poverty line. Women are largely under-represented in public office. In the history of the two official legislative chambers, women have never held more than 6% of the seats. There are no existing public programs or incentives toward promoting greater gender equality. Although Haiti has a Ministry of Women's Condition and Women's Rights, it is underfunded and unable to implement the laws it proposes. Despite a 2012 constitutional amendment requiring that 30% of public offices be held by women, there has been no subsequent implementation. In the 2015 parliamentary elections, only three women were elected to the two chambers (two deputies and one senator). An exception was the 2015/16 municipal elections, when the 30% quota was implemented by decree.

Women receive an inferior education to men and are limited in employment. In 2019, the UN Education Index for women in Haiti was 0.456, while the Gender Inequality Index was among the worst globally, at 0.636. The literacy rate for women is 58.3%, whereas it is 65.3% for men. Although 47.4% of women participate in the labor force, they are primarily concentrated in low-skilled (informal) employment, since high-skilled employment is either restricted due to their lack of education or due to institutional biases. There is no reliable enrollment data.

11 | Economic Performance

The Haitian economy was completely derailed by the 2010 earthquake. In 2010, per capita GDP fell by 6.9%, then rebounded to 4% in 2011 due to the influx of foreign aid. Since 2012, the growth rate has slowed, reaching a meager 0.2% in 2015 and 0.4% in 2018. Due to the political crisis in 2019, GDP per capita fell by 2.9%. For 2020, the Economic Commission for Latin America and the Caribbean (ECLAC) estimates Haiti's GDP per capita growth as -4.7%. GDP per capita (PPP) has been relatively low, at approximately \$3,000 in 2018 and 2019.

Hurricane Matthew devastated the southern region of the country on October 4, 2016, and further contributed to the country's decline, since Haiti lost 25% of its GDP. After the installation of Jovenel Moïse as president in 2017, there was an expectation that political stability would improve the country's performance. Instead, almost all the major indicators have fallen.

The country's foreign reserves remained stable at about \$1.3 billion from 2018 to 2020. The loss of the Petrocaribe program severely affected the economy. Unemployment has remained at around 14% since years, but the real problems are

Equal opportunity

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Output strength

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informality and underemployment, with agriculture (38%) and services (50%) being the sectors where most people are employed. Every sector, from manufacturing to agriculture, has declined in the past three years. Inflation rose to 18.7% in 2019 and is projected to remain above 20% in 2020. The national currency has lost over 60% of its value since 2014. Public debt has risen steadily since 2011 to 33.3% of GDP in 2018. In 2019, public debt rose markedly to 47.7%. The fiscal balance turned negative in 2018 (-2.7% of GDP) and 2019 (-3.8). The constant riots and political crises since 2018 have further contributed to the deterioration of the economy.

According to the BINUH report of September 2020, pandemic-induced weakened economic activity led to an estimated 16% decline in fiscal revenues in Haiti by the end of July 2020, while expenditures rose by 25% in real terms. The resulting large government deficit prompted a central bank intervention equivalent to about 6% of GDP at the end of July 2020. However, it is difficult to link the negative output exclusively to the COVID-19 pandemic, since economic output was already negative due to the political instability and rising gang violence that shut down tourism from the diaspora and foreign investments.

12 | Sustainability

Haiti faces serious environmental degradation, which increases the country's vulnerability to natural disasters such as earthquakes and tropical storms, with serious consequences for the population concerning health, economy and security. The government fails to take environmental concerns into consideration, and there is no noteworthy environmental policy, apart from symbolic actions and announcements. There are almost no protected areas (1.9% of the total). Haiti ranks 170 out of 180 countries in the Environmental Performance Index 2020, scoring extremely low in household solid fuels, lead exposure, and the growth rate of pollution emissions.

In 2016, Haiti signed the Paris Agreement to strengthen the global response to the threat of climate change. The government hopes that the Paris Agreement will offer the possibility to reorient its economic development toward a low carbon energy system, increase reforestation programs and create alternative sources of energy, since 70% of the country depends on charcoal for energy. With the assistance of several international agencies, Haiti has engaged in several initiatives to protect its watershed, combat soil erosion, promote alternative sources of fuel production and invest in sustainable agriculture. In 2017, the Moïse government introduced a bill in parliament to protect the country's watersheds and reinforce the state's capacity to address the lack of access to safe drinking water for the population. Although the Ministry of the Environment has promoted a series of conservation programs, the country suffered a serious environmental setback in 2016, when its southern peninsula was hit by Hurricane Matthew. As a result of the hurricane, the south lost thousands of trees, which has caused further soil erosion and food scarcity. The

Environmental
policy

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precarious economic conditions of the rural population mean that natural disasters such as hurricanes and earthquakes can disrupt their only source of revenue: agricultural production, causing them to turn to the felling of trees to produce charcoal for energy and to sell. The political instability since 2018 has further contributed to the erosion of environmental regulations.

According to the World Economic Forum's Global Competitiveness Report for 2018, Haiti is listed as one of the countries that does not perform well in primary and higher education (there are no expenditure figures available). The country is ranked 130 out of 140 countries in primary education and 135 in terms of the quality of its higher education system. Educational training in the country is substandard. Fewer than 25% of the 150,000 students pass the national exam every year. The higher education system is unable to absorb more than 10,000 students a year. As a result, middle class parents who can afford to send their children abroad to study. In the UN Education Index, Haiti ranks 109 out of 187 countries, with a score of 0.456 in 2019.

The Haitian education sector suffers from a lack of state resources and the absence of regulation capacity. It is also impaired by an influx of private service providers. Approximately 90% of education is private and approximately 80% of the national budget for education is provided by international donors. According to the World Development Indicators (WDI), the literacy rate in the country was 61.7% (estimate for 2016; men 65.3%, women 58.3%). Although accounting for the largest share of social spending, public expenditure on education (2.8% of GDP in 2018) is comparatively low. Access to higher education is extremely limited due to a lack of resources to pay fees. Universities have irregular schedules and there is frequent student unrest. Another constraint is the near total absence of vocational training, which leads to extremely poor standards of technical qualifications.

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

Education policy /
R&D

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Governance

I. Level of Difficulty

The United Nations spent 13 years in Haiti after the overthrow of President Aristide in 2004. The United Nations' mandate was to stabilize the country and implement political, economic and social reforms that would transform it from a failed state into a functioning democracy. The United Nations has failed miserably in all these efforts. More than 70% of the population live below the poverty line, while approximately 50% live on less than \$1.25 per day. Haiti is still unable to provide basic services to its population due to endemic corruption, lack of accountability and tacit support from actors in the international community that prefer to support local corrupt leaders. The constraints that the country faces currently are related to an absence of good governance, a corrupt judicial system, an insufficiently skilled labor force and a lack of trust in its leadership. Moreover, it has a failed health care system due to over-centralization and a heavy reliance on international NGOs to deliver basic services to the population without adequate oversight. The country is geographically located in the hurricane alley and there have not been any public policy initiatives on housing, reforestation and infrastructure to support the population. As a result, the population is vulnerable to annual severe weather conditions that cause the same destruction every time, including to the country's already poor infrastructure.

Despite the tremendous gains that Haiti has achieved in controlling pandemics such as AIDS, the Zika virus, cholera and even COVID-19, the population has not fared well. Although no current data is available on the effect of the COVID-19 pandemic on Haiti's economy, its impact has, to date, been less severe than initially projected. As of December 2020, only 234 people have died of COVID-19 related illness in a population of 11 million people.

Haiti has a fairly weak history of civil society, despite improvements after the fall of the Duvalier regime in 1986. Civil society is primarily focused on non-political issues, while a civic culture of participation in public life remains sparse. Many civil society organizations are well-rooted in society, and they provide the majority of social services that the government fails to offer. While civil society participation has increased marginally since the 2010 earthquake, they are not effective at the policymaking level. The decision by President Moïse to govern by decree and to unilaterally exclude many groups in decision-making processes further weakened their standing in the country. After 2019 many civil society groups had been at odds with the president because he did not keep his promise to consult with them on major

Structural
constraints

9



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Civil society
traditions

7

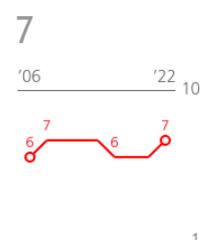


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decisions. He also did not consult with these organizations when he decided to implement the Caravane projects. Civil society organizations, such as human rights, anti-corruption and budget-monitoring groups, play a major role in educating the public about the election process, and pressing the government to launch an investigation into corruption linked to the Petrocaribe Fund. These organizations have been at the forefront of denouncing the Human Rights violations, specifically the two massacres that took place in 2019 in the slums of Cite Soleil and La Saline in the country's capital.

Although Haiti is not marked by significant ethnic or religious cleavages, social and political conflicts are an inherent part of the country's history and have impeded democratic and economic transformation. The exclusion of major segments of the population and the enrichment of the political and economic elites have deeply divided Haitian society, fueled violence and hindered dialogue. Political conflicts often manifest in the streets in the forms of armed gangs that are often controlled by political and business leaders. Jovenel Moïse, who became president in 2017, called for a national dialogue to bring peace to the country. The opposition groups boycotted his appeal after they realized that he had no intention of following through on their recommendations. Since 2020 the country has experienced a level of conflict intensity never seen before as a result of the polarization of the police force, random killings, gang rules, kidnappings, extortion of business leaders and professionals (see "monopoly on the use of force"), and Moïse's decision to rule by decree after he failed to call scheduled national elections in 2019.

Conflict intensity



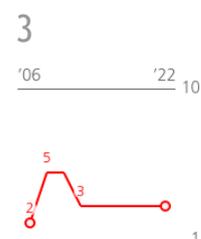
II. Governance Performance

14 | Steering Capability

Jovenel Moïse became president despite allegations of money laundering and corruption by the government's anti-corruption office. Moïse, who was hand-picked by former President Martelly, laid out a number of priorities, albeit without a coherent or detailed vision. These priorities were: addressing corruption and climate change, modernizing and reviving agriculture with the aim of establishing a viable organic food industry, providing electricity to the country's 10 departments within two years, initiating a national dialogue with leaders and opposition groups to revamp the country's political system, and initiating a vast public works campaign called "Caravane du Changement" to address the country's chronic infrastructure deficit in roads, agriculture and the environment. After four years, he was already on his fourth prime minister. He did not keep his promise to provide electricity to the country's 10 departments. Instead, Haiti experienced major power shortages during his time as

Question
Score

Prioritization



president. Opposition groups boycotted his appeal for a national dialogue, and he faced two major protests that almost overthrew his government. Haiti's political and social conditions worsened, first due to the president's failure to hold scheduled elections to renew parliament and the municipalities, and in 2020 due to the COVID-19 pandemic. Throughout his term, there was no visible strategy in terms of prioritizing democracy and the market economy, nor an overall consistency of vision.

Overall, the pandemic did not have a major impact on the government's already flawed strategic priorities.

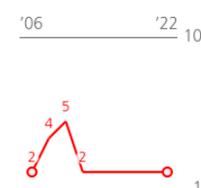
The Moïse government failed to implement the priorities he had laid out during his campaign, such as the provision of electricity, engaging in dialogue with the opposition and increasing agricultural production. All previous governments have depended on the Petrocaribe Fund to support their priorities. After Moïse took office, not only did revenue from the Petrocaribe Fund dwindle, due to the drop in oil prices on the international market, but the Venezuelan government ended the program because it could no longer subsidize it. Moïse had hoped that the international community would fund his priorities, but it barely supported his projects. The corruption associated with Martelly's use of the Petrocaribe Fund and Moïse's authoritarian management dissuaded the international community from engaging with him. Consequently, all major economic indices have declined. Inflation skyrocketed to approximately 20% annually and the country's foreign currency reserve has declined, since the central bank has become the creditor-in-chief supporting the government's priorities.

Efforts to attract foreign investments have been hampered by violent demonstrations that shut down the country, gang violence in the capital that has kept tourists from visiting, the COVID-19 pandemic, and the rising cost of basic food staples which led to an increase in the poverty rate and the number of people who can barely afford a daily meal. Since Haiti's major economic and social indicators were already in a downward spiral prior to March 2020, it is difficult to associate the failed policies to the pandemic.

When Jovenel Moïse became president in 2017, he expressed interest in changing how policies were made from the status quo under previous presidents. However, he did not take concrete steps to differentiate himself from his mentor, Michel Martelly. Politics continues to be a zero-sum game in Haiti, which makes political learning difficult. Although Moïse was unable to implement the majority of the policies he proposed at the beginning of his administration, he continued to promote them. He generally appeared unwilling to listen and consult with academic experts or to learn from past experiences. This is due to the fact that, historically, Haiti has had strong personality-driven presidents, who see themselves as messiahs instead of democrats, and there is an absence of strong institutions in the form of political parties and civic organizations to exert pressure on the government to amend ineffective policies. Even when Moïse introduced policy reforms such as civil service exams in the public

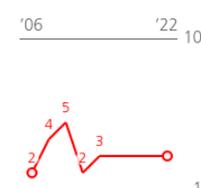
Implementation

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Policy learning

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administration, and reforms in diplomacy, they were not taken seriously because there was no continuity and transparency in articulating and implementing them. Moïse’s most promising reform was in agriculture, with the “Caravane du Changement.” By the end of 2020, this major policy initiative was not even mentioned by government officials, and most policy experts have deemed it to be a major failure.

Beyond these personality-related aspects, there are at least some elements of “policy learning” that endured under the Moïse government, although their actual “ownership” may be debatable. Most prominent is the cooperation with the UN missions MINUJUSTAH and BINUH, the latter designed to advise the government on promoting and strengthening political stability and good governance. Similarly, the IMF has developed advice in various policy areas (inequality, social sector spending, energy sector) following consultations with the government in 2019. However, the various crises during the review period, including the questioned legitimacy of Moïse himself and finally his assassination in July 2021, call into question the impact and durability of such efforts in terms of true policy learning.

15 | Resource Efficiency

Poor fiscal management and economic governance have inhibited the efficient use of both domestic resources and external assistance in recent years, resulting in the widespread waste of most available human, financial and organizational resources. The public sector primary balance continued to be (mostly) negative, at 0.3% in 2016, -0.2% in 2017 and -2.2% in 2018 (IMF projection). Total debt service, which decreased from \$131.3 million in 2010 to \$5.2 million in 2011, climbed steadily afterwards to \$88.4 million in 2016. Tax revenues are still limited, falling significantly after the 2010 earthquake, totaling approximately 8% of GDP in 2013, and reflected in very low government consumption (3.6% of GDP in 2017). Public debt has risen steadily since 2011 (11.8% of GDP) to an estimated 33.3% of GDP in 2018 and 47.7% of GDP in 2019.

One example of the poor use of resources is the mismanagement of money from the Petrocaribe Fund. This fund was supported by the selling of petrol donated by Venezuela to the Haitian government on the international market. The money was administered by the president’s office. Funds have also been raised through a special communications tax, illegally implemented by the president’s office (taxing all communications entering and leaving the country) and a special tax of \$1.50 on all remittances for education. In all cases, there has been no transparency. The funds from remittances are supposedly intended to improve the country’s school system, but since 2012 when the tax was authorized, there has been no accountability over the use of the money raised by the tax. In 2020, realizing that the independent Cour Supérieure des Comptes, the Haitian comptroller’s office responsible for auditing the public administration, would not approve many of his projects, President Moïse sent a minister to intimidate the court’s members and later stripped it of the power to approve government contracts on the basis that it took too long to approve them.

Efficient use of assets

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The already inadequate quality and quantity of human resources was further harmed through the heavy loss of life and damage to public infrastructure during the 2010 earthquake. The country's administrative system suffers from a lack of incentives to motivate civil servants. Low wages reinforce corruption and clientelism, which are deeply embedded in the system. The lack of public sector performance and absorption is a serious obstacle to reconstruction. Due to the deteriorating security situation, the few well-educated and trained people prefer to migrate rather than risk their families' lives. With the intensification of gang violence in 2020, more professional Haitians have left the country, which further strained the available skilled labor pool in terms of managing the country's assets. There were efforts to improve revenue collection in the most important municipalities when mayors created mechanisms to recruit personnel based upon their performance and qualifications through civil service exams administered by the Office of Management of Human Resources (OMRH), but these efforts have reached an impasse due to the current political crisis.

Haiti relies heavily on foreign aid, and most of these funds are seen as personal assets of politicians. One cannot really talk of policies, as decisions are taken opportunistically, on a day-to-day basis. The president's decision to rule by decree after he failed to hold parliamentary elections in 2019 shows once more the challenge to the development of a politics in Haiti that formulates and coordinates proper policies in accordance with democratic rules. This malaise was not unique to the Moïse government; it reflects the structural challenges Haiti has faced for decades. Hardly any policies are proposed, and the administration relies predominantly on external sources to formulate such planning. In reality, the government considers this planning only important insofar as it provides conditions for obtaining international funding.

Haiti has always been one of the most corrupt countries in the world and has a population that is used to paying for any service, given the absence of state services. In 2004, Haiti created three state institutions to combat corruption. One is the Agency to Combat Corruption (Unité de Lutte Contre la Corruption/ULCC), another is the Central Unit for the Investigation of Financial Wrongdoing (Unité Centrale de Renseignement Financière/UCREF), and the third is the Office of Contracts and Bids (Passation de Marché). Since their creation, none of these agencies has prosecuted anyone for financial crimes, even though several ministers and even President Moïse had been accused of financial improprieties. All public institutions tasked with tackling corruption suffer from bad reputations and/or a chronic lack of material and human resources. According to the 2020 IMF report on the 2019 Article IV Consultation, a bill aimed at strengthening the ULCC was never submitted to parliament and the steering committee tasked with monitoring implementation of the 2009 anti-corruption strategy was never established. In addition, relevant agencies lack the legal powers and financial means to fulfill their mandates.

Policy
coordination

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Anti-corruption
policy

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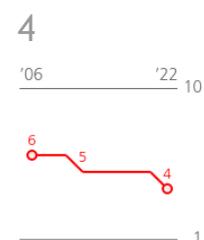
In a very recent and rather spectacular case, President Moïse was accused by the financial intelligence unit of money laundering, but none of the judges were willing to indict him. Once he took office in 2017, he removed the director of the ULCC before the expiration of his term. In 2018, parliament released a report on the misuse of the Petrocaribe Fund. Instead of following the legal and administrative process to investigate these accusations, President Moïse used his power to suppress the report. Although the law requires that office holders declare their assets upon assuming office, none of the cabinet ministers and high-level government officials have complied with this. In January 2019, the president decided to rule by decree after he failed to hold scheduled national elections for parliament and municipal offices. In January 2021, he decided not to reappoint the prosecutors who were investigating the major corruption cases against his government. The national anti-corruption strategy covering the period 2009 – 2019 has ended, and no new national anti-corruption strategy has been developed to date, according to the BINUH 9/2020 report.

16 | Consensus-Building

Although democracy as a principle is theoretically accepted, only a very small minority of the political players act according to democratic rules. The main objective of the ruling class is to remain in power with access to funds. The main objective of those not in power is to win access to these funds and positions. There seems to be no middle ground in Haitian politics. Despite the political crisis that former President Michel Martelly created before he left office, Haiti succeeded in electing a new president who assumed office on February 7, 2017. Until 2019 all national and local political offices were filled by elected officials. Although the major political actors are in conflict with respect to the goals of democracy and a market economy, this marked the first time since 2006 that Haiti was governed entirely by elected officials. In 2019, the president failed to hold mid-term parliamentary elections for the Senate and the lower house. As a result, there were only 11 elected officials in the country in 2020. The president ruled by decree and decided to draft a new constitution without parliament's approval.

Although there are some members of parliament who advocate for an economy that would provide preferential treatment for the poor, the majority of leaders are oriented toward a market economy. The Moïse government prioritized a market economy without regulation. This primarily benefited the political elite and the population only secondarily. While some actors in parliament have asked for more regulations and law enforcement, the majority seek their own political or economic advantage and have engaged in commercial activities with the Dominican Republic, while avoiding paying customs.

Consensus on goals

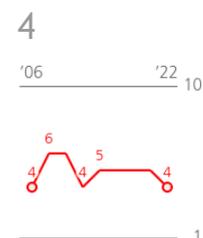


In 2011 when President Michel Martelly took office, many anti-democratic actors were integrated into his administration as ministers or advisers since he openly associated with the former Duvalier regime. President Moïse, who succeeded Martelly in 2017, kept many of these actors in his administration and further consolidated their power by adopting key elements of their agenda, such as the restoration of the Haitian army and the use of gang members to terrorize the population. While ex-army members have lost much of their political influence, the reintroduction of the Haitian Armed Forces (FAd'H) in November 2017 was followed in March 2018 by President Moïse's appointment of six former soldiers to head its high command. All of them had at one time had their assets frozen by the United States as punishment for supporting the military coup that overthrew President Jean-Bertrand Aristide in 1991. This has raised fears among civil society and pro-democracy groups that anti-democratic actors are being revived. There are close relations between anti-democratic political actors and business groups which support weak state institutions to better serve their interests. Many anti-democratic actors were elected in the last parliamentary election. Some of these individuals use their immunity to pursue illicit or criminal business activities and have been accused of engaging in kidnapping and organized crime. According to several human rights organizations, the 2017 parliament was dominated primarily by individuals who have been associated with criminal activities, such as money laundering and drug trafficking. Since 2020, areas of the capital have been under the control of various gangs armed by members of parliament and other high-level government officials who want to pursue undemocratic policies.

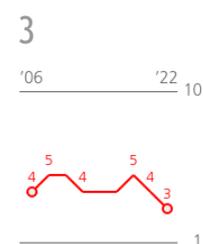
The management of cleavages and conflicts did not improve during the Moïse administration and became worse as he attempted to consolidate his power. Cleavage-based conflicts have escalated in the past four years, and they forced Moïse to replace his prime minister four times since 2017. Unlike the previous president, whose tenure was marked by conflict with parliament and the opposition, Moïse's conflicts were increasingly with the population, due to his inability to deliver on the promises he made during his campaign, as well as his decision to draft a new constitution and install an electoral council without the approval of parliament and civil society organizations.

There are numerous civil society organizations in Haiti, some of them well-rooted in society, and they provide the majority of social services that the government fails to offer. While civil society participation has increased slightly in recent years, the 2010 earthquake and the following process of reconstruction constituted a sobering experience. None of the civil society organizations, except in the business sector, were consulted in the process of outlining a medium- and long-term reconstruction plan. Civil society groups, such as human rights, anti-corruption and budget-monitoring groups, play a major role in educating the public about the election process. After President Moïse took power, he was in conflict with the majority of civil society groups. As a result, their influence to contribute to setting the national

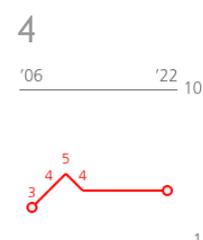
Anti-democratic actors



Cleavage / conflict management



Civil society participation



agenda on budgeting, infrastructure projects and education, was limited. In 2017, the government invited many interest groups to join a national dialogue platform. Although civic organizations linked to prominent leaders such as Rosny Desroches joined the platform at the beginning, they soon realized that President Moïse had no intention of implementing the recommendations of the human rights groups and they stopped participating. From that point, the relationship between the government and the interest groups worsened. Between 2020 and 2021, the majority of civil society organizations had called for the president's resignation and the installation of a provisional government to hold new elections.

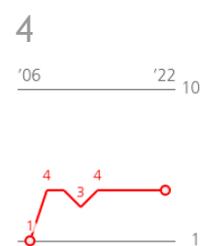
Little effort has been made to overturn the culture of impunity in Haiti with respect to past human rights violations. The return of former dictator Jean-Claude Duvalier, or "Baby Doc," in January 2011, revealed the criminal negligence of courts in pursuit of injustice. No case had been successfully brought against Duvalier before he died suddenly from a heart attack in October 2014. Under the leadership of President Moïse, there were two large-scale massacres in the capital's most populous slums: Cite Soleil and La Saline, and the murder of the country's pre-eminent jurist, Monferrier Dorval. The United Nations report that these massacres had been sanctioned by the government. So far, no one has been brought to justice for the murder of Mr. Dorval. As a result, it has become more difficult to reconcile the opposition with the government.

17 | International Cooperation

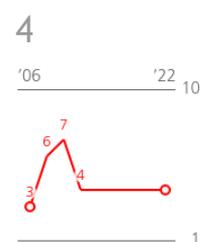
The international community plays a major role in Haiti's political, economic and social development. The most visible role was the presence of the United Nations Stabilization Mission in Haiti (MINUSTAH) until 2017. This mission was replaced by a UN Justice Mission (MINUJUSTH), whose role was to support judicial reforms; MINUJUSTH ended in 2019 and was replaced by the United Nations Integrated Office in Haiti (BINUH). Since 2020 BINUH has lost its credibility and is openly criticized by many political parties and civil society groups after its representative advocated for extending President Moïse's term in office and failed to take a stronger position against the anti-democratic policies of the government, such as ruling by decree, supporting gang leaders and encouraging the polarization of the police force. Despite the opposition's outcry, BINUH provided \$22 million dollars to the government to hold a referendum on the constitution and to proceed with general elections in the fall of 2021.

In the past five years, with the support of multilateral institutions, the government has developed several strategy papers on reconstruction. However, it is open to question as to whether the government genuinely owned the plans and had the drive to implement the necessary measures. Overall, international aid has not been used effectively due to corruption and mismanagement. Reports on the Petrocaribe Fund

Reconciliation



Effective use of support

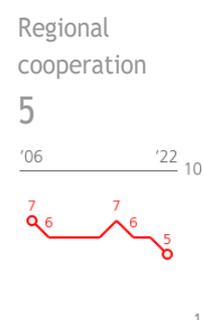
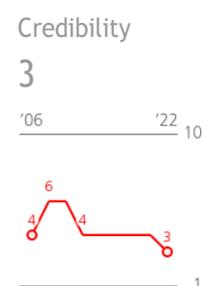


that Venezuela provided to Haiti indicate that most of the money was stolen by government officials. This left several construction projects initiated with proceeds from the fund, such as public markets, the parliament building, highway overpasses and others, unfinished. In 2018, the International Monetary Fund (IMF) initiated a Staff-Monitored Program (SMP) with the Haitian government. The Haitian government committed to conducting economic and structural reforms to promote economic growth and stability and alleviate poverty in the country. However, violence erupted immediately after it was signed and President Moïse had to postpone implementation of the program. For most of the president's remaining term, he received little financial aid from the international community, despite their claims that they supported his government.

Haiti gained increased donor trust through the first decade of the millennium with its full integration into the Caribbean Community Common Market (CARICOM), and major support from the European Union and other international agencies. However, it has not been able to uphold its international commitments. Human trafficking, labor violations, gender discrimination and the lack of a fair judicial system remain endemic problems. Although Haiti has signed all major conventions on human, labor and gender rights, working conditions are still appalling. Under the Martelly presidency, there was an attempt to project a different image of the government. But once the international community realized that most of the politicians Martelly supported were involved in drug trafficking and money laundering, that image was no longer sustainable. The funds that the international community provided for the 2015 and 2016 elections were managed by the United Nations, not by the Haitian government. Reports on the Petrocaribe Fund that Venezuela provided indicate that most of the money was stolen by government officials, further undermining the government's credibility. After the installation of President Moïse in 2017, foreign aid was reduced considerably. The COVID-19 pandemic further contributed to the decline of aid, since the country could not implement the recommendations of the International Monetary Fund (IMF) and there was an increased perception that Moïse's administration had no intention to implement any of the reforms that he had promised at his inauguration.

Haiti is a member of all regional organizations and has signed conventions to support regional cooperation to combat human trafficking, money laundering, promote regional security and support initiatives to control its border and prevent illegal migration. However, the Moïse government was incapable of implementing these conventions due to the ineptitude of its officials. There are very few seasoned officials at all levels of the administration and the high turnover among them hampers any continuity in government's policy.

Haiti is also a member of the Caribbean Community Common Market (CARICOM). It participated in Venezuela's Petrocaribe program, which ended in 2017 due to Venezuela's economic hardships. Haiti has special ties with Cuba, which still sees it



as an icon as the first post-colonial independent, black-led nation in the world, and offers the island free medical assistance. It has strong bilateral economic agreements with the Dominican Republic which is its most important trading partner. The large-scale illegal migration of Haitians to the Dominican Republic seeking employment and other services that Haiti does not provide to its citizens has increased tensions between the two countries.

As a charter member of the Organization of American States (OAS), Haiti has obtained political support from the OAS and, at the same time, has been unable to prevent it from interfering in its domestic policy. In 2018, Haiti supported the United States motion to expel Venezuela from the OAS. This was an unprecedented decision by the Moïse administration since it isolated his government from many Latin American and Caribbean nations and further jeopardized Haiti's standing in the region. Despite opposition parties' calls for Moïse to resign after his presidential term ended on February 7, 2021, the OAS backed his decision to extend his mandate and rule by decree.

Strategic Outlook

During the review period, Haiti could not be described as a democracy, even a defective one. Instead, President Moïse introduced decrees that curtailed people's civil and political rights, created agencies, and promoted policies without parliamentary approval. Instead of promoting democratic values, he chose to support gang leaders who control important parts of the capital and many other cities in the provinces. The political situation worsened after his assassination in July 2021. Meanwhile, the country's economic conditions continued to deteriorate with a shrinking GDP, a widening budget deficit, and high inflation, a situation that was exacerbated by the pandemic.

The interim government of Prime Minister Ariel Henry, in office since July 20, 2021, and the new government to be elected in 2022, face major challenges in an extremely tense political and economic environment. Several opposition politicians and activists immediately criticized the lack of representation of civil society and the opposition in the interim government. This means that Henry's government's already meager legitimacy will be put to the test, and there is a risk of it leading to violent protests, as was the case under Moïse. To navigate this risk, Henry should engage in honest dialogue with opposition party leaders to build trust, end gang violence and prepare for a peaceful transfer of power. In addition, a more conciliatory approach should include a series of confidence-building measures to restore democratic values, promote growth, and engage the private sector. The government should also reconsider holding a referendum for a new constitution, as the majority of the population opposes it.

With Haiti's economy severely affected by political instability and the COVID-19 pandemic, it will be important to promote major economic reforms to restore confidence in the private sector. If the transitional government (as well as the new one to be elected) is able to take these confidence-building measures, there may be a good chance that foreign investment will return and Haiti will recover from the disastrous economic conditions of the past decade. In the short term, however, there is an urgent need to take proactive measures to address the pandemic's impact. According to the United Nations, 4.4 million Haitians will need humanitarian assistance in 2021, a sharp increase of about 80% from the already devastating pre-pandemic conditions. Given the country's scarce resources, it will not be possible for the government to provide this aid without seeking international assistance and thus building trust with these actors. Confidence-building is also needed to address the pandemic itself, as mistrust of medical care, as well as resistance to vaccination among the population, has increased. The vaccination program did not begin in Haiti until July 16, 2021, when 500,000 doses of a COVID-19 vaccine arrived, donated by the United States through the COVAX mechanism (on which Haiti is completely dependent).