



# USIPEACE BRIEFING

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## **Haiti: Is Economic Security Possible if Diplomats and Donors Do Their Part?**

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**BACKGROUND**

In 2009, Haiti has been the subject of an unprecedented diplomatic initiative led by the United Nations. In rapid succession, Haiti received visits from the UN Secretary General Ban Ki-moon, the UN Security Council, former President Bill Clinton and Secretary of State Hillary Clinton and numerous senior delegations from Caribbean and South American countries. In April, Haiti was the subject of an international donors' conference hosted by the Inter-American Development Bank that reaffirmed previous commitments and pledged \$324 million in new economic assistance. The visits and the donors' conference were preceded by a UN sponsored report by Oxford economist and bestselling author Paul Collier on specific steps that could help Haiti achieve economic security.

The question of whether international goodwill and donor support could free Haiti from political instability, poverty, crime and environmental degradation was discussed by a panel of distinguished experts at a public forum hosted by the Institute's Haiti Working Group on May 6, 2009. Principal speakers included:

- Ambassador Albert Ramdin, Assistant Secretary General of the Organization of American States;
- Dr. David Harland, Acting Director of the Europe and Latin America Division of the United Nations Department of Peacekeeping Operations;
- Dora Currea, Manager of the Caribbean Department of the Inter-American Development Bank; and,
- Belinda Bernard, Senior Advisor for Haiti at the Bureau for Latin America and the Caribbean of the U.S. Agency for International Development.

Robert Perito, director of the Haiti Program and a senior program officer at USIP, served as moderator. The following is a summary of the views expressed during the meeting.

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**A YEAR OF SETBACKS IN 2008**

In 2008, the impact of the international economic crisis and severe weather reversed a period of tangible progress, setting Haiti back several years. In April 2008, a worsening food crisis sparked by rising international prices brought demonstrators into the streets in several cities. Spoilers and armed gangs infiltrated the protestors and fired on UN security forces with a loss of life on both sides. The government's handling of the food riots resulted in a political crisis when a parliamentary vote of no confidence in Prime Minister Jacques-Eduardo Alexis left Haiti without a government for over four months. After parliament rejected the first two of President Preval's choices, Michele Pierre-Louis, a highly respected educator, economist and advocate for Haiti's poor, was confirmed as prime minister.

The new prime minister was confirmed in September when four major storms -- Fay, Gustav, Hannah and Ike -- struck Haiti with devastating force. Over 800 people were killed, hundreds of thousands were left homeless and damage topped \$1 billion. Gonaives, one of Haiti's most important cities, was inundated with mud and debris washed down from denuded hillsides by the storm. In Port au Prince, the storms caused the collapse of two poorly built schools killing 91 children.

Following the storms, Haiti requested a "Post-Disaster Needs Assessment" that was conducted by the World Bank, the UN and the European Commission. Recovery requirements were assessed at \$763 million, including \$269 million for immediate relief and \$494 million for reconstruction and rehabilitation. With donor fatigue clearly evident, the response to Haiti's request for assistance fell far short. A UN "flash appeal" for \$108 million for emergency relief of hurricane victims

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raised only 40 percent from various donors.<sup>1</sup> The World Bank offered \$25 million; the U.S., \$31 million in storm-related aid.

Clearly something more than the usual ‘band-aide’ response to Haiti’s problems was required if Haiti was to receive the necessary resources. During an October 2008 visit to Haiti, World Bank President Robert Zoellick called for a new vision for medium term growth and development.<sup>2</sup> Inter-American Development Bank President Luis Moreno called for extraordinary assistance from the international community for Haiti. President Preval warned during a U.S. visit that without an immediate infusion of cash to meet a \$125 million budget shortfall Haiti could tip back into anarchy.<sup>3</sup>

**HAITI DOES NOT BELONG IN THE “BOTTOM BILLION”**

In response to these and other high level appeals, UN Secretary General Ban Ki-moon launched a game changing initiative that combined innovative economic planning with ‘star power’ to focus attention on Haiti. The goal of this coordinated effort was to generate the \$3 billion the UN believed Haiti needed in the next two to three years to escape the cycle of poverty and achieve sustainable economic progress. The first step in the UN’s program was to commission a report by Oxford economist Paul Collier, author of the best-selling book *The Bottom Billion: Why the Poorest Countries are Failing and What can be Done About It*.<sup>4</sup>

Collier’s surprising conclusion was that Haiti’s prospects were far more favorable than the other fragile states with which it is habitually grouped. Collier noted that

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<sup>1</sup> “Appeal for Hurricane Relief in Haiti Badly Under-Funded, UN Aid Chief Says,” *UN Press Service*, October 27, 2008.

<http://www.un.org/apps/news/story.asp?NewsID=28729&Cr=haiti&Cr1=hurricane>

<sup>2</sup> Robert Zoellick at Conference on Haiti’s Social and Economic Development, *ENP Newswire*, April 16, 2009.

<sup>3</sup> Glenn Kessler, “Haitian President Appeals for Emergency Aid,” *The Washington Post*, February 7, 2009, A10.

<sup>4</sup> Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What can be Done About It*, (London: Oxford University Press, 2007).

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Haiti has a competent president and prime minister that are dedicated to promoting the public good. In addition, Haiti is:

- Not located in a troubled region, but is surrounded by prosperous and friendly states;
- Not ethnically divided or threatened by armed groups, rebellion or civil war;
- Assisted by remittances from a large, nearby and generous Diaspora; and,
- Guaranteed preferential access to the U.S. market through the “Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE II) Act” that guarantees duty-free, quota-free entry for Haitian apparel exports for the next nine years.

According to the report, Haiti must upgrade transportation infrastructure; modernize port operations; insure reliable electric power, particularly in export processing zones; rationalize labor regulations; and, control corruption. These actions would generate foreign investment in the garment and textile industry that would produce most of the 150,000 new jobs that are needed to drive economic recovery.

Professor Collier introduced his report, “Haiti: From Natural Catastrophe to Economic Security”<sup>5</sup> at the January 30, 2009 meeting of the USIP Haiti Working Group held at the Rayburn House Office Building. The audience, which was largely composed of congressional staff, welcomed his presentation.

**STAR POWER PROMOTES PRODUCTIVE DIALOGUE**

In a time of international economic crisis and financial austerity, the UN used a series of high profile visits to Haiti to energize the international community and the Haitian government to convene a long-delayed donors’ conference first postponed by the April food riots last year. On March 9, Secretary General Ban Ki-moon arrived in Port au Prince accompanied by former President Bill Clinton,

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<sup>5</sup> Citation.

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a delegation of business leaders and Haitian hip-hop artist Wyclef Jean. The Secretary General's message to Haitian leaders and the international community was that "Haiti was still winnable" and that Haitians should seize this opportunity to move forward.<sup>6</sup> Former President Clinton was invited because of his service as UN Special Envoy for Tsunami Recovery and his call to assist Haiti at a summit of world leaders hosted by the Clinton Global Initiative. Wyclef Jean is an honorary ambassador and a national hero in Haiti. His charity, *Yele Haiti*, pays school fees for thousands of Haitian children.

The Secretary General's visit was followed on March 11 by the arrival of a delegation representing the UN Security Council (UNSC) led by Costa Rica's UN Ambassador Jorge Urbina. The UNSC delegation met with Haitian leaders, visited a watershed protection project and a regional electric power plant rebuilt by the UN Development Program and engaged with Haitian officials involved in constitutional and judicial reform. The visit permitted UNSC members to view local conditions and the work of the UN Stabilization Mission (MINUSTAH) first hand. Ambassador Urbina pointed out that a reinforced partnership between the Haitian government and the international community was necessary for success in the future.<sup>7</sup>

While public attention focused on the high-level diplomatic activity, experts from the Inter-American Development Bank, the UN, and the World Bank worked with their Haitian counterparts to update the Haitian government's "Growth and Poverty Reduction Strategy" that was issued in November 2007, qualifying Haiti for international debt relief programs. The strategy was revised to clarify priorities, and incorporate the results of the 2008 Post-Disaster Needs Assessment,

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<sup>6</sup> "UN Ban, Bill Clinton Visit Haiti to Aid Recovery," *Reuters*, March 9, 2009.

<sup>7</sup> "Haiti: Dialogue and Support Crucial to Avoid New Crises, UN Council Stresses," *UN New Service*, March 16, 2009.

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recommendations from Paul Collier's report and donor comments from a preparatory conference held in Ottawa in March 2009. The process was led by

Haitian officials and reflected Haitian priorities. The revised strategy paper -- "A New Paradigm for Haiti" -- served as the basis for the international donors' conference convened by the Inter-American Development Bank in Washington, DC on April 14, 2009.<sup>8</sup>

**DONORS' CONFERENCE AGREES ON A FRAMEWORK FOR PROGRESS**

Over 200 delegates from twenty-eight countries and international organizations, plus representatives of non-governmental organizations (NGOs) and the private sector spent the day at the Inter-American Bank listening to speeches from the UN Secretary General, Secretary of State Hillary Rodham Clinton, former President Clinton, presidents of the World Bank and other international financial institutions (IFI), the chairman of the OAS, and leaders of major donor governments. Prime Minister Pierre-Louis represented Haiti. Presentations were inspired by renewed interest in assisting Haiti in what was characterized as a unique opportunity to bring about real change. Statements were tempered, however, by admonitions that failure by the Haitian government to provide leadership and shoulder responsibility would fuel donor disillusionment, precluding a second chance. Donors reaffirmed previous commitments and pledged \$324 million in new assistance over the next two years. This included \$83 million to help close the Haitian government's \$125 million budget gap. The U.S. pledged \$68 million in new aid, plus the \$245.9 million already promised for FY 2009.<sup>9</sup>

The conference was an event in the process of creating a comprehensive framework for future development efforts. As a result of prior consultations, the

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<sup>8</sup> Maureen Taft-Morales, "Haiti: Current Conditions and Congressional Concerns," Congressional Research Service, CRS Report for Congress, May 5, 2009, p. 6.

<sup>9</sup> Ibid.

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framework had been expanded beyond the Haitian government, UN, the IFIs, and NGOs to include the private sector, civil society and the diaspora. As a result

of the conference, the framework more sharply focused the development strategy on areas that would have the greatest impact on the lives of the Haitian people. These included job creation, largely in the garment industry; infrastructure development, particularly roads, bridges, power and port development; environment improvement, particularly watershed management; and, agriculture. There was also increased emphasis on mutual accountability between the Haitian government and international donors. There was a proposal to enhance the current government matrix that matches donor contributions to specific government reforms and encourages increased use of the government budget process to manage the use of external resources. Emphasis was placed on Haitian leadership and management of the development process.

**DESPITE PROGRESS PROBLEMS PERSIST**

Despite the progress achieved in strategic planning and promises of increased international support, Haiti continued to suffer from political instability and the impact of the international recession. In April, long delayed elections for twelve members of Haiti's 30-seat Senate were marred by low voter turnout (11 percent); a boycott by supporters of former President Aristide's Lavalas Party which was barred from participating; attacks on polling places and the shooting of an election official. Inconclusive results will require a runoff election for eleven of the twelve seats. Haiti's constitution requires election of one-third of Senate every two years. Elections cost millions of dollars in donor funding and are a source of political tension among elites that fuels street violence. Haiti's inability to hold this round of elections in a timely and peaceful manner may portend similar problems in the future.

During March and April, student demonstrators at Haiti's state university torched a UN vehicle during protests over changes in the school's curriculum. In Port au



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Prince, street demonstrations erupted during a parliamentary debate on increasing the minimum wage. Reflecting the international economic

crisis, diaspora remittances fell, impacting the most vulnerable members of society. In 2008, the Bush administration rejected Haitian and congressional requests to grant Haitian migrants Temporary Protected Status (TPS) to permit them to remain in the U.S., work legally, and send money home. Unless an Obama administration policy review decides to grant that status, the U.S. will deport 30,000 Haitians to an uncertain future in their own country. The hurricane season starts officially on June 1, but Haiti has yet to repair the damage from last year's storms and preparations for predicted severe weather is hardly underway.

**CONCLUSIONS AND RECOMMENDATIONS**

Diplomats and donors cannot bring economic security to Haiti. Only Haiti's government and people can achieve that goal. However, as President Preval has said, the assistance of the international community will be required.<sup>10</sup> In orchestrating the events leading up to the donors' conference, the UN moved beyond its core missions of creating legitimate political space and providing physical security to creating a framework in which Haiti and the international community could act together to break the cycle of poverty and instability and set Haiti on a course to sustainable progress. As a result of the Washington donors' conference, there is now a common plan that incorporates the best thinking and is worth supporting. Through the visit of the Secretary General and the UN Security Council, the UN offered assurances that the UN Mission (MINUSTAH) will stay to provide a safe and secure environment. Now Haiti's leadership needs to push ahead with implementation in a race against time. The forthcoming hurricane season, the 2010 presidential elections, popular expectations and donor fatigue are only the most obvious obstacles ahead if there is no evidence in the near term of meaningful progress.

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<sup>10</sup> Glenn Kessler, "Haitian President Appeals for Emergency Aid," *The Washington Post*, February 7, 2009, A10.

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To achieve the progress required, a number of actions are required:

- **The Haitian government must take the lead.** Responsibility for directing the work of recovery and reconstruction rests with the Haitian government and people. The international community, including NGOs, has an important but subordinate role. This has not been the case in the past, but must be the case in the future.
- **The international community must update its thinking about Haiti.** As Paul Collier noted, Haiti is not a failed state, and the international community should drop that label. Haiti should not be portrayed as a country in perpetual crisis. Branding Haiti as ‘hopeless’ is a self-fulfilling prophecy.
- **Haitian society must focus on the future.** Haiti has achieved political stability and physical security. The country has competent national leadership. UN Military Forces, UN Police Forces, and a growing Haitian National Police Force are in place. There is much to regret about the past, but Haitians need to focus on moving forward.
- **The current momentum must not be lost.** Former President Clinton said in his speech to the donors’ conference that this was Haiti’s best chance in his lifetime. Haiti has a narrow window before campaigning for the 2010 elections distract attention from development and create uncertainties about the future. Much can be accomplished in that time through coordinated action, but the process must start immediately and continue as long as possible.

## **ABOUT THE AUTHOR**

This *USIPeace Briefing* was written by Robert Perito, senior program officer in the Center for Post-Conflict Peace and Stability Operations at the United States Institute of Peace. The views expressed here are not necessarily those of USIP, which does not advocate specific policies.

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