



Citizen-Centered Approaches
to State and Market



Haiti: Consolidating Peace, Security and Development

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I. Introduction

The spectre of Haiti's history has continuously haunted its potential and its future. If Haiti is to be freed from the weight of its past, then examining the failures of previous approaches and analyzing the central tasks that Haiti must confront is essential. As the only country in the Americas to have sub-Saharan African standards of social and economic governance, the challenge both to the international community and the Haitian leadership is formidable. There are, however, grounds for hope, because the international community has undertaken both a systematic and frank examination of its own shortcomings in Haiti and shown a willingness to reframe the central problem, heralding the possibility of seriously confronting the challenge of building an effective Haitian state.

In this paper, we will first examine, in the donors' own words, the failure of technical aid delivery in Haiti, and their understanding of the reasons for the failings. In the second section we discuss the emerging understanding of the political dynamic of the blockages to development in Haiti and the ways in which donors have begun to frame these issues as a basis for articulating an effective strategy. In the third section we turn to an examination of the donors' experience in attempting to implement this agenda, and note the disconnect between analysis, strategy, and modalities of implementation. In the fourth section we make some suggestions, based on our preliminary reading of the donor documents, our experience in a range of fragile and post-conflict states, and the ideas that we have been developing through the Institute for State Effectiveness. We would like to emphasise here that the ideas we put forward are intended as an entry point for dialogue and debate and that our suggestions would need to be validated on the ground, and with Haitian and international interlocutors before further planning or implementation can be carried out.

II. Acknowledging Failure

Analysis by multilateral and bilateral donors, as well as by independent observers clearly and honestly articulates the severe challenges that donors have faced in engaging with Haiti. A review of the central donor documents and reviews indicates an unusually candid recognition of past mistakes. According to the Interim Cooperation Framework of 2004 for Haiti, "Over the past ten years of external aid, more than US\$2.5 billion have been provided... [plus] close to US\$4 billion in remittances, primarily from North America. "Nevertheless," the report continues, "it must be noted that the results fall far short of the expectations and needs of the communities".¹ According to a Memorandum to the Executive Directors and the President of the World Bank, "Projects in Haiti have unusually low outcome ratings, along with very limited institutional development impact and sustainability." An independent report by the National Academy of Public Administration refers to "aid failure" in Haiti.²

A subsequent report by the World Bank Operations Evaluation Department is brutally honest in confronting the price of the failure both in terms of expenditure of millions of dollars and tens of years: "The Bank disbursed about US\$300 million for over 20 projects during the 1970s and 1980s, with little recorded impact on poverty or economic growth, and no improvement of governance. The end of the Duvalier era in 1986 provided a window of opportunity for promoting democratic change and economic growth, but the opportunity was missed. An assessment by donors concluded that 'international cooperation has two basic shortcomings: no impact and no sustainability.'"³ The report goes on: "The assessment made in 1994 could be repeated today. The most notable failure of the assistance program over the last 15 years is its negligible impact on the key challenges to Haiti's

¹ Interim Cooperation Framework, 2004

² NAPA 2006, p.3, p.9

³ World Bank 2002, p.15

development... Governance has not improved and, in fact, remains in a state of crisis. The capacity of the public sector and public accountability remain very low; budget transparency has actually deteriorated. The lack of impact on the ground is clear.”⁴ The report describes the development impact of the Bank’s work since 1986 as “negligible”⁵ and its work as “of relatively low cost effectiveness”⁶

Analysis by CIDA zeroes in on the difficulties of coordinating between multiple stakeholders, each with different priorities, stating that “donors engaged with Haiti on the basis of their own agendas, which resulted in misalignment between donor programming and Haitian political, economic and social reality.”⁷ CIDA found that “1994 to 2004 saw insufficient coordination of international aid, the rise of parallel structures, and a growing mistrust between the donor community and the government.”⁸ The 2002 Operations Evaluation Department report notes “the current mistrust and dissatisfaction prevailing between the Bank and Haiti” and argues that the lack of trust is a key problem that must be resolved.⁹ CIDA documents the will to forge better relationships between donors and between donors and the government, but highlights the need for a clear view of how to realise this aspiration in practice: “While consensus to engage exists, questions regarding the policy and operational implications for making aid effective in difficult partnerships persist.”¹⁰

These are serious reflections based on a highly detailed analysis that has been conducted both individually and jointly across the international community. The findings from this exercise are broadly shared and form the basis of a consensus that has emerged. The 2004 Interim Cooperation Framework for Haiti, for example, is a broad based document “characterized by the string involvement of 26 bilateral, multilateral and United Nations agencies”¹¹ and its findings resonate with the assessments of multilateral organizations such as the World Bank and as well as major bilateral donors including CIDA: “The results of external assistance over the last ten years have fallen far short of expectations.”¹² The World Bank Country Assistance Evaluation notes that its analysis coincided with a similar evaluation by the Office of Evaluation in the Inter-American Development Bank and that “the two evaluations generally agree on their analysis.”¹³

The Interim Cooperation Framework, in reflecting on the shortcomings of aid to Haiti, is typical of an emergent *mea culpa* throughout the international donor community involved in Haiti and states that “[t]he international community assumes part of the responsibility for this failure. The donors recognize a lack of coordination, of consistency and of strategic vision in their interventions”¹⁴ Meanwhile, “CIDA’s corporate evaluation of 450 projects concluded that Canadian projects were widely dispersed and did not seem to provide a critical mass of results. Projects were funded on a very short-term basis, which inhibited continuity needed for significant change.”¹⁵

The international donor community has not only faced up to the failures of past practices, but has also built consensus as to the nature of the shortcomings. CIDA notes that “1994 to 2004 saw insufficient coordination of international aid, the rise of parallel structures, and a growing mistrust between the donor community and the government. This was caused by a number of factors which, according to the ICF, included relatively inefficient aid conditionality, insufficient understanding of the roles and responsibilities of state institutions combined with an inadequate communication with the Haitian population. “The result has been both a fragmentation of the broad vision and extreme difficulty in ensuring coherence among interventions.””¹⁶

⁴ World Bank 2002, p.16

⁵ World Bank 2002a

⁶ World Bank 2002, p.16

⁷ CIDA, p.13

⁸ CIDA, p.13

⁹ World Bank 2002, p.73

¹⁰ CIDA, p.3

¹¹ ICF Summary Report, p.7

¹² ICF 2004, p.xi

¹³ World Bank 2002, p.1

¹⁴ ICF Summary, p.5

¹⁵ CIDA, p.12

¹⁶ CIDA p. 13

Critically in this context, CIDA acknowledges that “[p]rior to [its] 2003 strategic approach concept paper, Canada experienced overall difficulties in establishing a strategic intervention framework” for Haiti.¹⁷ The Interim Cooperation Framework noted the difficulties of bringing coherent strategy to bear in Haiti: “Since 1994, coordinating between emergency, rehabilitation and long-term development has also been a challenge. This challenge applies equally today to the Interim Cooperation Framework. The absorption capacity of institutions, which can be overestimated by the Interim Cooperation Framework-Haiti donors themselves and which can only be improved in a gradual manner, must be taken into consideration; otherwise, the system will collapse.”¹⁸

The Interim Cooperation Framework also catalogues the series of difficulties that have hampered efforts to assist Haiti, stating that “donors have often set up parallel project implementation structures that weakened the State, without, however, giving it the means to coordinate this external aid and to improve national absorptive and execution capacities.” Moreover, due to political crises in Haiti, donors have been led “to suddenly withdraw institutional support.” In general, efforts to strengthen the state have been outweighed by interventions that have had the effect of further undermining it: “Structural interventions have been rare. Few projects were undertaken to improve the management and governance of institutions. Recourse to the private sector or to civil society has become routine, contributing to a further weakening of the civil service.”¹⁹

The Interim Cooperation Framework returns to the role of the political situation in undermining the state while simultaneously berating the inconsistent approach by the donors that has reinforced this pattern: “Due to the political blockage, the commitments of donors have only partially been maintained. This lack of continuity in donor interventions, as well as the political crisis within the Parliament, has severely handicapped the strategic and sectoral policies of the government.” The Interim Cooperation Framework recognises that the modalities of donor intervention have contributed to weakening the state, the ineffectiveness of which is the key blockage that is subverting the donors’ developmental goals. Noting the consensus on this point, the document states that “[i]t is now acknowledged that this policy of massive investment, followed by sudden withdrawal, is counter-productive and that it is important to maintain the public sector’s organizational and institutional capacity.”²⁰ This recognition constitutes a big step in the donors’ analytical understanding of the problems that the Haitian case presents, and the ways in which their interventions are implicated in reinforcing the conditions that make aid delivery impossible.

The weakness of Haitian state structures is seen as central to the developmental failures of recent decades: “Furthermore, internal constraints are also numerous. The preceding governments lacked the political will and the means to make the necessary changes in key areas, particularly justice, the police, administrative reform and decentralization. Weaknesses in respect for the law and basic liberties have led to corruption, insecurity and impunity and have discouraged productive investments by the private sector, and more largely the mobilization of all actors. The characteristics of strong polarization and dissension within the Haitian structure have also prevented even minimum consensus.”²¹

The donors’ various analyses repeatedly emphasise how a failure to deal with the ‘political blockages’ in Haiti has made technical aid delivery ineffective despite serious efforts at calibrating economic measures to the Haitian context. The World Bank noted in 2002 that “[w]hile the Bank’s objectives were consistent with Haiti’s major economic problems, their relevance was limited by their failure to give highest priority to resolving the political and governance problems that undermined economic development. Recent economic and sector work, most notably the 1998 poverty report, has been of good quality, but its impact has been limited by the unresolved political situation.”²² The report states unequivocally that “poor governance is the greatest impediment to effective development assistance in Haiti” and “a major determinant of Haiti’s high poverty levels.”²³

¹⁷ CIDA p.13

¹⁸ ICF, p.5

¹⁹ ICF Summary, pp.5-6

²⁰ ICF, p.5

²¹ ICF, p.6

²² World Bank 2002a

²³ World Bank 2002, p.3

Donors have wrestled with the problem of “how to ensure aid is being used as intended and reaching target beneficiaries and communities.”²⁴ Poor governance, particularly in times of political crisis has driven donors to withdraw support, which in turn has undermined both trust and partnership between donors and government and the capacity of the state to deliver services. As a report by the National Academy of Public Administration report notes, “Haiti illustrates that failing to address issues of poor governance and political instability jeopardizes the entire aid effort. Donors face two choices: either to engage governments or wait until countries resolve their own governance issues. The problem with the latter is that fragile, post-conflict states are very unlikely to ever resolve their own governance issues without assistance. And, while they are doing so, economies, societies and people’s lives can be severely damaged. So like it or not, strategic countries like Haiti require intense engagement with good governance and political stability as the highest priority.” It recommends that in order to facilitate economic development it will be necessary to “Resolve governance issues as the top priority.”²⁵

Attempting to bypass the state when it proves unresponsive to donor demands generates a distinctive set of new issues. CIDA states that phase two of their programming, which focused on strengthening the public sector “produced disappointing results, in part due to a disconnect in sequencing of programming which did not align with the political situation in Haiti.”²⁶ This resulted in termination of support for state institutions, and a subsequent emphasis on civil society in the next phase that “contributed to the creation of parallel systems of service delivery.”²⁷

At the same time, efforts to force the government to adopt donor priorities have exacerbated the “difficult partnership”. “Haiti exemplifies some of the negative consequences of conditionality for both recipient and donor. 1994 to 1997 was marked by donor-driven reform agendas and conditionality-based financing in Haiti. Results from this period are unsurprising. Donor-driven agendas contributed to poor commitment and ineffective implementation on the part of the Government of Haiti and to frustration and ‘Haiti fatigue’ for the donor community.”²⁸ The problem of how to foster reform and development in the Haitian context has not been resolved through conditionality and imposition of donor agendas, nor through withdrawal. The donor documents increasingly question how the international community are to engage in the Haitian context so as to build trust and improve political and economic governance.

The examination of past experience conducted by bilateral and multilateral institutions has therefore been thorough and candid. The aid system deserves great credit for its honesty and courage in confronting some very hard truths and has demonstrated abundant capacity for deep self-reflection, willingness to face up to harsh realities, and intellectual bravery in drawing some very unpleasant conclusions. By publicly and jointly summarising these findings in the Interim Cooperation Framework, this emergent consensus has been generalised and has become the grounds for articulation of a new approach.

The picture that has emerged across the spectrum of donor analysis is that technical development strategies have failed because of the problems with governance, government capacity, accountability and political will. Where donors have been tempted to deliver services by circumventing government, this has further weakened state capacity and damaged the donor-government partnership. Where they have been inconsistent in their engagement, donors have contributed to the weakening of the state, and continued a pattern of mutual suspicion and mistrust between themselves and the government. Donors have now begun to attempt to coordinate their efforts, so as to create more coherent approaches and avoid working at cross purposes.

At the heart of the failure, donors cite politics, “political blockage”, and “political and governance issues”, and stress that “[p]oor governance is the greatest impediment to effective development

²⁴ CIDA, p.11

²⁵ NAPA 2006, p.25

²⁶ CIDA, p.8

²⁷ CIDA, p.9

²⁸ CIDA, p.11

assistance in Haiti”. They argue that “highest priority on the reform of governance and institutions”.²⁹ In a decisive passage, the Bank recognises that donor efforts have been confounded by the failure to address governance issues:

“The critical constraints to development—governance and public sector capacity and accountability—have not diminished, nor have any sectors registered substantial improvements. Based on both its impact and the ratings of its individual components, the outcome of the assistance program is rated unsatisfactory (if not highly so), the institutional development impact, negligible, and the sustainability of the few benefits that have accrued, unlikely. The Bank and other donors erred by offering traditional assistance programs without identifying the fundamental governance and political barriers to development, and by overwhelming the fragile absorptive capacity.”³⁰

III. Towards a New Paradigm

The international community has found Haiti an extremely challenging environment in which to work, but has clearly formulated the complex and interconnected nature of the difficulties presented. For example, the World Bank states that Haiti: “is one of the extreme cases of a country caught in a trap of persistent conflict, low growth, a state that suffers from great fragility and institutions that are incapable of delivering basic services to citizens... Almost everything needs to improve in Haiti; obstacles to growth are widespread and severe, and they are interrelated and feeding off each other.”³¹ In our work in a variety of other fragile and post-conflict contexts, we have repeatedly encountered and documented similar patterns, which include “the creation of contending centres of power, the multiplication of increasingly contradictory and ineffective decision-making processes, the loss of trust between citizens and state, the delegitimization of institutions, the disenfranchisement of the citizenry and ultimately the resort to violence.”³² As the World Bank points out: “The above description appears tailor-made for contemporary Haiti.”³³

There is a broad consensus among donors that there is a constellation of challenges but that at the core of the problem is the absence of a state capable of partnering with the international community or delivering basic services. The problems for development posed by political blockages are therefore framed in terms of governance, the state and the need for core functions. The World Bank again reflects the emerging consensus: “As is now widely recognized, institutions and governance matter, and the poor quality of both constitutes a major impediment to development efforts in all sectors.”³⁴ The challenge of “resolving the political and governance problems”³⁵ that have underpinned the development failures of the past decades is thus framed in terms of the challenge of building functioning institutions which is in turn understood as building an effective state. The international community has grasped that destructive politics is the common theme undermining the various development interventions in Haiti, and has expressed the need for a state entailing “a set of public institutions capable of carrying out the basic state functions in a responsive, effective and transparent fashion.”³⁶ The analysis also clearly distinguishes the challenge of state-building in Haiti from the problem of nation-building, since “Haitians participating in or simply affected by the conflicts are not contesting their national identity, but rather how and by whom they will be governed.”³⁷

The international community has recognized the challenge of politics in Haiti, and is now beginning to ground this challenge in terms of the state, the functions that it needs to perform and the challenge of how to build those core functions. One donor document sets out the state functions that need to be performed, following suggestions previously proposed by the ISE framework: “the functions are: (1) legitimate monopoly on the use of force; (2) administrative control; (3) management of public finances; (4) investment in human capital; (5) delineation and enforcement of citizen rights and duties;

²⁹ ICF p.5, World Bank 2002, p.5, World Bank 2002, p.3, World Bank 2002a

³⁰ World Bank 2002a

³¹ World Bank 2006b, p.13

³² Closing the Sovereignty Gap, Ghani, Lockhart and Carnahan, July 2005

³³ World Bank 2006b, p.67

³⁴ World Bank 2006b, p.65

³⁵ NAPA 2006, p.14

³⁶ World Bank 2006b, p.65

³⁷ World Bank 2006b, pp. 65-66

(6) provision of infrastructure services; (7) market formation and regulation; (8) management of state assets; (9) international relations; and (10) rule of law.”³⁸

The framing of political blockages in terms of specific state functions provides a more grounded analysis of the state. The failure to establish rules of the game, the history of “intense inter-elite battles and mass exclusion”, and the competition to capture the state has blocked growth, but with “a static pie, the politics of patronage, clientelism, and rent-seeking reaches its limits rather quickly, pitting even potential allies against each other and so augmenting instability and the threats of violent ouster by crowds in the streets.”³⁹ The World Bank summarises the difficulties in Haiti as a series of four vicious circles:

Vicious circle 1: Political office is the main means of upward mobility. However, holding it is so precarious that incumbents tend to use any means at hand to do so. Thereby they undercut the rules and institutions governing both theirs and others' actions. Also, there is a premium on getting as much advantage as possible out of the temporary control of resources, thereby decreasing leadership's broader legitimacy and increasing the chances of violent ousters.

Vicious circle 2: The formal rules for reaching agreements on policy are complicated and not well followed. Therefore, those trying to get things done will inevitably work outside them, thus further undercutting the formal processes and institutions.

Vicious circle 3: Political alliances and organizations are transitory and leaders try to extend their direct control as far as possible, undermining the creation of more diffuse, institutionalized centers of power.

Vicious circle 4: Political leadership is highly unstable and civil servants and those holding appointive office have few incentives to perform or to avoid their own rentseeking strategies, given the uncertainty of rewards for good performance.”⁴⁰

It is in response to this analysis that the Bank takes as a starting point our suggestion of ten state functions and then translates into four focus areas for attention: capacity to guarantee security and rule of law, capacity for economic governance, capacity to plan and oversee basic service provision, and capacity to foster greater transparency.⁴¹ The Interim Cooperation Framework generates a similar constellation of priorities- “restoring security, re-establishing public services, and providing economic opportunities for those most affected by the crisis.” Government priorities are thus oriented around “four strategic axes: 1) Strengthening political governance and promoting national dialogue; 2) Strengthening economic governance and contributing to institutional development; 3) Promoting economic recovery; 4) Improving access to basic services.”⁴² Political blockage is understood in terms of the functions that need to be performed by the state. The donors have logically moved towards setting the agenda based on analysis of the political constraints in Haiti. Governance and improved state-functionality are at the heart of the response to the perceived failure of technical aid delivery.

The World Bank Haiti Interim Strategy Note notes that “The Haitian Government faces a tall reform agenda” but is clear both that the weakness of the Haitian state is a key obstacle, and that previous “go-stop-go” donor policies have “undermined Haiti’s development”. Given “scarce availability of resources and competing demands” the Bank emphasises “careful prioritization and sequencing of interventions to favor those policy options that address critical bottlenecks in the country’s development. Also, given the existing limited absorption and institutional capacity, donors’ assistance should: i) be aligned to the national budget; ii) be well targeted; iii) coordinated with other donors; and iv) be designed to achieve a fine balance between the provision of technical and financial assistance. Most importantly, donors need to commit to long-term and predictable assistance.”⁴³ This analysis

³⁸ World Bank 2006b, p.66

³⁹ World Bank 2006b, p.70

⁴⁰ World Bank 2006b, p.71

⁴¹ World Bank 2006b, p.68

⁴² ICF, p.xii

⁴³ World Bank 2006d, p.23

reiterates the need to prioritise in ways that build the Haitian state but it also considers strategies through which donors might begin to implement this agenda.

CIDA has also responded to the difficulties of engaging in Haiti with a strategy that emphasises the need “to build the capacity for basic service delivery and to create an enabling environment for opportunity, innovation and growth.”⁴⁴ It notes that: “a coordination strategy focusing on establishing and maintaining a climate of trust among the government, civil society and the international community, encouraging more transparent information management and policy dialogue is critical. Aid should be more predictable, specific coordination mechanisms should be established and consideration should be given to opportunities for pooling donor resources.”⁴⁵

The Inter-American Development Bank, noting that “[p]oorly performing public institutions and lack of governance are major constraints to development and poverty reduction” goes on to emphasise the weaknesses of the Haitian state in terms of key areas: “(a) public procurement; (b) budget preparation and execution and financial management; (c) human resource and institutional capacities; (d) public enterprise and infrastructure management; (e) governance of the social sectors.”⁴⁶ While the IDB generally supports the Interim Cooperation Framework, it notes that “[l]ow administrative capacity” of the state could undermine the ICF aims; the need for the government to extend political inclusion to boost stability (as opposed to past exclusionary practices); and the need to maintain fiscal discipline in the face of increased aid flows as the key obstacles to success.⁴⁷

The donors have grasped that destructive politics is at the heart of the failure of aid, characterised this politics in terms of specific vicious circles, and framed the challenge of breaking the cycles in terms of state-building and state functionality. This is demonstrated through the overarching donor consensus, embodied in the Interim Cooperation Framework, and is also reflected in the specific operational issues emphasised by the World Bank and by CIDA, operating within this framework. The challenge has shifted from identifying the failure to designing and implementing an agenda that contends with the central political challenges- from the ‘what’ to the ‘how’ of state-building.

IV. New Agenda, Old Mechanisms

While the donors have moved from an analysis of the failings of aid in Haiti to an understanding of political obstacles framed in terms of state functionality, the implications of this shift are still being digested. The international community recognizes the problems that have been generated both through abrupt disengagement and through attempts to bypass the state in delivering services. The need to engage consistently in Haiti is now appreciated. However, the Inter-American Development Bank qualifies this axiom with the recognition that engagement *per se* “needs to be coupled with solid and relevant non-financial products in order to provide with the necessary analytical elements to inform policymaking under difficult circumstances.”⁴⁸ While this need has been formally recognised, “the Bank did not follow through and did not generate a relevant body of knowledge on the development challenges Haiti faces”, with key studies missing, according to its own evaluation.⁴⁹

In part because of this shortcoming, the donors have struggled to move from an understanding of the centrality of the state in the problems they have encountered to a strategic vision capable of fully operationalizing the state-building agenda. Without this strategy, problems have multiplied. For example, it has resulted in “the failure to effectively prioritize among the different pressing needs.”⁵⁰ The donors therefore used the Interim Cooperation Framework to orientate their activities without giving detailed consideration as to the activities they decided to support. While the second transition strategy included a ‘Strategy Matrix’, this matrix continued to depend on indicators from individual projects, rather than strategic indicators. Because of the lack of clear strategic understanding of how to

⁴⁴ CIDA, p.11

⁴⁵ CIDA, p.18

⁴⁶ IDB 2005, p.12

⁴⁷ IDB 2005, p.12, 30, 31

⁴⁸ IDB 2007, p.14

⁴⁹ IDB 2007, p.14

⁵⁰ IDB 2007, p.15

implement the state-building objectives, it remained unclear “why the Bank decided to participate in the sectors it did...or how those operations have strategic synergies or complementarities. Hence, the current portfolio lacks a strategic perspective.”⁵¹ In this context, the IDB found that: “basic donor coordination was achieved through the ICF, although harmonization among donors is still a pending issue. In a broader sense, the definition of a programmatic focus and the integration across Bank instruments in support of program objectives criteria for coherence were weak.”⁵² A further issue has been the persistent difficulties experienced in prioritising and in grasping the sequencing of tasks through short, medium and long-term time horizons. The IDB for example, found that its “program has not been relevant in terms of providing useful policy guidelines, based on solid analytical work that could help the GOH prioritize its scarce resources and engage in medium term planning.”⁵³

Recognition of the state-building challenge led the IDB to a strategy whose “crux” was to provide “budgetary support to help finance improvements in public finance and fiscal management along with associated technical assistance and required analytical work”. However, “the IDB –as well as the rest of the donors— has not followed through...and has continued to work through project executing units that are in part justified by the lack of confidence on the public management system, to which the reform efforts supported by the policy-based loans are directed.”⁵⁴ While the donors have in principle adopted a strategy geared to enhancing state effectiveness, their implementation modalities are not in alignment with the stated goals. “Besides this contradiction, the technical assistance and analytical work required to tackle the root causes of the problems faced in terms of public finance and fiscal management have not been sufficient.”⁵⁵

Emerging from the IDB evaluation are clear indications that there is a disconnect between the stated goals of the donors in enhancing the effectiveness of the Haitian state and the business practices currently in use by the international community. To the IDB evaluation team, “accumulated experience in Haiti over the last twenty years” shows that “donors do not know how to work to tackle the country’s development challenges in face of the implementation challenges.”⁵⁶ The Interim Cooperation Framework facilitated a clear move towards coordination between donors, but the IDB found this to be “a pending issue.”⁵⁷ Despite the fact that donors recognise the state-building challenge, the World Bank still finds that the “main weaknesses of policy-making and coordination appear to be that sectoral strategies, plans, and organizational structures are of limited operational use.”⁵⁸

The IDB states that a widely publicized result of its activities is “the reduction in the use of *current accounts*, which are used to spend public resources while avoiding the normal budgetary procedure. While its use was reduced from over 60% in 2003 to less than 10%, it is not clear what the impacts of that reduction have been in terms of quality of public spending. This is an example of paying too much attention to formalities and not to substantial issues.”⁵⁹ The IDB’s emphasis on the difference between formal and substantive progress on economic governance is crucial, because without substantive progress the effect is unsustainable. It is for this reason that the National Academy of Public Administration states that “[a] program cannot be successful if governance is not changed for the better, neither can it be successful if governance progresses on its own.”⁶⁰ Reflecting on this difficulty, the IDB argues that “[g]iven that Haiti still does not have a fully operational and reliable country public financial management and procurement systems; a core contribution of the IDB should be to continue and to strengthen its support in developing and implementing reform program to achieve these systems (indicators #2 and #5). With these systems in place, IDB funds should be increasingly channeled through the national budget (indicator #3) and parallel implementation units should be

⁵¹ IDB 2007, p.17

⁵² IDB 2007, p.35

⁵³ IDB 2007, p.35

⁵⁴ IDB 2007, p.15

⁵⁵ IDB 2007, p.15

⁵⁶ IDB 2007, p.17

⁵⁷ IDB 2007, p.18

⁵⁸ World Bank 2006a, p.49

⁵⁹ IDB 2007, p.33

⁶⁰ NAPA 2006, p.35

limited (indicator #6). Finally, budget support should be designed with predictability considerations in mind (indicator #7).⁶¹

IDB staff and the Haitian Authorities concur that the implementation capability of local firms has become a severe hindrance to implementation of projects in Haiti, and that Haiti has struggled to attract international firms.⁶² This is a serious constraint to improving Haiti's state functionality, and the Bank recognises that this issue deserves serious attention. Movement in the areas of poverty, and especially slum upgrading, has been slow, largely because of security issues. The major conclusion from the painstaking process of building functioning institutions, as highlighted by the World Bank, is that "results will be incremental and take time".⁶³ Both in terms of the objectives of state building and of poverty reduction, the current practices are struggling to make inroads.

Despite impressive movement in recognising a new reality and framing the challenge of state-building, the repertoire of aid modalities deployed by the donors in Haiti have been the standard, established instruments of economic governance. The tendency has been to promulgate laws and regulations legalistically, with budget support tied to passage of laws. This has produced resentment and loss of trust but has also tended to meet formal criteria without generating substantial, sustainable improvements in governance. Despite recognising the problems of parallel structures, donors have used the same rules for hiring firms to audit individual entities, and the delivery of aid through projects persists, including among significant country donors. The IDB notes the recurrence of familiar problems: "[i]mportant bottlenecks remain in the processing, implementation and monitoring of programs and projects, while administrative capacity to cope with the procurement and financial management burdens of the plethora of donor-funded activities remains very limited. In addition, coordination mechanisms within the Government are weak and there is insufficient quality and availability of public services as well as a poorly performing judicial system."⁶⁴ The hiring of international firms, use of technical assistance and resort to projects- instruments that the donors' own evaluations have shown to be problematic or misaligned to the objective, reflect how implementation has not gained traction because the old instruments are in conflict with the new strategic objective. At the same time, continued use of project modalities continue to reinforce fragmented and parallel mechanisms.

The donor documents tend to express two perspectives. One view, typically provided by the country team, gives a balance sheet of what has worked and what has not, in formal terms, and concludes that the process will be incremental and prolonged. On the other hand, the view that comes from evaluation units raises core questions about strategic coherence and implementation modalities, and finds incoherence "at both the strategic and individual levels."⁶⁵ The IDB is clear on the scale of the task: "As the Bank moves towards a full country strategy, these two criteria need to be strengthened: the Bank needs to determine the relevant areas of intervention with the Haitian government and the different instruments need to be articulated, taking advantage of the New Lending Framework."⁶⁶ The modalities being used to implement the fledgling state-building agenda are those of traditional economic governance and are not aligned to the strategic goal of building an effective state. In order to operationalize the agenda, the discussion will need to be reframed, so as to pose the questions as to what is required and how to proceed towards designing an operational approach with state building as the key objective. It may be that new types of instrument are necessary to move fully towards this objective.

V. Operationalizing the State-building Agenda in Haiti

Advice on fully operationalizing a state-building agenda in Haiti would require a more robust stocktaking but some insights come readily from analysis of the documents, comparative country experience, and application of the ISE framework. We see misalignment between certain aspects of the

⁶¹ IDB 2007, p.29

⁶² IDB 2007, p.25

⁶³ World Bank 2006d, Executive Summary, p.1

⁶⁴ IDB 2005, p.12

⁶⁵ IDB 2007, p.35

⁶⁶ IDB 2007, p.35

analysis, the strategy being articulated and the aid instruments being used. We outline below a series of possible suggestions that are aimed at producing a coherent strategy and implementation approach that would build the institutions of credible economic governance over short, medium and long-term horizons in Haiti. Our suggestions will need to be validated on ground with key stakeholders and are therefore offered simply as a starting point for discussion. Our suggestions can be combined, and very carefully sequenced- because in our experience countries can handle only two to three significant reforms each year- and supplemented and further tailored in light of the detailed country knowledge that direct country experience can provide.

Implementation of a state-building agenda will require an assessment of the existing capabilities and latent assets on the ground. Often in our country-level assessments we find that there exists a much higher degree of latent capability that if differently deployed, could provide the building blocks for a state-building path. The ISE framework has already been applied as the basis for thinking through the problems in Haiti. Therefore the operationalization of our framework on the ground in a range of countries including Afghanistan, Nepal, Kosovo and Lebanon might be of relevance in initiating a discussion with Haitian stakeholders and country experts in Haiti's major partners about how to operationalize the nascent strategic outlook expressed in the donor documents that we have seen. Our research work has also indicated the value in examining examples of 'successful transitions' to draw lessons and inspiration, and we offer some suggestions along these lines below. In this spirit of open discussion we would like to highlight the following seven areas as the initial focus of discussion:

1. National Accountability Systems

No international organisation has yet developed an integrated approach to national accountability. Because of this, practice is fragmented, so that what is recommended for budgeting is not in alignment with treasury or with accounting, auditing and so on. In many cases, different firms are employed in different parts of the government, installing software systems that cannot be integrated across government, thereby compounding the problem. Our work on countries including Afghanistan, Nepal, Kosovo and Lebanon has shown that an integrated system of accountability has been at the core of their developmental processes. This system includes the treasury function, the budget, procurement, accounting and auditing, preparation and management of programs and projects, and oversight and accountabilities. Post-conflict and fragile countries require a tailor-made set of rules that can actually be practiced consistently and then sequenced so that once the initial problems of establishing a culture of accountability have been surmounted, the emphasis then moves much more towards delivery. Given the urgency of poverty reduction measures, establishment of control must also be balanced with a programmatic approach in a delimited number of areas. We have designed and implemented such programmes in other contexts and could explore this further in the Haitian case if there were interest. While the Canadian engagement evaluation argues for the relevance of a programmatic approach, ISE has not yet seen an articulation of the full potential of a programmatic approach for the state-building agenda in Haiti.

2. The Problem of Contractors

In all developing countries that we have studied there are severe limits to expenditure because of the absence of a credible, competent local contracting industry. The premise of the current international procurement process is to get cost effective proposals, but in countries in prolonged conflict or in a post-conflict phase, this premise does not hold, because most firms are not willing to become involved because of security considerations or because the small number of firms that do agree to work may either collude on prices or lack capacity for implementation. Therefore a significant step would be to focus on removing the constraints to the formation of a domestic contracting industry. Investment in building a competent local contracting industry could significantly reduce or remove these constraints but at the same time create constituencies that would benefit from- and defend- increased state accountability.

In prolonged conflict or immediate post-conflict countries, a pattern of these constraints has emerged. These would need to be validated in the Haitian case but we would suggest examining the absence of: a trained and semi-skilled labour force; leasing operations; supply chain management systems; local insurance mechanisms; expertise in project preparation, implementation, and supervision in

implementation especially with sound understanding both of costs and timelines; qualified personnel in accounting, auditing, and project finance; relevant financial instruments ranging from venture capital through to support from the banking sector; and finally, and probably most significantly, coherent matching and coordination of project preparation to local capacity and credible competitive procurement procedures. In other contexts we have conducted analysis and made detailed suggestions and again could provide further elaboration on these ideas if there is interest.

3. Spatial Strategies

Haiti has distinctive spatial characteristics that provide both a constraint to, and an opportunity for development. As the administrative reach of the Haitian government has been curtailed in recent decades, a challenge is to design a spatial planning strategy that could create centripetal tendencies to enhance the capability of the state. Specifically, a three pronged approach might be worth considering:

i) *A cluster approach focused around major ports other than Port-au-Prince itself.* The severity of the problems of governance in the port of the capital city has been highlighted, and the need for the development of at least two of the other ports has been stated. The documents at our disposal however do not provide an indication as to whether a cluster approach is being considered relevant to the ports under consideration or whether long-term management contracts for these ports are being considered. It might be relevant to note that Dubai ports and Singapore ports have both emerged as serious firms in the port management sector. Dubai ports, for instance, has recently invested some US\$800m in Djibouti and is developing a cluster model there. PSA Singapore was recently awarded the contract for the port of Gwadaar on the Persian Gulf in Pakistan for the next 25 years. There is a similarity with Haiti since the port of Karachi, which until the 1960s was capital of Pakistan, had severe problems of corruption and mismanagement. Awarding the management of Gwadaar to Singapore PSA simultaneously provides the impetus for reform and modernisation for the port of Karachi itself.

ii) *Empowering the urban poor.* The issue of slums and the process of their development have been described in a number of jointly produced donor documents. The issue of dead capital however has not been highlighted in any of these documents as a key to the regeneration of slums and the low utilisation of investments by the poor. Hernando de Soto has argued that “In Haiti, untitled rural and urban real estate holdings are together worth some \$5.2 billion...four times the assets of all the legally operating companies in Haiti, nine times the value of all assets owned by the government, and 158 times the value of all foreign direct investment in Haiti’s recorded history to 1995,” and documents that it took nineteen years to get legal permission to buy land in Haiti.⁶⁷ An approach that places central emphasis on the development of property rights in Haiti could be the key to the generation of urban growth, transforming the assets of the poor into secure property rights and providing a possible basis for their engagement in market-based activities, thereby becoming stakeholders in stability. We have argued that a property system is generated through four components: as a system of rules that defines the bundle of rights and obligations between people and assets; as a system of governance; as a functioning market for the exchange of assets; and as an instrument of social policy.⁶⁸ Slum upgrading is an important issue and there are significant enough examples in Turkey and Singapore, for instance, where slums have been turned into liveable towns or cities. The starting point is to find pragmatic approaches and then begin to think about the degree of applicability of these approaches to the Haitian context.

iii) *Development of a detailed plan for development of Haitian agriculture.* The significance of the decline in agricultural productivity and the distinctive nature of rural poverty in Haiti have been comprehensively analysed. The dominant historical pattern has been grounded in factors of production followed by design and provision of infrastructure and then eventually with marketing. Such an approach involves both long periods of gestation and significant amounts of trial and error. An

⁶⁷ De Soto, H. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000), p.33, p. 21

⁶⁸ *Empowering the Poor through Property Rights, Commission on Legal Empowerment of the Poor*, (New York, Report of Working Group 2: Property Rights, Presented by Francis Cheneval, Rapporteur WG2. Nov 4, 2007).

alternative approach could be based on a vision beginning with regional and global market access to then reorient global flows and infrastructure to support this goal. For example, deployment of innovative technologies, such as the information management technology that can now match soil conditions with comparable conditions in other areas of the world, could have great potential. This approach would also entail the design of supply chains and value chains that could assure farmers of the marketing of their products, and use of mechanisms for the design of public private partnerships for the provision of infrastructure.

Spatial planning as a developmental tool has distinctive characteristics. Ireland and Scandinavian countries have practiced some of the most creative forms of this planning. Some American states in the US also offer examples of innovation that could be drawn upon. Singapore's developmental history is also an embodiment of careful spatial planning and the use of social policy designed to transform the poor into stakeholders in the system and could also be of relevance to Haiti.

4. Effective management of remittance flows

It is documented that Haiti is “the world’s most remittance-dependent country”.⁶⁹ A 2006 World Bank report notes that “expatriates send home about US\$700-900 million per year—about a quarter of the country’s GDP and about three times higher than the foreign aid Haiti receives annually”.⁷⁰ The figure is now over a billion. There are not enough details in the documents we have seen on the extent to which remittances are flowing through the formal banking system and or through informal institutional mechanisms. Pakistan has developed an innovative partnership between its post offices and Western Union to enable migrants to remit money easily and quickly to their families and kin at home. The Philippines, which has the greatest number of women migrants in the world, could also offer some relevant lessons for Haiti, as Haitian women constitute the bulk of the service sector, while men specialise in agriculture. A very large number of Haitian migrants are in North America and it might be worth considering whether some mechanisms for financing of housing could take place through development of guarantees and payment systems. An examination of the banking sector and potential uses of the post office might prove fruitful in generating further ideas- in Japan the post office was turned into a very significant instrument for saving and mobilisation of resources which contributed to the rapid development of the country.

5. Developing a human development strategy

The weaknesses in the capacity of the state have been documented in detail, and while there have been some efforts in the past to create institutions for training the civil service and justice sector personnel, the results have either been mixed or the initiatives have been discontinued during periods of turmoil. If the Haitian state is to acquire the capacity to perform its core functions, then it must have women and men that are endowed with the capabilities to provide leadership and management for these functions. Proceeding from such an assumption would require preparation of a detailed human development plan, agreement on mechanisms of training, and investment in creation of the leadership and management capabilities. This would involve decisions on the number of people to be trained internationally, and the investments to be undertaken in Haitian institutions to create people with the requisite skills. Furthermore, confronting the question of wealth creation requires that mechanisms for producing the necessary human capital for managing a functioning market are also created. We described in our comments on contracting in 2) above one element of an approach geared to building the market. A full functioning approach would bear many such elements.

We therefore suggest that it could be valuable to explore the design and implementation of a human development approach that addresses the creation of state-building and market-building skills in tandem. A further pay-off of such an approach would be the development of networks of trust among individuals selected on the basis of merit and the creation and embodiment of reinforcing ties between state-building and market-building approaches. Any comprehensive approach to human development by necessity would have to be a merit-based approach and extending the prospect of upward social

⁶⁹ World Bank 2006a, Executive Summary p.11

⁷⁰ World Bank 2006a, p.22

mobility to poor and excluded groups is a central component of stability. A number of countries provide potential reference points.

6. Careful consideration of Haiti's regional location

The importance of remittances from migrants has been documented in detail as a mechanism for social protection for the poor. Haiti's other linkages with the Caribbean, Latin America, and North America however have not been described as part of a systematic strategy. The emerging consensus that Haiti's social and governance conditions match those of sub-Saharan Africa should not prevent recognition of the potential of Haiti's location. To take advantage of the regional context we would suggest developing a list of the potential assets that Haiti's Caribbean, Latin American and North American partners can offer. Some of these assets would be based on regional trade pacts, or bilateral agreements, and others could be based on social networks, support from the larger plethora of foundations in the region, or from Corporate Social Responsibility initiatives. Elsewhere the potential advantages that are offered to some of the poorest countries in terms of international, regional and bilateral agreements are often not widely understood by governments, entrepreneurs and social activists in these countries themselves. Approaching Haiti from a regional perspective may therefore have the potential to identify new forms of partnership that could result in mobilisation of resources that, in the medium and long-term, could prove quite significant for stability and prosperity. The transformation of Ireland in the last two decades has opened up hitherto unthinkable possibilities for island-wide economic development and cooperation. Drawing on aspects of such experience could have implications for a medium to long-term framework of cooperation between Haiti and the Dominican Republic.

7. Restructuring and broadening aid to deliver on the new strategic agenda.

If the jointly-agreed priorities of the interim cooperation framework, expanded upon in the interim PRSP and various donor strategies, are to be realised, the business practices of the donors require changes. From a comparative perspective ISE feels that the following seven areas are necessary elements of a model of co-production where donors and government enter a meaningful partnership around an agenda for political and economic governance:

i) *The Multi-Donor Trust Fund.* The quest for harmonization will remain elusive until donor funds are combined into one simple fund governed by a set of clear rules that takes the short and medium-term horizons of institution-building seriously. If funds are to be used effectively, the custom of a yearly budget would need to be revisited and adjusted to the needs of infrastructure and human capital investments. Most existing multi-donor funds are yet to be tailored to the developmental context as their default rules are the existing rules of the World Bank, UNDP or other donors. A multi-donor fund that is directed towards the objective of building the country budget as the main instrument of policy needs to have the predictability, rigour and flexibility required by a specific country context.

ii) *Agreement on reform of national accountability systems.* For donors to be able to use a country system, the system must be robust enough to meet the requirements for transparency and accountability that are now enshrined in a series of international agreements and principles. As we have already argued, the current technical assistance modality does not provide adequate support to a coherent agenda for building such systems. More than any other area, aligning short, medium and long-term considerations to translate reform processes into lasting gains is essential. The sequence of change, therefore, cannot simply be based on best practice, but must be based on a concerted and contextualized effort to support sustainable reform.

iii) *A common feasibility fund.* The absence of well thought-out feasibility studies on infrastructure projects is a serious constraint for the effective utilisation of funds in many conflict affected and post-conflict countries. As many donors still commission individual feasibility studies for the projects that they fund, the synergy that can be derived from an integrated approach to development of infrastructure, or particularly through a cluster approach often does not emerge. Opening up a special window for feasibility studies within a unified multi-donor fund could therefore provide the basis for thorough deliberation and assessment of alternatives, and create the right linkages for private public

partnerships. Creation of such a fund could also create the basis for broadening the partnership between private and public sector Haitian institutions and the wider set of regional capabilities.

iv) *Creation of core supervision of projects, engineering and management capability.* The dominant donor practice has been to have project supervision take place at the individual project level. However, examination of successful transformations in places such as Singapore and Ireland reveals the centrality of project supervision by the state. The approach particularly exemplified in Singapore in the 1960s and 1970s was state supervisors working through a model of collaboration with private sector contractors to finish projects on time and within the agreed budgets. Considering successful models of a programmatic approach to supervision of projects, as part of the creation core state functions, could therefore be an important initiative by the donors in support of functioning, reliable, efficient infrastructure for the Haitian population.

v) *National programs directed at various functions and levels of government.* All states have a specialised bureaucracy organised into administrative hierarchies. In Haiti the overwhelming emphasis of donor attention has been on the central government or on reaching communities directly through non-state providers. Donors have also documented that a series of ad hoc arrangements have emerged in various other levels of the administrative hierarchy specified by the Haitian constitution. National programs can be both directed towards functions and levels of government. Canada's own experience offers examples in which national programs served as a mechanism for the spatial integration of a diverse population bound together by common rights and obligations of citizenship. In Afghanistan, we participated in designing and implementing a series of successful national programs, ranging from the National Solidarity Program- which directed a program of block grants to villages- to the National Army as the core instrument of security. We feel that a series of limited national programs could provide the initial impetus for both addressing post-conflict problems and strengthening accountability in Haiti.

vi) *A broadened repertoire of market-building instruments.* Haiti's bilateral and multilateral partners, particularly in North America and the EU can offer a range of assistance that goes beyond aid. Investment guarantees, such as those offered by OPIC offer an example of the additional potential that exists but is yet to be fully harnessed. Every state in the US and each of the Canadian provinces are repositories of immense know-how and skill that could be used to build the Haitian state. Additionally, mechanisms could be created for secondment of Haitian officials working abroad. The southern states of the United States, that have had a deep history of exclusion and inequality, can also offer some examples on the way some of those problems have been tackled and have either been overcome or are in the process of being overcome. Twinning arrangements between state or provincial levels of government and establishment of affiliations between institutions of higher learning could also prove valuable in this regard.

vii) *Technical assistance and non-state service providers.* While donors have been candid about the overall shortcomings of the aid system, an analysis of the problems of over-reliance upon technical assistance as one of the central mechanisms of delivering aid has not been undertaken. Our observations of technical assistance as a global industry indicate that a system that was originally designed for a limited series of tasks in the field of engineering has mushroomed into a complex network of profit and possible collusion between aid agencies and large firms operating through 'revolving door' arrangements. The industry currently lacks any elementary procedures for vetting candidates, certification of competence, or market-based evaluation of price, or sanctions. There is an accountability gap for the type of advice or service rendered, and over-stretched aid officials often rely on a limited number of firms to provide advice for institution-building in difficult environments. A significant number of staff in these firms lack the capacity for systems thinking, the capability to understand context, and the ability to become the catalyst for the production of pragmatic solutions with their local counterparts. Therefore, technical assistance often contributes to bad governance rather than reducing it. If technical assistance is to be harnessed to a state-building agenda then both its quality and impact will need to be carefully rethought. Some of the most important repositories of knowledge about state functions are officials in functioning states. It might be worth considering the creation of mechanisms for obtaining advisory services from such officials or from associations of retired officials in the public and private sector or groups such as engineers without borders. A complementary approach would involve establishing clear accountability criteria for judging the

effectiveness of technical assistance and a system of credible sanctions against firms that fail to provide the agreed upon deliverables.

Non-state providers of services have frequently been used by donors to extend services, particularly during political crises. However, according to evaluations by multilateral, bilateral and independent organisations, the effect of relying on NSPs has often been to undermine the state, while evidence suggests that many such organisations are in fact extremely problematic through distributing goods according to strategic goals, rather than on the basis of equity or of need.⁷¹ While the donors have emphasized the strength of civil society in Haiti, the implications for a state-building agenda of (inadvertently or otherwise) supporting particular interest groups is clear. Equally, evaluation of donor use of NSPs in Haiti frequently stress coordination difficulties, and suggests that “[t]he lack of coordination seems to be fuelled by competition and lack of trust among some NSPs.”⁷² Donors must seek as far as possible to use government systems for service provision to build both the legitimacy and accountability of the state.

VI. Conclusions

The aid system in Haiti now acknowledges the need for a new approach that takes the centrality of politics into account and creates a partnership with Haitian leaders to create and consolidate credible institutions for political and economic governance. We have also identified, however, a tension between the new approach as stated in the goals, the pre-existing business practices, and the instruments of the aid system. There is no better indication of this than donor laments of the medium to long-term consequences of relying on project implementation units, resulting in the creation of parallel institutions that duplicate for government functions, with recourse to the very same instrument by almost all donors to justify short-term delivery of specific projects. The challenge that the aid system now confronts is to design new business models and instruments, instil new mental models and to acquire the capabilities among its staff to be the catalyst for institution-building in difficult environments.

We have offered a set of suggestions, based on our framework and toolkits for state-building, and our understanding of other challenging environments. These are tentative in nature as we have not undertaken a first hand examination of the situation on the ground in Haiti. We therefore welcome a dialogue with country and sectoral experts in CIDA and among the donor community more broadly. Our in-country work relies on two key instruments: critical stakeholder inquiry, and a system audit of institutions of governance. Critical stakeholder inquiry involves discussions with representatives of a wide cross-section of social, economic and political groups in the country to identify areas of convergence and divergence in terms of the key challenges and opportunities. Our system audit entails examining the rules, practices and processes of governance with a key focus on the degree of functionality of institutions of national accountability. The combination of the two approaches enables us to present a full briefing at the end of a field visit to both national stakeholders and their international partners. Within two weeks of departure from the field we submit full written reports to national actors and their international counterparts. Our willingness to engage in extended work in a country beyond an initial in-country assessment depends on the extent to which our initial recommendations have been implemented, as further suggestions are superfluous when preliminary reforms have not yet been carried out.

⁷¹ The existence of elite interests in Haitian CSOs is articulated in such statements as: “CSOs are dominated by elites who may not represent or even care about their poor constituents” (NAPA 2006, p.37); “CSOs also make it possible for elites to agitate in the political system in low visibility ways through surrogates.” (NAPA 2006, p.36), while the inequities of service provision are captured by the World Bank, which reports, “For example, Cité Soleil, a stronghold of Lavalas supporters, had much better access to... services than the equally poor but less politicized Carrefour Feuille slum. Despite the presence of many providers, access to services is patchy, unstable, and unequal, reflecting political considerations in initial provision, poor maintenance capacity, a low level of coordination, and the violence and crime that affect service supply and demand.” (World Bank 2006a, p.45)

⁷² World Bank 2006a, p. 48

Annex 1- Haiti: Key Data⁷³

GDP data	2003	2004	2005
Population (m)	9.0	9.2	9.3
GDP (US\$m)	2,827	3,660	4,154
GDP at market prices (G bn)	119.8	140.4	168
Real GDP growth (%)	-0.6	-2.2	2
Consumer Price Inflation (av %)	39.3	22.8	15.7
GDP (% change over previous year)			
<i>Primary sector</i>	<i>0.2</i>	<i>-4.8</i>	<i>2.6</i>
<i>Secondary sector</i>	<i>1.2</i>	<i>-2.2</i>	<i>2.5</i>
<i>Services sector</i>	<i>0.2</i>	<i>-3.8</i>	<i>1.3</i>
Trade, debt and investment data	2003	2004	2005
Exports of goods fob (US\$m)	333.8	377.5	458.9
Imports of goods fob (US\$m)	1,116.0	1,210.5	1,308.5
Current Account balance (US\$m)	-181.8	-155.7	-273.8
Foreign Exchange reserves excl gold (US\$m)	62	114.4	133.1
Total external debt (US\$ bn)	1.3	1.3	1.3
Debt-service ratio, paid (%)	4.1	6.9	4
Net private foreign investment (US\$m)	14	6	10
Public Finance data (as % of GDP at market prices)	2003	2004	2005
Current revenues	9.0	9.0	9.7
<i>Customs</i>	<i>2.3</i>	<i>2.5</i>	<i>2.4</i>
<i>Internal</i>	<i>6.2</i>	<i>6.2</i>	<i>6.7</i>
General sales tax	2.8	2.6	2.5
Internal	0.7	0.7	0.7
Customs	2.1	1.9	1.8
Taxes on income and profits	1.5	1.9	2.3
Corporate	0.6	0.8	0.9
Individual	1.0	1.0	1.4
Taxes on property	0.0	0.0	0.1
Other taxes and fees	1.9	1.8	1.9
Central government expenditure	12.6	11.4	13.8
Overall balance	-3.5	-2.5	-0.7
Capital expenditure	3.3	3.5	4.1
Foreign financing	0.7	0.4	0.7
Aid data (US\$m)	1990	2000	2005⁷⁴
Net ODA and official aid	168	208	243
United States	50	91	91
Canada	10	20	37
France	32	11	25
Aid (% of GNI)	5.9	5.6	6.3
Aid per capita (US\$)	25	26	29

⁷³ Sources: World Bank; Economist Intelligence Unit; IMF

⁷⁴ Aid data are for 2004

Haiti- Key Data, Cross Country Comparisons

Haiti's IDA Resource Allocation Index (IRAI) ranking vis-à-vis selected IDA eligible countries ⁷⁵					
Country	Economic Mgmt	Structural policies	Social inclusion and equity	Public Sector mgmt and instns	IRAI
Honduras	4.3	4.0	3.8	3.5	3.9
Grenada	3.2	4.0	3.9	3.7	3.7
Guyana	3.5	3.5	3.3	3.1	3.4
Uzbekistan	3.5	2.5	3.6	2.4	3.0
DRC	3.2	3.0	2.9	2.3	2.8
Haiti	3.0	3.2	2.6	2.3	2.8

Haiti's ranking vis-à-vis selected PRGF eligible countries as of January 2007 ⁷⁶		
Corruption	Contract viability	Law and order
Tanzania 2.5	Burkina Faso 3	Tanzania 5
Burkina Faso 2	Mozambique 3	Uganda 4
Uganda 2	Uganda 3	Burkina Faso 3.5
Bangladesh 1.5	Haiti 2.5	Mozambique 3
Mozambique 1.5	Bangladesh 2	Bangladesh 2.5
Haiti 1	Tanzania 1.5	Haiti 1.5

Haiti's ranking vis-à-vis regional competitors in tourism and agriculture as of January 2007 ⁷⁷		
Corruption	Contract viability	Law and order
Tanzania 2.5	Burkina Faso 3	Tanzania 5
Burkina Faso 2	Mozambique 3	Uganda 4
Uganda 2	Uganda 3	Burkina Faso 3.5
Bangladesh 1.5	Haiti 2.5	Mozambique 3
Mozambique 1.5	Bangladesh 2	Bangladesh 2.5
Haiti 1	Tanzania 1.5	Haiti 1.5

Haiti's ranking in the World Bank Ease of Doing Business Indicators for Latin America, against selected countries ⁷⁸						
Country	Ease of doing business	Starting a business	Registering property	Getting credit	Protecting investors	Closing a business
St. Lucia	27	43	51	101	19	39
Jamaica	50	10	107	101	60	23
Honduras	111	138	89	21	151	102
Haiti	139	167	135	117	142	146
Venezuela	164	129	75	143	162	144

⁷⁵ Source: World Bank

⁷⁶ Source: IMF

⁷⁷ Source: IMF

⁷⁸ Source: World Bank

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