A study on where international aid may have failed: the case of Haiti

By

Daniel Dorsainvil, Ph.D.

For Think Tank-Haiti (TTH)

Université Quisqueya
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Abstract

This study was undertaken to provide some answers to the following questions:

- Why have the efforts of multilateral banks and donor governments had so little success in Haiti?
- To improve results, what changes are needed in the design and implementation of programs and projects?
- What could be learned from the experience of other nations and the international best practices?

The analysis carried out in this study points to a lack of aid resources, particularly in the productive sectors as one of the reasons why foreign aid was not more successful in helping deliver better economic results in Haiti. The Haitian economy has suffered severe blows that decimated its productive base, and this was not fully integrated in the aid package. Other factors that impaired aid effectiveness are fragmentation, and donor coordination. Opportunities to leverage existing investments were missed. Finally, as far as capacity building is concerned, while substantial resources were channeled to reinforce the Haitian National Police, those efforts have not yet come to full fruition: the security situation has greatly deteriorated in Port-au-Prince. Instability and economic decline are two factors that feed the image of the country as a fragile state: they are among the single most important elements that differentiate Haiti from another less developed country (LDC) such as Rwanda. Fragility affects a country's ability to attract foreign capital and may even exert influence over the profile of the aid it receives. The more fragile a country, the more humanitarian assistance seems to weigh in the overall aid package.

Haitian performance and foreign aid are not the unmitigated failure some purport it to be. There are successes in the area of health and education, and even in the productive sectors: they need to be consolidated and reinforced. It was noted that aid is delivered in such a way in the social sectors that the State is not able to claim credit for successes. This does not improve State legitimacy, which is another contributor to its fragility.

Haiti lags behind many LDCs in the area of governance, and empirical evidence suggests that foreign aid is most effective in a good policy environment. It must be said in that context, that economic policies have not necessarily been formulated independently by Haitian authorities.

Haiti has much to learn from other LDCs who face similar economic and development challenges but are faring better than the country. Evidence suggests that, contrary to other such countries, Haiti is caught in a humanitarian trap: humanitarian assistance represents a larger share of its aid package than that of other countries with similar profile.

More emphasis should be placed on reviving the economy. Specific medium term economic goals, better donor coordination and less aid fragmentation will help achieve this objective.

1. Introduction

The situation in Haiti remains dire on several fronts: political, social, and economic. The country is mired in instability and prospects for the future are so grim that we are observing a massive outflow of Haitian migrants to many parts of the region: Dominican Republic, Chile, Mexico, and the United States of America, etc. While the deteriorating security situation partly explains this mass exodus, there is no denying that there are also structural factors at play here. Simply put, Haiti has failed to set course on a trajectory of positive and stable growth, and has not achieved social and political stability despite a high level of resources having been channeled to the country; there have been two long-term United Nations (UN) peacekeeping missions since 1994. The first one lasted three years. The second one lasted from 2004 to 2017, and it was supposed to stabilize the country and facilitate institutional reforms within the police force and the judicial system, for instance. So the story goes…The lack of palpable results obtained in Haiti is said to cause "Haiti fatigue" within the donor community. On the receiving end of the aid, those very disappointments generate "Haitian fatigue" that stems from prolonged political instability, increasing poverty and bad economic prospects.

Since July 2018, Haiti has been spiraling downward towards a chaotic equilibrium crystalized by the Haitian creole expression "peyi lòk": country in lock-down mode; Haitian president Jovenel Moise has been assassinated, kidnappings and killings are a daily occurrence, and armed gangs have taken control of several parts of the capital city of Port-au-Prince, effectively cutting off several regions of the country from the capital, making it next to impossible for much needed agricultural output to reach the country's main market and population hub: from lock-down to melt-down.

Port-au-Prince is so central that whatever happens in it shapes the narrative for the entire country. It does not matter if people are going peacefully about their business in other major cities (Cap Haitian, Jacmel, etc.)

Nature has not been kind to the country either as evidenced by a number of natural disasters: hurricanes, earthquakes. But, were the appropriate investments made in disaster preparedness? It is safe to assume they were not. The economy is in shambles, with the Gross Domestic Product (GDP) having contracted three years in a row and inflation having been in the double-digit range for nearly seven years now. Real GDP per capita plummeted also.

Given this rather dark picture, one is left wondering: what has gone wrong? What actions, if any, could have helped chart a different and better course for Haiti? Therefore, what future actions might be susceptible to extract the country and foremost its economy, from its current decline.

To the extent that one believes that international aid can and/or ought to play a significant role in a country's development, the Haitian case begs the fundamental question: why have the efforts-reportedly several billion dollars' worth of aid- of multilateral banks and donor governments had so little success in Haiti? Answers to that fundamental question require a better understanding of the nature of the aid provided. But, we also need to know how much aid actually landed.

In the medical field and in other disciplines as well, there is a notion that is referred to as survival time. It is measured at prescribed and regular intervals-one year, two years, and so on- after a course of proper treatment has been administered to a patient. And, as in experimental sciences, said course must last a certain amount of time before its effect can be observed and take hold. We may refer to that amount of time as "time to event", and it coincides with a transition from a lower health state to a higher one. Total cure may require even further treatment. It goes without saying that total cure comes about if, and only if, the right treatment in sufficient dosage for a sufficient amount of time has been afforded the patient. Put differently, taking ten doses of antibiotics over the course of 10 weeks will not produce positive results, quite the contrary. They need to be taken 5 to 10 days in a row, depending on dosage. At that point, the pertinence of the notion of "survival time" arises, particularly for extreme interventions called for by poor health states. Good care, generally understood as best practice requires providers to know how the patient performs, not only in the recovery room, but also, say five years after having reached a given health state. Upon assessment, additional interventions may be required to insure maintenance of good health and prolonged survival in that better health state.

By analogy, in the matter that concerns us here, economic growth and sustainable development in Haiti, we want to know if an adequate amount of resources had been allocated and effectively expensed for a sufficient amount of time, and in the right sectors or programmatic areas. One would expect that Haiti will achieve economic prosperity and accede to a higher development stage only when these conditions are met. Sustained economic growth brings about development as improved social services are provided and better housing becomes affordable, for example. Again, borrowing from our analogy, we need to watch for setbacks, and should they occur, appropriate countervailing measures need to be taken. That can only happen if efforts are made to assess the long-term impact of economic policy in general and of international assistance in particular. This requires, however, that responsibility, engagement, and accountability extend beyond the lifetime of projects. That happens after the patient is "sent home".

Indeed, much of international assistance comes as projects. Were the projects undertaken for enough of a long time to be able to effect the requisite change, let alone have a lasting effect on the economy, domestic institutions at large, both government and private sector? What were the basic underpinnings of the aid provided? What problems did they intend to solve, and what would eventually be the role of government or any other actor in picking up from where the projects left off? What key problems or issues was the assistance meant to tackle? Was it likely to produce lasting change? Was it even engineered that way? What were the lessons learned, and how was continuity assured? Were the lessons learned useful in designing new projects aimed at consolidating or even amplifying gains? Were they ever shared with Haitian authorities or counterparts so as to enable them to understand the implications of donor-financed investments for recurring costs, to design and implement similar projects financed with domestic resources, albeit on a smaller scale, thereby permitting greater expenditure efficiency in the public sector and reinforcing positive outcomes and thereby improving government credibility? Some believe greater government credibility reinforces legitimacy and contributes to greater stability.

Those are but a few of the avenues that need exploring in order to shed light on another key question. Namely, what changes are needed in the design and implementation of programs and projects to improve results?

As far as results are concerned, it may be true that various degrees of successes/failures are experienced within different sectors, education or health for instance. Therefore, there is a need to understand why efforts in certain sectors were more successful than in other ones. Similarly, it is instructive to take a look at experiences and results obtained in other less developed countries (LDC's) that have fared better than Haiti[1]. What was the overall strategy? Were the projects designed differently? Were different processes involved? Was there more buy-in and participation on the part of local partners? That is, was there better donor coordination and alignment with stated government policy? What were the achievements and nearly successful efforts, and how were these results obtained? Were these results obtained because more resources were available in those areas?

[1] Haiti is an LDC, and lessons learned in other LDCs that are at its stage of development may be more relevant than those that come from its own region. Again, drawing an analogy to the medical field, ceteris paribus, patients should be treated according to their medical condition and not their place of residence. On a related topic, resources are scarce and if past success exerts influence over the distribution of resources, countries like Haiti with a poor track record may be penalized.

In reflecting upon the above issues and questions, some of which are ostensibly rhetorical in nature, this study posits a need for Haiti's economic renewal and transformation from a "failed or failing/fragile state" to a thriving, well-functioning sociopolitical and economic entity. For that transformation and steady development to occur, a clear understanding of what has gone wrong with so many assistance initiatives and what tends to characterize more successful efforts is required. This understanding is crucial for designing more effective international assistance, as well as for monitoring and evaluating progress.

The paper is structured as follows. After a brief introduction in section 1, a second section presents the methodological approach used to analyze the broad issues raised. More specifically, a model or frame of reference is outlined to help identify and select key indicators that may be tracked to help better understand why and where international aid may have achieved success or has failed. In section 3, an analysis is undertaken, and findings fall out of the described methodology. Those findings and assessments from other observers, including donors, help structure and formulate answers to each of the three fundamental questions. This is done in section 4. In a fifth and last section final observations are made.

2. Methodological approach: context and additional premises

Let us adhere to the neoclassical view of growth. That is, a nations' capacity to attain greater economic prosperity comes from its ability to accumulate human and physical capital, including the technological advances embedded in the latter.

At any given point in time, there is an available stock of each factor for use in the economy, and accumulation refers to new flows; meaning the process by which these stocks grow or are depleted over time. Hence, we need to understand how international assistance may have helped to attain new thresholds, or not; this is germane to the question of whether or not international aid lasted long enough or was provided in sufficient amounts overall. Even more importantly, was it so in a specific sector and in a given geographic area of the country, in the North of Haiti for example, for those thresholds to be reached even there[2]? It takes a minimal amount of resources (measured in per capita terms, for example) applied during a minimal amount of time, at least, to effect change. This is true for every country, and therefore for Haiti.

In developing the findings that will help the discussion around the three fundamental questions, comparisons are drawn with other countries. The Dominican Republic is included as are LDC's in South-east Asia and in Africa for reasons that are later explained.

Besides Official Development Assistance (ODA) there are alternative means by which production factors can grow. Those include domestic public resources and such private flows as remittances, domestic savings, foreign direct investments (FDI), and funds raised by non-governmental organizations (NGOs). In other words, failure or success needs to be entertained above and beyond ODA, and consequently, the very questions asked about ODA are probably just as relevant for some alternative sources of funds. In fact, better coordination to avoid duplication of efforts and to ensure donor alignment with national strategies and priorities require it. Looked through the prism we have described, the issue is whether or not, taken together, these resources were able to facilitate increases in human and physical capital. All the questions that have been posed may very well boil down to this main issue.

With that model or framework as a reference, one can endeavor to understand to what extent international assistance, among other resources, has facilitated or led to the accumulation of key production factors in Haiti and may or may not have spurred needed institutional change.

[2] In other words, were resources ever concentrated in a region for any length in time to produce lasting results and construct what one might conceive of as a "growth pole"? The United States Development Agency for International Development (USAID) has defined and targets development corridors with its programs.

3. The scope of international assistance in Haiti: some key findings

In keeping with the model, we will be gauging success or failure of international aid by measuring its effect on the accumulation of the main factors driving growth and prosperity: a) human capital; b) physical capital; c) technology. The assumption that the institutional setting/environment matters is maintained throughout: it affects the level and the quality of capital accumulated.

The methodological approach is chosen so that the assessment of the root causes for success or failure of international aid rests on objective criteria and findings.

3.1 Successes, relative successes and failures: a rapid assessment

The United Nations has developed an index called the human development index (HDI). It is comprised of four indicators: a) longevity as measured by life expectancy at birth; b) knowledge as measured in two ways: i) expected number of years of education and; ii) the mean number of years of education attained by people 25 years and older; c) income measured by gross national income (GNI) per capita. The indicators have equal weight in the computation of the index. One fact is well known: the higher a country's HDI, the more developed it is.

The table below presents the index for Haiti and some other countries for comparison purposes, as announced. The other countries that appear in the table have been chosen for the following reasons. First, Nepal and Bangladesh are two countries that like Haiti were classified as low human-development index countries in 1999. Twenty-one years later, they made significant improvements in HDI and are today classified in the "medium human-development index" group. While Haiti still has a higher GDP per capita than Nepal did in 2019, that country's progress is quite remarkable over the twenty-one year span. The same is true for Bangladesh that had a lower GDP per capita than Haiti in 1999, but managed to surpass it twenty years later. The two countries had nearly the same HDI in 1999. More striking still is the case of Rwanda, another LDC that also had a lower GDP per capita than that of Haiti in 2019. Rwanda is hailed as the success story that it is for having recovered from a very traumatic event, the genocide, and having managed to achieve greater economic prosperity. Starting very much below Haiti as far as its 1999 HDI index was concerned, Rwanda's HDI is above that of Haiti in 2019. The two countries are obviously on a different trajectory, and Rwanda stands to join Bangladesh and Nepal very soon in the "medium human-development" category. GDP per capita will certainly follow suit. The Dominican Republic (DR) is Haiti's neighbor on the island of Quisqueya. There are important trade relations (linkages) between the two countries/economies as Haiti[3] is the second largest importer of Dominican goods after the United States. They had GDPs with similar sizes as late as the 1960's, but well before 1999, the DR had surpassed Haiti. The DR belongs to the category of countries with high HDI.

[3] Beyond trade, the Dominican Republic relies on an important flow of Haitian laborers in its tourism, construction and agricultural sectors.

Table 1: HDI and real GDP per capita in selected countries												
Country	**Human Development Index (HDI)**						**GDP PERCAPITA (constant 2015 $US)**					
	Value			**% change**			**Value**			**% change**		
	1999	**2009**	**2019**	**1999-2009**	**2009-2019**	**1999-2019**	**1999**	**2009**	**2019**	**1999-2009**	**2009-2019**	**1999-2019**
Dominican Republic	**0.722**	0.680	0.756	-6%	11%	5%	**4,084**	**5,393**	**8,314**	32%	54%	**104%**
Nepal	**0.480**	0.449	0.602	-6%	34%	**25%**	**539**	**701**	**1,070**	30%	53%	**98%**
Rwanda	**0.395**	**0.419**	0.543	6%	30%	**37%**	**337**	**573**	**886**	70%	55%	**163%**
Haiti	**0.467**	0.449	0.510	-4%	14%	9%	**1,327**	**1,396**	**1,374**	5%	-2%	**4%**
Bangladesh	**0.470**	**0.491**	0.632	4%	29%	**34%**	**633**	**932**	**1,604**	47%	72%	**153%**

Source: United Nations and Word Bank

The data also show that Haiti's lack of progress in the HDI ranking is reflected in the rather low increase in its real GDP per capita between 1999 and 2019, a twenty-one year span. Given the country's somewhat unsatisfactory or mixed performance on the economic front, the fact that any progress was recorded at all in the index certainly owes to improvements made in human capital, particularly in the areas of health and education. We leave the amount of ODA allocated to these sectors in Haiti to a later discussion. Let us just say for now that progress is confirmed by available data (see table below).

Table 2: Haiti's HDI between 2000 and 2019				
Year	**Life expectancy at birth**	**Expected years of schooling**	**Mean years of schooling**	**GNI per capita (2017 PPP$)**
2000	57.10	7.90	3.80	1,833.00
2005	58.70	8.30	4.30	1,612.00
2010	60.50	8.70	4.70	1,615.00
2015	62.50	9.10	5.30	1,770.00
2016	62.90	9.20	5.40	1,776.00
2017	63.30	9.50	5.40	1,775.00
2018	63.70	9.50	5.60	1,776.00
2019	64.0	9.7	5.60	1,709.00
% change between 2000 and 2019	12.1%	22.8%	47.4%	-6.8%

Source: United Nations, 2020 HDI report-table 2

There is a consensus among observers that a strong and persistent presence of foreign assistance[4] (financial and technical) in those areas is responsible for these positive results[5].

Doubling GDP per capita (see Table 1) in the span of twenty years or less is a target that Haiti might also pursue with the help of its partners.

[4] Including U.N agencies such as UNICEF, WHO, UNESCO, and other non-governmental organizations.

[5] However, we see in the table that progress has stalled since 2018 as far as mean years of schooling is concerned.

3.2 Was the right amount of ODA allocated to Haiti: a quick look?

It is most remarkable that all the selected countries, except Haiti, were able to double or nearly double their GDP per capita between 1999 and 2019. Was it because they received higher overall ODA than Haiti? It appears not, at first glance.

It is clear in the case of Rwanda that Haiti received as much ODA as that country, both in absolute and in per capita terms. Yet, it performed much better than Haiti.[6]

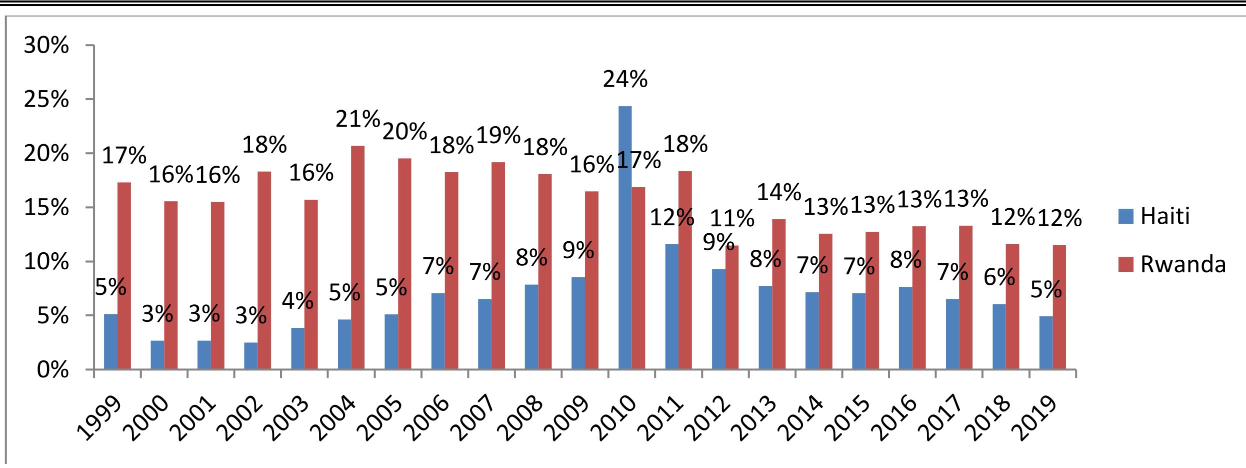
Table 3: Total, and average ODA received between 1999 and 2019

Country	Total ODA received (current $)	Average yearly ODA received (current $)	Average yearly ODA per capita received (current $)
Bangladesh	39,277,170,105	1,870,341,434	12
Dominican Republic	3,154,300,007	150,204,762	16
Ghana	25,505,890,320	1,214,566,206	50
Haiti	17,246,929,993	821,282,381	81
Nepal	15,323,779,938	729,703,807	27
Rwanda	17,091,099,915	813,861,901	79

Source: World Bank

Taking the inquiry one step further, we can also ask what ODA represented as a percent of GDP to inform the issue of whether or not enough resources were provided to Haiti for it to grow fast. Ceteris paribus, the more important ODA is relative to the size of the economy, the bigger its effect on the economy. This could be particularly true for countries with low GDP levels.

Figure 1: Rwanda vs. Haiti-ODA as a % of GDP: 1999-2019



Source: World Development Indicators (WDI), World Bank

The data show clearly that ODA received by Rwanda, expressed as a percent of its GDP, was consistently in the two-digit range over the period. That was not the case for Haiti except for a short period (two years) that coincided with the aftermath of the 2010 earthquake. Based on that finding, one cannot totally set

[6] Even after factoring in the temporary loss of population in Rwanda. By 2011, Rwanda's population exceeded that of Haiti.

aside the hypothesis that a relative lack of ODA resources explains the better performance of Rwanda over Haiti during that period.

The table below presents average yearly ODA as a percentage of GDP for Haiti and the other countries selected. Had it not been for the rise in aid in 2010 and 2011, Haiti's average would have been lower than 7%. The low figure for the DR reflects its lower reliance on foreign aid having reached a higher state of development: its economy is today more than six times the size of the Haitian economy and it is grouped with middle-income countries.

Table 4: ODA as a % of GDP: 1999-2019, yearly average	
Bangladesh	2%
Dominican Republic	0.3%
Haiti	7%
Nepal	5%
Rwanda	16%

Source: WDI

When compared to Haiti, the better performance obtained by Nepal and Bangladesh[7], however, suggests that it may not be just about the level of assistance. Let us consider the composition of ODA as an alternative reason why Rwanda fared better than Haiti.

Indeed, as was suggested in the introduction, the impact of international assistance may differ because of its composition. More specifically, while it is needed, aid that is humanitarian in nature does not necessarily promote long term growth as opposed to assistance that goes towards infrastructure for instance or, more generally, increases the stock of productive capital. In that sense, the higher the weight of humanitarian aid in the total aid package, the less likely, it will lead to sustainable growth. There are two questions one can ask here: 1) How important is humanitarian aid in the total ODA received by Haiti? 2) Is there a significant difference in the aid profile between Haiti and say, Rwanda, on that score? The two countries have low GDP per capita, and, in levels, Haiti's GDP is above that of Rwanda.

How important is humanitarian assistance in Haiti's total aid package? The table below shows the total amount of ODA received by Haiti as well as the amount of humanitarian assistance provided to the country between 1999 and 2019. The following observations can be made by looking at the data.

Table 5: Humanitarian assistance and total ODA provided to Haiti: 1999-2019

Year	Humanitarian assistance (current $)	ODA (current $)	% of total ODA
1999	5,570,000	213,770,004	2.6%
2000	1,780,000	181,639,999	1.0%
2001	1,030,000	170,029,999	0.6%
2002	260,000	151,949,997	0.2%
2003	6,640,000	186,740,005	3.6%

[7] Rwanda and Haiti are the only two countries that have GDPs of similar sizes: in 2019 Rwanda's economy was 72% the size of the Haitian economy. The GDPs of Bangladesh, Nepal, Dominican Republic were 17 times, 2 times, and 17 times, the size of the Haitian economy.

Table 5: Humanitarian assistance and total ODA provided to Haiti: 1999-2019			
Year	**Humanitarian assistance (current $)**	**ODA (current $)**	**% of total ODA**
2004	41,120,000	280,059,998	14.7%
2005	55,930,000	366,630,005	15.3%
2006	47,540,000	531,539,978	8.9%
2007	14,630,000	622,630,005	2.3%
2008	114,360,000	824,619,995	13.9%
2009	115,370,000	990,760,010	11.6%
2010	1,464,070,000	2,889,840,088	50.7%
2011	426,700,000	1,506,459,961	28.3%
2012	162,710,000	1,273,349,976	12.8%
2013	138,490,000	1,152,130,005	12.0%
2014	71,070,000	1,082,359,985	6.6%
2015	77,110,000	1,045,859,985	7.4%
2016	122,950,000	1,071,680,054	11.5%
2017	145,990,000	981,250,000	14.9%
2018	54,050,000	997,159,973	5.4%
2019	32,040,000	726,469,971	4.4%

Source: OECD and WDI

1) ODA has decreased significantly from their 2010 and 2011 levels in Haiti, and somewhat justifiably so since their rise was due to the earthquake;
2) Humanitarian assistance remained fairly high up until 2017; As a matter of fact, it can be easily verified that between 2005 and 2009, a five year period just before the 2010 earthquake, humanitarian aid accounted for 10.4% of the total aid package. In a subsequent five year period, starting in 2015, that is five years after the earthquake, that average has only slightly decreased to 8.7%. One must note in that context that, by 2013 Haiti's GDP had fully recovered from the impact of the 2010 earthquake. This might have triggered the beginning of a switch in aid orientation from reconstruction to development.

These findings suggest, however, that there has not been a significant change in aid policy towards Haiti between the two periods. This is in spite of the fact that the Government of Haiti (GOH) had published a new policy document in 2012[8], the "Plan Stratégique pour le Développement d'Haïti, (PSDH) that clearly set a target of double-digit growth rates in the pursuit of a renewed economic foundation. Humanitarian aid, measured as its share in the total aid package, remained nevertheless an important component of the ODA set aside for the country.

Is that also true for Rwanda? It was already mentioned that Haiti has a higher GDP per capita than Rwanda and also that its economy is bigger. Additionally, one must take note of the fact that both countries face serious poverty challenges. For instance, according to World Bank data, the

[8] From 2012 to 2015, 57% of all funds over which GOH had control under the Petro Caribe accord went to finance infrastructure projects. Source : Dorsainvil, D. -ÉVALUATION DU FINANCEMENT PUBLIC DE LA POLITIQUE DE PROTECTION SOCIALE UNE LECTURE SPÉCIALE DU PROGRAMME EDE PÈP, CEPAL-January 2015.

proportion of the population in Haiti that falls below the poverty line was 24.5% in 2012[9]. For Rwanda that number was 57.4% in 2014 and 56.5% in 2016. It would appear that Rwanda is more affected by poverty than Haiti.

The data on humanitarian assistance and total ODA for Rwanda appear in the table below. Two revealing observations merit to be made, keeping in mind Rwanda's poverty challenges. Firstly, the humanitarian assistance provided to that country is far less substantial than that afforded Haiti. Secondly, in the past 13 years or so, humanitarian assistance has never represented more than 3% of the total aid envelope granted to Rwanda. In Haiti, we have seen that it accounted for 8.7% of total official aid between 2015 and 2019. In addition, over the past twenty years it has exceeded 10% half the time. The data strongly suggests that the aid strategy or policy being implemented in Rwanda is different from the one that has been designed for Haiti.

Table 6: Humanitarian assistance and total ODA provided Rwanda: 1999-2019

Year	Humanitarian assistance (current $)	ODA (current $)	% of total ODA
1999	93,000,000	373,140,015	24.9%
2000	23,010,000	321,459,991	7.2%
2001	14,270,000	304,660,004	4.7%
2002	20,530,000	359,589,996	5.7%
2003	14,660,000	335,959,991	4.4%
2004	17,450,000	491,140,015	3.6%
2005	19,740,000	572,710,022	3.4%
2006	16,110,000	605,390,015	2.7%
2007	10,290,000	780,039,978	1.3%
2008	8,980,000	935,500,000	1.0%
2009	14,630,000	934,250,000	1.6%
2010	9,930,000	1,033,089,966	1.0%
2011	12,800,000	1,263,209,961	1.0%
2012	13,900,000	878,640,015	1.6%
2013	23,720,000	1,086,290,039	2.2%
2014	13,380,000	1,035,030,029	1.3%
2015	19,800,000	1,088,439,941	1.8%
2016	32,490,000	1,150,469,971	2.8%
2017	27,140,000	1,231,329,956	2.2%
2018	18,910,000	1,119,660,034	1.7%
2019	20,170,000	1,191,099,976	1.7%

Source: WDI and OECD

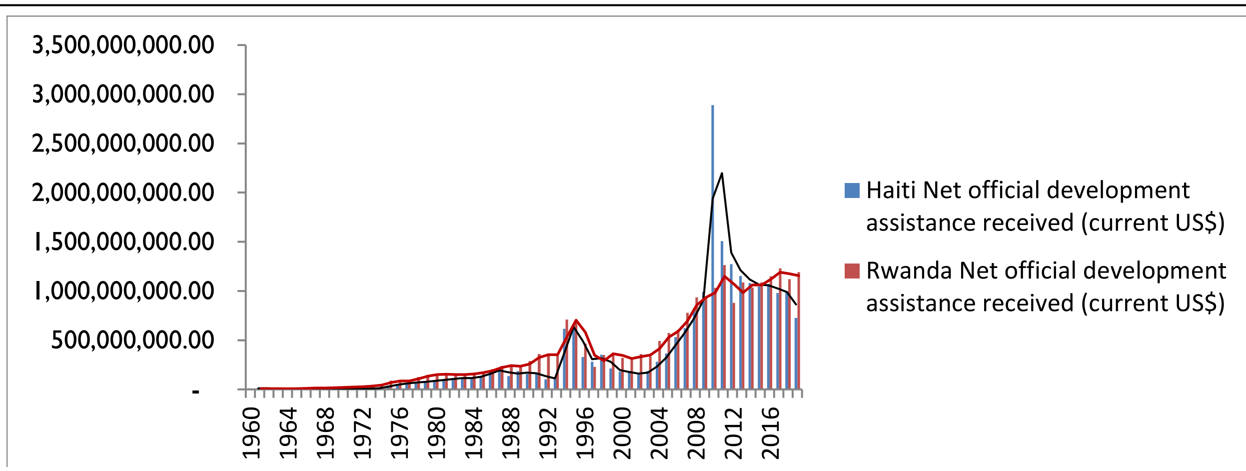
The World Bank's stated strategy has shifted and refocused on helping post-genocide Rwanda make the transition from reconstruction to development. At some point, it will be relevant to help post-earthquakes/post-conflict-and-gang-infested-capital-city Haiti make the transition from reconstruction to development. To that end, effective reconstruction (infrastructure and institutions) must take place with an adequate amount of resources.

[9] Poverty headcount ratio (% of population) at $1.90 a day (2011 PPP).

The figure below shows how ODA flows increased in post-genocide Rwanda and post-embargo[10] Haiti in the early 1990s. They both declined subsequently and started increasing again, starting in early 2000. After having peaked in 2010-2011, ODA in Haiti decreased sharply, while that was not the case for Rwanda. Since 2015, Rwanda was allocated a higher volume of ODA than Haiti. This is despite the damages hurricane Mathew brought about in Haiti in 2016.

Rwanda's impressive success (rise in GDP per capita and new found peace) certainly makes it more attractive to the donor community, but some pundit also point out that it is out of a sense of guilt due to their passivity during the genocide. The international community at large directed and continues to direct substantial amounts of funds to Rwanda, and deservedly so. The obvious question that comes to mind is: what event (or set of events) can Haiti leverage in order to receive a similar treatment? The list may include: i) 1994 embargo with a devastating impact on the economy[11]; ii) IMF drafted ultra-liberal trade policies that devastated its industrial and agricultural productive capacity; iii) earthquakes and other natural disasters; iv) political instability and bad governance that is not entirely of its own doing? On that last point, it should be noted that the international community has had a significant influence in the last two presidential elections. The general perception/opinion in Haiti is that the "blessing" of foreign partners is more important than the will of Haitian citizens, organized or not in collective structures. According to that view, a Haitian government is only deemed "legitimate" if it receives the seal of approval of the country's foreign partners. It is this sentiment that has given rise to a call for a Haitian solution to the current crisis.

Figure 2: Flow of ODA, Haiti and Rwanda: 1960-2019



Source: WDI

Alternatively, one might highlight the benefits that would accrue to the region should a more prosperous Haiti emerge. Many countries in the region stand to gain through investment and trade opportunities. This

[10] Economic sanctions and an embargo were imposed on Haiti after a military coup had ousted a democratically elected President in 1991: Jean Bertrand Aristide.

[11] In 1994, real GDP dropped by 20% from it 1991 level of which 12% between 1993 and 1994 at the height of the embargo. In the same interval gross capital formation dropped by 52% in real terms and 180,000 jobs were lost according to a former President of the Association of Industries of Haiti. Compared to that, the 2010 earthquake is just a small blip in the data. Since those 180,000 jobs represented about 2.4% of the population at the time, today we would be talking about 354,000 jobs and 1.6 million people would be directly affected when we take into account an average household size of 4.5 persons: an economic tsunami. Other estimates put the number of jobs lost between 1991 and 1994 at the 130,000 mark (William Booth, August 1994) while a figure of 240,000 has also been reported. (Kenneth Freed, January 1992)

is a far better outcome than some of the negative externalities[12] that illegal migration flows generate. Haiti has one of the largest GDP among CARICOM countries, second only to Trinidad and Tobago in 2020 (see appendix 1), and the largest population of all member states, including the largest diaspora.

3.3 What about human and physical capital accumulation?

The Haitian economy, unlike that of Rwanda and other countries, has never attained an accelerated growth path, and there has not been a take-off in Haiti characterized by bouts of double-digit growth rates or even moderate growth for a number of consecutive years[13]. All countries, at least in recent times, all, go through such a process on their way to a higher development stage. A cursory look at the data that appear in the table below shows that Rwanda was able to place its economy on an accelerated growth path. Haiti has not, and it is not just, as we have seen, a story about natural disasters.

Table 7: Real GDP and real growth in Haiti and Rwanda

Year	Haiti		Rwanda	
	GDP, 2015 $	GDP growth	GDP, 2015 $	GDP growth
1999	11,041,818,216		2,525,258,813	
2000	11,137,888,578	0.9%	2,736,646,163	8.4%
2001	11,099,713,700	-0.3%	2,968,838,662	8.5%
2002	11,216,462,724	1.1%	3,360,490,016	13.2%
2003	11,606,883,085	3.5%	3,434,500,290	2.2%
2004	11,453,920,992	-1.3%	3,690,290,870	7.4%
2005	11,805,805,303	3.1%	4,036,362,636	9.4%
2006	12,014,620,555	1.8%	4,408,800,960	9.2%
2007	12,580,092,269	4.7%	4,745,337,135	7.6%
2008	12,914,475,186	2.7%	5,274,975,755	11.2%
2009	13,675,186,714	5.9%	5,604,569,951	6.2%
2010	12,902,331,959	-5.7%	6,015,645,884	7.3%
2011	13,560,120,395	5.1%	6,494,395,409	8.0%
2012	13,628,249,749	0.5%	7,055,608,600	8.6%
2013	14,217,642,129	4.3%	7,388,623,038	4.7%
2014	14,462,550,341	1.7%	7,844,291,738	6.2%
2015	14,833,154,472	2.6%	8,539,048,448	8.9%
2016	15,102,000,662	1.8%	9,048,893,196	6.0%
2017	15,481,101,857	2.5%	9,408,703,404	4.0%
2018	15,739,297,369	1.7%	10,215,916,012	8.6%
2019	15,474,153,940	-1.7%	11,182,411,389	9.5%

Source: WDI

In 1999, the Haitian economy was more than four times the size of the Rwandan economy. By 2019, the gap has decreased significantly, and if current trends persist, the Rwandan GDP will exceed that of Haiti in the next few years to come. What are the main factors responsible for these different outcomes?

[12] Arguably, they are not all negative for the host countries. Haiti is losing some its skilled labor force that can positively contribute to other countries.

[13] Except from 1970 to 1980 when the country's real GDP grew at an average yearly rate of 5%

Obviously, shocks[14], and differences in government policy as well as aid policy are some of the factors that played a role in the different outcomes. Governance and institutional dimensions are important. They determine rules and regulations, the institutional setting and the legal as well as the political framework which in turn affect the growth process through the choices made by economic agents. In particular, rules and regulations set guidelines, impose restrictions, shape anticipations and define the nature of the "game"- that is how agents interact with one another: economic and social outcomes are born out of this interplay. One can imagine, on one hand, in that context, the effect of such evils as corruption, impunity, and the lack of protection for private property, on investment decisions. On the other hand, it is not difficult to see how inequities either perceived or real, can have a negative effect on productivity and the level of effort provided by the labor force. We are referring, for example, to wealth inequalities[15] and the lack of opportunities for social mobility. The lack of equity makes for an environment that is more prone to political instability and social disturbances.

Now, referring back to HDI, there does not seem to be that much of a difference between the human capital stock in the two countries.

Table 8: Human capital component of HDI in 2019: Haiti vs. Rwanda			
Country	**Life expectancy at birth**	**Expected years of schooling**	**Mean years of Schooling**
Haiti	64.0	9.7	5.6
Rwanda	69.0	11.2	4.4

Source: UN, HDI

Data from the World Economic Forum (WEF) also confirm that it isn't human capital that distinguishes Haiti from the other countries. In 2016, Haiti's Human capital index (HCI)[16] was nearly the same as Rwanda's and not very far from either Bangladesh's or Nepal's.

Table9: Human capital index (HCI)	
Bangladesh	57.84
Dominican Republic	65.88
Haiti	56.24
Nepal	57.35
Rwanda	56.27

Source: WEF

While the WEF index gives information on the current stock of human capital, since 2018, the World Bank has developed and has been publishing its own HCI. It calculates the contributions of health and education to worker productivity and varies from zero to one. However, it measures the productivity - as a future worker- of a child born today relative to the benchmark of full health and complete education. Haiti's score doesn't set it apart from the other countries.

[14] Including those that are related to climate change

[15] Measured in 2016 and 2012 by the World Bank, the gini coefficient in Rwanda and Haiti were 43.7 and 41.1, respectively.

[16] The maximum score is 100.

Table 10: World Bank: Human capital index (HCI) 2018 and 2020		
Country	**2018**	**2020**
Bangladesh	0.459	0.464
Dominican Republic	0.507	0.503
Haiti	0.445	0.447
Nepal	0.498	0.505
Rwanda	0.377	0.380

Source: World Bank-WDI

Interpreted with the model of reference, these results suggest that we must not look at human capital failures to explain Haiti's poor economic performance relative to that of Rwanda and the other countries. Instead, differences in capital accumulation and institutional settings must be investigated. At the same time, we need to see to what extent international players in addition to local actors may have failed to: i) help increase Haiti's capital stock sufficiently; ii) improve capacity within institutions.

The table below shows data on gross capital formation[17] in the selected countries between 2000 and 2019. It sure appears that trends of this variable mimic the trends previously observed in real GDP per capita. This suggests strongly that Haiti's misfortunes, all else put aside, seem to rest also in its inability to secure (make) the required capital investments.

Table 11: Trends in the accumulation of gross capital (2015 $) : 2009-2019						
Country	**2000**	**2009**	**2019**	**% increase in Gross capital formation**		
				2000-2009	**2009-2019**	**2000-2019**
Bangladesh	16,787,877,281	34,558,465,709	81,006,087,973	106%	134%	383%
Dominican Republic	8,957,853,809	11,436,761,928	22,719,129,759	28%	99%	154%
Haiti	1,889,101,894	2,132,208,374	2,689,420,845	13%	26%	42%
Nepal (2001)	3,129,376,273	4,041,730,806	10,942,611,030	29%	171%	250%
Rwanda	322,851,934	1,075,242,515	2,803,769,740	233%	161%	768%

Source: World Bank, WDI

As was already asserted, sources other than ODA are available for the economy to accumulate either human or physical capital. They include: i) GOH revenues; ii) remittances; iii) domestic savings; iv) foreign direct investment (FDI); v) NGO funding not already included in ODA. Given the emphasis put on international assistance and foreign sources of funding for this analysis, the focus is only placed on the latter three sources. One should note however that lack of efficiency in public sector expenditure is an issue in Haiti; domestic resources have amounted yearly to over $ 1 billion, a portion of which can be better leveraged by ODA and vice versa. It should also be mentioned that, in September 2021, savings

[17] **World Bank definition of Gross capital formation**. Formerly gross domestic investment, it consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories. Fixed assets include land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. Inventories are stocks of goods held by firms to meet temporary or unexpected fluctuations in production or sales, and "work in progress."

in the Haitian Banking system totaled some $ 2.3 billion, 66% of which, about $ 1.5 billion, in US dollar-denominated accounts. The portion of those balances that is not lent out constitutes a leakage because it does not support investment that would increase output.

Remittances. It has been documented that remittances that are sent to Haiti help finance consumption (over 80%)[18] rather than investment. Also, much of the country's consumption (food and other consumer goods) is made up of imported goods because domestic productive capacity is low, and remittance flows may not be as relevant for rapid growth as other resources since it is re-exported to a large measure and therefore does not have a large impact on capital build-up due to import leakage.

The table below shows flows of remittances expressed as a percentage of GDP for the selected counties from 1999 to 2019. Both Nepal and Haiti show remarkable increases in remittances. In the case of Haiti, they have amounted to more than $ 3 billion dollars yearly since 2018[19]. Obviously, those resources have not translated into a dramatic increase in capital formation[20].

Table12: Remittance flows as a % of GDP: 1999-2019

Country	1999	2009	2019
Bangladesh	3.5%	10.3%	6.1%
Dominican Republic	7.4%	7.1%	8.3%
Haiti	10.2%	11.9%	22.5%
Nepal	1.7%	23.2%	24.1%
Rwanda	0.2%	0.0%	2.5%

Source: WDI

NGOs. NGO initiatives are often financed by ODA. Therefore, their impact is already accounted for, to some degree, by the analysis of ODA financing. In addition, a substantial portion of their self-financed activities may be humanitarian in nature: a) disaster relief and social assistance; b) small-scale livelihood (agriculture) projects; c) social sectors; etc.[21]. Because of their nature and their scale, those activities do not necessarily contribute significantly to the accumulation of physical capital. While one cannot underestimate the importance of NGO activities in the livelihood of many Haitians[22], many believe that the way to an accelerated growth path probably lies elsewhere.

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[18] Orozco, M. -Understanding the remittance economy in Haiti, Inter-American Dialogue, a paper commissioned by the World Bank, March 2006.

[19] According to the latest figures, they reached $ 4.4 billion in 2022.

[20] In 2009, the savings of Haitian immigrants living abroad had been estimated at some $ 3.7 billion (Ketkar, and Ratha, 2011). Haiti has not been able to capture much of those investment resources.

[21] Data show (see appendix 2) that NGOs spend about 70% of the resources at their disposal in the areas of health, education, and social assistance. Agriculture accounted for only 5% to 9% of total outlays from 2011 to 2019. These organizations do manage large sums (hundreds of millions of dollars) that represented between 32% and 49% of ODA from FY 2011-2012 to FY 2018-2019.

[22] One must add, however, that more and more, some NGOs are implementing projects that focus on increasing farmers' income by improvements in value chains that are identified and selected as viable using growth potential and productivity as criteria. These initiatives that are born out the recognition that ODA funds are dwindling, focus on targeting social outcomes by productivity improvements in agriculture and other value chains. Also, this has been retained as a strategy by the country's new social protection policy. Given the sufficient amount of resources, the application of this strategy country-wide may be a game changer. We mention in that context, the availability of funds through the so called innovative financing window: a) social impact investments; b) carbon credit; etc. ODA fund managers can leverage these alternative sources of financing to produce the maximum impact.

The alignment issue that may arise if policy makers in the agricultural sector are not included in the planning is all too obvious.

Before turning the discussion to ODA and FDI, however, and still keeping the model as a reference, we offer the following observation: while it is necessary to have an adequate stock of human capital, if labor does not have the right equipment or machinery (productive capital) it will likely not be able to deliver economic performance up to its potential. Cases of countries with high levels of human capital and poor economic performance have included India and the Philippines in the past. This combination (relatively high human capital, low physical capital base) often leads to the phenomenon of brain drain as such individuals are drawn to other economies. Haiti has also lost many of its trained and skilled professionals over the past several years.

We now turn to the relative importance of official development assistance and foreign direct investment in capital accumulation. The issue of productivity as it relates to international assistance is also discussed.

3.3.1 ODA and capital accumulation in Haiti

The table below shows the cumulated distribution of foreign aid in Haiti by sector from 2010 to 2016, a six year period. There were about $ 8 billion committed but only slightly less than half of that amount was actually expensed.

The health sector received over one third of the effective aid, while another 14% went to capacity building in the public sector and civil society. Shelters and schools were built with funds from the "social services and infrastructure" account. Transportation only accounted for 1% of actual total outlays, while agriculture, manufacturing, and transport accounted for 9%, and1% each, respectively.

Table 13: Distribution of foreign assistance by sector: FY 2010/2011- FY 2015/2016

Sector	Committed amounts	Disbursed amounts	Expenditures	% expenditures of committed amounts	% in total expenditures
	(Thousands of $)				
Education	483,104	609,367	110,548	23%	3%
Health	1,604,953	1,740,280	1,304,585	81%	34%
Health policy (population, fertility, HIV)	143,832	112,364	40,641	28%	1%
Water and sanitation	213,465	393,762	178,120	83%	5%
Government and civil society	1,036,187	1,246,041	548,047	53%	14%
Social services and infrastructure	756,396	731,620	476,722	63%	12%
Transportation and warehousing	616,042	747,095	35,956	6%	1%
Energy	286,831	254,893	102,397	36%	3%
Banks and financial services	149,099	147,856	44,972	30%	1%
Businesses and other services	174,380	159,547	138,000	79%	4%
Agriculture	583,558	-	337,195	58%	9%
Forestry	245	429	-	0%	0%
Fishing	22	22	-	0%	0%
Manufacturing	48,829	25,064	20,998	43%	1%
Mining policy	1,161	478	-	0%	0%

Table 13: Distribution of foreign assistance by sector: FY 2010/2011- FY 2015/2016					
Sector	**Committed amounts**	**Disbursed amounts**	**Expenditures**	**% expenditures of committed amounts**	**% in total expenditures**
	(Thousands of $)				
Construction policy	55,806	44,851	5,755	10%	0%
Trade policy and regulations	29,586	20,391	-	0%	0%
Tourism	51,909	9,432	895	2%	0%
Multi sector	593,808	519,151	212,006	36%	5%
Programme assistance	269,724	288,704	130,595	48%	3%
Debt relief	3,153	112,710	1,080	34%	0%
Humanitarian assistance	520,533	468,619	67,111	13%	2%
Administrative cost	15,511	16,903	11,999	77%	0%
Not specified	257,637	285,465	103,267	40%	3%
Total	7,895,771	7,935,046	3,870,889	49%	100%

Source: Ministry of planning and external cooperation, Module de Gestion de l'Aide Externe (MGAE)

At least two observations can be made after analyzing the data. Firstly, except in the health and sanitation sectors[23] actual expenditures are very low compared to commitments. The fact that expensed resources are much lower than the committed levels needs to be highlighted and taken into account when thinking about the impact of aid. This may be related to the issue of absorption capacity in some areas.

The Public and the Press hear large numbers that are only "committed amounts" as opposed to actual expenditures. Afterward, when poor outcomes are observed, it undermines donor and GOH credibility, and reinforces the image of Haiti as a failure. As we have seen however, poor outcomes are in fact partly explained by relatively low expenditures. If institutional capacity is the culprit, one may argue that this deficiency should have been known from the onset and adequately addressed.

It need be reminded that Haiti has over one million hectares (ha) of arable land. Therefore, the aid provided to the agricultural sector amounts to about $335 per hectare per year on average. Some would argue that, if not sufficiently concentrated in a geographic area or a limited set of crops/agricultural activities, this level of resources is unlikely to produce large impacts.

To explore that dimension, the next section attempts to provide answers to the question pertaining to the effect of aid on agricultural productivity.

3.3.1.1 Trends in agricultural productivity

Increases in agricultural productivity, measured by yield per ha, result from (and depend on) many factors: i) better irrigation; ii) the adoption of improved techniques and agricultural practices; iii) better seeds, and fertilizers; iv) soil conservation; v) shocks, etc.

In fiscal year (FY) 2018-2019 Haiti's agricultural GDP had only increased by 0.5% from its level of FY 1999-2000, a performance that is quite unsatisfactory. The table below presents data that show progression in yields from 1999 to 2019. The lower yields in most crops help explain why agricultural performance was

[23] The relatively good outcomes obtained for the human capital stock is certainly due to that factor. One may recall in that context, successes in the fight against HIV/AIDS (prevalence was cut in half) and the cholera outbreak was brought under control.

so poor. Out of 12 crops selected, 8 experienced decreases in yields while only three of them, cereals, experienced somewhat significant improvements in yields. It would be interesting to understand the reason why this group of products displays significantly more progress in productivity than all other commodities. It could be that efforts were more substantial and more sustained than for other crops. While the current study will not drill down further, it is most important that a more in-depth analysis take place.

Table 14: Yield growths for selected agricultural products

Product	% growth in yields: 1999-2019	Status
Bananas	-23.5%	Decline
Beans, dry	-40.8%	Decline
Cassava	4.5%	Slight increase
Cocoa, beans	0.4%	Stagnation
Coffee, green	1.3%	Stagnation
Maize	32.9%	Significant increase
Plantains and others	-2.9%	Decline
Rice, paddy	51.0%	Significant increase
Sorghum	33.5%	Significant increase
Tomatoes	0.5%	Stagnation
Vegetables, fresh	-23.8%	Decline
Yams	-7.9%	Decline

Source: author's calculations using data from FAOSTAT

Agriculture employs more than a million people[24] and accounts for 29% of all employment according to estimates from the International Labor Organization (ILO) and productivity increases have implications for growth and welfare that are far from negligible. Moreover, agricultural output has a bearing on the Balance of Payment (BOP) as the volume of food imports is quite large in Haiti: 25% of total imports.

The country recorded progress in cereal production that is quite impressive, even when compared to the other countries. In sorghum for example, it has achieved yields that are above LDCs average. It would be important to understand what factors explain this relative success. Who are the important players behind it?[25] How did they do it? How much resource did it take and where (what area of the country) were they operating? In Haiti, whenever one sees success in any field, particularly in the economic realm, there are usually some players (stakeholders) with strong interest and staying power that are committed to the "enterprise" as a "going concern".

Table 15: Change in cereal yields (hectograms per ha)

Country	Rice, paddy			Sorghum		
	1999	2019	Change	1999	2019	Change
Dominican Republic	45,422	51,445.00	13%	25,386.00	14,064.00	-45%
Bangladesh	32,139	47,402.00	47%	12,346.00	11,013.00	-11%
Haiti	20,833	31,454.00	51%	7,692.00	10,269.00	34%

[24] Agricultural atlas: Ministry of agriculture, natural resources and rural development, 2009.

[25] A partial answer may very well lie in the support USAID provided to sorghum farmers to help them respond to heightened demand from a beer manufacturer.

Table 15: Change in cereal yields (hectograms per ha)						
Country	Rice, paddy			Sorghum		
	1999	2019	Change	1999	2019	Change
Rwanda	18,132.00	39,998.00	121%	8,322.00	9,863.00	19%
LDCs	28,178.00	36,161.00	28%	6,761.00	9,010.00	33%

Source: author's calculations using FAOSTAT.

3.3.1.2 ODA and infratructure: other possible successes

A number of infrastructure investments financed by ODA did take place mostly in certain regions of the country between 2008 and 2018. In the North east department of Haiti, such major investments have included: i) a University in Limonade; ii) an industrial park with a 10 megawatt power plant; iii) a road from Cap Haitian to Ouanaminthe, which borders the Dominican Republic. In the Central Plateau a University Hospital and major road sections[26] have been built.

An exercise is undertaken to attempt to guage what the impact of these investments might have been on the regional economies. Since Haiti does not yet produce regional GDP estimates, its is rather difficult to asses global results. Project indicators have a necessarily limited scope relative to issues[27] local and central government planners and decision makers wish to cover. We know some 14,000 jobs[28] were created by the industrial park by the end of 2020.

There is a need to develop some general sense of the broad economic impact (scope) of these investements. This makes it easier to promote them.To this aim, the following exercise is carried out. We assume that the impact will be reflected in changes of deposit balances held in banks. It is expected that larger upswings in savings will be observed in these regions where major investments took place as opposed to other parts of the country. This is due to the better economic fortunes enjoyed by workers and other economic agents operating in the regions where funds where injected. Conversely, lower variations are expected in departments such as the West, the South, The Grande Anse, and the South east. They have been ravaged by natural disasters and have not received the same level of stimuli.

Lo and behold, compared to other parts of the country, the data in the table below do show a rather sharp increase in deposits in the two geographic regions that benefitted the most from investments: Central Plateau and North east.

[26] (Port-au-Prince-Mirebalais-Belladère ; Mirebalais-Hinche-Pignon, etc.)

[27] It isn't known for example if : a) the workers are new comers or exiting residents of the area; b) their housing needs are properly met; c) they were able to secure schooling for their children; etc. This highlights the need to develop a more comprehensive set of indicators.

[28] Thanks to United States legislation (HOPE) that provides preferential treatment to manufacturers operating in Haiti.

Table 16: Change (%) in real (2011 prices) deposit balances by type of deposit and geopolitical administrative subdivision (department): 2009-2019				
ADMINISTRATIVE SUBDIVISIONS (DEPARTMENTS)	**Account type**			
	CHECKING	**SAVING (short term)**	**TERM DEPOSITS (long term)**	**TOTAL**
CENTRAL PLATEAU	138%	104%	185%	122%
NORTH EAST	153%	84%	333%	108%
GRANDE ANSE	92%	50%	1%	60%
SOUTH	111%	34%	82%	56%
ARTIBONITE	76%	40%	72%	52%
NIPPES	58%	53%	28%	51%
SOUTH EAST	70%	39%	25%	46%
NORTH	113%	31%	22%	44%
WEST	45%	8%	49%	34%
of which:				
PROVINCES	122%	67%	144%	85%
PORT-AU-PRINCE METROPOLITAN AREA	45%	6%	48%	33%
NORTH WEST	47%	-4%	67%	15%
COUNTRY	49%	15%	49%	36%

Source: Author's calculations using data from Banque de la République d'Haïti (BRH) and the consumer price index (CPI) produced by Institut Haïtien de Statistique et d'Informatique (IHSI).

While these results do not represent definitive evidence that the investments that took place are the only factors that contributed to the changes observed, it is very much telling that the highest level of changes in savings are observed precisely in the regions that benefited the most from ODA in infrastructure. So, it works. Given that finding, there should be an interest in understanding what other factors may have been at play. This will help amplify good outcomes in that region and elsewhere when such initiatives are replicated. Better yet, there is a need to know how existing investments can be leveraged, perhaps with additional funding, but not necessarily so, to generate new investments.

3.3.2 FDI and capital accumulation in Haiti

FDI inflows imply not only the accumulation of physical capital but they also have a bearing on: a) technological advances embedded in new equipment (technology transfer) for example; b) labor force and human capital enhancement (knowledge/know-how transfer) via training to use the more advanced technology or more modern processes; c) added investment as existing investors who have a good country experience may encourage others to come; Before you know it, other changes occur as new investments/investors place demands on the financial system, the communication sector, the energy sector, even the health and education sectors are concerned. Those processes and other ones evoke the concepts of spillovers and threshold externalities from growth theory. In a nutshell, there is a level (threshold) of aggregate capital such that, if an economy's aggregate capital stock is below that threshold, it remains stuck in a "poverty trap".

With that in mind, FDI has significant impacts on the economy, and the potential for entirely changing the ecosystem and transforming it. Given adequate public policy, social conditions improve along the way.

For sure, in order to attract FDI, particularly quality FDI[29], a country needs to provide a safe and secure environment in which the rules of the game are clear for the foreseeable future. Now, what should be or has been the contribution of international assistance, not just in the construction of the requisite infrastructure, but also in the area of capacity building in key institutions such as police, the court system, to name a few. We have seen in a previous table that over half a billion dollars' worth of aid was spent for capacity building over the course of six years between 2010 and 2016. The security situation that prevails today would have one believe that these initiatives seem to have fallen short of the desired results.

The issue of governance is one of the dimensions that distinguish Haiti from LDC's like Rwanda. The World Bank has developed a set of governance indicators to track improvements in that area. Those indicators cover six domains: 1) Control of corruption; 2) Government effectiveness; 3) Political stability and absence of violence/terrorism; 4) Regulatory quality; 5) Rule of law; 6) Voice and accountability. A country is ranked on a scale of -2.5 to 2.5 for each domain. From 2000 to 2019[30], Haiti didn't have a positive score on any of the indicators, and furthermore all but one, rule of law, exhibited negative trends. This stands in stark difference with Rwanda whose indices are all trending upward. In addition, five of the six show positive scores since 2016.

There is empirical evidence that suggests (Easterly, 2003; Burnside and Dollar, 2000) that aid is most effective in a good policy environment.

The table below shows the level of FDI received by Haiti and the other four countries between 1999 and 2019.

Table 17: Foreign direct investment flows

Year	Country				
	Bangladesh	Dominican Republic	Haiti	Nepal	Rwanda
	Foreign direct investment-current $				
1999	179,603,006	1,337,800,000	30,000,000	4,351,069	
2000	280,384,630	952,900,000	13,250,000	(484,827)	
2001	78,527,040	1,079,100,000	4,400,000	-	
2002	49,662,444	916,800,000	5,700,000	(5,952,541)	
2003	265,507,414	612,990,000	13,800,000	14,778,086	
2004	444,836,578	909,040,000	5,900,000	(417,346)	
2005	811,382,056	1,122,700,000	26,000,000	2,451,785	
2006	452,928,348	1,084,600,000	160,600,000	(6,647,984)	
2007	516,766,233	1,667,400,000	74,500,000	5,741,706	
2008	1,137,762,261	2,870,000,000	29,800,000	995,124	
2009	720,457,354	2,165,400,000	55,470,000	38,271,270	
2010	1,165,816,161	2,023,700,000	178,000,000	87,741,712	216,192,557
2011	967,290,774	2,276,700,000	119,000,000	94,022,157	112,127,536
2012	1,295,344,530	3,142,400,000	156,000,000	91,954,196	269,615,550

[29] There are indeed different types of FDI as defined by their impacts on value added in the economy. In Haiti, the acquisition of "Brasserie Nationale", a domestic beer manufacturer, by the Heineken group could be thought of as a high grade FDI. With R&D, a new product was developed and further investments were made. The new product uses domestically produced sorghum.

[30] See Appendix 3

Table 17: Foreign direct investment flows					
Year	Country				
	Bangladesh	Dominican Republic	Haiti	Nepal	Rwanda
	Foreign direct investment-current $				
2013	2,056,085,293	1,990,500,000	161,918,586	74,179,633	233,763,794
2014	2,497,421,016	2,208,500,000	99,000,000	30,402,677	310,209,339
2015	2,771,250,741	2,204,900,000	105,680,000	51,895,700	158,630,540
2016	2,292,208,318	2,406,700,000	104,900,000	105,996,376	231,990,764
2017	1,683,653,529	3,570,700,000	374,860,000	196,265,099	258,339,419
2018	2,402,416,194	2,535,300,000	105,000,000	68,261,794	348,228,168
2019	1,884,983,625	3,021,000,000	75,000,000	185,563,266	257,740,026
Yearly average	1,140,680,359	1,909,482,381	90,418,028	49,493,759	239,683,769

Source: WDI

Haiti and the DR are simply in a different league as far as FDI is concerned. But, the same holds true for Rwanda. Average yearly FDI in the DR stands at $ 1.9 billion while for Rwanda that figure is nearly $ 240 million. Haiti's $ 90.4 million pales in comparison to these figures. Yet, FDI has important implications for capital accumulation. It goes without saying that Haiti's incapacity to attract more FDI has hampered its growth experience and will keep its economy away from and accelerated growth trajectory.

In the same vein, it should be noted that in Haiti's case, FDI very often involves the acquisition of already existing capital. For example, was it not for the acquisition of a domestic oil distribution company by a foreign concern in 2017, FDI would have been $ 75 million that year instead of $ 375 million. What is more, these investments are few and far between and coincide with spikes seen in the data: there is no constant flow of FDI as in most other countries and, on top of that, such acquisitions might have resulted in capital flight in the Haitian case.

Going back to the governance issue as it relates to a country's capacity to attract FDI, more often than not, Haiti does not compare favorably to any of the other countries that were selected. Indeed, Haiti gets the lowest average score for 4 out of 6 indicators, and the second lowest for yet another. To the extent that FDI is a must, and governance issues are a prerequisite to attract it, it seems that foreign assistance (technical and financial in nature from both bilateral and multilateral sources) should focus more on making sure; first and foremost, that Haiti improves its governance profile. Once more, substantial amount of resources seem to have been expended for that to happen, but to no avail… yet?

Table 18: Average scores on governance indicators : 2002-2019							
Indicator	Bangladesh	Nepal	Haiti	Rwanda	Dominican Republic	Lowest average score	Country
Control of Corruption	-1.08	-0.69	-1.31	0.21	-0.75	-1.31	Haiti
Government Effectiveness	-0.76	-0.84	-1.67	-0.17	-0.50	-1.67	Haiti
Political Stability and Absence of Violence/Terrorism	-1.33	-1.38	-1.06	-0.43	0.01	-1.38	Nepal
Regulatory Quality	-0.92	-0.67	-1.07	-0.26	-0.17	-1.07	Haiti
Rule of Law	-0.82	-0.69	-1.34	-0.34	-0.58	-1.34	Haiti

Table 18: Average scores on governance indicators : 2002-2019							
Indicator	**Bangladesh**	**Nepal**	**Haiti**	**Rwanda**	**Dominican Republic**	**Lowest average score**	**Country**
Voice and Accountability	-0.50	-0.56	-0.84	-1.24	0.13	-1.24	Rwanda

Source: author's calculations using World Bank data

A July 2013 report[31] shows that the annual budget of the United Nations stabilization mission totaled about $ 580 million. Moreover, it was estimated that the Haitian National Police (HNP) whose ranks were supposed to reach15,000 by 2016 would require a budget of $1.35 billion over four years: 2012-2016. That is about $ 338 million per year. These levels of resources have never been attained[32]. The ranks did grow, and as one can imagine police personnel were not sufficiently equipped to fully perform their security mission.

The $ 580 million budgeted for the peace keeping operation, represents half of GOH receipts. It is highly probable that the security apparatus left behind after MINUSTAH's departure lacked the capacity to ensure security and stability.

3.4 Summary of findings from the analysis

The analysis that was carried out in the previous sections pursued the main objective of identifying and characterizing the core problems and constraints that stand in the way of economic growth and development in Haiti. The assessment conducted allows us to gauge the extent to which foreign aid has been able to lift some of those constraints.

On the economic front, it appears that the fundamental problem Haiti faces arises out of its inability to accumulate the requisite productive capital to take off as some other LDCs have. In that context, ODA is not sufficiently directed to help build the country's capital base and governance issues keep it from securing a critical mass of FDI.

In short, while international assistance has helped Haiti make progress in the accumulation of human capital, it has not been the case for productive physical capital yet, and progress in the area of governance that could have helped the country obtain more FDI is not palpable yet in spite of resources having been spent in that area of capacity building.

This general assessment rests on the following findings:

1. The aid policy designed for Haiti is different from the one that has been conceived for other LDCs in that it has a more humanitarian component than in other countries with similar poverty profiles and needs;
2. Resources actually spent are far less than the amounts that are committed. This affects the economic sectors more than the social sectors, and there have not been enough ODA resources allocated to productive sectors;

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[31] Observatory on public policies and on international cooperation-MINUSTAH: A financial overview Observatory on public policies and on international cooperation, Bulletin # 4. July, 2013.

[32] The public treasury grants HNP about $ 130 million yearly and between 2010 and 2020, US support has amounted to $ 37.2 million on average per year. Therefore, total resources amount to about $ 167 million, far short of the desired amount.

3. There are success stories in the area of health and education and these are due to significant amounts of resources (financial and human) having been allocated to these sectors;
4. There is little notable difference between Haiti's human capital stock and those of other LDCs that have fared better on the economic front over the past 20 years or so;
5. Low capital formation has hampered growth. Other LDCs that have fared better have been able to accumulate much higher levels of physical capital than Haiti;
6. There are success stories in agriculture, but they are not sufficiently discussed so that lessons can be learned from them, and programs can be designed on that basis with a view of replicating and scaling them up; International assistance probably played a role, for example, in the area of sorghum production by incentivizing and enabling farmers to respond to heightened demand for that cereal. The firm responsible for that increased demand came to Haiti as a foreign direct investor;
7. There are success stories involving the effect of ODA-financed infrastructure investments as well; as of today, there has not been any strategy defined (beyond job creation) to measure the overall economic impact of these investments. There does not seem to be a capacity to measure the full impact of those investments, nor is there, apparently, a strategy to leverage them to attract new investment;
8. Taken as a whole, NGOs manage a rather large portion of ODA. They are involved mostly with social sectors, and it appears that their activities are on such a small scale that they cannot yet impact global economic outcomes. There is, however, the possibility of some positive contribution in the area of small-scale agriculture; However, alignment with sector policy is a potential issue;
9. Resources expensed in the area of governance have not yielded the desired results, and this may have had a negative impact on stability which in turn affected the country's ability to attract FDI. The resources necessary to allow HNP to maintain security were not available.
10. Announcements involving large commitments in aid may do Haiti a disservice, particularly when matching results are not obtained. This reinforces the country's image as a failure when in fact, low outcomes are partly explained by low expenditures or insufficient funds.

4. Answers to the three fundamental questions

Haiti is often thought of as a failed state (less flattering epithets have also been used) while the country is referred to in more polite circles as a fragile state. One may be concerned with that classification. This is because it may imply, in the final analysis, that the country has been relegated to the ward for terminal cases: it is only being afforded palliative care as opposed to receiving a curative course of treatment. There is no denying that today the overwhelming narrative on Haiti is one of utter and total disaster, even among Haitians. Of course, recent events involving the emergence of gangs in the capital city of Port-au-Prince feed the narrative of a "failed state".

The notion of a failed state is somewhat subjective, but both quantitative and qualitative measures for state fragility and/or failure have been developed. A failed state is broadly understood as one whose government is unable to fulfill the basic functions and responsibilities of a sovereign state/nation: a) public safety and security; b) basic social services (health, education, ….); c) protection from external threats; d) satisfaction of the basic conditions (infrastructure, rule of law, ….) that give access to greater economic prosperity; etc. It is somewhat of a catch-22 situation. Indeed, some would argue that the ability of the State to perform these functions grants it the legitimacy and the credibility it needs to formulate and successfully implement public policy. How was foreign aid to help Haiti solve that conundrum? Partly by helping GOH deliver better results. It has to some degree in the social sector, but that has not happened either on the security front or on the economic side. Bad economic performance and political instability drive a lot of the narrative on state failure. A working definition for the notion of "failed or fragile state" is needed before we proceed any further.

The table below presents data on the fragile state index (FSI). It has been developed by The Fund for Peace (FFP)[33], and covers four major domains (indices), each of which span three indicators.

Each indicator is scored on a scale of 0 to 10, and the higher the score, the more fragile the State. The worst score a country can obtain is 120.

Table 19: Categories of the FSI	
Category	**Score**
VERY SUSTAINABLE	0-20
SUSTAINABLE	21-30
VERY STABLE	31-40
EVEN MORE STABLE	41-50
MORE STABLE	51-60
WARNING	61-70
ELEVATED WARNING	71-80
HIGH WARNING	81-90
ALERT	91-100
HIGH ALERT	101-110
VERY HIGH ALERT	111-120

Source: FFP

In keeping with the previous analyses, data on Rwanda and Haiti are shown in the table below. Haiti obtained a score of 97.5 in the index for 2021 which puts the country in the "Alert category". It should be noted that the index published in 2021 does not yet incorporate events that occurred beyond December 31, 2020. When the new scoring comes out, Haiti is very likely to slip in a lower (more worrisome) "High Alert" category[34]. Other countries in the same category as Haiti include Ethiopia, Venezuela, Iraq, Nigeria, etc. Rwanda's score of 85 puts it in the "High Warning category" along with Nepal (82.2) and Bangladesh (85). With a score of 64.1, the Dominican Republic is in the "Warning" category, a stone throw away from joining the "More stable" one.

One takeaway from the data displayed in the table is the following: differences in the economic and political realms explain most of the difference in scores between Rwanda and Haiti. Chief among the economic indicators is economic decline, while in the political domain; it is the legitimacy and public services indicators that dominate.

Table 20: FRAGILE STATE INDEX: HAITI AND RWANDA-2021					
INDEX	**INDICATOR**	**Haiti**	**Rwanda**	**Difference in levels (Haiti-Rwanda)**	**Share of indicator in explaining difference**
COHESION	SECURITY APPARATUS	6.6	5.8	0.8	6%
	FACTIONALIZED ELITES	9.6	8	1.6	13%
	GROUP GRIEVANCE	5.3	9.6	-4.3	-34%

[33] It is an American non-profit, non-governmental research and educational institution.
[34] The good news is that when the new numbers are published, and possibly Haiti is placed in the High Alert category; the storm would have already passed. Word to the wise: no need to be or act surprised, and set sail for 2023 and 2024. The 2021report has only six countries in the "High Alert" category: 1) Afghanistan, Sudan, Chad, Central African Republic, Democratic Republic of Congo, and South Sudan.

Table 20: FRAGILE STATE INDEX: HAITI AND RWANDA-2021					
INDEX	**INDICATOR**	**Haiti**	**Rwanda**	**Difference in levels (Haiti-Rwanda)**	**Share of indicator in explaining difference**
	SUBTOTAL	**21.5**	**23.4**	**-1.9**	**-15%**
ECONOMIC	ECONOMIC DECLINE	8.9	5.8	3.1	25%
	UNEVEN DEVELOPMENT	9.2	7.7	1.5	12%
	HUMAN FLIGHT AND BRAIN DRAIN	8.1	6.5	1.6	13%
	SUBTOTAL	**26.2**	**20**	**6.2**	**50%**
POLITICAL	STATE LEGITIMACY	8.8	6.8	2	16%
	PUBLIC SERVICES	9.6	7.5	2.1	17%
	HUMAN RIGHTS AND RULE OF LAW	7.1	6	1.1	9%
	SUBTOTAL	**25.5**	**20.3**	**5.2**	**42%**
SOCIAL AND CROSS-CUTTING	DEMOGRAPHIC PRESSURES	8.2	7.5	0.7	6%
	REFUGEES AND IDPS	7.1	7.5	-0.4	-3%
	EXTERNAL INTERVENTION	9	6.3	2.7	22%
	SUBTOTAL	**24.3**	**21.3**	**3**	**24%**
FRAGILE STATE INDEX (FSI)		**97.5**	**85**	**12.5**	**100%**

Source: Fragile States Index-2021report, The Fund for Peace, and author's calculations

We already discussed the impact of international assistance on economic outcomes via the accumulation of human and physical capital. We did also stress, in the context of FDI, the fact that efforts aimed at capacity building within the public sector, particularly the police force's capacity to maintain the peace, have not yet yielded the desired results.

Looking at the FSI, and considering the root causes behind Haiti's continued fragility, on one hand, and considering the findings that fell out of the analyses, on the other hand, one is better equipped to entertain and offer somewhat informed answers to the three fundamental questions that were posed at the onset.

4.1 Why have the efforts of multilateral banks and donor governments had so little success in Haiti?

Six factors are identified that explain the relative ineffectiveness of foreign aid in generating better outcomes in Haiti. They include:

A) An issue of scale: the effective aid package was too little with respect to the challenges
B) Absence of clearly stated (quantified) medium term economic objectives with well formulated strategies and action plans
C) The humanitarian trap
D) Aid resources were leveraged, and there was insuffcient coordination, alignment, stakeholder consultation
E) Failure to improve GOH credibility and legitimacy in the provision public services
F) Shocks

A) An issue of scale: effective aid package was too little with respect to the challenges

Sanctions and a trade embargo in the early 1990's dealt the Haitian economy a devastating blow. This was followed by an adjustement program[35] that went into effect in the mid 1990's and called for trade liberalization: tarrifs were driven exceedingly low, leaving domestic producers with little protection against foreign competition. The previous policy of import substitution was dropped, and agricultural and other imports rose, as productie capacity in the agricultural and insdustrial sectors declined or stood still: Haiti's negative trade balance widened (see appendix 5). This went on without proper planning, consultation, and mitigating measures were not put in place: the business community as well as farmers were not prepared to adjust to the new plolicy.

The combination of trade liberalization and embargo resulted in plant closings and job losses. It was already mentionned that 180,000 manufacturing jobs were lost during the embargo. As was already discussed, that number corresponded to 2.4% of the population at the time, and applied to today's population figures, it represents nearly 355,000 jobs. It took more than ten years for Haitian real GDP to reach its 1991 level. By that time, the population had grown by 22% and real GDP per capita had fallen by 19%.

It would have taken more careful planning and a lot more ressources to allow the economy to rebound. Today, per capita GDP in Haiti is lower than what it was in 1960, having reached a peak in 1980. The amount of capital required to get the economy back on its feet has never been available from any sources, partly because there was not a recognition of either the size or the severity of the economic challenge that the country faced. In the mean time, the world economy was in full expansion, and Haiti was not on the side lines, or perhaps not even in the ball park. In 1994, gross capital formation in Haiti fell 52% in real terms compared to its 1991 level. In the same interval, gross capital formation (GCF) had increased by 28% in Latin Americica and the Caribbean economies, excluding high income countries. In Rwanda, Gross capital formation had fallen by a whopping 79%: the shock sustained by Haiti on this important dimension was of a comparable order of magnitude.

A number of questions had been posed in the introduction as we were setting the stage for the analysis and providing motivation for reasons it was needed. Some of these questions are reproduced below:

- What problems did they intend to solve, and what would eventually be the role of government or any other actor in picking up from where the projects left off?
- What key problems or issues was the assistance meant to tackle?

It does not appear that the aid package was designed to tackle an economic problem of such magnitude.

Some observers argue that "As fragile states go, Haiti is in a league of its own…..There are clear historical, cultural, and climatic reasons for Haiti's unique status" (Devia-Valbuena and Mines, 2021)[36] The data we presented do not support the claim that Haiti is in "a league of its own". Furthermore, one is not sure if the authors check the economic box under "historical", or what they mean by "cultural". Climatic events do wreak havoc in Haiti, but data show that no single event has caused as much damage to the economy as the twin effect of the embargo and the unplanned trade liberalization.

Opinions such as the one cited above reflect the fact that Haiti is viewed as a special case and a fragile state. That of course has implications for the type of aid the country receives, and also, when initiatives fail, it may provide aid givers an easy out/excuse for bad outcomes.

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[35] The Enhanced Structural Adjustment Facility (ESAF)

[36] Devia-Valbuena, N. Mines K.-A plan for Haiti's Growing fragility: U.N. Action That's Equal to the Challenge-https://www.usip.org/publications/2021/09/plan-haitis-growing-fragility-un-action-thats-equal-challenge

Still on the matter of scale, available data show that actual expenditures were substantially below committed or even disburesed amounts. Of course, this affects outcomes and "weak institutions" cannot be evoked continualy to explain this situation. If a risk is known from the outset, and there are ways of mitigating it, they must be integrated in project design.

Having diagnosed deficiencies in the public sector bureaucracy as the root cause for slow expenditures, some donors have resorted to creating parallel structures to speed up the effective delivery of aid. In and of itself, that may be a laudable objective. The units are staffed by personnel that are paid much higher salaries than their counterpart in the public sector, and they are also better equipped. Training is provided that makes staff familiar with the idiosyncrasies and intricacies of various bureaucracies. However, these sorts of initiatives do not help reinforce the capacity of the public sector, and their effectiveness can still be called into question given the substantial gap that remains between disbursements and actual expenditures. A strategy must be found to reinforce the capacity of public institutions while effective disbursement of funds is also accelerated. Project milestones will be reached faster.

B) Absence of clearly stated (quantified) medium term economic objectives with well formulated strategies and action plans

The GOH has formulated at least two development plans in the past fourteen years, and each donor has also produced their own documents along the way. As a practical matter, each donor is responsible before their own respective constituencies (parliament, boards) for aid resources they ask, and must therefore justify those requests by producing a country strategy document. Very often, these documents state that they are aligned on priorities set by GOH.

The probem is that GOH documents set global objectives and seldom identify specific quantified goals, nor do they include a road map or a time line. Given that fact, one is not quite sure what priority really means, except when there is an emergency: health, catastrophies, for example. Outside of that, there is very little guidance provided by a set of clearly stated objectives. For example, how many manufacturing jobs do we endeavor/intend to recuperate over the next five years, in what specific sector, and where? What agricultural value chains do we need to promote, and where are they located? What constraints impede their full developments and what effect can public policy have on relieving them? Are there opportunities for private investment?

The frame below gives an idea of what such targets might be. In it, appear recommendations made to USAID by a team of experts assembled by the consulting firm Coopers & Lybrand. The firm was commissioned by the Mission in 1997 to assist it in developing a strategy for private sector development in Haiti[37].

> The team recommends that USAID strategic objectives focus on 1) large scale creation of productive and sustainable jobs; 2) increasing private investment levels in order to raise productivity and GDP per-capita; 3) strengthening the private sector, including small- and medium- enterprises, market mechanisms, advocacy and resource institutions; 4) Improvement of the public-private sector dialogue; 5) and greater decentralization and democratization of economic activity. Key benchmarks would include annual Job creation above the number of new entrants to the urban labor force (currently about 40,000 per year), private investment levels growing by at least 2% of GDP per year to an eventual level of 20% of GDP, and GDP per capita growth above 2% per year institutionalized and responsive dialogue between private and public sectors, and strong economic growth and employment generation in secondary cities and regions.

[37] Coopers & Lybrand, Haiti: Private Sector Assessment, March 1998

The commitment to a set of objectives suggest a very dynamic process of information sharing and dialogue among all stakeholders. This does not happen as often as it should. Without it, there is no accountability. Does it matter if we get the result in one year, two years, three years, …. never?

The analysis that was conducted identifies "economic decline" as one of the key factors that have fed Haiti's fragility. That fragility itself undermines its ability to attract capital and, some would argue, the chronic poverty that this causes is a source of persistent social unrest or tension, often times instrumented and used for political gain by some local actors. Instability also projects fragility. It is important for GOH and its foreign aid partners to agree to a widely published set of short to medium term objectives, for instance in agricultute and industry. A road map needs to be developped and shared among all stakeholders and the larger public. Can Haiti and its partners, for example, commit to doubling yields in specific crops over the next five years? To be viable this means also that greater market access must be garanteed to farmers. If that is not the case, higher yields may mean that they will accumulate unsold inventories, and their revenues will not increase. Market access may require a strategy to build or rehabilitate road infrasructures. It will even be more vital to think about how they will be maintained and how local stakeholders (farmers, agricultural workers) can contribute to that process. Beneficiary and stakeholder buy-in is a key factor in success, particularly lasting success. For this to happen, they must clearly understand how they themeselves should play a role in preserving their long term interests.

Can Haiti increase arable land by investing in soil conservation and rehabilitation as well as reforestation? Where and how? There have been wathershed projects in the past? Why have they stopped?What measure of success have they had? According to FAO data, Rwanda has shown remarkable progess in increasing the amount of arable land available for production: from a low of 485,000 hectares in 1961, they have 1.151 million hectares to work with today. Haiti made progress as well but it was not as significant: only a 19% increase was recorded in the same time interval. The country had 900.000 hectares of arable land in 1961, but today that number is 1.107 as reported in a previous section.

It needs to be mentionned however, that the area covered by arable land in Haiti had dropped considerably from 1970 to 1990 (see appendix 6). Was the increase due to the watershed projects? Can more be done? Should a corps of roadmenders consisting of farmers and agricultural laborers be formed with responsibility for the rehabilitation and maintenance of clearly identified agricultural infrastructures and reforestation? Three line ministries are concerned: a) Agriculture; b) Public works; c) Environment. This mechanism needs to be planned to be permanent since these structures can also be mobilized when disasters strike[38]. Financing may come from foreign assistance (cash for work and asset transfer (small tools and equipment) for work) in cooperation with the four line ministries. Should organisations pay a nominal user fee? This is to promote coresponsibility. This needs to be discussed, explained, and understood.

In the aftermath of the 2010 earthquake Jeffrey Sachs[39] had pointed out the need to "boost peasant agriculture and rural communities". A recent study has found that Sub Saharan Africa (SSA) "has achieved the highest rate of agricultural growth of any region of the world since 2000, at roughly 4.3 percent per year, which has undoubtedly contributed to the region's relatively strong economic transformation process, which started around 2000".[40]

Strategies can be devised and actions can be implemented to pursue those objectives while also attaining sustained growth.

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[38] This would involve the Ministry of interior

[39] SACHS, J-Reconstructing Haiti, Project Syndicate, January 25, 2010. https://www.project-syndicate.org/commentary/reconstructing-haiti-2010-01

[40] Jayne, T.S.; L.; Fuglie, K.; and Adelaja, A. -through the Association of Public and Land-grant Universities (APLU). Agricultural Productivity Growth, Resilience, and Economic Transformation in Sub-Saharan Africa, 2021

This discussion takes us back to the issue of scale and timeliness of available resources: there is an "investment gap". Indeed, all of these initiatives require substantial amounts of resources over several years. We have seen that it is possible to double real GDP per capita in tweny years or less. We may need to do better than twenty years in the Haitian case because that only takes the country back to where it was in 1980, more than a half centuty later. Identifying and resolving key ineficiencies opens the way to fast growth.

C) The humanitarian trap

Information was reviewed that suggest that not enough resources were allocated in the productive area, as opposed to humanitarian assistance or the social sectors. As needed and essential as humanitarian assistance is, its implications for medium term growth is limited.

So prevalent is poverty in Haiti, that it is very tempting to develop a "humanitarian bias" even when interventions are being made in the productive sector. For examples, seeds are distributed to several thousands farmers as food aid would. As a matter of fact, when asked what aid they are receiving, Haitian farmers mention technical assistance in the same breath as food aid. It is also apparent that even aid in productive sectors are not suffficiently informed by what constitues an economically viable production unit. How then does one ensure it remains viable as a "going concern" beyond life of project? A small business model, and proper capacity building. The Haitian landscape is littered with vestiges of infrastructure from past projects. They sit there iddle, greatly depleted, and of course unused: a gift to a non viable entity.

Time and time again, people who do field work in Haiti witness "successful projects" that have small longevity (demonstrably low survival time) beyond the life of projects. These subsequent failures explain, on top of the scale effect, the limited capacity of foreign aid to help the Haitian economy rebound and grow faster. In agriculture, for instance, that will involve understanding and making the appropriate investments that create and maintain an ecosystem (finance, infrastructure, market access, agricultural extenson services, partnerships, private providers of agricultural services) to guarantee that small-peasant agricultue will thrive and remain viable. Private investment must be part of the mix: the State or foreign aid players cannot do everything.

While it is critical to understand why initiatives ultimately fail, there are very few attemps at conducting monitoting and evaluation efforts even a few short years after the end of the projects. A very specfic example of such an occurrence involves the mangoe value chain. An independent research that was carried out, not as part of an evaluation, established the following facts:

- The planting operations initiated by [**donor/NGO**][41] in 1987 have not been taken over by other plantations,
- Planting was carried out in [**location**] 5 to 10 years ago, and then stopped. According to some producers, since that date they have not received seedlings from donor institutions, they are unable to produce their own seedlings.

There are two takeaways from these findings:

1. there is no follow-up and interest (maybe due to lack of resources) didn't extend beyond life of project;
2. the farmers adopted a posture of dependency very much in keeping with the humanitarian bent of the project, waiting around for the next distribution of seedlings, as one would in a food line.

[41] Location and organization names are hidden in order to avoid unnecessary finger pointing and unproductive polemics

Questions also arise about the model that motivated these interventions. First, how many farmers were involved, and depending on the number of recipients, did the distribution of seedlings give rise to viable agroforestery production units?

To the extent that short-lived-outcomes represent the norm at the level of the larger economy, it is unlikely that foreign aid will help Haiti experience high and sustained productivity growth.

In reality, resources are spread wide and thin over space and time. The GOH does the same as it attemps to touch everyone and everything, everywhere: there are literally hundreds of small investment projects being carried out all over the country by GOH with very little impact on sustainable economic growth. The necessary choices are not made and priorities are not set. Presumably, donors are not subject to the same pressures and should be able to concentrate enough resources over space and time to help Haiti come out of dire straits by helping the country improve productivty in the agriculral sector and rebuilding its industrial base. With greater success in those areas, the country will begin to shake the failed state mantel off its back, and other sectors will follow.

Although some new developments (successes) give reasons for hope, the task that remains to reach higher and sustained growth is, as we have seen, daunting but doable.

Private investment needs to be stimulated. Reasons for the substantial agricultural growth observed in SSA include "macroeconomic and sectoral policy reforms, which provided greater scope for private investment in trading, processing, and retailing agricultural inputs and commodities, and which subsequently contributed to increased employment and incomes in the upstream and downstream stages"[42] of African Agri-food systems.

D) Leveraging, coordination, and alignment, stakeholder consultation

As already mentionned, GOH plans thus far, except for very few sectors, do not have specific goals. Therefore, donor alignment has been fairly easy; they are able to fit within the broad guidelines that are provided by GOH.

The practical problem with foreign aid, besides its humanitarian bent, has not been one of alignment per se, but one of coordination among donors to get maximum impact from their individual interventions. This is particularly important when several donors are engaged in a region. Donors can bettter leverage one another's actions and even synchronize them for larger impact. There is a need for a constant flow of resources going into the economy. This comforts private investments, and it must never be forgotten that they are an essential and important part of the mix.

For example, we have seen how donors have heavily invested in the northeastern part of the country; there has also been private investment. In addition, viable value chains (cattle raising, milk, rice, etc.) have been identified, so have sites for a new seaport and a brand new airport.

Past achievements, initiatives, and knowledge have not yet been leveraged and incorporated into a regional economic plan. Such a document does not yet exist[43] and needs to be developped. It requires collaboration with central as well as local authorities, civil society organizations, the business community and international stakeholders. If not, great opportunities will be missed for the region and the country as well, and the landscape will not change.

[42] Ibid, 40

[43] If it does, and it may as things go, it is not widely available.

The road from Cap Haitian to Ouanaminthe is in ill repair, on either side of it barren, fallow land abound. Much of it is public land. Ready for spoilage?

Looking at the somewhat cahotic urban spread in Ouanaminthe, it is all too clear that there was no urban planning made to accommodate the 17,000 new jobs the CODEVI industrial park created. Appropriate investments might have been planned and made for the provision of public services in seveal areas: a) health, b) education, c) sanitation; d) transportation; e) housing; etc. That could/should also involve private investments. When investments occur they need to be viewed as an opprtunity to create better living conditions, and to transform the landscape. The CODEVI investment[44] was made in 2003. The CARACOL industrial park was built nine years later. It does not appear that the kind of transformation we refer to was integrated into the design of the project. Consequently, nor was it entertained as an end point.

All those infrastructure investments represent opportunities for new ones and possible private-public partnerships. There are several towns not far away from where the investments already took place, and they are all potential hosts for new comers, should a decision be made to target the area for, say, 100,000 new manufacturing jobs. To change and project a better image, Haiti's cities and towns must be tranformed, and foreign aid has to broaden its vision for that to happen.

The alignment issue will arise in the future, as it will require donors to concentrate enough investments in new "growth poles", for example. A full menu needs to be envisaged for true lasting growth and transformation. Hopefully, since the regional economic plan will be developped in consultation with all stakeholders, buy-in, alignment, and coordination can be addressed. A few years back, Paul Collier[45] floated the idea of the development of export zones to place Haiti on the road to economic security. The idea being put forth here places these kinds of initiatives in a larger context and points out the need for integrated development planning, and better coordinated strategies.

The current security situation that prevails in Port-au-Prince must be resolved, but it need not be considered an obstacle for investments to continue to take place in the northern corridor, for example. The entire corridor is rather quiet and unaffected by gang violence. The area is accessible to the outside world by air and sea. There is both an existing international seaport and airport in Cap Haitian, the country's second largest city. A major road section leading to the Dominican Republic needs repair but is very much functionnal. Land acess to two other departments (North and Central Plateau) is relatively easy through a road network financed by ODA[46].

The consultative process encourages transparency in the conduct of public affairs in such a way that a maximum number of people understand the intiatiatives, are made aware of opportunities they may create for them, and lend it support. All too often, not too many people (the larger public) know of projects except a few well connected ones who then position themselves. It may even be necessary to draw a communication strategy that makes the information widely available. This means that communication in creole must be envisaged.

I have sometimes reflected on the lack of concerted planning in the formulation and implementation of public policy in Haiti, and as a result, characterized the Haitian people as one that was being operated on without informed consent. Donors are not the only guilty parties on that score. Be that as it may, conflicts erupted during the construction of the road leading to Ouanaminthe: an important town had been left "out of the loop". This caused delays and cost overruns.

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[44] A private industrial park

[45] Collier, P. Haiti: From Natural Catastrophe to Economic Security-A Report for the Secretary-General of the United Nations, Department of Economics, Oxford University, January 2009

[46] One section of road to the Central plateau has not been completed yet.

Funds are limited, and it is urgent to make the most of those that are available, and more importantly to seek out and attract/incentivize private investors for increased impact and viability. Such a strategy will ensure that public investment (GOH and foreign assistance) does not go to waste.

There is a line item in the Haitian budget nomenclature called "Autres Fonds de contrepartie/Other counterpart funds". It is under that item that GOH makes contribution to projects/programs that are financed by international aid. Therefore it is possible for GOH to use this line to cofinance:

a) projects funded by donors and that are about to be stopped due to budget constraints. Some of them provided good/promising results; it is a matter of taking them an extra mile across the line from viability and consolidation standpoints; these projects come with a full set of indicators, and there is both a need and an opportunity for knowledge transfer from donors to GOH, but also to local stakeholders, in that area; Such initiatives build trust and allow for better/more effective collaboration between Haiti and its partners.
b) regional economic development plans that need to be drafted.

The good news is that several elements of such plans probably already exist. First, several communal development plans have been drafted and only need updating. Second, Haiti is probably one of the most studied countries on planet earth. Not only that, some NGO probably had started implementing part of a plan somewhere, away from "prying eyes". So, there are vestiges of these actions and lessons learned engraved in the memories of some beneficiaries and operators, or perhaps in a report that was not widely distributed.

There are two additional pieces of good news. The second piece of good news comes from the fact that support for agricultural value chains has been integrated into the National Plan for Social Protection and Promotion. This plan has been developped using a consultative approach, and further consultations and costings will be undertaken to develop regional plans. Work is already underway in the Southeast, value chains have been mapped and specific actions have been proposed. Similar efforts will be undertaken for the entire country. This initiative constitutes an opportunity: information that has been generated can be leveraged and incorprated into regional economic development plans for various departments.

The third piece of good news comes about because Haiti has been designated by the United States as a priority country under the Global Fragility Act (GFA). This opens the way for a long term (10 years) US commitment in Haiti. Under the act, the US will be drafting a strategy in collaboration with other international partners and an array of Haitian stakeholders. The strategy targets both human and economic development. The planning horizon is considerably widened which opens the way for more long term thinking, and visions that are more in keeping with the notion of "time to event" we referred to earlier. Some observers (Campbell and Graff, 2022) warn that the focus should be on inovation and not just expenditures.[47] Innovation yes, but in Haiti's case, the need for transformation should also be stressed.

More coordination means less tunnel vision and better synergies that, in the end guarantee better results.

[47] Campbell, S.; Graff, C.: Implementing the Global Fragility Act: What Comes Next?-U.S. Embassy plans and programs are likely to yield results if the focus is on innovation — not just expenditure. https://www.usip.org/publications/2022/04/implementing-global-fragility-act-what-comes-next

E) Public services, state credibility and legitimacy

Difficult choices must be made by GOH and its foreign partners, and most importantly by GOH (tax evasion, corruption, etc.) in order to eject Haiti from its current mediocre position. The State can only make those choices if it enjoys sufficient credibility on the part of the populace. There needs to be a bond, a contract, between the State and its citizenry. Such conract involves the provision of public services: the State must be relevant in a positive way in peoples daily lives and in times of need. Time and time again, observers doing field work in Haiti hear "Pa gen Leta" which is creole for "The State does not exist". This is said in frustration mixed with chagrin often, because there is also a clear demand for the State to exist and perform better.

It was seen that human capital indicators have improved. Unfortunaltely, credit does not accrue to the Haitian state for that, and one understands why. Therefore, in the face of real and eggregious deficiencies in the provision of public services, foreign aid has not been dispended in a way that reinforces state legitimacy or credibilty.

Education. In the education sector, 80% of schools are private and Haitian parents sacrifice a lot to afford their children a quality education. Often, it is not available and the State fails even in its supervisory capacity. Public schools are notorious for teacher absenteeism and materiel and equipment are also lacking. In the absence of the State, NGOs and private schools run the show.

Health. Public health facilities are known for being understaffed and underequiped. Moreover, in some areas of the country, the population relies heavily on NGOs or physicians made available through international assistance. Private clinics and hospitals are available for those who can afford it. Certain cases require care outside the country: even fewer people can afford that, or are in possession of a foreign visa that enables them to exercise that option.

We have seen that a lot of NGOs receive substantial sums and intervene in the areas of health and education, particulaly. One wonders if there isn't an opportunity to develop a strategy that provides the public sector with more visibility in the delivery of services in these sectors? In actuality, the problem is that some operators are performing services under the guise of internationl cooperation. However, to the public's eye and their own[48], those services are beeing provided by NGOs and others instead of the State, rather than on behalf and under the authority of the State. Paul Collier issued the following remark on NGOs in Haiti. "As the NGOs further scale-up, the already limited capacity of the State has been decimated. Essential as the NGOs have been, this imbalance threatens to leave the State marginalised in the core task of basic service provision…. The practical consequences of the marginalisation of the State are that, despite their furious denials, NGOs are largely unaccountable and uncoordinated"[49].

When and how does it end? What is the approved/validated model for the delivery of educational and health sercices? It is not altogether clear. No real choices have been made yet. In a recent study[50], a market assessent was conducted for the non-state basic education sector with a view of understanding their access to blended finance. The problem posed is the underprformance of Haiti's educational system in terms of access and quality. So, since private schools are doing the job the public sector cannot or

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[48] The following statement was made by representatives of the NGO sector during a workshop that was organized in Otober 2010: "If there is no real political will to build capacity in Haiti, NGOs will step in. NGOs are not necessarily negative – they are filling real gaps in education and healthcare, not only in Haiti, but elsewhere." Source: ***Helping Haiti to Transform Itself-Promoting Sustainable Development Where it has Never Existed Before-*** *Report of the workshop held October 21-22, 2010, Institute for the Study of International Development (ISID) – McGill University. Rapporteur: Pierre Hong Minn*

[49] https://www.cepr.net/paul-collier-new-approach-to-ngos-needed/

[50] Palladium International Non-State Education Market Assessment: Haiti, USAID CATALYZE, DECEMBER 2020

would not do, the possibility of obtaining financing to reinforce private schools is being investigated. This initiative would consecrate the public sector's inability to deliver educational services to the population. At the very least, we need to think about what the minimal public imprint ought to be in the sector: a) How many schools and where? b) How many teachers; c) What basic supplies and equipment (recurring costs); d) How many students would be served among the most vulnerable? A system can be designed in which GOH defines standards and outsources the provision of educational services. After all, private schools exist and public money to extend public education (infrastructure, supplies, salaries, etc.) to all these students is not available. The bottom line is: Haitian children must be afforded a quality education. Pertinent questions are: has everything been done to reinforce the public schools that do exist and to extend their reach? Who is being left behind or is falling through the cracks? Private schools can and should continue to provide educational services, but this cannot be because the public sector has abdicated its responsibilities in violation of a public thrust.

Two additional points merit to be made: 1) the contribution of the public sector is often not recognized enough. Take teacher training for example; 2) Some NGOs create schools with donor funding, and when the financing ends, they come to the public sector for support. This places great strains on the public treasury. A long-term plan can be designed that recognizes the limitations of the public sector in the short and medium terms. By the same occasion an exit strategy can be formulated because there is a need for the public sector to have a bigger imprint in the education sector at all levels. Similarly, in the absence of an insurance system, public health services need to be provided. When international cooperation is sought in that context, care should be taken not to view that, by words or by deeds, as confirmation that the Haitian state is a failure. By the same token, with the help of foreign aid, a sufficient number of staffed and well-equipped public facilities need to be made available.

Security. Security is the quintessential public good[51]. The inability of the State to provide that fundamental service seals its fate/branding before the Haitian public and indeed the world, as a failure. The whole country suffers because it is viewed as a cahotic and ungovernable entity. It matters not if gangs mostly control Port-au-Prince since it is the capital, and the seat of governmnt and power. What happens there dominates the news and the headlines, reverberates throughout, and projects an image of total loss of control on the entire country. The world's perception is echoed in the remarks of George Fauriol[52]: "As highlighted by the kidnapping statistics, the overall street-level insecurity nationally is high, and in the Port-au-Prince region, is borderline out of control**."** Was it preventable? We previously discussed the fact that there was a substantial gap between needs and resources.

Commenting on the need for continued police reform, Timothy Donais (2011) states:

"it is also clear that police reform processes in Haiti have yet to reach the point where they could be self-sustaining in the absence of ongoing international support.

The continued focus on the restoration of "basic" policing capacity also underlines how far the HNP remains from being capable of addressing Haiti's most serious and complex security challenges, from marginalizing criminal gangs to reining in the organized networks seeking to solidify Haiti's position as a key transshipment point for illegal narcotics.

[51] Two main characteristics of public goods:
non-rival: the consumption of this good by a user does not entail any reduction in the consumption of other users and it cannot belong to a person of its own;
non-exclusive: it is impossible to exclude anyone from the consumption of this good; it is therefore not possible to charge for its use.
[52] Fauriol, G.-Adrift: U.S.-Haiti Policy, Global Americans, October 22, 2021

Success or failure, however, will depend on much more than sheer international persistence. It will depend on the pace of post-earthquake recovery, on whether a climate of relative political stability holds through Haiti's next electoral cycle and even more profoundly on the achievement of a new social contract between Haitians and their government which offers at least the promise of alleviating the misery in which the majority of Haitians continue to live."[53]

At the time these comments are being written about security challenges, there are about 9,000 UN soldiers and police officers on the ground in Haiti, facing those very challenges, with some degree of difficulty. But, above all else, the link/interdependence between economic outcomes, political stability, and security comes out clearly in these statements.

Haitian fragility and international assistance

Fragility lies at the core of Haiti's inability to attract the private capital it needs to grow faster and also shapes the aid profile. Below, examples are given on some of the ways international aid may unwittingly contribute to that fragility. Findings from the analysis are used to draw conclusions.

Table 21: Possible ways in which foreign assistance may have contributed to Haiti's fragility

Domain	**Negative impact of foreign assistance due to:**
Economic decline	
Economic Decline indicator considers factors related to economic decline within a country. For example, the indicator looks at patterns of progressive economic decline of the society as a whole as measured by per capita income, Gross National Product, unemployment rates, inflation, productivity, debt, poverty levels, or business failures. It also takes into account sudden drops in commodity prices, trade revenue, or foreign investment, and any collapse or devaluation of the national currency.	• the fact that the levels of resources needed to boost the economy were not avaible, or expensed in a timely fashion; • a lack of specific medium term economic targets and priorities to be pursued; • a lack of coordination between donors to leverage resources to the max; • a culture of dependency that is sawn and continues to be cultivated by the way aid is being distributed in the agricultural sector;
Public services	
The Public Services Indicator refers to the presence of basic state functions that serve the people. On the one hand, this may include the provision of essential services, such as health, education, water and sanitation, transport infrastructure, electricity and power, and internet and connectivity. On the other hand, it may include the State's ability to protect its citizens, such as from terrorism and violence, through perceived effective policing.	• not enough visibity and recognition given to the State when good outcomes come about or when services are being rendered on its behalf; • the large sums granted to NGOs to intervene in the services sector, contributing to the marginalization of the State;
Legitimacy	

[53] Donais, T. -Reforming the Haitian National Police: From stabilization to consolidation, a chapter in Fixing Haiti: MINUSTAH and beyond. Ed. Jorge Heine and Andrew S. Thompson, United Nations University Press, 2011.

Table 21: Possible ways in which foreign assistance may have contributed to Haiti's fragility	
Domain	**Negative impact of foreign assistance due to:**
The State Legitimacy Indicator considers the representativeness and openness of government and its relationship with its citizenry. The Indicator looks at the population's level of confidence in state institutions and processes, and assesses the effects where that confidence is absent, manifested through mass public demonstrations, sustained civil disobedience, or the rise of armed insurgencies.	• substantial, but yet insufficient support given to HNP.

On the political front, and as far as State legitimacy is concerned, it must me added that, too often, it is the "blessing" of foreign partners that grants "legitimacy" to Haitian authorities. Obviously, there is a relationship between legitimacy obtained in such a fashion and the ability of said authorities to negotiate an appropriate aid package or program.

F) Other contributors: shocks

There have been two types of shocks that have affected Haiti: a) political and social disturbances; b) natural disaters. They also have a bearing on results obtained by foreign aid.

Political instability and social disturbances. Some believe that the current political crisis takes its roots in the social disturbances that erupted when the government tried to adjust the price of fuel in July 2018. Actually, it predates that time. In the months preceding those protests there had been a large movement, the Petro Caribe Challenge, calling for the prosecution of corrupt officials that had pillaged the Petro Caribe fund. Several scandals involving current officials and public figures also surfaced. So, when the government tried to adjust prices, a flashing point was reached. The turmoil (street violence and tire burning, barricades, looting, etc.) died down after a few days, but tensions remained high. Pressure continued to mount on the Administration: a) civil society; b)some members of the Hatian Senate; c) opposition parties. At stake: i) the upcoming elections and claims of a rigged voter registration system; ii) attempts by the President to enact a new constitution without proper consultation.

Battle lines were drawn between all parties: Haiti sat on a tinder box, it still is. Slowly but surely, with social tensions fueled by economic malaise tempers neared the flashing point every now and then. There were mass killings and some prominent individuals were murdered. On the heal of all these events, came the assassination of President Jovenel Moise. Two days before, he had named a fifth prime minister, the current one, having previously appointed four prime ministers in the course of four years. All throughout, with political strife as a backdrop, insecurity and violence gained new grounds. The current situation is unprecedented in recent Haitian history. In 2008, disturbances lasted a few days. Even in 2004, there was not such a protracted period of instabilty, violence was not so widespread, and gang activity had not extented to so many areas of the capital: 2018-2022 is a monster storm.

It is important to understand that current events are somewhat of an outlier for Haiti, and shoud not be used to cast judgment on what may have caused foreign aid to fail in the past: we refer here explicitely to the effect of political instability on the delivery of aid.

Of course, in unstabe environments, the political personnel changes which can make it harder for donors to find interlocutors to discuss and agree on accords, protocoles and the like. In addition, these events may cause delays in project execution, a situation which in turn perturbs the planned flow of aid. This has happened in Haiti.

Most importantly, instability makes it impossible for governments to set even global objectives, at least in a credible manner. The high level of uncertainty that prevails causes local economic agents to delay consumption as well as investment decisions, and keeps foreign investors at bay: the economy suffers.

Natural disasters. Haiti has indeed been battered by several natural disasters, and they have caused many damages. Everybody (or almost) knows about the 2010 earthquake, the biggest of them all. During the same decade the country had been affected by hurricanes and tropical storms and floods, in 2004, and 2008. More recently, in 2021, the southern peninsula was ravaged by an earthquake and hurricane Matthew laid waste to southwestern Haiti in 2016. It had made landfall as a category 4 hurricane, and caused damages estimated at bout $ 3 billion.

The country is prone to natural disasters and extensive damages occur partly due to poor disaster preparedness. Besides the loss of human life and the obvious damages caused to livelihoods (structures, animals, crops) the constant need to rescue Haiti from an emergency reinforces the idea of an assisted state that needs to be kept under life support, hence the humanitarian bent that was alluded to earlier. Instead, investments should be undertaken to reduce vulnerabilty by reversing environmental degradation and increasing resiliency. They include[54]:

- flood control;
- integrated river basin management;
- reforestation;
- promotion of wood-energy alternatives;
- adoption of new crop varieties and farming practices;
- reduction in cultivation of steep slopes;
- creation of non-farm livelihood options.

Such measures have not yet been put into effect, certainly not in any significant scale or on a consistent basis. There are budget constraints. Is it relevant to assess the vulnerability of various areas of the country in order to set priorities?

4.2 To improve results, what changes are needed in the design and implementation of programs and projects?

Clearly, Haiti faced and faces still enormous economic as well as social challenges. While a great deal of resources have been allocated to the health and education sectors, for instance, an economic recovery plan with specific and realistic medium-term goals has not yet been mapped out. In the meantime, there are investments already on the ground that have not been fully leveraged yet. This is particularly true in the northeast corridor.

Humanitarian needs remain high, and attention must continue to be paid to regions that have been affected by natural disasters, and gains in the social sector must be consolidated and reinforced. However, continued economic downfall and chronic poverty are a source of despair and instability in Haiti. The current level of insecurity that prevails in the capital city cannot deter efforts to plan Haiti's economic renewal. Quite on the contrary, the current crisis makes it all the more urgent. The key question that needs to be answered and go into the design of a plan for a more prosperous Haiti is the following one: what minimal amount of resources is needed to stimulate private investment (domestic and foreign) and place Haiti on an accelerated growth path? There needs to be the recognition that, as important as it is, there are limits on the impact of foreign aid. Indeed, taken as part of public investment, its role is to satisfy minimal necessary conditions that will stimulate private investment and achieve the level of capital

[54] BHAWAN SINGH, B. COHEN M. J. CLIMATE CHANGE RESILIENCE -The case of Haiti, OXFAM RESEARCH REPORTS MARCH 2014

formation that will help Haiti grow much faster. This battle can be pursued once regional economic plans are drawn, and places that offer opportunities for relatively quick wins should be given priority. Not only does the world see Haiti as a failure, but Haitians themselves are starting to integrate that fact. If success breeds success, failure begets….?

The focus on economic planning and strategy does not mean that the social sectors will be ignored. Indeed, plans for better health and school facilities as well as water and sanitation services need to be integrated into the planning process. This needs to be done in a way that rehabilitates the State in the eye of the citizens. As discussed earlier and as argued by others, it is imperative that the social contract between the State and its citizens be given new life.

The ability to leverage other funds depends critically on the will of all parties involved in the development process to better coordinate their individual efforts. Greater synergies will be achieved as discussed earlier, and the process of collaboration itself will permit the emergence of a broader vision, and a different way of removing the obstacles that stand in the way of Haiti's economic renewal. Priorities need to be set, resources need to be pooled, and visions need to be broadened. Only then will the State and its partners (public and private) be able to carry a maximum number of people across the poverty line. Poverty is too widespread in Haiti today, and even if tax collection were more efficient, the economy is too small to support so many people. It is urgent that much higher growth be achieved.

In the context of this analysis, a broader vision necessarily means that all efforts should target economic goals. For example, the US intends[55] to make investments in order to reinforce the Haitian Coast Guard (HCG). That initiative must recognize the potential contribution of fishing to Haiti's economic growth. In other words, HCG has an economic mission on top of all its other responsibilities. That is part of what is meant by a broader vision. It permits us to get a bigger bang for the buck[56]. Haiti has an exclusive economic zone that measures 86,000 square kilometers.

Let us go back to the objective of securing 100,000 more manufacturing jobs in the northeastern corridor. Planning with a broader vision means that, to the extent feasible, a maximum number of communities will be targeted to receive housing projects, school buildings, and health facilities.

The suggestions that are made above are predicated on the assumption that the economic plan that will be drawn up does not involve the building of a welfare state. Foreign aid all too often is delivered in a way that fosters a culture of dependency. An exit strategy needs to be defined for Haiti as a whole, of course, because the needs are great. That exit strategy concerns also individuals as they graduate out of poverty: the social contract we speak of needs to recognize that rights and responsibility go hand in hand. Eventually, that includes even the small peasant farmer. Otherwise, Haiti and Haitians will always need to be kept under perfusion with no discernable end in sight.

It was said earlier that Haiti's designation under GFA was welcome news. It does promise to usher in a new way of delivering aid. Commenting on the GFA, some observers remarked: "Until now, international assistance has been parsed with the goal of avoiding extended involvement in fragile states and setting a clear "graduation date" where international assistance would no longer be needed."[57] The graduation date needs to be closely associated with clear and realistic economic milestones that need to be reached so that Haiti, as other countries that have preceded it, relies much less on foreign assistance for its development objectives. Initial conditions matter and the economy received a series of severe blows, starting in the mid 1990's. Cost-effectiveness needs to rule the day. Lest we forget: garbage in….

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[55] United Sates Embassy- Integrated Country Strategy, March 18, 2022

[56] On a fishing trip a well-equipped fisherman can earn over $1,500. There are about 46,000 fishermen nationwide.

[57] Devia-Valbuena, N. Mines K.-A plan for Haiti's Growing fragility: U.N. Action That's Equal to the Challenge- https://www.usip.org/publications/2021/09/plan-haitis-growing-fragility-un-action-thats-equal-challenge

Haiti needs to make decisive progress towards higher growth, and it should happen fast. Short of that, the country will move towards even more mediocre equilibriums: more instability, more despair, and worse socioeconomic outcomes.

4.3 What could be learned from the experiences of other nations and the international best practices?

As far as aid is concerned, the notion of best practice takes root in The Paris Declaration of 2005[58]. According to that declaration, the excessive fragmentation of aid at the country and sector level is a major impediment to its effectiveness. Therefore, a call was made for a more "effective division of labor" among donors. The concept refers to "streamlining and co-ordinating donors' assistance, for example by reducing the number of active donors in each sector, area or topic or the number of sectors, areas or topics focused on by any one donor in a given partner country." [59] Donors are encouraged to intervene specially in sectors in which they have a comparative advantage and to work together through program-based approaches. Among other things the approach recommended allows greater effectiveness through increased complementarities and improved alignment.

There are eight good practice principles set out to achieve the better division of labor (see appendix 7) called for by The Paris Declaration:

Principle 1: Partner Country Leadership
Principle 2: Rationalise Aid
Principle 3: Optimal Use of Development Resources
Principle 4: Flexibility and Pragmatism
Principle 5: Capacity Development
Principle 6: Neutral Impact on Aid Volume
Principle 7: Monitoring and Evaluation
Principle 8: Communication

Based on the discussions that have been carried out in the previous sections, it can be said somewhat unequivocally that much remains to be done for a better division of labor to be achieved in Haiti.

Be that as it may, Haiti stands to gain the most from experiences of countries, such as Rwanda, which have successfully implemented rapid growth policies. The data suggest that this was made possible by a combination of public and private investment. There is no doubt that good governance and strong leadership helped that happen. For example, these factors may have influenced the composition of aid, providing relatively less humanitarian assistance than would have been the case, otherwise.

There is a need to know what types of projects were executed in these other countries, but this requires detailed analysis which is beyond the scope of this study.

As far as lessons learned and leveraging shared common experiences are concerned, it might also be envisaged to launch an initiative that allows farmers from other countries to share their experiences with Haitian farmers. For example, some Vietnamese, Taiwanese, or Mauritian who still remember what it was like to be poor and/or less productive. How did they make the transition to greater prosperity? Who and what helped the most? Several topics can be touched upon: a) improved techniques; b) behavioral changes and self-reliance; c) environmental degradation and relationship with nature, etc. This would be a People to People, Farmer to Farmer, Current poor to Former Poor exchange.

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[58] As did Acra (2008) and Busan (2012) …

[59] OECD-International Good Practice Principles for Country-Led Division of Labour and Complementarity Working Party on Aid Effectiveness, March 2009

Once more, there are more than a million farmers, and improved productivity that leads to improved conditions of living is a game changer. That will affect at least 4 million people directly.

Evidently, government to government as well as technical staff exchanges may also be beneficial. Some of these initiatives may give rise to south-to-south collaborations.

5. Summary and concluding remarks

This study focused on reasons whys international assistance was not able to deliver better results in Haiti over the past twenty years. The emphasis put on foreign aid should not be construed in any way as implying that the Haitian State, and to some respect Haitian society at large, does not bear responsibility for the country's mediocre growth experience and decay. As a matter of fact, a "mea maxima culpa" should be on the very top of the agenda as efforts are deployed to chart a new course forward. Therein lays the ownership that must exist, and it is the responsibility of not only the political elite, the business class, civil society, but that of every Haitian citizen whether they live in Haiti or abroad. Haitian welfare is the responsibility of Haitians, first and foremost.

As for the State, the political will to fight tax evasion, contraband, corruption in all avenues of public life, has not been evident. In addition, other issues such as bad business practices that bar access to economic opportunities also merit attention. It goes without saying that greater efficiency in the use of available public funds is most needed, and that more can been done to alleviate the plight of the Haitian population with those resources.

Keeping these internal factors in the background, foreign aid has been brought to the foreground. A diagnosis was made of the root causes that explain why, despite the volume of foreign aid that was channeled to Haiti; the economy was still lagging behind. The analysis points to an insufficient amount of resources having been made available for the productive sectors. Also, aid fragmentation due partly to a lack of donor coordination is to be blamed. But, above all even as it was being designed, aid policy didn't take full measure of the magnitude of the economic challenge the country was facing. In some important and relevant dimension that challenge was comparable in orders of magnitude to the one faced by Rwanda after the genocide. This is because the country's productive capacity had been severely depleted as a result of economic sanctions and trade liberalization. Haiti today has a real GDP per capita that is lower than that of 1960.

Looking forward, Haiti's economic renewal and development must not only be viewed as an opportunity to transform the economy but more fundamentally as one that will allow citizens to be reconciled with the State and each other. The signing of a new social contract between the State and its citizens will usher in an era of much needed peace and stability in Haiti. Only under those conditions can economic gains achieved in the short and medium terms last and be amplified.

As these lines are being written, Haiti is still under the grip of a great political crisis. One can only hope it will be resolved soon. This will open the way for constructive discussions between the international community and Haitian stakeholders about the best strategy to adopt, and priorities to be set in order to put the country back on track and on its way to much better days. The opportunities are there, and they are waiting to be seized. The data reviewed allows us to state quite emphatically that Haiti is not the unmitigated failure some believe, and proclaim it is.

It must be recognized however that not enough progress has been achieved to change neither the overall perception of the country nor the qualitative equilibrium in which it rests now.

Appendix 1-Haiti in CARICOM (2020)

Country	GDP-current $	Population	GDP, current $ - per capita	Arable land (Thousands of hectares)
Trinidad and Tobago	21,588,037,505	1,399,491	15,426	25
Haiti	14,508,218,017	11,402,533	1,272	1,070
Jamaica	13,812,425,037	2,961,161	4,665	120
The Bahamas	9,907,500,000	393,248	25,194	8
Guyana	5,471,256,595	786,559	6,956	420
Barbados	4,418,000,000	287,371	15,374	7
Suriname	2,884,248,048	586,634	4,917	62
Belize	1,636,280,797	397,621	4,115	90
St. Lucia	1,616,772,741	183,629	8,805	3
Antigua and Barbuda	1,370,281,481	97,928	13,993	4
Grenada	1,042,100,556	112,519	9,262	3
St. Kitts and Nevis	980,740,741	53,192	18,438	5
St. Vincent and the Grenadines	807,474,074	110,947	7,278	2
Dominica	504,214,815	71,991	7,004	6

Source: WDI and FAOSTAT

Appendix 2- NGO expenditures

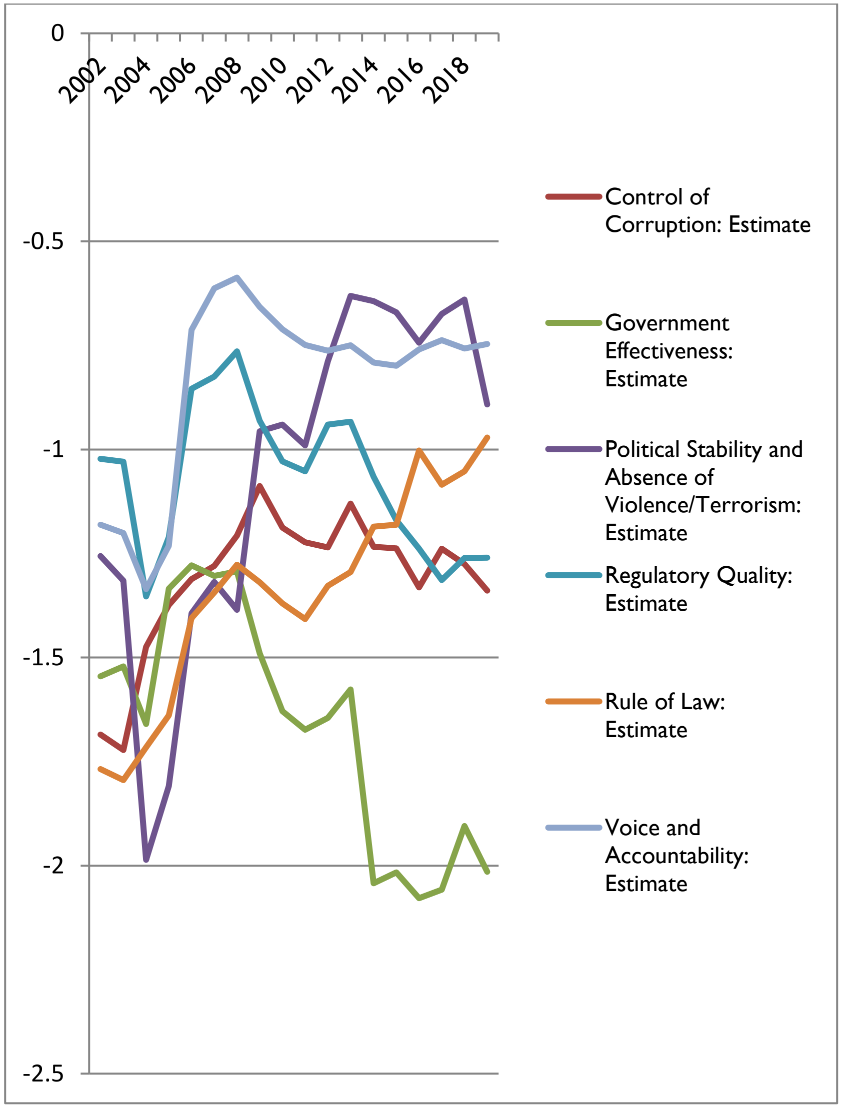
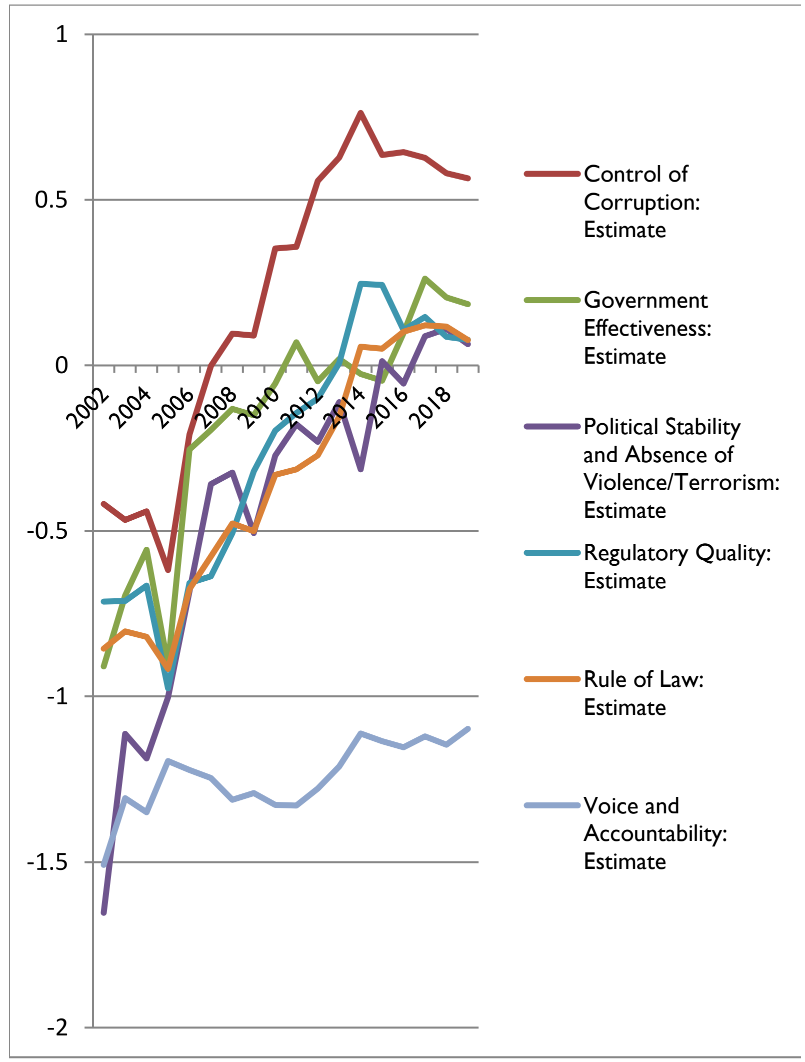
Fiscal Year	Health	Education	Agriculture	Social assistance	Other sectors	Total	Average monthly exchange rate (gourdes per$)	Millions of US $	ODA
	(Millions of gourdes)								
2011-2012	10,608	2,543	1,461	4,628	5,976	25,216	40.749	619	49%
2012-2013	6,897	2,444	1,322	3,890	8,214	22,767	42.2606	539	47%
2013-2014	5,272	2,697	1,143	1,289	6,589	16,991	43.759	388	36%
2014-2015	7,276	2,672	1,383	2,528	5,761	19,620	45.4867	431	41%
2015-2016	4,770	2,273	1,180	1,590	6,787	16,601	51.8112	320	30%
2016-2017	10,509	4,140	2,196	3,553	4,653	25,052	65.2016	384	39%
2017-2018	6,238	4,490	1,094	1,031	9,486	22,339	62.764	356	36%
2018-2019	6,696	2,750	1,396	1,798	3,702	16,342	69.509	235	32%

Source: Ministry of planning and external cooperation, OECD, and author's calculations

Yearly shares of sectorial expenditures in total outlays						
Fiscal Year	**Health**	**Education**	**Agriculture**	**Social assistance**	**Other sectors**	**Total**
2011-2012	42%	10%	6%	18%	24%	100%
2012-2013	30%	11%	6%	17%	36%	100%
2013-2014	31%	16%	7%	8%	39%	100%
2014-2015	37%	14%	7%	13%	29%	100%
2015-2016	29%	14%	7%	10%	41%	100%
2016-2017	42%	17%	9%	14%	19%	100%
2017-2018	28%	20%	5%	5%	42%	100%
2018-2019	41%	17%	9%	11%	23%	100%

Source: author's calculations

Appendix 3- Governance: Haiti compared to Rwanda

Haiti	Rwanda
	

Source : World Bank

Appendix 4-Lexicon for the Fragility of States Index

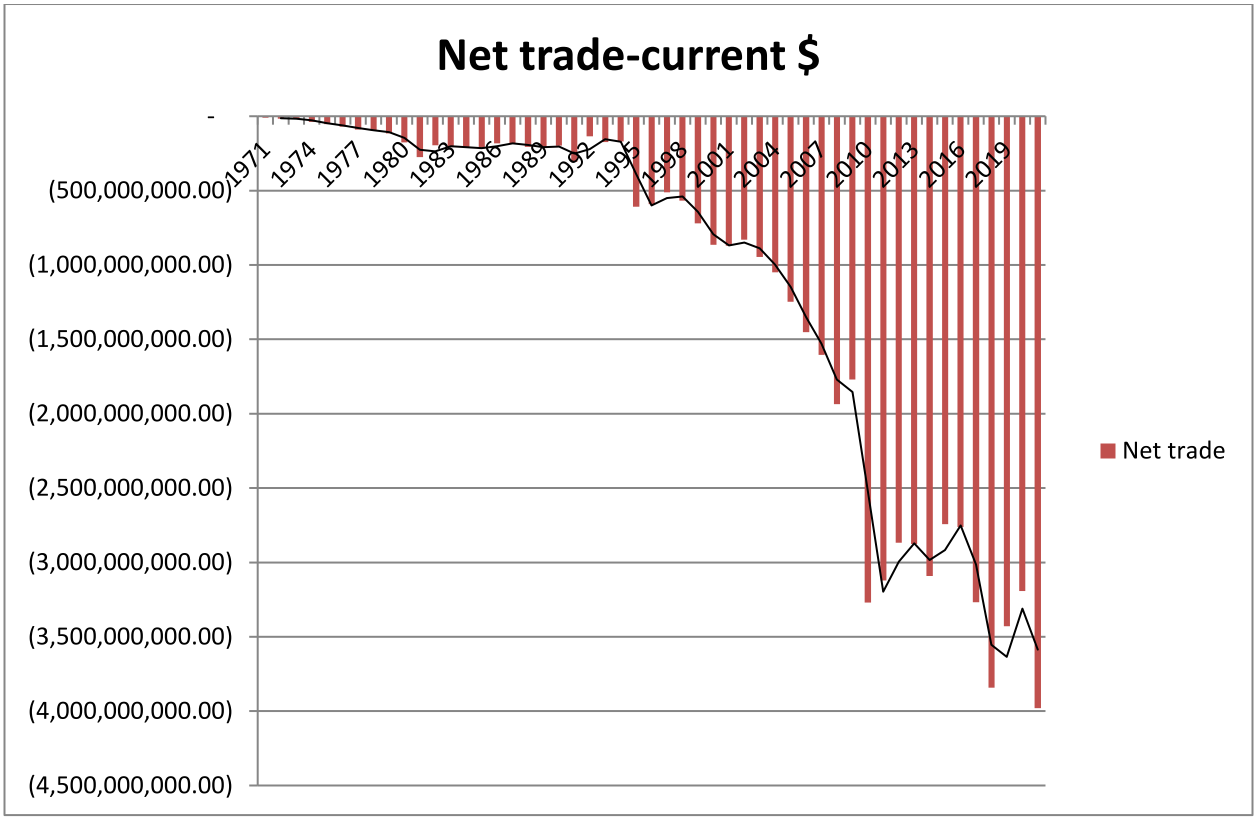
INDEX	INDICATOR	DEFINITION
COHESION	SECURITY APPARATUS	TheSecurity Apparatus indicatorconsiders the security threats to a state.
	FACTIONALIZED ELITES	The Factionalized Elites indicator considers the fragmentation of state institutions along ethnic, class, clan, racial or religious lines, as well as brinksmanship and gridlock between ruling elites.
	GROUP GRIEVANCE	The Group Grievance indicator focuses on divisions and schisms between different groups in society – particularly divisions based on social or political characteristics – and their role in access to services or resources, and inclusion in the political process.
ECONOMIC	ECONOMIC DECLINE	Economic Decline indicator considers factors related to economic decline within a country. For example, the indicator looks at patterns of progressive economic decline of the society as a whole as measured by per capita income, Gross National Product, unemployment rates, inflation, productivity, debt, poverty levels, or business failures. It also takes into account sudden drops in commodity prices, trade revenue, or foreign investment, and any collapse or devaluation of the national currency.
	UNEVEN DEVELOPMENT	The Uneven Economic Development indicator considers inequality within the economy, irrespective of the actual performance of an economy. For example, the Indicator looks at structural inequality that is based on group (such as racial, ethnic, religious, or other identity group) or

INDEX	INDICATOR	DEFINITION
		based on education, economic status, or region (such as urban-rural divide).
	HUMAN FLIGHT AND BRAIN DRAIN	The Human Flight and Brain Drain Indicator considers the economic impact of human displacement (for economic or political reasons) and the consequences this may have on a country's development.
POLITICAL	**STATE LEGITIMACY**	The State Legitimacy Indicator considers the representativeness and openness of government and its relationship with its citizenry. The Indicator looks at the population's level of confidence in state institutions and processes, and assesses the effects where that confidence is absent, manifested through mass public demonstrations, sustained civil disobedience, or the rise of armed insurgencies.
	PUBLIC SERVICES	The Public Services Indicator refers to the presence of basic state functions that serve the people. On the one hand, this may include the provision of essential services, such as health, education, water and sanitation, transport infrastructure, electricity and power, and internet and connectivity. On the other hand, it may include the State's ability to protect its citizens, such as from terrorism and violence, through perceived effective policing.
	HUMAN RIGHTS AND RULE OF LAW	The Human Rights and Rule of Law Indicator considers the relationship between the State and its population insofar as fundamental human rights are protected and freedoms are observed and respected. The Indicator looks at whether there is widespread abuse of

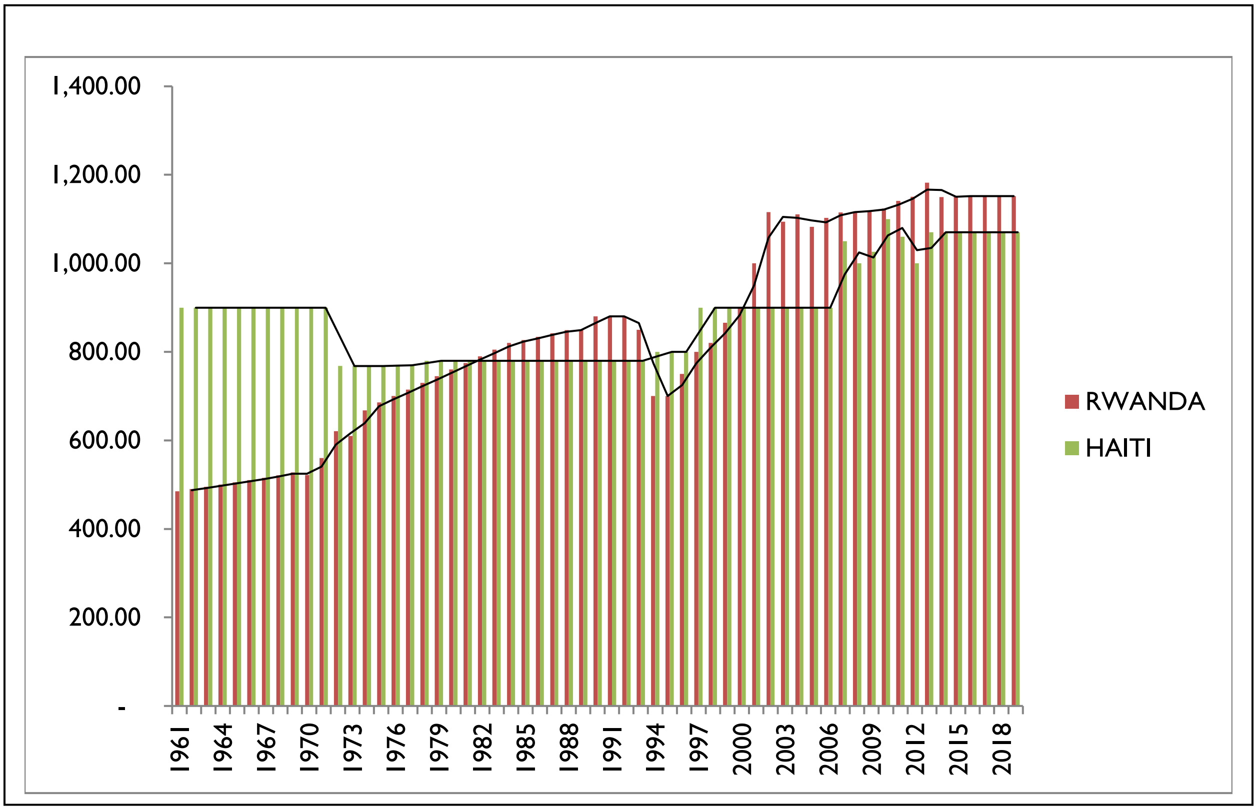
INDEX	INDICATOR	DEFINITION
		legal, political and social rights, including those of individuals, groups and institutions (e.g. harassment of the press, politicization of the judiciary, internal use of military for political ends, repression of political opponents).
SOCIAL AND CROSS-CUTTING	**DEMOGRAPHIC PRESSURES**	The Demographic Pressures Indicator considers pressures upon the State deriving from the population itself or the environment around it. For example, the Indicator measures population pressures related to food supply, access to safe water, and other life-sustaining resources, or health, such as prevalence of disease and epidemics.
	REFUGEES AND INTERNALLY DISPLACED PERSONS (IDPS)	The Refugees and Internally Displaced Persons Indicator measures the pressure upon states caused by the forced displacement of large communities as a result of social, political, environmental or other causes, measuring displacement within countries, as well as refugee flows into others.
	EXTERNAL INTERVENTION	The External Intervention Indicator considers the influence and impact of external actors in the functioning – particularly security and economic – of a state.

Source: The Fund for Peace

Appendix 5- Haiti's Trade balance with the rest of the world



Appendix 6-Areas covered by arable land: in Haiti and Rwanda (thousands of hectares)



Source: FAOSAT

Appendix 7: Principles for achieving division of labor

Principle	Rationale
Principle 1: Partner Country Leadership	"The division of labour process should be led by the partner country in dialogue with donors, and in a transparent manner that enables parliaments to fulfil their mandate and enables the participation of civil society and the private sector."
Principle 2: Rationalise Aid	"Development results can be improved when donors individually and collectively rationalise their activities at the country level."
Principle 3: Optimal Use of Development Resources	"Partner countries and donors should commit to avoiding duplication and fragmentation and ensuring the optimal use of development resources in the locations, sectors and thematic areas where they work and in the aid modalities through which they channel their assistance."
Principle 4: Flexibility and Pragmatism	"Negotiations are a necessary component of the division of labour process, and therefore flexibility on both sides is required. All actors are committed to pragmatic and workable solutions."
Principle 5: Capacity Development	"As division of labour aims at more effective use of aid, donors should commit to harmonise and better co-ordinate their support for capacity development for overall aid management by the partner country."
Principle 6: Neutral Impact on Aid Volume	"The impact of a division of labour process on overall country aid volume should be neutral."
Principle 7: Monitoring and Evaluation	"Partner countries and donors should monitor and evaluate the added value of division of labour"
Principle 8: Communication	"Partner countries and donors should communicate the added value of division of labour."

Source: OECD-International Good Practice Principles for Country-Led Division of Labour and Complementarity Working Party on Aid Effectiveness, March 2009

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