

Haiti: New Terms of Engagement?

Comments to United States Institute of Peace event on
“Haiti: No Longer a Failed State?”
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Many thanks to Bob Perito and to USIP for inviting me to join this panel today and to offer reflections in the aftermath of what was only my first visit to Haiti. I'm both honored and a bit embarrassed to be speaking before such an august and knowledgeable group, aware that I'm bringing coals to Newcastle, and that many of you have been toiling in the mines for years. My sole (if dubious) advantage is the chance to offer some thoughts through fresh eyes, in the context of my work on state fragility, state building, and spillover effects of state weakness.

I'm grateful to Bill Zartman and the SAIS students for welcoming me on the Haiti trip. As he mentioned, we met with a wide range of the major players, including:

- *Government officials*, among them President Preval; Prime Minister Alexis; Mario Andresol, head of the Haitian National Police; Alex Fils Aimé, Chairman of the National Commission on Disarmament, Demobilization and Reintegration (NCDDR); Max Antoine of the Presidential Commission on Border Development; and the mayor and police chief of the city of Jacmel;
- *Representatives of the International community and implementing agencies*, notably Special Representative Mulet, head of MINUSTAH; the World Bank Resident Representative; US Embassy personnel and USAID mission staff; agencies implementing large USAID projects; and Catholic Relief Services.
- *Members of Haitian civil society*, including Archbishop Louis Kebrou, head of the Catholic Church; the head of the Haitian chapter of Transparency International; the leaders of CLED (Center for Private Enterprise and Democracy); the National Human Rights Defense Network; the peacebuilding organization *Caravane de la Paix*; and the head of the National Federation of Haitian Voodooos.
- The most eye-opening portion of the trip was our visit to Bel Air in the company of the IOM country director, which gave us a chance to meet with community leaders in what had been until recently one of the most violent neighborhoods of Port au Prince.

If I had to give a title for my talk it would be “*Haiti and the Donor Community: New Terms of Engagement?*” I want to hit on 4 points and then give ample time for questions and discussion. The four points are:

1. The marginal utility of describing Haiti as a “Failed State”
2. The inter-relationship among the main sets of challenges facing Haiti: (a) Security and the Rule of Law; (b) Institutions of Governance; (c) Development, including growth and social welfare
3. The need for donors to end their dysfunctional approach to Haiti, which has kept it a dependent ward of the international community, by embracing *state building*.
4. The transnational spillovers resulting from Haiti's endemic state weakness, notably the reciprocal relationship between (a) drug trafficking and (b) Haiti's insecurity, dysfunctional governance and stalled development.

(I) A “Failed State?”

First, and briefly, on the question Is Haiti a “Failed State”? This question is arguably more distracting than illuminating. Policymakers and scholars, myself included, have devoted an inordinate amount of attention to classifying states into binary categories. This misses is the larger point that state strength in the developing

world – indeed in all countries – falls along a continuum, depending on the quality and resilience of state institutions. Rather than assigning countries into an “either/or” category, it’s more useful to array them along a spectrum and gauge their performance relative to others in their cohort on their ability to provide the essential political goods associated with statehood.

In an ongoing collaboration with Susan Rice of the Brookings Institution, we’ve been developing an index to measure state weakness in the developing world. Using 18 well established indicators, we have ranked 143 developing and transitional countries across 4 main spheres of state function, including: securing their populations from violent conflict and to control their territory; meeting the basic human needs of their population; fostering an environment conducive to sustainable and equitable economic growth; and governing legitimately and effectively. Our index ranks Haiti 13th from the bottom, with dramatic deficiencies on all components of statehood, notably its political, economic, and social components. Relatively speaking, this is above Afghanistan and Liberia, for example, but below the Burma or Chad. In terms of social indicators, Haiti fares abysmally on primary school completion rate (with ½ of school age children not in school) and on under 5 mortality (an astounding 25%).

So much for numbers. What about conditions in the country as we found it? The overwhelming impression from our trip was the lack of any functioning government institutions in the country and the absence of the state as a consideration in the everyday life of Haitians (and the dominant role of NGOs in filling the vacuum as the state has atrophied). There is little human capital below 2-3 levels into the bureaucracy, little ability to get anything done or implement approved policies. The state does not maintain basic records. It is largely absent in the delivery of social services: 85-90% of education is private (and poor), and a majority of health care (55-60%) is delivered by foreign donors/NGOs. There is little or no electricity in much of country. The state is incapable of building and maintaining roads. The new parliament has no staff, no computers. Without remittances of approximately \$1 billion/year, Haiti would not stay afloat.

For all weakness, Haiti has a brief window of opportunity, a delicate moment comparable to the “golden hour” in immediate post-conflict situation. For the first time ever, Haiti has a fully elected government, a clean President who understands development, and Cabinet including talented technocrats. At the same time, the government faces intense pressure to deliver short term results at the same moment that it must build long-term institutions. How to deliver “quick wins” and build capacity at the same time is an acute dilemma. I detected in many quarters a growing disillusionment with Preval’s perceived weaknesses as a leader and a yearning for a man on horseback, a benevolent authoritarian. As the Archbishop told us, “*What we need is leadership.... We need somebody who can provide order and institute a vision... We need a man who is truly capable of serving and loving his country.*” Preval is trying to persuade Haitians to embrace a new type of leadership, not a “providential president”, but *collective* responsibility of all Haitian people, including through local government. Unfortunately, Haitians have a misplaced nostalgia for the social order of the Duvalier years, or what Preval called “*le paix de la cimetière.*” But are Haitians prepared for such a shift in political culture and civic engagement? If Preval does not deliver, there will be growing agitation for strongman rule.

(II) The Need for an Integrated Strategy

Second, I was struck by the interdependence of the security, governance and development challenges confronting Haiti and the need for a long term strategic plan that reflects and addresses these linkages. The dilemma in Haiti, several of our interlocutors intimated, is that “everything is a priority.” It is difficult to know where to begin. Take physical security. It is clearly fundamental, since nothing permanent can be built, no development can occur, in an insecure environment. The Government’s inability to provide safety of its people was underscored by the horrific wave of kidnapping in late 2006. Criminal violence has paralyzed professional and social life, contributing to massive exodus of young and talented. (There are more Haitian nurses in New York City than in Haiti)

The presence of MINUSTAH at least ensures baseline stability. But criminal violence continues to hold Haiti hostage. Until Port-au-Prince in particular is secure and perceived as truly secure, there will be no investment, domestic or foreign, no tourism, no incentive for the talented to remain or the diaspora to return.

Yet insecurity cannot be addressed in a vacuum – say, by conducting MINUSTAH operations and ramping up the HNP -- because violence is rooted in Haiti's political and socio-economic pathologies: an authoritarian and corrupt political culture; anemic and unaccountable institutions of government; a corrupt judicial system that enables a culture of impunity and undercuts the rule of law; pervasive social exclusion, atomization and inequality (less than 1% of the population has 75% of the wealth); and inability to satisfy basic human needs, exacerbated by tremendous population growth of 3% and heavy migration to the main slums.

I am normally skeptical of economic motivations for violence, but Haiti tested my prejudices. It seems indisputable that high crime and corruption are both a result of and a significant contributor to Haiti's extreme poverty, underdevelopment, lack of economic opportunity. In previous decades gang activity was largely political in nature; today it is largely criminal, a way to make a buck by kidnapping, another activities. As one slum dweller explained to us: "Better to die of violence than to die of hunger." Or as a former gang leader said, "Once you are hungry, you will do the wrong thing to get food." Whether this is a matter of "need" or simple "greed" is a matter of dispute. What is not disputed is that there are 2.5 million young people between ages of 15 and 25, and too many of them are neither going to school or working. Every year, Haiti graduates another 200,000 students who lack both skills and jobs. In Fils Aimé's words, they are "all dressed up with nowhere to go."

What the government of Haiti and the international community appear to lack is a comprehensive "campaign plan," spanning several years, that seeks to integrate the separate strands of external support, so as to simultaneously address these security, rule of law, governance, and development components of Haiti's predicament. As a template, one might borrow elements of the approach that USIP developed in the 2005 book *The Quest for a Viable Peace*, which sought to build bridges between conflict transformation strategies in four separate spheres: security, politics, the rule of law, and economics. This USIP study group might take the lead in outlining an analogous integrated strategy for Haiti, including addressing difficult issues of sequencing and trade-offs.

The promising news is that external actors are beginning to move toward more integrated approaches. One example is the adoption of an almost *counter-insurgency* approach to gangs, whereby the HNP and MINUSTAH use coercion to move gangs incrementally into smaller and smaller zones, establishing "hard sites" within the *bidonvilles*, quickly followed by donor interventions to deliver rapid improvements in the lives of the slum dwellers, including the creation of safe public spaces, stalls for markets, youth programs, especially jobs.

- USAID has 2 big programs in this regard: The first is a \$29 million program implemented by IOM in targeted hot spots, through community-based initiatives that work with local businesses, use local materials and labor, and work with leaders to resolve conflicts. These grants are often modest, on order of \$25,000, for projects like putting up new lighting. The second is an \$89 million JOBS (Jobs, Opportunities, Rebuilding Structures) program, which seeks to create longer term employment opportunities and increased economic growth, including by laying the foundations for commerce.
- Last week the Bush administration announced that it would provide \$20 million dollars for a stabilization initiative for Haiti, using section 1207 of the Defense Appropriation Act, to help integrate security and development and strengthen government presence and local institutions in Cité Soleil. This will include increased access to police and justice, strengthened local governance, provision of vocational training and new jobs through infrastructure and public works projects.
- The World Bank, likewise, is doing some creative, non-traditional things to try to address the socio-economic causes of violence, through community-driven projects. This includes both quick impact projects and longer term institution building. The Bank is spending some \$38 million this year on

Community Driven Development, which goes directly to priorities identified by the community. The Bank has embraced Crime Prevention through Environmental Design (CPED), and it is financing things like street lighting and building community centers for youth. It is also conducting food programs in some of the most volatile areas. As a Brazilian general told Bank mission staff, “We donors need to follow up our enforcement actions with social interventions because otherwise violence will return.”

Another promising – if underfunded – program is Fils Aimé’s National Commission for Disarmament, Demobilization and Reintegration (NCDDR), which aims to provide gang members with alternative livelihoods and communities with a package of social services. As Fils Aimé explained, many of the gang leaders thrive on a Robin Hood-like image – they hijack a truck with bags of rice and distribute it. But what they cannot deliver is real services, including education, health, sanitation (picking up garbage, cleaning up streets). The NCDDR provides gang members who are willing to give up their lives with training, reorientation and reinsertion, including permanent job. There was a lot of disagreement among international actors and within the Haitian government about whether the sort of incentives that the NCDDR is offering to gang members will actually make a difference in getting them into another line of work. MINUSTAH and U.S. officials were particularly skeptical, arguing that most gang leaders are beyond rehabilitation and must be killed or arrested. One hopeful fact is that the number of actual gang members that have to be dealt with is not particularly large. More worrisome is that the government of Haiti remains largely absent from the slums, and that the HNP shows little presence in the form of community policing.

(III) New Terms of Donor Engagement

A third impression from the trip was the clear need for the international community to change the terms of its engagement with Haiti, by shifting toward *state-building*. As the World Bank has recognized, the vast sums of moneyspent in Haiti over the past two decades have had remarkably little long term impact. Aid has kept Haiti afloat, but in a situation of perpetual dependence. To some degree this understandable. Given the legacy of autocratic and corrupt governance, and lack of confidence in the government to implement and maintain development projects, donors long ago adopted the approach of bypassing the state and delivering services directly to the people themselves. These programs kept people alive and delivered essential services, but they also created what Ashraf Ghani in other contexts has labeled a “parallel international public sector.” This pattern has leached the Haitian civil service of much of its talent and contributed to a culture of dependency that is by now engrained among the Haitian populace.

While this pattern might have made sense in the past, there is now a legitimate government in Haiti and the Preval Government wants to take leadership of development cooperation. As Prime Minister Alexis explained, “In all of history, we have no record of any country that has realized its development by NGOs.” But he noted that some donors remain resistant to change, as “bad habits have become engrained” over the past 13 years. Still, the ice is beginning to break up. As a USAID representative said to us, the question for donors is: “*At what point do you actually pull back and get the government to take over, rather than replacing it. USAID/Haiti has not asked this question for too long. We need to ask it now. By and large it has been us doing it for them, thus building dependence and postponing the day of reckoning.*” At a rhetorical level, at least, donors and implementing partners are conceding that the Haitians must be put in the driver’s seat; that development cooperation must be demand rather than supply driven (consistent with the Paris Declaration); and that the international community must make a long term commitment to Haiti, rather than repeat its episodic engagement.

Equally fundamental, there is a growing recognition that *unless donors help to bolster the state, they will not achieve the results that they want*. For too long, donors have sought to keep themselves in business, financing expensive technical assistance missions for foreign consultants, with little impact, and sustaining donor implemented projects that bypass the state, without a transition plan for handing things over to the Haitians. They have overwhelmed the management capacity of a weak Haitian state through project proliferation, and they have

poached local talent. Although donors have often complained of a lack of Haitian “absorptive capacity,” this also reflects a *lack of donor capacity* to effectively engage states that possess weak institutions.

In April 2004, donors met with the interim government of Latortue and committed themselves to a Haitian-led strategy. The result was the Interim Cooperation Framework (ICF) which has 4 pillars: 1) Economic Governance; 2) Political Governance; 3) Economic growth; 4) Social Services (health, education). Two years later in July 2006, donors pledged some \$750 million for Haiti’s recovery. More recently, in November 30, 2006, 30 countries met in Madrid to review donor pledges, including streamlining the \$1.8 billion in pipeline. At the insistence of the Haitian government, donors agreed to recognize the principle of Haitian leadership on the Extended ICF; to ensure that Haitian rather than donor priorities drive assistance; and to harmonize their aid policies to avoid overwhelming the GOH with uncoordinated projects. The Haitian government has tried to force donors into a single approach to applying for and managing donor funds, because it lacks enough skilled officials to handle the burden of multiple reporting and implementing requirements. The Ministry of Planning and Cooperation is also circulating a plan to bolster a secretariat charged with supervising donor activities, including creating first ever database of donor programs in Haiti.

While this renewed focus on state-building is important, there are obstacles to realizing it on both the donor and Haitian side. The head of a major implementing agency in Haiti told us, *“There is not a single U.S. implementing partner in Haiti that knows how to build government institutions. There are no tools or instruments. Implementing agencies come here to compete for grants and against one another. Rather than building institutions, they build dependency. International implementing organizations and donors have been a fundamental part of the problem.”*

Nor is it clear that the GOH has sufficient planning and implementation capacity to design and implement a coherent reconstruction plan or to absorb the aid associated with it. People at various levels of Haitian society complained that President Preval does not appear to have a clear program or plan about where he is taking the country. Both Preval and Prime Minister Alexis told us that the Haitian government is laying plans right now for a comprehensive national dialogue on development, traveling around the country with ministers, parliamentarians, department officials, mayors, to ask the people, civil society and the private sector to tell GOH, “here are our priorities,” so that the GOH can match these with donor resources. While this “development from below” experiment is to be applauded, it is liable to be very time consuming.

A few guidelines for donors: Given these facts, I would make the following recommendation for donors:

- **Assist with Haitian Government with public revenue generation:** By some estimates Haiti suffers from hundreds of millions of dollars in foregone revenue, including \$120 million from weak tax collection and customs leakage. The normal tax collection rate for developing country is approximately 16%, according to the World Bank, but in Haiti it is less than 10%. Customs leakage, meanwhile, is virtually non-existent in many parts of the country, and the government has called on donors to help bolster the National Ports Authority.
- **Put more money through the Haitian national budget,** in return for Haitian commitments to government reform. The World Bank has been one of the few donors willing to put money through the state itself, as well as to finance recurrent costs. The Bank’s EGRO (Economic Governance Reform Operations) program provides Haiti with \$61 million in budget support to pay for economic governance reforms.
- **Pool donor efforts through greater use of Multi-Donor Trust Funds.** Donors should explore ways to pool their resources, to ensure funding for priority Haitian goals, improve coherence of donor efforts, leverage funds from a variety of sources, and help support recurrent costs of government. As in the Afghan Reconstruction Trust Fund and other similar experiments, access to funds should be conditional, contingent on transparency on approval from Bank officials, etc.
- **Press World Bank Board for greater flexibility:** Haiti is not considered a traditional “post-conflict” country in World Bank classification. Typically, the Bank can provide only about \$7 per

capita to IDA countries, while providing some \$17-20 for post-conflict countries. To get around this problem, Haiti was made a special case in 2004, when the Bank Board agreed to grants amounting to \$150 million for 2 years. This arrangement expires this fiscal year, meaning that from now on amounts determined by Haiti's, so that aid to Haiti would plummet to under \$20 million. The Bank Board should consider extending Haiti's exemption in the next round of funding.

- **Top up salaries of returning expatriates.** The IDB is doing small-scale work in this area.
- **Greater Use of Joint Project Implementation Units.** Although there are exceptions, such as arrangements between the World Bank and IDB, most donors have resisted these mechanisms.
- **Fund the NCDDR at higher level.** The success of the NCDDR will depend in large part on external resources to meet its ambitions.

(IV) “Spillovers” from Fragile States

Finally, one of my interests in going to Haiti was in contributing to a larger project on the relationship between weak states and transnational threats, funded by the Carnegie Corporation. This two-year project aims to probe the oft-stated claim that weak and failing states world generate cross-border threats, and also examine the reciprocal debilitating impact of these transnational “bads” on state capacity in the developing world. The current US preoccupation with Haiti is motivated in large part by the fear that endemic weakness there may facilitate the flow of numerous negative externalities to the United States, including uncontrolled migration, disease, and particularly narcotics trafficking. Our interviews underlined the US concern that Haiti is an “ungoverned space.” But they also revealed the modesty of U.S. efforts to help ameliorate this situation.

After \$1 billion in remittances, trafficking in drugs and other contraband provides the second largest flow of resources into Haiti. It is often claimed that some 10-15% of cocaine destined for the United States transits Haiti, mostly en route to the Dominican Republic and then Puerto Rico. Haiti has 1700 km of coastline and 17 official ports where there are virtually no customs. Satellite photos show multiple remote airstrips in the southeast. The distance from Baranquilla, Colombia, to Jacmel is only an 8-hour ride in a “go-fast” boat. Other drug shipments dropped from air – so that in the south peasants call the drugs *la manne* (“manna”). Although the numbers of Haitians using drugs themselves appears to be modest, multiple Haitian and international officials, as well as civil society actors, warned of the growing danger that the large sums of money from trafficking would increasingly undermine governance and cripple efforts to reduce corruption.

Haiti's status as a major trafficking and increasingly money laundering hub is a direct function of the state's incapacity to control its borders, particularly the ports and its long, essentially ungoverned frontier with the Dominican Republic. Border is 300 km long and largely un-policed. It has 15 municipalities with 500,000 people, but is one of poorest areas of country, with no effective government institutions. There are an average of two secondary schools and eight primary schools per 10,000 people. There is no electricity, phone service, or potable water. A few dysfunctional customs offices exist, but with only 2 police per 10,000 inhabitants, traffic in contraband is unimpeded, with large illicit flows of drugs, guns, and trafficked women, at a value in the hundreds of millions of dollars. As one Haitian, “Haiti is the weak link” in the drug trade between Colombia and the United States.

Drug money is increasingly sloshing around Haitian society, reinforcing the gang problem. HNP commissioner Mario Andresol says that traffickers are investing a lot of money trying to corrupt Haitian law enforcement and justice system. “Drug trafficking is creating more problems than any other thing in Haiti,” he notes. “The drug traffickers chose Haiti because they like to operate in countries where there are weaknesses.” Trafficking is helping criminals create financial empires, and they can deploy this wealth to persuade gangs to exacerbate the instability in the country, which facilitates the further trafficking of drugs. Early last month, President Preval lashed out at the United States for its drug demand problem, which risked turning Haiti into a “narco-state.” The U.S. appetite for drugs, he observed, is preventing Haiti from moving forward. In the words of Prime Minister Alexis, “This is a very important issue, connected to the survival of

democracy and sustainable development in the country.” Unfortunately, the HNP has only 50 officers devoted to narcotics trafficking.

As Mark Schneider has pointed out in previous sessions, US policy responses to this threat to both U.S. interests and the Haitian state have been pretty weak to date. According to U.S. officials in Port-au-Prince, the INL slot is currently vacant in the Embassy and there is only 1 person to fill 5 DEA slots. Total U.S. counterdrug activities in the country amount to a little more than a million dollars, including for marine interdiction, anti-money laundering, and the creation of a DEA-vetted counterdrug unit. This is clearly inadequate to the scale of the problem. In a few weeks President Preval will be meeting with Presidents Fernandes of the Dominican Republic and Uribe of Colombia to improve cooperation on stemming the drug trade. But without greater U.S. attention to Haiti’s drug challenge, these efforts are unlikely to bear significant fruit.

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Those, in short, are my impressions from the trip to Haiti. I look forward to your questions and comments.