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HAITI AND ITS MULTIPLE TRAGEDIES: MUCH MORE NEEDS TO BE DONE

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INTRODUCTION

Haiti has been suffering for many decades a damaging combination of climate and natural disasters and political, economic, social, and health crises. Just in the last months there was the terrible assassination of a sitting president on July 2021; an extremely damaging earthquake of 7.2 magnitude on August 2021; the heart-wrenching images of Haitians at the US-Mexican border in September 2021; the expansion of gang activity with the kidnapping of US missionaries in October 2021; and another earthquake of 5.3 magnitude in late January, to name only the more recent sequence of very bad events affecting the country.

And yet there are also very encouraging signs about the advance of a broad political dialogue, involving expanding segments of the Haitian society, which is the only way the country will be able to emerge from the current tragic situation. This paper is an attempt to contribute an outside perspective to that dialogue, focusing basically on the international community and what can be done in support of a process that only the people of Haiti can design and implement.

In particular, the paper advances some ideas about the social safety net the country needs now. A well designed and funded social safety net sustainable over time will not only help to alleviate the terrible human suffering in Haiti, but it also can contribute significantly to a) restarting the economy (by providing cash transfers to groups that will reactivate demand and supply aspects); b) shoring up security (by offering alternative incomes to the youth and vulnerable groups that can be mobilized by criminal gangs and violent political actors); and c) diminish migration pressures (by offering survival options in Haiti). The social safety net should focus on the basics of building human capital, such as food and health, which are prerequisites for other aspects of human capital. Allowing a significant part of the children and young population to be malnourished is compromising the economic, social, and political viability of Haiti. This social safety net should overtime absorb the supposedly one-time, but in fact recurrent, humanitarian programs that are being operated in Haiti.

If the international community ignores the Haitian suffering, there will continue to be very negative consequences not only for Haiti, but also for the United States and many other countries in the Americas and elsewhere, which will have to deal with the harmful externalities of humanitarian, crime, and migration crises.

This document also tries to place the discussion in the context of the broader and extremely pressing challenges faced by Haiti and its people, including the current extremely damaging security conditions. Before going into those topics, the paper also discusses some of Haiti's special characteristics that need to be considered for the international community to be able to support, and not hinder, the efforts of the Haitian people to overcome the many economic, social, and political challenges they face. The paper argues that there are erroneous pre-conceptions that need to be cast aside, some with ugly racist overtones. A case is the emphasis on the country being "one of the most corrupt in the world," when, as it is argued later, a main current problem (as different from the kleptocratic times of the Duvalier and military dictatorships) is the weak and fragmented public sector, which, although not approaching a Hobbesian "state of nature," lacks, in many cases, the resources to provide basic services to the population, starting with security.

This document is organized as follows. The next section discusses Haiti's special characteristics. Then there is an analysis of economic growth since the 1960s. After that there are sections arguing for the need of a strong response now, reviewing briefly some of the recent programs linked to social safety nets and humanitarian responses, and assessing some of the dimensions and parameters that need to be considered in a future program. The following section develops the proposal, with costs and suggestions for its financing. Subsequently, there are some reflections about macroeconomic and development policies, and a specific focus on agriculture, energy, and the environment (particularly reforestation). A final section concludes.

HAITI'S SPECIAL CHARACTERISTICS

It is well known that Haiti represented the first successful slave rebellion against a colonial power when it declared its independence in 1804, thus posing a dramatic double challenge to the prevalent economic and political order (national and international) in the XIX century. The rebellion and independence are a foundational aspect of the pride of Haitian people in the history of their country but, also, the source of the international economic and political boycotts that the country suffered for many decades. Yet, and not denying the negative historical legacy of that international hostility, in the 1950s and early 1960s, as shown later, Haiti had about the same income per capita than the Dominican Republic (in constant USD).[2] The Haitian substantial decline and big divergence in economic performance with its neighbor, and most of the developing world, took place in the last half a century, and that is the period this paper analyzes.

It is known that Haiti is the only Least Developed Country (LDC) in Latin America and the Caribbean (LAC), and its poverty rate of 50.3% (measured in 3.2/day/per capita of PPP dollars) is well above the average for developing countries (35%) and for LAC (less than 11%). Also, it is impossible to deny the

[2] In 1960 Haiti's GDP per capita was also above Paraguay, Bolivia, Honduras and Belize in LAC, and several other countries in Africa and Asia (Data from WDI/WB).

fractured and confrontational nature of the political process in Haiti for many decades. But it is also important to acknowledge a combination of factors that contributed to that fractiousness and have made socio-economic and political conditions very fragile and, in many respects, unique. Acknowledging these special characteristics, discussed immediately, is a necessary precondition for designing and implementing effective programs to overcome the many problems affecting the country.

Natural disasters

First, Haiti has suffered in its history a very lethal combination of natural disasters. Only counting the last two decades the country was affected by the deadly earthquake of 2010 (from which Haiti has never fully recovered), compounded by the recent ones in August 2021 and January 2022. Measured in deaths per population and losses as percentage of the GDP the 2010 earthquake had been more damaging than other global natural disasters that received special attention from the international community (such as, for instance, the fatal tsunami of 2004 in Indonesia) (Table 1).

Table 1. Impact of natural disasters

Rank	Country	Year	Description	People killed	People killed per million inhabitants	Damages (US Millions, 2009)
	Haiti	2010	Earthquake	200,000 - 250,000	20,000 - 25,000	7,200 - 8,100
1	Nicaragua	1972	Earthquake	10,000	4,046	4,325
2	Guatemala	1976	Earthquake	23,000	3,707	3,725
3	Myanmar	2008	Cyclone Nargis	138,366	2,836	4,113
4	Honduras	1974	Cyclone Fifi	8,000	2,733	2,263
5	Honduras	1998	Cyclone Mitch	14,600	2,506	5,020
6	Sri Lanka	2004	Tsunami*	35,405	1,839	1,494
7	Venezuela	1999	Flood	30,005	1,282	4,072
8	Bangladesh	1991	Cyclone Gorki	139,252	1,232	3,038
9	Solomon Is	1975	Tsunami	200	1,076	n.a.
10	Indonesia	2004	Tsunami*	165,825	772	5,197

*Indian Ocean Tsunami caused a total of 226,000 deaths over 12 countries.
n.a. Not available
Source: Authors' calculations based on EM-DAT and WDI databases.

Source: Cavallo, Eduardo A, Andrew Powell, and Oscar Becerra 2010.[3]

That earthquake also forced many Haitians to leave their country, with a percentage migrating towards several South American countries. With the 2020 pandemic hitting that region particularly hard, many of those have been moving north towards the United States, leading to the recent sad images at the US-Mexican border.

In addition to the earthquakes, the country also suffered a series of tropical storms and hurricanes. Only in the last two decades, Haiti suffered tropical storm Jeanne in 2004; hurricane Dennis in 2005;

[3] Other estimates suggest that there may have been less casualties, perhaps around 60,000 deaths. Still, that number as a ratio of the Haitian population would be 6,000 deaths per million people, which would place Haiti at the top of the tragic list of casualties.

four tropical storms/hurricanes in 2008 (which caused losses estimated at 15% of GDP; World Bank 2015).; hurricane Sandy in 2012; and hurricane Matthew in 2016, the strongest in decades, with large-scale devastation, affecting more than 1 million people. Recently, Haiti also experienced drought conditions that negatively impacted agricultural production. In fact, the World Bank (2015) showed that Haiti has had a higher number of disasters per km2 than the average of the Caribbean countries.

Therefore, Haiti is the only country in the Americas that is ranked in the very high vulnerability category for natural disasters by the World Risk Report (2021) (and it is the 15th most vulnerable in the world out of 181 countries).

Health crises

The negative impact of natural disasters has been compounded by several health crises. The global HIV pandemic started in the 1980s and peaked in the mid-1990s, but the incidence in Haiti, although half the rate of SSA, is still about twice as large as in the Dominican Republic and about 3 times the rate in LAC countries. The pandemic affected the tourism industry, because in the early 1980s Haiti was singled out as a high-risk country, even though it was the victim of an infection that came from abroad. The New York Times ("FOR HAITI'S TOURISM, THE STIGMA OF AIDS IS FATAL By Marlise Simons, Nov. 29, 1983) reported that tourism dropped from 70000 persons in 1981-1982 to just 10000 in 1983.[4]

In the early 1980s Haiti was also hit by the contagion of African Swine Fever (also imported from abroad), which led to the forced slaughter of basically all the porcine stock. In general, the 1980s was a decade of low growth in LAC, related to the early 1980s deep economic recession in the US, the decline of commodity prices, and the debt crises; but in Haiti the impacts of HIV on tourism and other activities, the decimation of the porcine population, plus other political and economic problems (discussed later) led, in the second half of the 1980s, to an even stronger decline in GDP per capita than most other LAC countries (more on this below).

Several years later, the cholera outbreak reported at the end of 2010, and whose source is considered to have been a camp of UN peace-keeping soldiers, ended up killing thousands of people. In that context, the impact of COVID-19 has been just another damaging event in a sequence of a variety of negative health and other shocks (Díaz-Bonilla, Piñeiro, de Salvo, Laborde, 2021).

[4] The NYT article also mentions that singling out of Haiti by US health officials, which the Haitian government labelled as "racist," had so affected anything related to the country that a shipment of textiles was returned from the United States because it was labeled "Made in Haiti."

Demography and the environment

Another factor to consider is that the country experiences a very high population density: Haiti has about 414 persons per square kilometer (sqkm) of land area (World Bank data for 2020), above South Asia (389 persons/sqkm), and far more than in other LDCs (52 persons/sqkm), or low-income countries, the lower bracket of developing countries (44 persons/sqkm). Related with this fact, Haiti has a low availability of hectares of agricultural land per person (Table 2).

Table 2. Area of agricultural land per person

	Agricultural land (ha/person)
Haiti	0.172
Dominican Republic	0.233
Fragile and conflict affected situations	0.785
Least developed countries: UN classification	0.808
Low income	0.968
Sub-Saharan Africa (excluding high income)	0.997
Caribbean small states	0.284

Source: WDI/WB

The population density is one of the main reasons for the damaging impacts of natural disasters. Along with poverty, it is also an important factor in explaining the deforestation of the Haitian side of the Hispaniola Island (the forest area in Haiti is just about 1/7 of the equivalent area in the Dominican Republic; Table 3). And in part related to the fact that forest-based products continue to be a significant part of energy consumption, the levels of use of energy per capita are also very small (Table 3) contributing to a very weak economic performance (discussed later).

Table 3. Energy and forest indicators

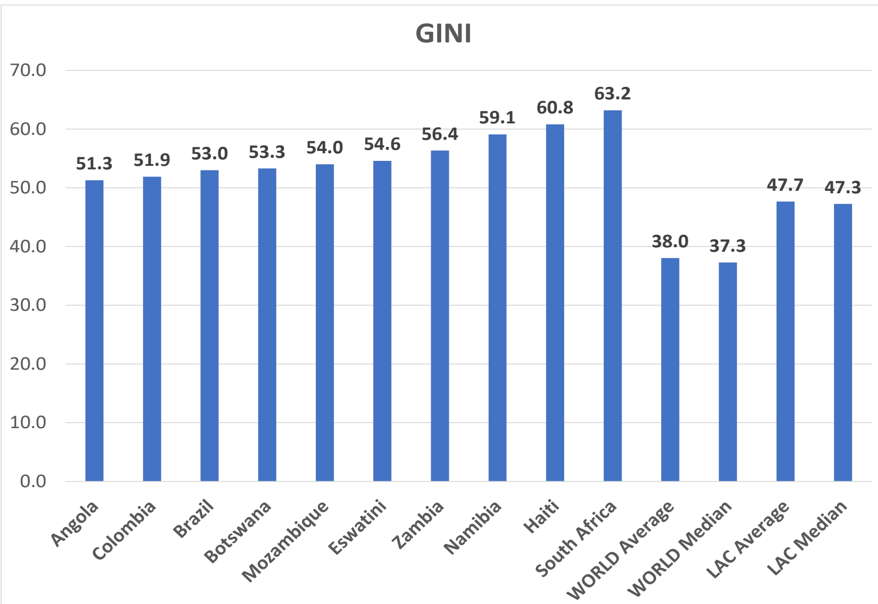
	Energy use (kg of oil equivalent per capita)	Forest area (% of land area)	Forest land (ha/population)
Haiti	391	13.2	0.03
Dominican Republic	777	43.6	0.20
Low Income	Na	21.1	0.53
SSA	689	27.1	0.64
LDCs	360	27.2	0.58
Fragile and conflict affected situations	680	23.8	0.56

Source: WDI/WB

Population pressure over limited natural resources is usually associated with volatile societies and fractured politics, and in Haiti it has also interacted with two other characteristics of countries with high social unrest, such as large income inequalities and an important percentage of young population.

Next Figure 1 shows Gini values for the most unequal countries in the world as well as averages and median for LAC and the world: Haiti shows the second largest income inequality globally,[5] only after South Africa, clearly above the rest of LAC and other countries in SSA (the two more unequal regions of the world).

Figure 1. GINI by countries and regions



SOURCE: WDI and PovCalNet, World Bank

Haiti is also young: 52% of the population is below 25 years of age, when the percentage for LAC is 40.3% and Central America is 44.7%.[6] In fact, Haiti is more comparable to Sub-Saharan Africa (62% below 25 years of age) the youngest region in the world and, also, politically very volatile (UN Population data). But while in SSA the youth may be enticed to join fundamentalist terrorism, in the case of Haiti, the closeness to both the main demand market for drugs and some LAC countries important on the supply side, facilitates the integration of the youth in drug-related criminal groups and gangs. Young (an unemployed) [7] population can also be easily mobilized for political violence by unscrupulous actors.

[5] The World Development Indicators of the World Bank reports a GINI based on consumption, which does not appear to be comparatively that high. PovCalNet has also the GINI based on incomes for Haiti, which is the right comparison with the countries shown in the Figure.

[6] Not surprisingly, the other two countries with more than 50% of the population below 25 years are Honduras and Guatemala, which also suffer turmoil and migration problems. El Salvador, another high-migration country, is somewhat less young (45% of the population under 25 years) but it has the largest population density in Central America (313 persons/sqkm, when the simple average of the countries in that region is 122), being land- and water-constrained.

[7] There is no recent data for Haiti about the percentage of youth that do not work nor study. The last data of 2012 was comparable to the Dominican Republic for the same year (around 18% and 20% respectively). It is defined as “Share of youth not in education, employment or training (NEET) is the proportion of young people who are not in education, employment, or training to the population of the corresponding age group: youth (ages 15 to 24); persons ages 15 to 29; or both age groups.”

The age structure, along with poverty, population density, and vulnerability to natural disasters is a recipe for contentious politics, social violence, and rampant crime.

A "good neighborhood," but with drawbacks

As noted by Collier (2009), and different from fragile states in Africa and Central Asia, Haiti is in a prosperous and peaceful neighborhood, and very close to the United States, the main market for much of its exports of goods and services. This offers locational advantages for agricultural and manufacturing exports, and tourism. However, it has also drawbacks related to the peculiar security, economic, social, and political links that such proximity generates.

Regarding <u>security</u>, because of its institutional fragility and its geographical position, Haiti, as mentioned, is a desirable transit point for drug traffickers towards North America and, also, a conduit for other international criminal trade. The significantly negative implications of those activities for the Haitian society and government are obvious.

In <u>economic and social</u> terms, income inequality in Haiti, in addition to structural and historical reasons, seems to also be related to the way in which part of the Haitian population gets inserted in the US economy while other sections of Haiti cannot do it.

For instance, there is a circuit of legitimate private business integrated with the US. There is another circuit linked to remittances of Haitian people living in the US. That money, however, is received by a fraction of the households, and relatively more by those that are urban and non-poor. World Bank 2015 notes that, while on aggregate about a third of all households receive remittances, the share increases to more than 35% for urban households and drops to 20% for households in rural areas. Further, the report shows that, nationally, 38% of non-poor households receive remittances, but only 18% of the poor, and somewhat less than 14% of the extreme poor (the percentages are, respectively, 41%, 26% and 15% for urban households, and 32%, 15% and less than 14% for rural families) (World Bank, 2015, Table 2.2). This would be because migrants tend to be from urban households with higher incomes, and therefore themselves more educated (see the analysis in World Bank, 2015). The relatively higher level of education of the migrants also causes a brain drain that hurts Haiti (see Evans Jadotte, 2012; and World Bank 2015). These assertions, however, need to be validated with more recent data.

There is a third circuit related to international organizations, bilateral agencies, NGOs, church groups, and similar activities of cooperation and development that usually pay higher salaries than local ones. Also, being just a few miles away from the United States makes easier for persons of good will that, for religious or humanitarian reasons, want to help the poor, to set up missions and engage in social projects. Those initiatives, while certainly contributing in many cases to alleviate serious social and humanitarian sufferings, lead as well to a proliferation of activities without an overarching country strategy and with different quality of the social services provided.

Finally, there is another circuit, mentioned before, of illicit activities which may include drug trafficking, smuggling of goods and persons, and other criminal networks, which ensnare the young and unemployed into better remunerated activities.

On the other hand, there is a substantial percentage of the population without the language, skills, and contacts to be able to migrate or to get integrated in those other circuits. The combination of all those activities, licit and illicit, generates a large dispersion in incomes, depending on which circuit the different groups of the Haitian population are integrated. At the same time, as noted, migration of the more educated population denies the country the human capital needed for its development (Jadotte, 2012; World Bank, 2015).

An additional effect of some of those activities is the impact on the appreciation of the real exchange rate, thus hurting tradable sectors, such as agriculture (where many of the poor work), manufacturing and tourism, with negative impacts on employment, poverty, and income distribution (see the discussion of exchange rate (ER) in Díaz-Bonilla, Paz, and Piñeiro, 2021). The potential impact of international financial flows both developmental and remittances) on the appreciation of the real exchange rate (RER) has been noted by different studies in developing countries (Díaz-Bonilla, Paz, and Piñeiro (2021). Remittances are crucial for some groups in Haitian society, but, they are not the majority and certainly not the poorest: a better understanding is needed to transform them in instruments of human and productive capital accumulation, while managing the macroeconomic effects of the Dutch-disease effect.

From the political perspective, it is impossible to deny the fractured and confrontational nature of the political process in Haiti for many decades. But along with internal conditions, an external factor has also contributed to a fractured polity: due to its proximity to the US, Haiti has been caught many times in the racial, partisan, and Cold War politics of its powerful neighbor. Several bruising battles have been fought between different actors in Washington DC involving Haiti as a proxy since the times of the Duvalier family, going through the military coups and uprisings against Aristide in 1991 and 2004, and, lately, in relation to the influence of Venezuela's Chavism mainly through PetroCaribe (the agreement started in 2005 with many Caribbean countries through which Venezuela offered oil supplies on very concessionary terms and in ways that helped the country monetize part of it for public expenditures; Haiti joined in 2006). The undeniable problems to generate consensuses that exist in the Haitian political process have been historically exacerbated by the feeling on the different sides, well-founded or not, of having important allies in Washington who were going to allow them to triumph in their battles within Haiti. The history of intermittent and contradictory external irruptions strengthened the tendencies towards intransigence between opposing factions within the country.

The episodes in 1991-1995, which included the boycott by a US Administration to the military government that had ousted Aristide, and the period from 2001-2004, marked by antagonism to the second Aristide presidency by a different US Administration, led to largest drops in income per capita in Haiti (see Table 4). The debates about the legitimacy or not of the elections of the last two Presidents, and the role of the international community in those processes, also have contributed to a fractured political dialogue. Therefore, it is necessary to ensure that Haiti does no longer become a prisoner of external ideological battles that reinforce the tendencies towards internal divisions and lack of dialogue.

Table 4. Economic growth by governments

	GDP per capita (USD constant 2010)	Total aggregate change from previous period (USD constant 2010)	Total aggregate change from previous period (%)	Total aggregate change from the year 1960 (%)
1960	1512			
1986 End of Duvaliers	1542	30	2.0	2.0
1994 End of Military government	1029	-513	-33.2	-31.9
2000 End of Preval first government	1150	121	11.8	-23.9
2003 End of second Aristide government	1137	-13	-1.1	-24.8
2006 End of transitional government	1128	-9	-0.8	-25.4
2011 End of Second Preval Government	1226	98	8.7	-18.9
2015 End of Martelly government	1261	35	2.9	-16.6
2020 Currently	1188	-72	-5.7	-21.4

Source: WDI/WB. Note: when the change of government took place early in a year (such as in 1995, 2001, and 2005), the year considered in the Table is the previous one.

It is not surprising that the two terms of President Preval, who was elected and ended his non-consecutive mandates democratically (the first in Haitian history until that point), are the two periods of higher growth of income per capita, even though the country suffered several natural disasters. And the third period of growth was during the Martelly Presidency, when for the first time in Haitian history a President from one party received the government from a President from another party.[8]

More recently, the collapse of Venezuela, which in 2018 led to the termination of PetroCaribe's concessional oil shipments, ended a source of finance for different public sector programs (which have not been replaced) and forced the Haitian government to eliminate the internal energy subsidies that year. The latter, in turn, led to violent protests against President Jovenel Moïse (related to the deterioration of living conditions, the curtailment of energy subsidies, and suspicions of corruption linked to Petro Caribe and other programs), and a crippling shutdown of economic activities in the whole country (in what was called "Peyi Lok"). The turmoil has continued and recently was compounded by the tragic assassination of President Moïse. The pandemic has delayed the needed steps that international organizations were supporting to normalize political conditions and to contain criminal activities by gangs. The situation of Haitian at the Mexican/US border has added to the complex political dynamics between Haiti and the US.

In summary, Haiti has a configuration of continuous impacts of very negative natural and health shocks, high population pressure over natural resources, high poverty and income inequality, young (and unemployed) population and an appreciated RER (more on this below) in a combination that other countries (in LAC and in other developing regions) do not have to confront, and that makes for a complicated management of the political process. The later has been also affected by Haiti becoming part of racial and political disputes in the US. Those tremendous challenges are even more difficult to address because of another characteristic of Haiti: the country has a very small government (discussed next).

A very small government

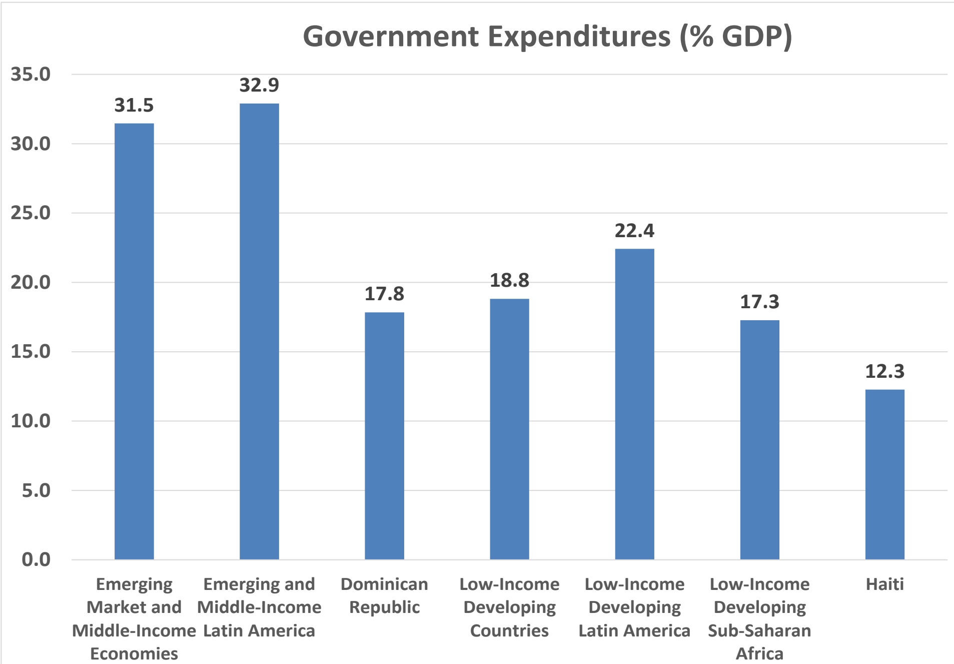
Constraining the possibilities of confronting the problems mentioned, the Haitian government, measured in expenditures as percentage of the GDP, is one of the smallest in the world (Figure 2): according to the IMF Fiscal Monitor Haiti's government expenditures (average 2012-2020) is 12.3% of the GDP,[9] when the average for low-income countries (which the IMF distinguishes from emerging-developing countries) is 18.8%; the same category of countries in LAC shows expenditures of 22.4% of the GDP, and of 17.3% in SSA. In the case of emerging-developing countries (the next higher level of income in

[8] There have been allegations of significant meddling by external actors in the election of President Martelly, which the author is not in a position to judge.

[9] The last IMF Article IV has a larger percentage of expenditures on the GDP. But this seems related to the fact that the GDP in nominal domestic currency utilized in the report is smaller than the one considered in other IMF reports and in the World Bank's World Development Indicators.

the IMF categories) public expenditures are above 31.5% of the GDP; they reach about 32.9% in LAC and 17.8% in the Dominican Republic.

Figure 2. Government expenditures as percentage of GDP



Source: IMF Fiscal Monitor. Average 2012-2020.

The earthquakes, the sequence of other natural and health disasters, and more recently the COVID19 pandemic, have further weakened the human and operational capabilities of an already small public sector (these shocks also damaged the operational capabilities of the international agencies and NGOs functioning in the country). Therefore, the country suffers from a combination of shocks and structural problems, but it does not have a government with the institutional, financial, and human resources to solve them and serve the population.

That small size along with the multiple problems affecting the country have led to several developments that complicate even more a sustained, coordinated, and prioritized answer to the ongoing suffering. Some of those include the following:

*The public sector is fragmented with relatively small programs, with high administrative costs per unit of person served. For instance, in the case of the social sector, in 2020 there were over 20 social protection programs implemented in Haiti by over 11 public institutions and ministries (UN, 2020). Trying to reduce that dispersion, the government approved in June of 2020, 11 social protection mechanisms under the National Policy on Social Protection and Promotion (PNPPS). This effort is commendable. A main question is whether the government has the human or financial resources to implement that policy to scale, given that the PNPPS is still conceptually and institutionally complex.[10]

*Because of a weak and fragmented public sector, the country receives a variety of support from international organizations, NGOs, churches, and the like, with projects that, also in many cases, are small and uncoordinated. All this leads to the perception among the Haitian population that a not insignificant part of what is announced as external aid (public or private) is in fact spent in international consultants and operational costs of the international agencies and NGOs, including vehicles, rents for houses and offices, and similar expenditures that, in addition to making the funding that goes directly to the beneficiaries smaller than it seems at first sight, puts additional pressure on prices of a variety of tradable and non-tradable goods and services in Haiti (with, as mentioned, a negative impact on the real exchange rate[11] and income distribution). At the same time, the donor community takes a lot of time from the national staff, related to participation in meetings, preparation of documents, and similar not directly operational activities.[12]

*A government small and weak also poses a dilemma to the international community that tries to support Haiti (as noted in Collier, 2009 as well). Respect for Haitian sovereignty and the need for country ownership requires that international agencies work in partnership with the government of Haiti. Related to this, the international community may be reluctant to organize and use the needed coordinating mechanisms among themselves if the government does not call and push for that coordination. But institutional weaknesses and scarce time of the officials may prevent them from taking that strong coordinating role, which is absolutely necessary, given the proliferation of international development partners.

At the same time, when confronted with the government's institutional weakness, the international community has resorted to several approaches, some of which may not necessarily be in line with the needed respect for the country's sovereignty and ownership. One of those is simply to work separately from the government, through NGOs, the private sector, and other social actors. This approach may help to deliver some quick results, but may be limited in scale, lack a national strategy, and, in some cases, weaken further the legitimacy of the government.

[10] This is part of a pattern, not only in Haiti but also in many developing countries, of drafting very ambitious strategies and programs (usually requested by the international community) but for which the governments may not have the financial and institutional capabilities to implement as envisaged. Also, the process of preparing those strategies takes a large amount of valuable time from Haitian officials and resources from the international agencies.

[11] Some aspects of exchange rates in Haiti are mentioned later in the paper. A more detailed discussion can be found in Díaz-Bonilla, Paz, and Piñeiro (2021).

[12] The author remembers that the first meeting after the 2006 inauguration with the late President René Préval (may his soul rest in peace), he said, half-jokingly, that with all the activities of the international organizations and bilateral aid (whose representatives always want to talk with the President, or the Prime Minister at least) he was going to need several public sectors to work with all of them. Less jokingly, and, rather, sadly resigned, he also said that he expected, if things did not work in the future, that his government was going to be blamed for their supposed inefficiency and inability to get things done. He insisted on the need to have fewer, but bigger, projects, and with greater impact. This is still a pending debt of the development community.

A separate approach is to focus on “institutional strengthening” and general governance issues (including “corruption”), which are supposed to help improve the operations of the public sector in the (hopefully near) future. But focusing on institutional building in general terms may be perceived by the population as the authorities working for the donors, strengthening the public sector but without immediate benefits for the Haitian people.

A third approach is to set up parallel structures (from individual executing units that last only while there are project resources, to the suggestions after the 2010 earthquake about the creation of an International Development Agency to take over the reconstruction of Haiti). There are variations to this approach. One has been to privatize or enter into management contracts for certain operations such as was suggested for the port at Port-au-Prince, which has the highest cost of other ports in the Caribbean, and for customs procedures and service, at least in some areas such as in special export zones (Collier, 2009). Privatization was also suggested for the main public electricity company and the possibility of allowing private operators in the energy sector. Certainly, this is a relevant option to improve the operation of those public services. A question is why the several past efforts in this regard have had limited results.

Another model of parallel operations suggested has been the Independent Service Authority (ISA) (see Collier, 2009), which would be a quasi-independent public agency (with a Board with majority from the government) that coordinates and co-funds NGO and private sector provision of certain public services, mainly social ones such as education and health. The ISA would implement but not define policies, which would still be the task of the relevant ministries. It would have three functions (Collier, 2009): first to receive international development aid, and money from the government and other potential sources (but as part of the national budget process); second, channel the money to different NGO and private service providers by entering into contracts with them, with specific requirements (set by the ministries) of quality, geographic coverage, and other standards; third, to monitor the performance of service providers against the standards set. This is another option that can be considered for some of the activities in education and health.

A fourth and perhaps better approach for some operations would be to agree with the government to embed international technical staff in Haitian institutions working side by side with national staff, and focusing on programs that have a direct and immediate impact on the population. In the process of implementing those programs, the national and international staff establish the operational mechanisms to strengthen government institutions, technical capabilities, and the budget process and financial controls.

Something similar has been suggested by Brigety and Ondiak, 2009 (a report prepared for the Center for American Progress), when they advised the creation of what was called the Governance Capacity

Partnership, or GCP, to provide direct bureaucratic support to essential Haitian ministries. The GCP would consist of teams of technical experts from donor countries that would be assigned to work for a period in those ministries both performing specific functions (as negotiated with the Haitian government) and training their counterparts. In this approach the international community and the Haitian government would conduct assessments to determine which crucial ministries require assistance, what are the most vital tasks, and the minimum number of external consultants required to fulfill those functions in the near term (Brigety and Ondiak, 2009). This approach may be particularly useful for setting and operating the financial, accounting, and audit controls to integrate all governmental operations within the Treasury Single Account (TSA) that the IMF is recommending.

Another option pursued was that international organizations pay separate bonuses to national staff according to objectives achieved in a program. That was the case of an IADB project with DINEPA (water and sanitation), and there was an attempt to design a transversal intervention with that logic, which was supported by the Haitian authorities.

Obviously, the most dramatic manifestation of the fragmentation and weakness of the public sector is the current state of lawlessness, with armed gangs and criminal groups now controlling parts of Haiti. Although some commentators may still favor an external intervention, such as it was the case of the MINUSTAH, below it is suggested to try another approach that would consider the understandable reluctance of the Haitian people to see foreign troops in their territory. The idea would be to strengthen the Haitian police and support it by embedding international police personnel at the operational level (as briefly discussed later). The logic of international aid paying for salaries of local personnel can be applied here to the police.

And corruption?

Transparency International, in its rank of perceived corruption[13], places Haiti systematically in the lowest positions (in 2020 it appears in the 170th position along with other three countries, out of 183). It is also common in international development documents to find references to Haiti as “one of the most corrupt countries in the world.” However, currently, TI reports that it does not have a chapter operating in Haiti, which is usually a crucial source for the evaluation of corruption with hard data. Also, the Enterprise Surveys of the World Bank that would provide solid evidence through systematic interviews with the private sector about different specific instances of corruption, does not include Haiti. Therefore, this

[13] Corruption is defined by TI as “the abuse of entrusted power for private gain.”

paper prefers to take a different view, emphasizing the several institutional fragility and other constraints that need to be solved, regardless of what the perception of corruption may be.

The main problems are a) the significant institutional weakness of the public sector which leads to lack of adequate accounting and financial controls (making difficult to determine for sure whether there was appropriation of funds or not, or whether the problem is simply waste and inefficient use of resources); b) low salaries that, additionally, are being paid intermittently, which may lead some public employees to request side-payments and try to use public funds personally (the lack of regular payments is a particular problem in the case of the police); and c) the overwhelming poverty and lack of economic opportunities that generate a mentality of "everybody for him/herself," in a daily struggle to survive. All that aggravated by the presence of international crime and drug trafficking, also related to the weak operational capabilities of the Haitian state, which given the limited economic opportunities, can ensnare not only the youth, but also members of political parties and the business community.

At the same time, it must be recognized that accusations of corruption are common instruments of the rhetorical battles in politics in many developing countries, and Haiti is no exception. Therefore, perceptions may also be shaped by the reiterated use of those political allegations. Finally, as noted before, the population that hears about large amounts of foreign aid and sees a significant number of international personnel operating in the country but does not necessarily feel positive changes in their lives, would be very susceptible to allegations that someone, somewhere must be stealing that money.[14]

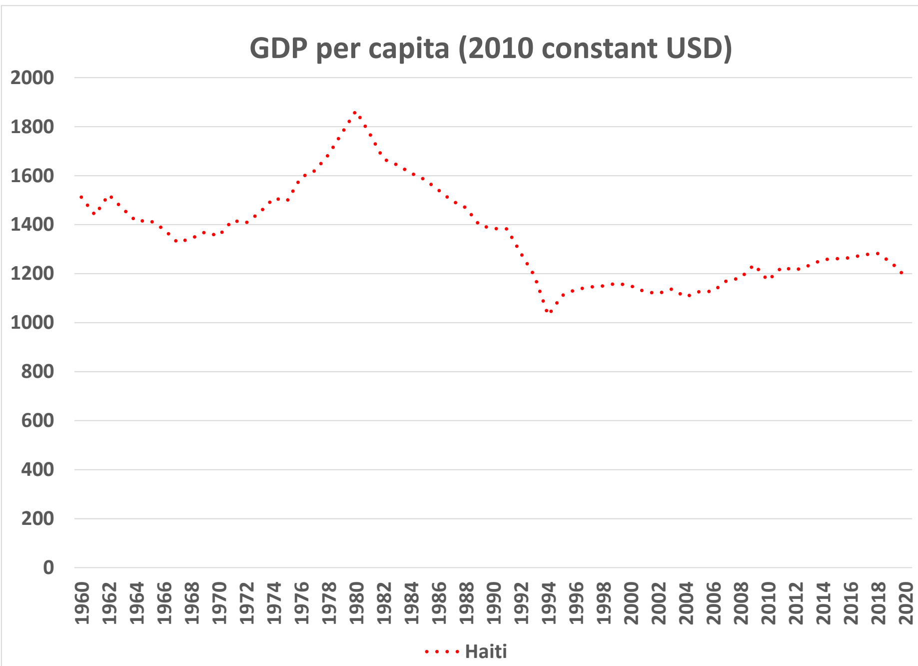
This paper considers that a better approach is focus on strengthening the financial, accounting, procurement and operational capabilities, simplifying tax and regulations, and clarifying the related decision-making processes; to ensure that salaries are adequate and are paid regularly; and to foster economic development and employment opportunities while controlling crime and money laundering. As mentioned, all that needs to be done regardless of what the perception of corruption may be. Predicating those necessary actions on the argument that Haiti is "one of the most corrupt countries in the world" is unnecessary and, and most likely, counterproductive.

[14] Governments in developing countries are in many cases the culprits of those perceptions by announcing repeatedly the same money they are receiving from international banks and bilateral aid agencies, which in the minds of the national audience tend to accumulate. Also, as mentioned elsewhere in this report, given the small scale and fragmentation of many international programs, a non-trivial part is allocated to running the programs (staff, vehicles, offices, etc.) and far less than needed ends up directly supporting the intended beneficiaries.

A LONGER VIEW OF GROWTH

The characteristics mentioned suppressed growth in Haiti. GDP per capita (measured in local currency) between 1960 and 2020 has declined by about 21% (see Table 4 and Figure 3),[15] with the largest decline, as noted, during the boycott of the Cedras dictatorship and the second one during the recent Peyi Lok, also compounded by the impact of COVID 19.

Figure 3. Haiti GDP per capita (constant 2010 dollars)



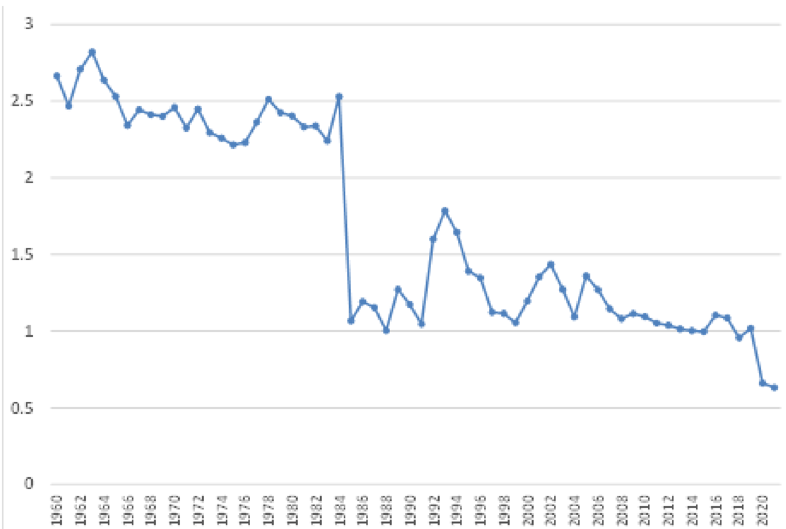
Source: WDI/WB

The increase in the seventies was related to the resumption of foreign aid to Haiti after Duvalier Jr. replaced his late father, and it was also supported by global and regional growth particularly in the second half of the seventies. GDP per capita reached its highest level in the year 1980 and started to decline since then, affected by the double dip recession in the US in the early 1980s, the impact of the HIV pandemic, the African Swine Fever, and the domestic political turmoil generated by the erratic and kleptocratic policies of Duvalier Jr. Also, in 1985 the Dominican Republic (which until then had kept the peso tied 1:1 to the US dollar) devalued its currency, changing significantly the relative competitiveness between both countries. Haiti, on the other hand, maintained its parity of 5 gourdes per dollar until 1991, which led to the relative overvaluation of the national currency. Since then, the Dominican Re-

[15] Only other 4 countries have seen larger declines in their GDP per capita from 1960 t0 2020, all in Sub-Saharan Africa. As a reference, for the world as a whole, GDP per capita increased by 194% and LAC by 144%.

public and Haiti have followed different exchange rate (ER) policies that never corrected the relative appreciation of the Haitian currency, and which was aggravated in 2020 (See Figure 4 with the evolution of the real exchange rate (RER) between Haiti and the Dominican Republic; a lower value indicates relatively more overvalued or less competitive exchange rate).

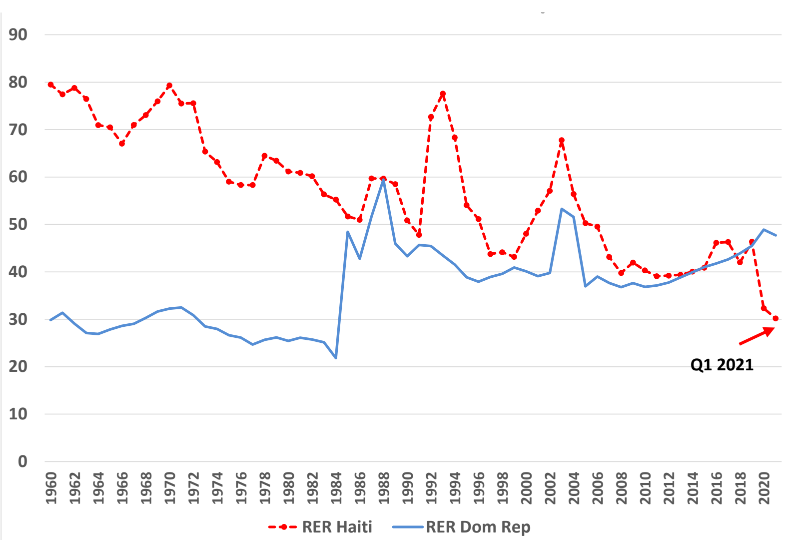
Figure 4. Real exchange rate: Haitian gourde against Dominican Republic peso



Source: Díaz-Bonilla, Paz, and Piñeiro (2021).

The different ER policies can be also appreciated in Figure 5, which shows the RER of Haiti and the Dominican Republic against the US dollar.

Figure 5. RER of Haiti and the Dominican Republic against the US dollar

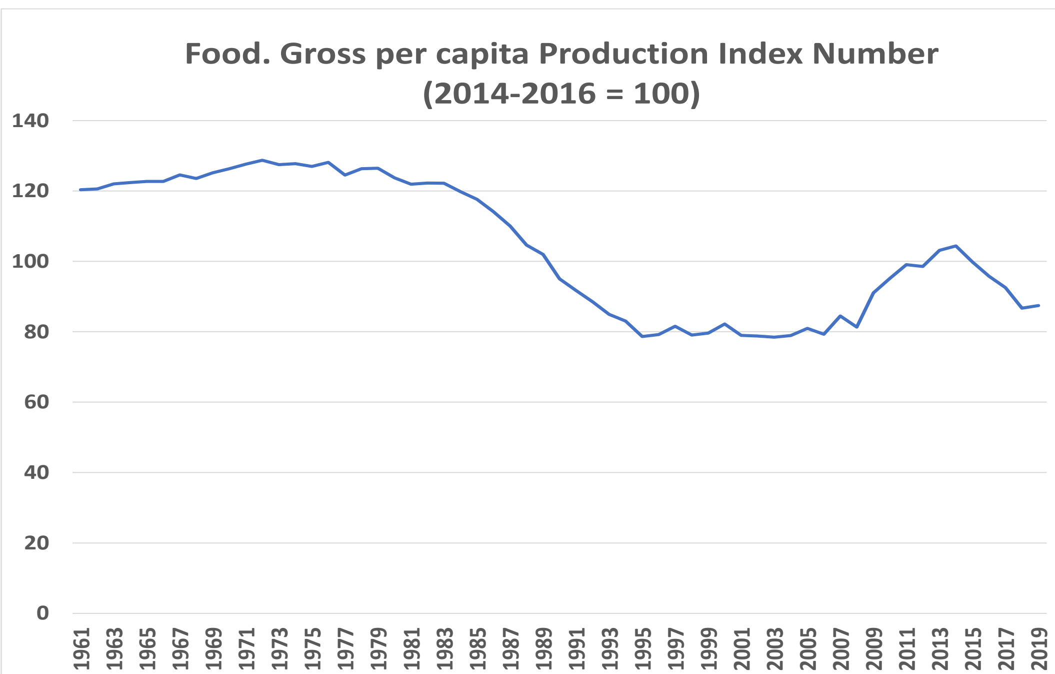


Source: Díaz-Bonilla, Paz, and Piñeiro (2021).

The Dominican Republic maintained the RER within a more stable range after the devaluation of the mid 1980s, while Haiti shows a trend of continuous appreciation of the RER against the US dollar, but with sudden jumps and subsequent declines (adjusted for inflation). As argued in Díaz-Bonilla, Paz, and Piñeiro (2021), those jumps are the result of a pattern of trying to fix the nominal exchange rate in a de facto peg to the US dollars (presumably to control inflation), and the gourde is only devalued when there is a crisis; and after that, the national currency is again pegged to the US dollar, at a higher nominal parity, re-starting the cycle of fixing and exploding of the nominal ER. The accentuated appreciation during 2020 and early 2021, only partially corrected since then, has been the last attempt to use the nominal ER to control inflation.

The appreciation of the gourde against both the US dollar and the Dominican peso, along with the 1986 program of trade liberalization under the dictatorship of General Namphy and then again in the mid-1990s, negatively affected a variety of tradable products and the Haitian economy in general, hurting growth, employment, and trade.[16] Figure 6 shows the index of food production per capita in Haiti. It already started to decline in the early 1980s (in part because of the elimination of the porcine stock due to the African Swine Fever imported from abroad) and it accelerated with the appreciation of the RER and the swift trade liberalization.

Figure 6. Index of food production per capita (2014-2016=100)

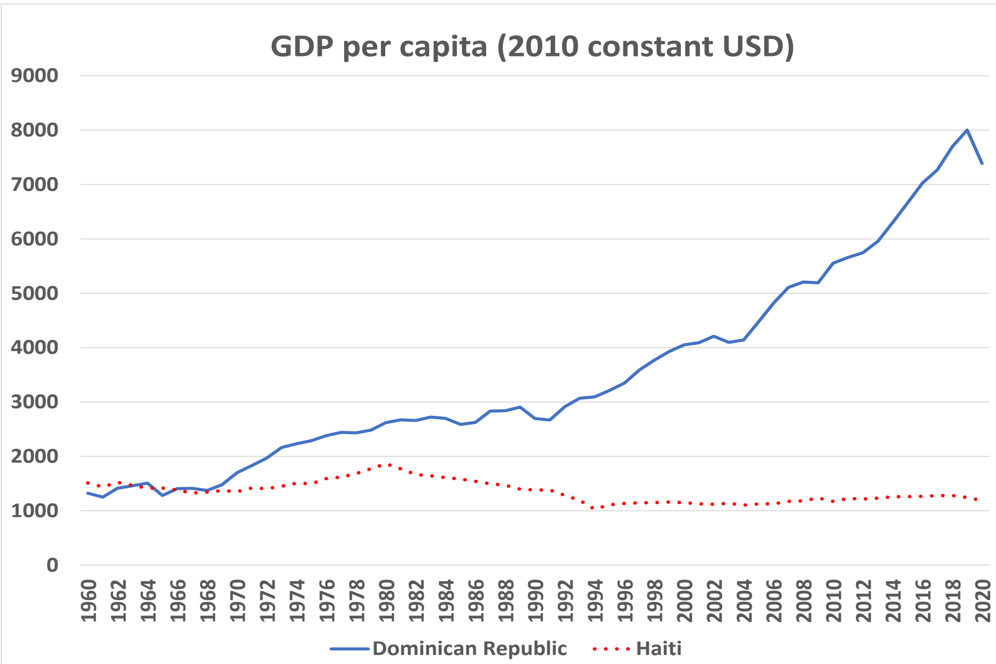


Source: FAOSTAT

[16] As a PhD student I heard my thesis advisor Bela Balassa, who was a strong proponent of trade liberalization, to caution against liberalizing the economy with an appreciated ER.

The Dominican Republic, on the other hand, continued to grow (Figure 7) thanks to better macroeconomic policies and to political conditions more stable than in Haiti. It can also be argued that the Dominican Republic benefited from the demand impulse coming from Haiti, replacing part of the productive capacity in the latter country, due to the appreciation of the ER and the differential trade liberalization (although certainly this factor would not have been the main driver of growth for the eastern side of the island).

Figure 7. GDP per capita: Haiti and Dominican Republic



Source: WDI/WB

The pattern of RER appreciation with periodic sudden jumps in the nominal ER (NER) (Figure 5) has contributed to a high level of dollarization in Haiti (IMF, 2020a), which in turn have constrained the possibility of using the NER to adjust to shocks, because the potential negative impact on the banking system of those adjustments (see the discussion in Díaz-Bonilla, Paz, and Piñeiro, 2021).

Besides dollarization, another factor to consider when evaluating the room a country may have to adjust its ER (in what has been called "fear of floating") is the level of control of transactions in foreign currencies: i.e. whether the transactions in foreign currency related to trade, financial, and other international flows (such as remittances) must go through some specified governmental channels and follow some strict regulations, being exchanged in domestic currency at official rates. In general, Haiti has maintained very few controls on foreign currency transactions (Díaz-Bonilla, Paz, and Piñeiro, 2021). Those few controls may also facilitate the banking system to be used for money laundering related to criminal activities (IMF, 2020a).

In summary, Haiti has shown a long process of appreciation or overvaluation of the RER, which has affected its competitiveness against its trading partners (particularly the Dominican Republic and the US), hurting growth and employment. In Díaz-Bonilla, Paz, and Piñeiro (2021) we argue that such appreciation does not seem to be fully supported by the usual variables considered in econometric studies, even remittances (particularly when compared to the Dominican Republic, which receives a larger amount of remittances per capita than Haiti, and has not shown the same pattern of secular appreciation). It may be the case that the data do not capture other incoming flows, some of them illegal, that may have influenced the appreciation of the RER, in the context of very few controls on financial flows and banking. Also, as noted, the presence of numerous international staff and volunteers in Haiti has most likely an impact on the prices of non-tradables, appreciating the RER. Therefore, those activities and resources must be focused as much as possible on programs that directly and immediately improve the security, economic, and social conditions for the people of Haiti, and less on activities that may have a longer time (such as education) or a more indirect ways to improve the welfare of Haitians (such as some governance issues).

THE NEED FOR A STRONG RESPONSE NOW

It seems that there are three urgent things to do now.

First, there must be a political agreement among the different initiatives that are trying to set up frameworks for dialogue, particularly the Montana Accord (which encompasses the largest group of civil society and political parties), the September Accord around the current interim government (the so called "Prime Minister Accord"), and others that have also been announced. There seems to be an increasing number of those agreements and frameworks, with the parties involved in them arguing that their approach is the most adequate. In particular, while the "Prime Minister Accord" maintains the current interim government, which would organize elections in 2022, the Montana Agreement, because of concerns about transparency in the election process under the current interim government and lack of security conditions, would establish a new interim government and would call to elections in a couple of years. Meanwhile, the country does not have properly functioning key institutions such as the Parliament, Justice and Police.

Haiti would benefit from some convergence of the different groups on simple and operational agreements on basically three main topics: a) the conformation of an interim government with broad support; b) the process and mechanics of democratic elections in an adequate time frame, but shorter than 2 years (following the current Constitution where it applies and with clarifying agreements where there may be vacuums); and c) the mechanisms to address the current security problems with the support of the international community (mentioned next).

The United Nations, the OAS, or the CARICOM could offer the current Haitian government and different political and social groups in the country to organize a conference making sure that it is representative, starting with the signatories of the “Montana Accord” and the “Prime Minister Accord” but extending the participation if there were additional key stakeholders that should be consulted. That conference should finish only when the Haitian representatives reach specific decisions on all three aspects mentioned above (i.e. an interim government with broad support, the time and mechanics of the next election, and procedures to address the security situation).

The second crucial topic is a security situation (reflected in daily kidnappings and gang violence) that continues to worsen and is paralyzing the country, with the inability to transport goods including those designated for post- earthquake humanitarian assistance. Urgent action is needed to regain control from gangs and criminal groups and restore safety in the streets, protecting Haitians in Haiti, and ensuring the free movement of people. But this should not be done with outside troops that Haitians may consider a foreign occupation. It would be better to reach an agreement with the government and the police commanders to embed within the Haitian National Police (HNP) a strong contingent of well-equipped police force from the US, LAC countries,[17] and other countries. With recent support, the HNP has moved from about 10000 troops to some 14000-15000 now, but, according to Interpol,[18] this is still about half the contingent in Dominican Republic, a country with similar number of people, and that also spends about 0.7% of the GDP on the military compared to about zero in Haiti (data from WDI/WB). There are several other initiatives to strengthen the HNP, particularly those supported by the United States (which includes money, embedded technical specialists, and transportation and other equipment). The question would be whether international support with more operational police personnel, under properly worked out chain-of-command structures, may be needed to quickly reestablish security conditions. The Haitian police although well trained, it is poorly and not always paid, and it is very badly equipped. Therefore, it may be needed direct international financing of public spending on security, including police salaries and current spending on the operation of the police.

The United States, the Dominican Republic, Caricom neighbors, and Haiti should also coordinate the control of the maritime and air routes for drugs, arms, and other illegal traffic.

[17] Apparently in the late January2022 ministerial conference on Haiti organized by Canada, Argentina, Chile and Brazil, offered police support.

[18] Interpol https://www.interpol.int/en/Who-we-are/Member-countries/Americas/DOMINICAN-REPUBLIC#:~:text=National%20police%20services,Ministry%20of%20Interior%20and%20Police

The third urgent thing to do now is to announce and begin to implement a safety-net program whose impact can be felt immediately at the level of the population, particularly the poor and vulnerable, including the people that have been repatriated, and the youth that need options to avoid being snared by criminal gangs.

The next section discussed this third topic in greater detail.

SAFETY NETS IN HAITI

Some definitions

The three main social areas for governmental intervention are social protection, health, and education. Social protection, in turn, is divided into social insurance (where workers and employers pay contributions that cover at least in part the costs of the programs; called “contributory programs”); and social assistance (where the program is financed basically by the government and/or development partners, without contributions from the beneficiaries; called “non-contributory programs”). Table 5 presents the classification of social protection and labor (SPL) programs used by the World Bank's ASPIRE database (labor market programs, which are also included in the classification, are less relevant for the analysis in this paper).

Table 5. ASPIRE Program Classification

SPL AREA	PROGRAM CATEGORY	PROGRAM SUB-CATEGORY
SOCIAL INSURANCE	Contributory pensions	Old age pension (all schemes, national, civil servants, veterans, other special)
		Survivors pension (all schemes, national, civil servants, veterans, other special)
		Disability pension (all schemes, national, civil servants, veterans, other special)
	Other Social Insurance	Occupational injuries benefits
		Paid sickness, leave benefits
		Health
		Maternity/Paternity benefits
LABOR MARKET	Labor market policy measures (active LM programs)	Training (vocational, life skills, cash for training)
		Employment incentives/wage subsidies
		Employment measures for disabled
		Entrepreneurship support /startup incentives (cash and in kind grant, microcredit)
		Labor Market services and intermediation through PES
		Other Active Labor Market Programs
	Labor market policy support (passive LM programs)	Out-of-work income maintenance (Unemployment benefits, contributory)
		Out-of-work income maintenance (Unemployment benefits, non-contributory)
SOCIAL ASSISTANCE	Unconditional cash transfers	Poverty targeted cash transfers and last resort programs
		Family/ children/orphan allowance (including orphan and vulnerable children benefits)
		Non-contributory funeral grants, burial allowances
		Emergency cash support (including support to refugees/returning migrants)

		Public charity, including zakat
	Conditional cash transfers	Conditional cash transfers
	Social pensions (non-contributory)	Old age social pensions
		Disability benefits/war victims noncontributory related benefits
		Survivorship
	Food and in-kind transfers	Food stamps, rations, and vouchers
		Food distribution programs
		Nutritional programs (therapeutic, supplementary feeding and PLHIV)
		In kind/non-food support (education supplies, free texts and uniforms)
	School feeding	School feeding
	Public works, work-fare, and direct job creation	Cash for work
		Food for work (including food for training, food for assets etc.)
	Fee waivers and subsidies	Health insurance exemptions and reduced medical fees
		Education fee waivers
		Food subsidies
		Housing subsidies and allowances (and "privileges")
		Utility and electricity subsidies and allowances
		Agricultural inputs subsidies
	Other social assis-tance	Scholarships/education benefits
		Social care services, transfers for care givers
		What is left out from above categories

Source: World Bank (2018)

This section focuses on social assistance, the non-contributory programs that serve the poor and vulnerable, and presents some ideas for an expanded safety net program in Haiti. But because the country, as discussed before, has been suffering from a persistent sequence of damaging natural and health shocks, there is also a relevant network of humanitarian programs running in parallel with a weak social assistance program. Those humanitarian programs are supposed to be one-off interventions -although they may extend over time- related to the specific negative shock affecting the country (hurricanes, earthquakes, a certain health problem, such as cholera or COVID19, etc.). They are mainly operated by international agencies, NGOs, and churches. Social assistance programs, on the other hand, are supposed to be permanent programs operated under the responsibility of the government. In practice, because of the sequence of crises, the humanitarian programs in Haiti have been operating during the last years on a more permanent basis than the notion of one-off interventions would suggest. Then, going forward, part of the strengthening of governmental social safety nets is how to integrate more permanent social assistance programs with the one-off components of humanitarian programs related to specific crises. A hopeful aspect of the current otherwise very difficult situation is that the continuity of humanitarian programs has created a strong network of institutions with significant experience and operational capabilities on the ground, which can be leveraged for the program discussed below.

Comparative data

Next Table 6 shows different indicators of social protection and social assistance programs (from the ASPIRE database of the World Bank; they correspond to the last household survey of 2012).

Table 6. Indicators of social programs

	Coverage (%) - All Social Protection and Labor	Poverty Headcount reduction (%) - All Social Protection and Labor -1st quintile (poorest)	Beneficiary incidence in 1st quintile (poorest) (%) - All Social Assistance	Benefits incidence in 1st quintile (poorest) (%) - All Social Assistance	Adequacy of benefits in 1st quintile (poorest) (%) - All Social Assistance
Haiti	19.5	0.1	22.5	5.8	1.1
Low income	20.2	4.7	17.2	8.6	18.2
LAC	51.0	26.6	35.3	26.3	22.2

Source: Díaz-Bonilla, Eugenio; Piñeiro, Valeria; De Salvo, Carmine Paolo; and Laborde Debucquet, David. 2021. The indicators definitions are as follow: *Coverage (%) -All Social Protection and Labor Programs: Percentage of population participating in social protection (which includes social assistance and social protection[19]) and labor programs. *Poverty Headcount reduction (%) - All Social Protection and Labor - 1st quintile (poorest): Simulated change (%) on poverty headcount due to all SPL programs. Poverty headcount ratio is the percentage of the population below the poverty line and it is measured assuming the absence of the programs (pre-transfer welfare distribution). *Beneficiary incidence in 1st quintile (poorest) (%) - All Social Assistance: Percentage of program beneficiaries of social assistance (which is a subset of all SPL programs) in the poorest quintile relative to the total number of beneficiaries in the population. *Benefits incidence in 1st quintile (poorest) (%) - All Social Assistance: Percentage of benefits from social assistance (which is a subset of all SPL programs) going to the poorest quintile of the post-transfer welfare distribution relative to the total benefits going to the population. *Adequacy of benefits in 1st quintile (poorest) (%) - All Social Assistance: The total transfer amount received by all beneficiaries in a quintile as a share of the total income or consumption of beneficiaries in that quintile.

Haiti is below the comparator group of Low-Income countries, as well as the average for Latin America and the Caribbean, for most all the indicators. The coverage of all SPL programs is low, and therefore their contribution to reducing poverty headcount in the lowest quintile is minimal (the poverty incidence is reduced by only 0.1 percentage points). For the more targeted social assistance programs (those that are supposed to focus on the poor and are financed with general taxes) the coverage is even lower: the World Bank 2016 estimated that only about 8 percent of the population received social assistance benefits such as scholarships, food aid or transfers in 2012.

Also, the benefits to the lowest quintile (supposedly those in most need of help) represent only 5.8% of all benefits distributed through social programs and, therefore, contribute only 1.1% to improving income or consumption (last column). This implies that richer quintiles are getting larger percentages of benefits than they are supposed to receive (World Bank 2016 notes that although the programs were progressive in terms of program coverage to the extent that the population of the two poorest quintiles were twice as likely to receive assistance relative to the top two quintiles in 2012, they were not progressive in terms of the money transferred, which increased with income).[20]

The limited results are due to the low levels of public resources devoted to these programs, the fragmentation of governmental programs, with a large number of small interventions (see later), inadequate targeting of the programs and leakages, and lack of continuity due to volatile financing.

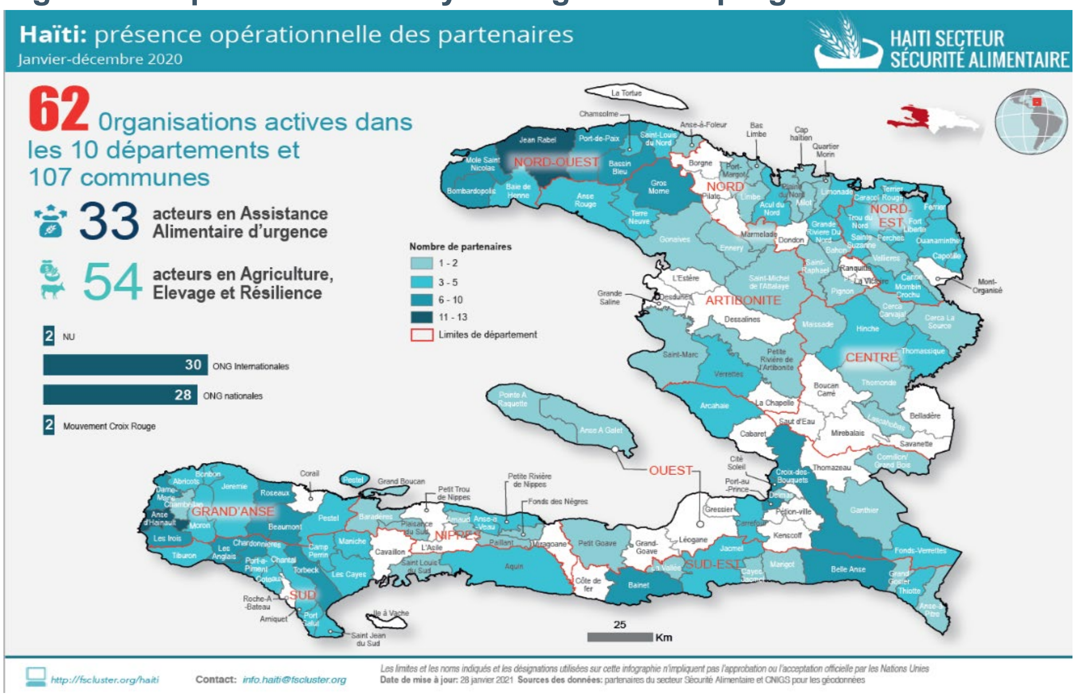
[19] Social assistance includes non-contributive programs, while social protection refers to contributive programs.

[20] Diaz-Bonilla, Biermayr-Jenzano, and Paz (2020) show that on average in LAC, around 70% of the beneficiaries and of the benefits correspond to the two poorest quintiles, but that means that 30% of the benefits and beneficiaries correspond to the highest quintiles, and in particular just over 10% correspond the two richest quintiles. This indicates targeting problems. It seems that0o in Haiti the problem is even more acute.

The lack of coordination and fragmentation is also mirrored in a variety of separate programs by multi-lateral and bilateral donors, as well as a variety of social programs carried by churches, NGOs, and other private development organizations. This public and private institutional fragmentations is one of the more noticeable characteristics of the operation of economic and social development programs in Haiti.

As mentioned, several of those programs are related to the sequence of humanitarian crises suffered by the country. Next Figure 8, for instance, shows on a map of Haiti programs related to food security and agriculture in the country in 2020.

Figure 8. Map of food security and agricultural programs



Source: Food Security Cluster. Haiti http://fscluster.org/haiti

The Food Security Cluster in Haiti, led by FAO and the World Food Program (WFP) to coordinate food security issues in humanitarian crises, lists 62 organizations working in the country in 2020, including the two UN agencies, 2 Red Cross outfits, 30 international NGOs and 28 national ones.

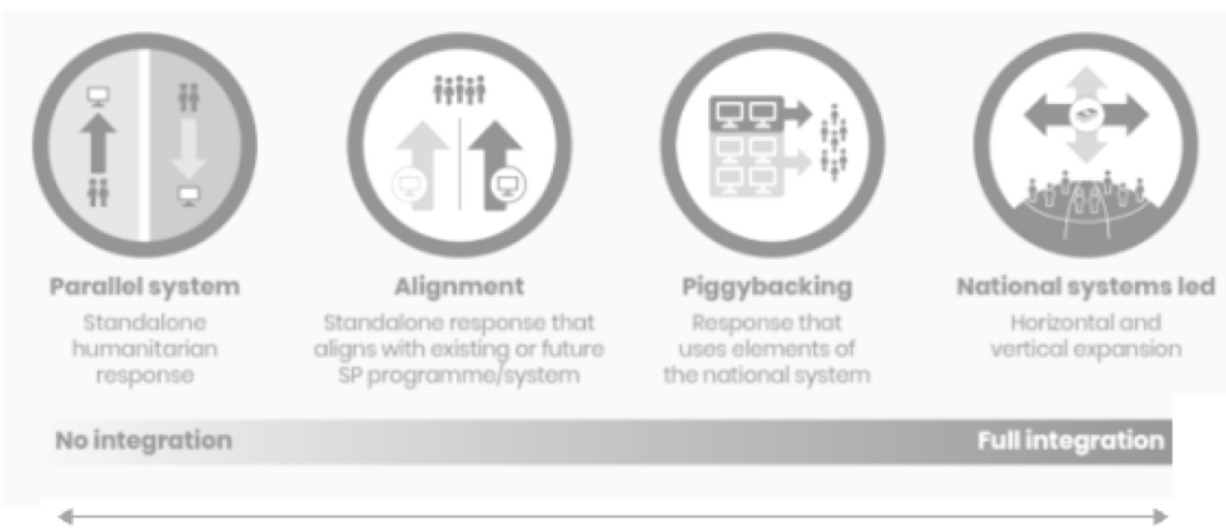
The large number of initiatives carried by international and national civil society groups also make difficult to quantify the level of support that the poor and vulnerable population is receiving. Humanitarian programs are getting more coordinated at the level of the international agencies and NGOs (as discussed later). Certainly, those programs, help segments of the population with support that the government cannot provide. At the same time, they may also contribute, as noted, to a "developmental assistance" Dutch disease on the RER (as mentioned elsewhere in this document).

The pandemic has led to the expansion of governmental social assistance in Haiti, increasing spending in about 1.1% of the GDP (when for LAC countries during the pandemic the increase has been about 2.6% of the GDP; see Díaz-Bonilla, Piñeiro, De Salvo, and Laborde. 2021). The ASPIRE database does not have information about expenditures on social assistance programs in Haiti as percentage of the GDP before the pandemic. The COVID 19 crises and then the two earthquakes in August 2021 and January 2022, have also led to the expansion of humanitarian programs on food security, health, and other areas (some programs are reviewed below).

As in many developing countries, Haiti would need three types of adjustments to its social assistance programs: a) better targeting; b) an increase in the level of spending; and c) reconceptualization of the operations to consolidate interventions, and to adapt them to rural conditions, the new disruptions generated by the pandemic, and the specific problems in Haiti (such as the unemployed youth and the returning population).

Given the extent and continuation of humanitarian programs alongside with weaker social assistance programs run by the government, another issue is how to integrate both components into a more unified system. Figure 9 shows the range of options for the operation of those two components

Figure 9. A continuum of delivery approaches



Source: Seyfert, Barca, Gentilini, Luthria, and Abbady. 2019.

The original focus of that typology was for the integration of humanitarian programs for refugees with social assistance national programs. Here it is adapted for the case of Haiti that involves humanitarian crises but not international refugees. The continuum goes from a) parallel or stand-alone humanitarian programs completely separate from national systems; b) shadow alignment, which is still a stand-alone program, but is aligned in some of the policy, financial and operational dimensions (discussed later) with existing or future social assistance programs; c) piggybacking arrangements, in which humanitarian programs combine stand-alone responses with some operational aspects of the delivery of assistance working through national systems; and d) national system-led, or entirely run through national systems, with more permanent social assistance and humanitarian responses are integrated (adapted from Seyfert, Barca, Gentilini, Luthria, and Abbady. 2019).

Recent programs

Haiti has had many schemes of Cash for Work and Food for Work through the years. Usually, these programs tended to be short-term interventions and focused on most vulnerable population immediately after natural disasters (i.e. humanitarian programs). The work usually involved rebuilding and restoring infrastructure (roads, water and sanitation systems, irrigation), cleaning up affected areas, and so on. Those programs also helped to revive the local economy, and by creating jobs and generating incomes, they could reduce crime. In particular, after the 2010 earthquake, UNDP and USAID implemented two separate programs to generate short term jobs paying about 5 USD per day.

Some of these initiatives to the extent that they are defined as “work” programs entered into difficulties related to minimum salaries in Haiti, which made them relatively expensive given the funds usually available.

During the Presidency of Joseph Michel Martelly, starting in May 2011, there was an increase in social programs, particularly the flagship initiative called "Ede Pep," implemented by the Social and Economic Assistance Fund (Fonds d’Assistance Economique et Sociale, or FAES) (a specialized agency within the Ministry of Finance, tasked with deploying assistance programs). It was a complex program composed of several main sub-programs such as Ti Manman Cheri (a conditional cash transfer program that targeted mothers living in disadvantaged urban areas); Kore Etidyan (a cash transfer program targeting students enrolled at the State University of Haiti); Panye Solidarite (distribution of food baskets to families living in rural areas); Kore Ti Granmoun (a cash transfer project aimed at the elderly in vulnerable situations); Bon de solidarité/Bon Dijans (a solidarity payment program designed to respond to climatic and geological events by providing a one-off payment to affected households); Kore Moun Andikape (support to people suffering handicaps); Kantin Mobil (mobile kitchens); Kore Peyizan (credit to small farmers); Kredi Pou Famn Lakay (microcredit) and others.

There was also the program of Universal, Free and Compulsory Schooling Programme (programme de scolarisation universelle gratuite et obligatoire, PSUGO), which tried to provide free access to primary school for 1.5 million children aged between 6 and 12, by giving a cash transfer to schools per pupil (originally both for private and public, but subsequently only for the latter).

The Ede Pep programs were mostly financed by PetroCaribe funds and two special taxes (on remittances and international telephone calls) (IMF, 2020b).

Next Table 7 (from Dorsainvil, 2015) shows the amount spent in two fiscal years, to provide a sense of the programs and amounts involved.

Table 7. Expenditures of EDE PEP (1000 gourdes)

DEPENSES EDE PEP

Programme	Exercice Fiscal 2012-2013 Montant (Milliers de gourdes)	% du Total	Exercice Fiscal 2013-214 Montant (Milliers de gourdes)	% du Total	Variation 2012-2013/ 2013-2014
Ti Manman Cheri	266 508	7%	348 088	7%	31%
Panye Solidarite	490 674	13%	325 076	7%	-34%
Bon Dijans/Bon Solidarite	111 527	3%	37 784	1%	-66%
Kore Peyizan	92 775	2%	192 439	4%	107%
Kantin Mobil	72 870	2%	194 487	4%	167%
Kore Moun Andikape	1 548	0%	8 576	0%	454%
Kore Etidyan	443 322	11%	460 856	10%	4%
Kredi Fanm Lakay		0%	11 901	0%	
Kore ti Gran Moun		0%	-	0%	
Resto Pèp [a]		0%	55 207	1%	
Restoran Kominotè	127 780	3%	915 880	20%	617%
PSUGO	2 304 486	59%	2 113 784	45%	-8%
Total	3 911 490	100%	4 664 078	100%	19%

Source: MAST, FAES, MEF.

[a] Programme de transition jusqu'à la mise en place d'un restaurant communautaire dans une zone donnée.

Source: Daniel Dorsainvil, 2015

Total expenditures were between 190-220 million USD with some 100-112 million USD going to the schooling program (PSUGO). It shows the pattern of many fragmented programs, each one with limited money, and within an overall budget envelope that once the education component is taken out, leaves very little for other social assistance programs focusing on the most vulnerable.

The Superior Court of Accounts (Cour Supérieure des Comptes et du Contentieux Administratif, CSC/CA) issued two audits in 2019 in which cast doubts about the use of funds in several sub-programs of Ede Pep, because it could not confirm the data provided by the FAES. The CSC/CA recommended an investigation into the management of the program to confirm whether there were misappropriation and leakages of funds.[21] The allegations of corruption in the use of PetroCaribe funds were part of the reasons for the protests that led to the country lockdown (Pei Lok).

Another important safety net program with cash transfers was Kore Lavi (2013–2019), financed by USAID and implemented through the Ministry of Social Affairs and Labor (Ministère des Affaires Sociales et du Travail, MAST). It operated with food vouchers for some 20,000 vulnerable households, favoring the consumption of high-quality local produce. It was implemented in 24 communes (out of the 145 in the country) in five departments (Nord-Ouest, Artibonite, Centre, Ouest and Sud-Est). Kore Lavi developed a database to help with the targeting of the activities, which evolved into the SIMAST database.[22] The evaluation (IMPEL, 2020) found positive results related to the inclusion of local micro-finance institutions, food vendors, and use of locally produced foods; the development of SIMAST; the focus on capacity building at MAST; and the use of Village Savings and Loans Associations (VSLAs). The evaluation also considered the drafting of the National Policy for Social Protection (PNSP) a positive consequence of Kore Lavi. A main suggestion for improvement was the need for the social protection approach to also "include livelihood/agriculture support components, or partner closely with complementary projects." [23]

The aftermath of hurricane Matthew in 2016 also saw the expansion of safety nets run by UN agencies such as the World Food Program and by international NGOs such as CARE, Action Contre La Faim (ACF) and others.

In 2017, noting the high percentage of urban youth in Haiti, and that they suffered high levels of Inactivity, coupled with extremely low level of labor formality,[24] the government requested the IADB the financing of a "Temporary Employment Program" (TEP) for the urban youth, generating employment in Community Driven Development (CDD) projects[25] (some 27 million USD). The project included training for

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[21] As discussed before, weaknesses in the records in the agencies operating the programs, the lack of resources of the CSC/CA to be able to go deeper in pursuing detailed information, and the geographical mobility and lack of identification of the beneficiaries, makes difficult to determine with certainty how much money went to the declared objectives and how much may have been misappropriated (corruption) or simply wasted.

[22] The Information System of the Ministry of Social Affairs and Labor (SIMAST) is an application managed by MAST. Its development was started as part of the Kore Lavi program.

[23] The evaluation argued that, as the Kore Lavi project lacked those components, this may have "likely limited the impacts the project was able to have on long-term resilience." The argument was that "the assumption that households would use the voucher support coupled with the VSLAs to help lift themselves out of poverty (or at least put the household one run further up the economic ladder) relied on the presumption that these households would find and develop new/improved livelihood sources, without actually formally supporting that important pathway step." The program proposed later in this paper considers this important point.

[24] The report indicates that in 2012, 34.5% of the urban youth were "Neither Employed nor in Education or Training" (NEET), with the problem even more acute among young women (42.3% of which were NEET). Further, only 9.6% of employed urban youth had a formal job (11.3% for males, 7.5% for females) (IADB, 2017).

[25] The project document listed as eligible works "(i) improved street and drainage infrastructure, including corridors, sidewalks, and public stairs; (ii) new or improved retaining wall, likely to accompany sidewalks or the protection of some small works; (iii) new or improved threshold gabion; (iv) new or improved water kiosks, water distribution pipes, community cisterns, rainwater capture, and community latrines; (v) new solar streets lamps installed; (vi) improvements in schools, health centers, and daycare centers (painting, fixing lighting, fixing windows); (vii) new or improved community/public areas, sports, cultural and/or recreation places (open spaces, support to visual arts, music, theater, and sport for youth); and (viii) neighborhood beautification (e.g., painting of walls)."

the youth (9 million USD) and institutional strengthening for FAES and MAST (IADB, 2017). This project may offer some lessons for some of the interventions mentioned later related to unemployed youth.

As noted, by 2020 there were over 20 social protection programs implemented in Haiti by more than 11 public institutions and ministries. Therefore, the Moïse Administration attempted to streamline and better coordinate the many social programs with the adoption in June 2020 of the National Policy for Social Protection and Promotion (PNSS), focusing on four main components: (i) childhood, (ii) work, employment and employability, (iii) social protection of health, old age and disability, and (iv) social protection and promotion responsive to shocks. It includes 11 social protection mechanisms:

- Unconditional cash transfers for children aged 0 to 5;
- Conditional cash transfers for children aged 6 to 14;
- Free preschool for children aged 3 to 5;
- Free primary school for children aged 6 to 14;
- Cash transfers to working mothers;
- Cash transfers for care work to women aged 15 to 49 with children aged 0 to 3;
- Minimum pension for persons aged 60 and over;
- Cash transfers 72 hours after a rapid onset shock;
- Targeted cash transfers in the event of a shock;
- Cash for work for people who are of working age and fit to work, both in urban and rural areas;
- Disability cash transfers for persons unable to work (severe disability).

The PNPPS also defined the MAST as the main institution for the coordination of the activities. Another important aspect has been the advances, although slow, in expanding SIMAST. This database has been used in projects by USAID, the WFP, CARE, Action Contre la Faim, the European Union, the Red Cross, Concern Worldwide and others (Tromben et al, 2020). It is necessary to continue expanding the coverage: as of September 2019, SIMAST held data on 360,425 households (equivalent to 1.5 million survey respondents), or 23% of the Haitian population (Tromben et al, 2020).[26] IMF, 2020b estimated that the marginal cost of increasing coverage by one percent was 350,000 USD, with a total cost of 28.4 million USD to achieve full coverage of the population. As noted in IMF 2020b "potential shortcomings of SIMAST include that it may not be expanded to cover dangerous urban areas, it will need regular updates, and its financing could end. Over the long term, national coverage based on a modernized national identification system could be envisaged and possibly coordinated down the road with other government functions like taxpayer IDs." The latter will be key not only for the operation of social programs, but to make elections more transparent, improve tax collection, and help with enforcement of law and order. One of the better possible uses of the international development funds would be to complete the national coverage of an identification card.

[26] Other sources from the Inter-American Development Bank and World Bank and estimate a lower coverage of around 18-20% of the total population.

The impact of COVID-19 led to several programs focused on the humanitarian and health problems created by the pandemic. For instance, the Inter-American Development Bank approved a grant for 60 million USD (IADB, 2020) to be implemented through the FAES, which was then expanded with 70 million USD in November 2021 and modified. FAES operated through the World Food Program and other specialized NGOs. The operation in 2020 had three components. The first one was a school feeding operation (12.5 million USD) for 100,000 beneficiaries for 140 school days from September 2020 to June 2021.

The second one was cash and in-kind transfers for vulnerable population (42.7 million USD), targeting a total of 124,000 vulnerable households, including 30,000 households in the Cité-Soleil and Martissant areas of Port-au-Prince and 94,000 households in vulnerable areas outside of Port-au-Prince (each household would receive up to four transfers, taking place between 4 to 6 weeks from one another of about 75% of the basic food basket of approximately 110 USD for a household of 5 people for 1 month). The project considers several delivery mechanisms depending on the specific areas of intervention: (i) electronic transfers using mobile payments (urban areas other than Port-au-Prince), (ii) food vouchers (in Martissant and Cité Soleil difficult areas in Port-au-Prince); (iii) cash-in-envelope (WFP will use this modality in rural areas with limited mobile coverage and limited presence of agents to withdraw resources received with mobile payments); (iv) food in-kind (preferred in rural areas that are particularly exposed to the risk of market disruption). All beneficiaries would be registered into an electronic system to verify their identity at each distribution, which would feed into SISMAT (WFP beneficiaries are registered into the SCOPE system with a SCOPE ID card upon registration that they will have to present each time they receive cash-in-envelope or the food kits). [27]

The program also set up a call center and hotline by a specialized consultant to monitor school feeding and transfers, through calls to directors, teachers, and parents of students benefiting from school meals and beneficiaries of in-kind transfers; it will also activate a hotline to allow stakeholders and beneficiaries to contact the program regarding any school meal issues that may arise.

The project was extended (showing that humanitarian interventions may morph into more permanent safety nets) and modified in a second IADB project (IADB, 2021). FAES was again the executing agency operating through the WFP and several NGOs. It continued the school feeding program (16.5 million USD) for 115,000 beneficiaries for 127 school days from September 2021 to June 2022 (including snacks and hot meals, de-parasitic medications and Vitamin A, and kitchen and cleaning equipment for the schools). It also extended the previous cash-transfer program to improve food security for

[27] There was also a third component that would finance temporary wage subsidies (50% of the minimum daily wage) to 43 formal enterprises in the textile sector and covers a period of 15 to 22 working days per month. that closed operations because of the pandemic (4 million USD).

71,000 vulnerable households (equivalent to 355,000 people) (52.5 million USD), with 3 types of transfers: (i) unconditional cash transfers (54000 households receiving four transfers of an amount equivalent to 70% of the basic food basket each, about 100 USD in 2021, using the four modalities mentioned before[28]); (ii) cash transfers for 12,000 vulnerable households in specific areas exposed to climate shocks, conditional on participation in small works performed for the creation, restoration, and maintenance of community environmental assets, such as micro-basins, small bench terraces, trenches, and other small structures for water retention (four transfers during four months in amounts aligned with the national monthly minimum wage); and (iii) cash transfers and complementary services for vulnerable women especially exposed to gender-based violence (5,000 vulnerable women especially exposed to GBV and living in Port-au-Prince metropolitan areas exposed to food insecurity; four transfers of an amount equivalent to 70% of the basic food basket each). As in the previous project, a call center and hotline were established to monitor program implementation and stakeholder satisfaction.

Another recent program of safety nets has been the Adaptive Social Protection for Increased Resilience Project (ASPIRE project[29]), financed by the World Bank/IDA (2021). The project will support the PNPPS and policy development through a safety net focused on children, pregnant women and people with disabilities. The largest component ("Component 1: Delivering an Adaptive Social Safety Net") allocates 59 million USD to provide adaptive unconditional cash-transfers (UCTs) and complementary measures to around 18,000 households (or 90,000 individuals) living in distressed areas who are chronically poor and vulnerable to shocks. The total amount of effective cash transfers (once other complementary actions are excluded) is 46 million USD over 6 years. At full operation it amounts to 9.2 million USD/year, or about 511 USD/household/year (almost 42 per household/month or some 28 cents USD person/day).

The targeting will be geographic based on the "deprivation and vulnerability index" and the demographic composition of the household (particularly households categorized as 'most vulnerable' and with children under age 5, pregnant women, or persons with disabilities). The cash-transfer is programmed to be executed by the World Food Program on behalf of MAST. The WFP will work with MAST to strengthen its operational capabilities and to expand the coverage of SIMAST. Cash transfers would also increase in the event of climate shocks. In that way the program tries to build a bridge between humanitarian interventions and more permanent social safety nets that can be expanded in terms of people covered or of levels of transfers in case of crises.

[28] The delivery of cash transfers through mobile payment mechanisms, vouchers, cash at the counter or cash in envelopes.

[29] As there is the ASPIRE database of the World Bank, when referring to this project in the text it will say "Aspire project".

Below it is suggested to build on the approaches mentioned in the previous projects to significantly expand the cash-transfer program, including separate components for the at-risk youth, for rural households (linked to production and environmental activities) and for the vulnerable Haitians that are returning to the country deported from other countries or forced by the COVID pandemic in LAC countries. An important aspect is the convergence of humanitarian interventions into a more permanent national safety net. Other aspect is to have a larger coverage of the target population: notwithstanding all the programs mentioned, the WFP of May 2021 reported that only about 500,000 people were assisted[30] (out of more than 4,000,000 million people suffering from serious hunger problems) with the different programs operated by the UN agency (which included part of the funds coming from the IADB and the World Bank mentioned before, plus other bilateral aid).

Some considerations about the design of social assistance programs

***Legal and policy framework*.** Now the overall legal and policy framework defined by the government is the PNPPS. All the operations should be framed by it.

***Target groups and coverage*.** The first question is what group is considered, given the problem that wants to be addressed. Considering the widespread poverty in Haiti, it may be better to use broad demographic or geographic targeting of beneficiary groups, using simple approaches that can be easily operationalized.

The PNPPS identified a series of groups, but on the one hand, those may be simplified further to start now, and on the other hand, it may require considering the problems of the youth that is now involved in gangs, and the people that are returning or being sent back to Haiti. A starting point would be to focus on population in food crisis (IPC 3) and food emergency (IPC4).[31]

Another aspect is coverage: how many households are really being supported with the desired social interventions. Ideally, given the target group defined, the coverage should be as close to 100% as possible. One of the problems is the lack of a single registry (more on this below).

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[30] https://docs.wfp.org/api/documents/WFP-0000135472/download/?_ga=2.56699818.1403880714.1644518116-1208470370.1641327821

[31] IPC 3: Households either: have food consumption gaps that are reflected by high or above-usual acute malnutrition; or are marginally able to meet minimum food needs but only by depleting essential livelihood assets or through crisis-coping strategies. IPC4: Households either have large food consumption gaps which are reflected in very high acute malnutrition and excess mortality; or are able to mitigate large food consumption gaps but only by employing emergency livelihood strategies and asset liquidation (World Bank, 2021).

***Type of program(s)*.** Cash transfer programs (conditional or not) are important to alleviate poverty and food insecurity. At the same time, they expand the domestic demand of the poorest and most vulnerable (who have a greater propensity to consume local products), in a virtuous cycle that can sustain growth and national employment.

Those programs have been evolving into more complete mechanisms to address social vulnerabilities. In the rural sector, they have begun to include poverty, nutrition, environmental (for instance for reforestation and environmental services), and productive payments (for equipment, animals, and the adoption of improved technologies) (FAO 2017; De La O Campos et al. 2018).[32] Recent work by the World Bank has expanded the framework for social inclusion, both in rural and urban settings, by defining multidimensional programs with social safety nets, livelihoods and jobs, and financial inclusion (see Andrews et al. 2021) (see the comments about the evaluation of Kore Lavi on this topic).[33]

This type of broader programs would help in many dimensions of the economic and social development of the beneficiaries, building the assets (human, financial, technological, natural, physical, social, political) in the hands of the poorest and most vulnerable populations. They will also target the youth in danger to become involved in gangs and crime networks.

In the 2020 Article IV the IMF suggested that the Haitian authorities should "focus on a limited number of unconditional, quasi universal cash transfer programs that are simple in design and have proven effective in other low-income countries" and urged them "to design and launch a new pilot program as soon as possible" (IMF, 2020a). It is interesting to note that, according to that report, the authorities manifested some skepticism[34] about the instrument by noting that "strengthening the social safety net should be accompanied by employment programs and stronger growth" and by expressing "concern that unconditional cash transfer programs could hinder their ability to target scarce resources and lead to unintended consequences" (IMF, 2020a). Also, the IMF report noted that the Banque de la République d'Haiti (BRH, the Central Bank) emphasized the role that the 2015 national financial inclusion strategy could play "in helping to reduce poverty by supporting job creation, raising access to credit for entrepreneurs, and facilitating payments between individuals with Fintech advances" (IMF, 2020a).

Although it would seem to be a difference in strategies between addressing poverty through cash transfers, or through growth, employment, and financial inclusion, in fact, both approaches should be com-

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[32] There have been examples of similar programs by the IADB, the World Bank, and USAID, but none of those have had the scale and period of execution suggested here.

[33] Those transfers would have greater impact if they were implemented as a single one, instead of divided into different components.

[34] It is interesting to note that the reluctance regarding cash-transfers was also clearly expressed by then President Prèval in a conversation with the author, who then represented Haiti at the Board of Executive Directors of the Inter-American Development Bank: when the President was asked about implementing a cash-transfer program he did not seem convinced, arguing that it was going to lead to allegations of corruption and that he was going to be blamed. His preferred development strategy was a strong program of infrastructure, particularly roads. As a result, the program of the IADB started to reflect a larger proportion of concessional loans and grants for roads.

plementary and need to be sequenced properly: a strong, simple, and well-targeted cash-transfer program should go first to address the dire social conditions now but would also help jump start the economy and stabilize the political situation (including the violence of gangs). In turn, a program of growth, employment, and financial inclusion should quickly be implemented, which would also lead over time to the reduction of an extensive safety net.[35]

***Level, frequency, and duration of transfers*.** The government should align the decisions of all programs about the amounts (for example related to a food basket or a poverty line), the periodicity (for many continuous transfers would be monthly, but in cases of natural disasters may be a one-off, or a time-limited transfer), and the duration (for instance, whether there is an age limit, or a condition that defines the termination). Ideally, social safety nets should be flexible enough to expand its response in the case of specific natural disasters or other temporary crises.

***Institutional aspects*.** The PNPPS started to streamline and rationalize current existing social programs and defined MAST (based on the organic law 24/11/1983) as the main institution to coordinate and develop a solid social assistance program. In that role MAST should be strengthened institutionally, as well as the FAES, which has a history of operations in the country. The mechanism of the WFP working with MAST (or FAES) in several of the projects mentioned before, is a way of embedding international technical and operational assistance (i.e. helping to carry out operations directly and not only "advising" on how those operations should be implemented). That support should include not only the actual delivery of cash transfers, but also the setting up and operation of the financial, accounting, and audit systems to report on activities, coverage, resources received and transferred, beneficiaries and administrative costs.

Currently, there are some mechanisms of coordinating the work of the many agencies and NGOs related to cash transfers and related social interventions. One is the Cash Based Transfers Working Group (CWG) of Haiti, that provides the setting for humanitarian agencies and NGOS to exchange information, harmonize approaches, coordinate interventions, avoid gaps and duplication, and analyze results and impact of cash transfers. It is co-headed by WFP and Mercy Corps.[36] The hybrid structure (UN agency and an NGO) may help ensure accountability and improve implementation across international agencies and NGOs, but it does not seem to include the government, which is crucial to design and implement a broad social protection program.

The PNPPS defined the Social Protection Sectoral Table (TSPS) to coordinate the implementation of the social programs, including the creation of a Permanent Secretariat, with a Civil society consultative

[35] It should be noted that studies that estimated the cost of eliminating hunger (such as FAO, IFAD, WFP, 2015 and Laborde, Parent and Smaller, 2020), use a similar approach of starting with strong safety but coupled with productive investments that over time increase employment and incomes and reduce the scale of the needed safety nets.

[36] See https://fscluster.org/haiti/document/presence-operationnelle-des-partenaires-1

committee, an Information and targeting system orientation committee, and an Implementation and sectorial coordination monitoring committee. It is supposed to develop national and local operational plans for social protection but also include plans for social emergencies related to natural disasters and/or pandemics. In this way, it would integrate the more temporal humanitarian activities with the longer-term social assistance programs. The work of the CWG should be converging within the work of TSPS.

Beyond the organizational aspects, an integrated and broad social assistance program needs an annual Operational Plan, with budget, targets, responsibilities, and control mechanisms. What is required are programming and coordination mechanisms oriented towards action and results, articulated around the budget. Operational problems can be helped by some organizational changes and functions, but fundamentally require a disciplined implementation of the cycle of Programming, Execution and Control (PEC) (see the discussion for safety nets in Venezuela in Diaz-Bonilla, Biermayr-Jenzano, and Paz, 2020).

<u>Operational arrangements and delivery modes</u>. As noted, several of the projects mentioned use the WFP, and a variety of national and international NGOs, usually in conjunction with the Haitian government (through MAST, FAES, or other agencies). These implementing agencies use a variety of delivery mechanisms. For instance, the two IADB projects use four mechanisms, depending on the area (i) electronic transfers using mobile payments (urban areas other than Port-au-Prince), (ii) food vouchers in difficult areas of Port-au-Prince); (iii) cash-in-envelopes in rural areas with limited mobile coverage; and (iv) food in-kind in some rural areas with supply problems. The different mechanisms have also diverse financial and telephone operators.

While, as discussed before, these variety creates coordination problems, offers as well both a solid network of proved operators and a richness of experiences on the ground about what worked and what did not. The network and the operational experiences will be very useful for the implementation of the stronger, coordinated, and significantly scaled up safety net program suggested later.

These on-the-ground operators perform crucial functions (see for instance Seyfert, Barca, Gentilini, Luthria, and Abbady. 2019) such as Outreach (communication campaigns and home visits to ensure that the information necessary reaches people targeted by the transfer); Registration and Enrolment (when potential beneficiaries formally express their desire to be enrolled into the cash assistance program and become beneficiaries); Payments (through some public or private financial mechanism); Case Management (“refers to how a beneficiary’s needs are followed up on”); and Complaints and Appeals (mechanisms through which beneficiaries present their concerns or appeal decisions regarding their expected benefits). There must be clear protocols and assignment of responsibility for those functions defined by the Haitian government.

***Costs and financing**.* A central design issue is the total cost of welfare programs, which depends on the definition of the target group or groups and the amount and duration of cash transfers per person.

For instance, the ASPIRE project mentioned before has a limited geographic coverage given the available resources, including only 18,000 households. The project estimates that the level of funding required to provide the same cash transfer value to similarly eligible households[37] but now nationwide (about 321,000 households, or some 15 percent of the population) would amount to 112 million USD annually, not counting administrative costs and other accompanying measures. IMF (2020b) in turn estimates that providing average annual transfers of US$150 to all households[38] (using parameters from a previous World Bank project) would represent some 345 million USD annually (not counting administration costs). Using the GDP in current USD for 2020 from the WDI/WB database those values amount to about 0.8% and 2.6% of the GDP, for the estimates by the World Bank and the IMF, respectively.[39]

Tromben et al 2020 estimate the costs for Haiti of the five prototypes of cash transfer programs advocated by the International Labor Organization: cash benefits for children, maternity cash benefits, a basic income for persons with severe disabilities, a basic income for older persons and a basic income (lasting 100 days) for unemployed persons aged between 15 and 64. Table 8 shows the estimates in Tromben et al 2020 of those notional 5 programs for Haiti with universal coverage (i.e. no targeting by poverty status), which would represent 7.54% of the GDP, with most of the cost associated to children's interventions.

Table 8. Summary estimates for the social protection floor for the PNPPS strategy

Social protection floor component	Cash transfer amount	Target population	Fiscal cost (percentages of GDP)
Benefits for children and orphans	25% poverty line	Children aged 0 to 14	3.17
	100% poverty line	Orphans aged 0 to 17	0.02
Maternity benefits	100% poverty line for four months	Women with newborns	0.32
Benefits for persons with disabilities	100% poverty line	Persons with severe disabilities	1.02
Benefits for older persons	100% poverty line	Older persons (aged 65 and over)	1.74
Unemployment benefits	100% poverty line for 100 days	The unemployed aged 15 to 64	1.27

Source: Tromben et al. 2020. All cash transfers (except those to mothers and the unemployed, whose duration is clearly indicated) are monthly transfers paid in all 12 months of the year.

[37] The beneficiary household estimates are based on those categorized as most vulnerable according to the HDVI with children under age 5 and/or persons with disabilities (PwDs), but pregnant women are not included (as this information is not in the SIMAST questionnaire) (Tromben at al 2020).

[38] Being then similar to a Universal Basic Income.

[39] Both documents appear to use a different GDP in current dollars, calculating the cost at almost 1.3% and 4% of the GDP).

Further, Tomben et al 2020 also estimates different cost scenarios for the 11 cash-transfer programs considered in the PNPPS (see before). The estimates consider five scenarios for the population coverage of each program (in declining order of the number of people included)[40] and four levels of amounts for the cash transfers (also in declining order of the levels of money transfers).[41]

With those parameters Tromben et al 2020 run a series of estimations for different scenarios. The population included in the programs by 2030 (without double counting, considering that some people may receive payments under more than one of the 11 subprograms) ranges from 380,000 people for Scenario 5 (geographical and severe multidimensional poverty targeting) to about 8 million people for the Scenario 1 with universal coverage, representing, respectively, 3.1% and 66% of the total Haitian population projected for that year. Obviously, the costs also vary, not only with the number of population included, but with the amounts of the cash-transfers: they range from 0.2% of the GDP, in the case of Scenario 5 and the fourth lowest payment, to some 60% of the GDP by 2030, under Scenario 1 and paying 100% of the poverty line, with a variety of options in between.

Below it is suggested some of the intermediate scenarios to implement a simple cash-transfer but large enough in population coverage and monetary size to make a difference in the short term.

Certainly, it is not only a matter of estimating coverage, transfers, and costs, but the program(s) need to be backed by a sustainable financing strategy that over time needs to be increasingly based on domestic resources. The PNPPS mentions different options, without quantifying them: a) Rationalization of expenses public (including staff costs, the reduction of subsidies for electricity and petroleum products, and rationalization of budget appropriations assigned to emergency response); b) Increases in revenues (by a "a more efficient tax system, in particular on games of chance, and a tax reform for updating income tax rates;" fight against illegal financial flows (smuggling, tax evasion) and against customs under-invoicing practices; "revision of customs duties relating to certain agricultural products which takes account of interests of rural producers and those of urban consumers;" and avoiding dedicated taxation, through special funds); c) improvements in social insurance and mobilization of taxes dues; and d) mobilization of international official development funds (trying to move from US$89 of aid per capita in

[40] Scenario 1: universal coverage; i.e. all persons belonging to one of the PNPPS priority demographic groups (categorical targeting) will be included. Scenario 2: categorical and multidimensional poverty targeting. Scenario 3: categorical and severe multidimensional poverty targeting. Scenario 4: categorical and geographical targeting based on three departments: Nord-Est, Grand'Anse and Nord-Ouest (they are the departments where the SIMAST has the greatest coverage, and multidimensional poverty is very prevalent there). Scenario 5: categorical, geographical and severe multidimensional poverty targeting.

[41] For most of the subprograms mentioned the four options for transfers are measured as 100%, 50%, 25% or 12.5% of the poverty line (which gives monthly payments of 56, 28, 14 and 7 USD, respectively). In the case of school fees, they are measured also with the same four proportions as before but measured against the annual school fee (which gives values numerically similar to the previous ones for poverty but now for the whole year). And in the case of cash for work, the four scenarios are measured in days worked per week (6, 5, 4, and 3 days) at a minimum salary, which is different for rural and urban settings (the total amount estimated for the different amount of days are, respectively, 113, 57, 28 and 14 USD per week in rural areas and 129, 65, 32, and 16 USD in urban ones).

2017 to 100 US dollars and stabilize at least at this level on the next 20 years), and issuing "social bonds." (MAST, 2020).

Aspects related to costs and financing will be discussed below.

Data, monitoring, evaluation and control. Only with adequate information can programs be designed, executed, monitored and evaluated. This requires having a registry of participating individuals or families to be able to cross-check the benefits obtained together with the results of interest observed (changes in income, consumption, diets, health indicators and other relevant variables). This information should be translated into shared diagnoses and visions that inform the activities of the different ministries and agencies. The SIMAST database needs to be expanded (with adequate georeferencing) and eventually merged into a comprehensive taxpayer/citizen identification card.

All programs should report systematically and annually on their activities, coverage, resources received and transferred, beneficiaries, and administration costs. Independent civil society organizations can help with the oversight of the execution of the cash transfers. As in the two IADB projects mentioned, digitalization and call centers can be used to check directly with beneficiaries whether they are receiving the cash transfers and other benefits (see also, for example, the work in Guatemala explained in Hernández, M., Miguel Robles, Francisco Ceballos, Mariana García Martínez, and Braulio Britos. 2016).

AN EXPANDED SAFETY NET FOR HAITI

There have been valuable attempts in the past to develop safety net programs based on different modalities of cash-transfers (such as Kore Lavi financed by USAID, several WFP programs, the IADB and World Bank projects mentioned, plus a variety of interventions financed by the European Union and donor countries). But none has had the monetary scale and continuity of operations to generate broad improvements in social conditions.

The program to be implemented now should have the adequate scale to reach a significant percentage of the population very rapidly; with sustained funding for at least 10 years; be relatively simple operationally; and must be a "whole-of-effort" by the government and by all international organizations, avoiding the operational fragmentation that now prevails. The Social Protection Sector Table should be strengthened to assume a national coordinating role for all the social safety nets, including the humanitarian operations. The CWG could become a committee of the SPST.

To implement such program the best instruments are the new enhanced social safety approaches. In the case of rural programs, they could include poverty, nutrition, environmental (for instance for reforestation and environmental services), and productive payments (for equipment, animals, and the adoption of improved technologies) (FAO 2017; De La O Campos et al. 2018). More generally, in rural and urban settings, those programs should include support to livelihood strategies based on production and employment (Andrews et al. 2021).

As the instrument would consider productive and environmental components (such as reforestation) it is more than just a social assistance program, in line with the comments of the Kore Lavi evaluation mentioned before. Also, as noted, and considering the government's emphasis on production and employment, this cash-transfer program should be seen as supporting some productive activities complementary to other policies and investments directed to generate economic growth (more on this below). The cash-transfers can help as well with helping diffuse, at least in part, some of the security problems related people that can be enticed to crime because of lack of employment and economic opportunities.

The dimension of such program can be based on the estimates of Economic Commission for LAC (CEPAL), the World Food Program, and the Ministry of Social Affairs and Labor in Haiti (Tromben et al, 2020). Taking the people living in multidimensional poverty (about 4 million people) and using monthly transfers to every person in that category equivalent to the poverty gap at the national poverty line (about 25%, according to Tromben et al, 2020, and estimated at 14 USD/month), the direct budget[42] would be about 670 million USD per year (almost 5% of the 2020 GDP in current USD value). A similar exercise can be done looking at the number of people facing acute food insecurity (IPC Phase 3 and above), which by mid-2021 the WFP estimated at some 4.4 million people (46% of the population). Using the parameters of the last two IADB projects (which considers transfers of about 70% of the basic cost of a food basket) that would also be some 14USD/month/person, for a total of almost 740 million USD (5.5% of the 2020 GDP in USD current values). [43]

What follows uses a round value of 700 million USD dollars (5.2% of the GDP). A possible allocation is presented in Table 9.

[42] Not counting administrative costs.

[43] According to some estimates the Multiple Use Cash Transfers (MUCT) provided by humanitarian actors in 2020 has been around of 65 US dollars per household/transfer, which always assuming a household of 5 people, would amount to 13 USD per capita/transfer (usually with a monthly frequence).

Table 9. Program proposal

PROGRAM	BENEFICIARIES	USD MILLIONS (YEAR)
Children and mothers	Pregnant and children ages 0-15 years[44]	350
Cash-transfers for livelihood strategies, unemployed youth	Ages 15-64	250
Disabilities and old age	Over 64 or with disabilities	100
TOTAL		700

Source: Author based on Tromben et al, 2020.

These categories can be integrated within the broader definitions of targeted groups of the PNPPS.

The Haitian authorities must be the ones defining the beneficiaries; the registration and enrolment procedures; the value, periodicity, modalities and payment systems of the transfers; the mechanisms for case management; and the monitoring and evaluation arrangements. The program can be initially launched through the World Food Program, under the coordination of the MAST and operating with FAES and other agencies of the Haitian government through the Social Protection Sector Table. The WFP has a vast experience deploying large scale cash distributions in Haiti. As noted in IADB 2021 "WFP counts with the capacity to (i) target, select and register beneficiaries; (ii) leverage existing partnerships with financial institutions and mobile payments providers to reach beneficiaries on large scale; (iii) rapidly mobilize a network of partners to ensure distribution in remote areas; and (iv) implement innovative interventions for climate change resilience" (page 18). It is also important, as mentioned in the case of several of the projects discussed before, to use the strong network of specialized national and international humanitarian NGOs with large experience of operating in Haiti. All these NGOs, properly aligned within a common national strategy defined by Haitian authorities, can be a powerful operational instrument to reach the intended beneficiaries.

The work should be supported by the United Nations Integrated Office in Haiti (BINUH), established in June 2019, working with the rest of the international and bilateral organizations in the country. BINUH can also support the Haitian government to coordinate the work of national and international civil society, churches, and community organizations which may be operating parallel initiatives.

As mentioned, the program should be sustained for about 10 years, to help the country and the people to rebuild. Initially should be financed mostly by international development funds through grants but must transition within the period mentioned to a significant percentage of domestic funding.

Currently, the average of funds received by Haiti during the period 2015-2019 amounted to almost 1 billion/year (Table 10 from OECD database), but that money is dispersed in a variety of programs.

[44] This could include school lunches in food insecure areas.

Table 10. Current international development financing

	Annual Average	
	2015-2019	**%**
Official Donors Total	959.9	100.0
USA	366.0	38.1
IADB	127.7	13.3
EU Institutions	104.1	10.8
Canada	77.1	8.0
World Bank	73.4	7.6
France	40.1	4.2
Japan	25.3	2.6
UN Institutions	24.3	2.5
Germany	17.4	1.8
Other	104.7	10.9

Source: author with OECD database

The US is the largest financial support to Haiti, followed by the Inter-American Development Bank [45] and the European Union. The US Administration could announce that is inviting the international community, the Haitian diaspora, and the countries in the Americas and Europe that host Haitian migrants to join the United States in a 10-year initiative to focus mainly on the 4 million people in Haiti suffering from multidimensional poverty and hunger, with a strong emphasis on livelihoods, work, employment and the youth.

The US government may announce the allocation of 250 million USD/year for 5 years (which may be 100 million USD in new money and the rest can be a reallocation of the US significant support of almost 400 million USD/year) and invite countries from the Americas and Europe with Haitian migrants, and other international development agencies, official donors and philanthropies to add another 350 million USD/year.[46] The Haitian diaspora in the Americas and Europe can also be asked to contribute through, for instance, a small surcharge on remittances (for instance 2.5% of the total value of remittances, which for the average of 2018-2020 amounted to close to 3200 million USD, would collect about 80 million USD per year). During the Martelly Administration there was a tax of 1.5 USD per transaction that was supposed to finance social programs, particularly Ede Pep. Given the problems faced by this program it would be necessary to give adequate assurances of the proper use of the funds; having the WFP as the main operator, along with MAST, would help in this regard.

[45] The author along with colleagues of the Chair of Argentina and Haiti at the Board of Executive Directors of the Inter-American Development Bank, negotiated the grants of 200 million/year during 10 years for Haiti during the Ninth Capital Increase of the bank in 2009. It was a significant example of solidarity from LAC countries considering that those resources come from the interest payments made by those countries and not from money allocated by the United States or other non-borrowing member countries.

[46] It may also be in part new money and in part reallocation of the almost 1 billion currently received by Haiti.

The balance can be covered by a) additional customs revenue mobilization; b) reduction of unproductive public spending, such as energy subsidies; c) elimination of tax exemptions and loopholes; and d) improvements in the operation of customs and the tax administration. Table 11 shows some of the estimates (from IMF 2020a and 2020b) of the current margins to reallocate or improve revenues (points b), c), and d)).

Table 11. Possible adjustments in expenditures and revenues

	As % GDP
Fuel subsidies to maintain fixed prices in gourdes, and losses of the electricity company EDH a/	6.5
Exemptions under the three main taxes—income, sales (taxe sur le chiffre d'affaires), and import duties a/	2.6
Loss of customs revenues due to unreported trade from Dominican Republic b/	0.5
Total	9.6

Source: IMF 2020. a/ Correspond mainly to 2019 b/ Average 2014-2016

Below some other ideas about additional customs revenue mobilization are also mentioned (related to point (a) above).

Currently, Haiti collects revenues of 10.5% of the GDP (average 2012-2020), against 14.4% in the Dominican Republic and 20.6% in low-income countries in LAC (IMF Fiscal Monitor Database). Therefore, if revenues increased to the level of the Dominican Republic, then over time Haiti can finance the cost of the safety nets to a large extent with domestic resources.

Multilateral financial agencies should continue the productive and infrastructural projects needed to support and reinforce the livelihood and employment aspects of the safety net program mentioned before. It bears repeating that the costs of such extensive safety net would also be declining in cost with the improvements in security, production, and employment that would result from other parallel development programs and from the multiplier effects and human capital accumulation of such social assistance.

It was mentioned that the social safety net should focus on the basics of building human capital, such as food and health, which are prerequisites for other aspects of human capital. Otherwise, a significant part of the current generation, particularly children and young adults, will be condemned to never achieve full human potential, with terrible consequences for them, but also for the economic, social, and political conditions in Haiti, and for most countries in the neighborhood given the negative externalities of humanitarian and other crises.

CONSIDERATIONS FOR A BROADER DEVELOPMENT PROGRAM

Social assistance programs are not substitutes for a macroeconomic framework and a development program that ensures growth with employment and avoids recurring crises.

Some macroeconomic considerations

In particular, it seems necessary to correct the secular process of overvaluation of the RER along with the pattern of trying to fix the exchange rate of the gourde to the dollar, that then explodes when there is a problem. As noted in Díaz-Bonilla, Pineiro y Paz (2021), this is the worst of all possible options, and it results from a basic duality at the heart of ER policies manifested in the two approaches that have been followed, inconsistently, in many developing countries: the real exchange rate approach that emphasizes the influence of the exchange rate on production, employment, and trade, and the nominal anchor approach that highlights the role of the exchange rate in the inflationary process and its relationship with interest rates, portfolio balances, capital flows, and asset accumulation (see Corden, 1990, and a discussion in Díaz-Bonilla, 2015).

That dual role has been at the core of many countries' inconsistent economic programs, particularly those that use the ER as a nominal anchor to control domestic prices without complementary fiscal and monetary policies, leading to the appreciation of the real ER, unsustainable trade and current account deficits, and eventually, deep economic and banking crises (Calvo and Vegh, 1999). This, in turn, forces a devaluation that would then feed into higher inflation and defeats the purpose of using the ER to stabilize prices. Furthermore, the pattern of trying to fix de nominal ER, followed by sudden devaluations (when the ER parity becomes unsustainable), reduces the demand for domestic currency and leads to the dollarization of the banking system. And as noticed, the dollarization generates the "fear of floating" (i.e. reluctance to let the nominal ER move relatively freely) which feeds into the cycle of fixing de ER, overvaluation, trade and current account deficits, devaluations, more inflation, and more dollarization, with great damage to growth and employment.

Considering the dual role of the ER mentioned above, it is always important to remember the Tinbergen Rule (Tinbergen, 1952), which states that policymakers need to have one instrument for each goal. Therefore, it would be very difficult for a government to attain two objectives (external competitiveness, as in the real exchange approach, and low inflation, as in the nominal anchor approach) with just one instrument (the nominal ER). The most adequate assignment or allocation of instruments would be to consider the ER for the objectives of competitiveness, growth, and employment, and use other fiscal and monetary instruments to control inflation. The best way of sustaining growth, alleviating poverty, and improving food security is to avoid the overvaluation of the ER and the related imbalances that end always in macroeconomic crises. The poor and vulnerable are better protected through social safety nets that can be expanded during emergencies. Many economic crises in developing countries and Haiti have resulted from failed economic programs that did not properly articulate the dual role of ER. Again, for Haiti it would be better to use the real exchange approach focusing the ER on growth, employment and competitiveness, and use other instruments, and not the ER, as nominal anchors.

A competitive ER may also be accompanied with some reconsideration of the structure of trade taxes, particularly with regards to the Dominican Republic, with whom Haiti is running a large trade deficit (estimated by the IMF, 2020b in close to 1000 million USD as average 2014-2018, or about 7% of the GDP). The next Table 12 shows the structure of the import tariffs in both countries.

Table 12. Tariffs and imports: Summary and duty ranges

Tariffs and imports: Summary and duty ranges					
			Total	**Ag**	**Non-Ag**
HAITI	Simple average final bound		18.7	21.3	18.3
HAITI	Simple average MFN applied	2020	4.9	9.7	4.2
DOMINICAN REPUBLIC	Simple average final bound		34	39.3	33.2
DOMINICAN REPUBLIC	Simple average MFN applied	2019	7.6	14.7	6.4

Source: WTO database

Given the level of trade and economic integration between both countries it may be necessary to harmonize up the levels of import tariffs in Haiti, considering that they are lower than in the Dominican Republic. Along with a more competitive ER this would level the playing field for tradable products from Haiti (particularly agriculture), while also helping to strengthen somewhat public revenues (just as an approximation, increasing the simple average of MFN applied to the same level of the Dominican Republic, and assuming that it applies to all trade, which amounted on average to 44% of the GDP during 2015-2020, and that those taxes are effectively collected, then custom revenues would increase by about 1.2% of the GDP). Along with the adjustments suggested in Table 11, the increase in revenues would be more than enough to finance a strong national safety net program using mostly domestic resources in about 10 years.

Some further comments about development and financing

Regarding the development strategy it is not necessary to devise sophisticated visions or blueprints, in many cases written by well-meaning outside experts. It seems obvious that infrastructure (even before the earthquake) must be rebuilt and expanded (particularly roads, water and sanitation, energy, ports and housing); that more investment is needed in human capital (education, health and cash transfers to the poor); that reforestation and watershed protection are crucial to avoid environmental disasters and protect roads[47] and other infrastructure; and that the main productive sectors (agriculture, tourism, and light manufacturing) need adequate ER and trade policies, a conducive business climate, and a more decentralized and geographically balanced approach of investments.

Once the security situation is under control and the Haitian society reaches a political agreement, the development problems are less related to lack of grand visions or strategies, and rather they result from a) institutional weakness that hampers the operational capabilities to design and execute adequate policies, programs, and investments; and b) stable financing at the scale needed.

Institutional aspects

Regarding the first problem, several of the options mentioned before in the context of discussing the limitations of the Haitian public sector can be used (privatization; the Independent Service Authority or ISA for some public services; the embedding of technical and operational international staff as in the Governance Capacity Partnership; and/or topping up or directly paying with international funds some key functions, such as police).

The government should also design and enforce coordination mechanisms for the international partners operating in Haiti. Mechanisms such as the Sectoral Tables by topic have been utilized sporadically by successive governments to coordinate the different actors operating in the country on specific sectors, trying to ensure coherence in their actions, avoid duplications, and express the priorities of the Haitian authorities. [48] These sectoral Tables, run by the government, must include the main bilateral and multilateral international institutions and relevant NGOs operating in each sector. As noted, for the social sector it is crucial to strengthen the Social Protection Sectoral Table defined in the PNPPS, having as subcommittees other coordinating frameworks such as the CWG. But also, it may be needed an overall “Table” to look in an integral way the macroeconomic framework and the development program.

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[47] Given the level of deforestation even relatively mild tropical storms tend to wash out or at least seriously damage roads and other infrastructure.

[48] The UN actually keeps track of the work of the active Tables and Sectors, distributing information and calling meetings from time to time, but the coordination is very weak and the governance and decision- making processes remain often undefined or not applied in practice. Therefore, although an aid coordination mechanism exists, in practice, only parts of it are actually applied and international actors tend to operate relatively independently from each other.

Financing

Regarding financing there were several proposals mentioned before for the social safety nets. Here two more options are mentioned, in relation to three crucial aspects that reinforce each other: the need to reforest Haiti and protect watersheds; the reactivation of agriculture for productivity and resilience; and the expansion of sources and use of energy, away from forest biomass and towards net zero greenhouse gas emissions. The Poverty Reduction Strategy for Haiti of 2014 (IMF, 2014) estimated the costs for investments in those areas for the years 2014-2016 at about 1175 million USD divided between forestation[49] and management of watershed (400 million USD), expansion of energy sources and the distribution (355 million USD; although not all was clean energy); and agricultural productivity and resilience (420 million USD).

Updated estimates will be needed but using those numbers as an initial reference the Haitian government, supported by the international community, could approach the Glasgow Financial Alliance for Net Zero (GFANZ) (formed during COP26 and that has promised to mobilize 100 trillion USD through 2050 for climate-positive investments, or an annual flow of about 3–4 trillion USD) and ask for grants and financing at very concessional terms for forestation, sustainable agriculture, and renewable energies, as part of their corporate social responsibility (CSR) objectives. It will help GANZ to show how a very low-income country can be helped to overcome poverty while also transitioning towards an economy with net-zero GHG emissions.

Currently, there are some examples such as the project of the IADB, with USAID, and coordinated with the World Bank to improve access to electricity through the construction of decentralized electric mini-grids with the participation of the private sector.[50] There have also been examples of several projects on reforestation and sustainable agriculture by multilateral banks and bilateral aid agencies such as USAID.

Another financial option would be a better use of the recent distribution of Special Drawing Rights as discussed in Díaz-Bonilla 2021b and 2021c, and von Braun and Díaz-Bonilla, 2021. Haiti has about 100 million SDRs (or some 140 million USD at the current exchange rate; as of December 2021) in its reserves. The United States, Canada, France, and perhaps other countries could allocate a similar amount of SDRs that they do not need and will not going to use, to create a guarantee fund so Haiti can issue “pandemic recovery bonds” focusing on investments in forestation, clean energy, and sustainable agriculture (and perhaps other objectives). The specific design of the bond will have to be discussed with potential private and institutional investors, but Díaz-Bonilla, 2021b and c suggested some features

[49] Forestation was calculated as to move from the current area of 3% of total land, to about 10%.

[50] The program is expected to provide electricity services to more than 30,000 homes located in low-income rural and peri-urban communities, using mini-grids with solar energy systems and storage in batteries to accommodate short-term fluctuations in electrical power. The mini-grids will be designed, built and operated by private sector operators under 20-year concession contracts.

to consider: They would be consols or perpetual bonds;[51] issued in dollars; paying an adjustable rate with a low cap (in the case of Haiti not more than 2-3%); and callable, with call protection (for example, until 2050). With a guarantee fund of some 280 million USD, which keeps 3 years of interest payments (that would not exceed 3% of principal), Haiti could issue pandemic recovery bonds for about 3000 million USD (depending on how the guarantee is structured). That money should be used to pay for specific investments mainly in the infrastructural topics mentioned before (not current expenditures).

CONCLUSIONS

It cannot be denied that there is "donor fatigue" regarding Haiti. And that several times in the past it was argued that "there was a window of opportunity" to turn things around, only to see the country relapse into even worse conditions. But also, Haitians appear to feel disillusioned with, and abandoned by, the international community. Yet, the convergence of the multiple tragedies affecting Haiti should led the international community, at least for humanitarian reasons, to strengthen the support to this long-suffering country, along the three dimensions mentioned (political, security and social safety nets).

The political situation can be solved only by the Haitian people, with the international community serving only as facilitators, if so required. Improving the security conditions needs support from the international community but with respect for Haitian sovereignty and sensibilities. The deployment of a safety net of the required scale cannot be done without substantial initial financial assistance from the international community.

A cash-transfer program of an adequate dimension and sustained over time has never been attempted in Haiti, and the possible virtuous cycle for the economic, political and security dimensions generated by such program can be significant. The proposal in this document builds on the positive ideas of the projects mentioned before by multilateral and bilateral aid agencies, but that never received financial resources at the scale needed. Also, the description of those projects showed that in the last decade a solid network of international and national operators emerged as a result of several cash-transfer programs. This network of proved humanitarian operators on the ground, with a wealth of experience about what works, did not exist before with the same scale and breadth. Now it can be leveraged for the first time under the coordination and guidance of Haitian authorities. This would be an important step to the creation of a broader national program of social assistance, as envisaged in the PNPPS.

[51] Also, 100-year bonds can be considered, with the payment period during the last 20 years or so.

A program of the characteristics mentioned in this document can also be part of a positive agenda for the Summit of the Americas, along with other topics that require collective action from the countries in the continent (there are further considerations about the Summit in Díaz-Bonilla, 2021a).

In addition to concerns because of the terrible human suffering, the situation in Haiti should be an important preoccupation for the US and countries in the region, given the migration, humanitarian, political and security ramifications of the problems experienced by this country. Allowing a significant part of the current young generation to go malnourished will only compound the tragedy in Haiti, and the negative externalities for its neighbors.

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