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# Why Foreign Aid to Haiti Failed

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Academy International Affairs Working Paper Series

## Why Foreign Aid to Haiti Failed

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# Why Foreign Aid to Haiti Failed (and How to Do It Better Next Time)<sup>1</sup>

Terry F. Buss and Adam Gardner

Haiti—an island [shared with the Dominican Republic] country of 8 million people about the size of Maryland just 600 miles off the coast of Florida—is an extreme case: it has received billions in foreign assistance, yet persists as one of the poorest and worst governed countries. Haiti is strategically important to the United States because of its location; perpetual state of violence and instability affecting the region; support for drug trafficking; potential as a trading partner; strong ties to a large Haitian-American diaspora; counterbalance to Communist Cuba; and relationship with the Latin American and Caribbean community.

Although it proudly lays claim as the second oldest republic in the Hemisphere, and the only nation whose slave population defeated a colonial power to become free, Haiti is, and has been, among the worst governed and most undemocratic states. Few places in the world, and no places in the Western Hemisphere, are poorer than Haiti. This paper<sup>2</sup> explains why, after consuming billions in foreign aid over three decades, and hundreds of millions specifically for governance and democratization programs, not to mention billions for other programs, Haiti remains politically dysfunctional and impoverished.

The international donor community classifies Haiti as a *fragile state*—the Government cannot or will not deliver core functions to the majority of its people, especially the poor. Haiti is also a *post-conflict state*—one emerging from a *coup d'état* and civil war. Others have variously characterized Haiti as a nightmare, predator, collapsed, failed, failing, parasitic, kleptocratic, phantom, virtual or pariah state. Researchers assembled mountains of documents covering every aspect of foreign aid to Haiti and lessons learned and best practices in providing assistance to developing, fragile, failed, and post-conflict countries. We visited Haiti in January 2005 on a fact finding tour. We interviewed numerous key informants. We shared drafts of this paper with experts, policy-makers, and practitioners in foreign assistance, generally, and Haiti, specifically, for review.

## Broader Context

### *Duvalier, Aristide and U.S. Foreign Policy*

To understand aid failure, one need look at Haiti's politics and American foreign policy over several decades. From 1957 to 1971, Francois Duvalier ruled Haiti under a highly repressive, internationally-isolated dictatorship, where government institutions and the economy were

chronically weak. The United States tolerated Haiti's regime because it was staunchly anti-Communist. Duvalier's son, Jean-Claude, took over on his father's death, retaining many of his unwise policies. When Haiti deteriorated, the Reagan Administration (1981-1989) forced Duvalier to leave in 1986, allowing a military dictatorship to be established. For three years, the military repressed the population, compelling Reagan to suspend aid. Jean-Bertrand Aristide, a former priest, confronted the military and Duvalierists, not to mention Haiti's economic elite, capitalists, and Americans, in an effort to establish a democratic government, modeled on "liberation theology." He was elected President in 1990. The Government was in shambles, as was the economy, society and environment.

Seven months into his term, the military overthrew Aristide, installing yet another dictatorship. The military became even more repressive, allowing the country to further sink into extreme economic, social and environmental despair, from which it has yet to recover. The Bush Administration (1989-1993), and other nations at Aristide's insistence, embargoed, then blockaded Haiti, suspending all but humanitarian aid. In 1994, the Clinton Administration (1993-2001) invaded Haiti and restored Aristide to power. Aristide had only a year left on his term, and was replaced as President by his former prime minister, Rene Preval, in 1995. Aristide won another term as President—2000 to 2005, with only 5% of registered voters participating. During Aristide's, then Preval's tenure (1995-2000), Haiti was steeped in violence and discord as political factions and economic interests jockeyed for power, the country became ungovernable, and the economy all but imploded. National elections were deemed fraudulent in 1997, causing aid to be suspended once again. In 2004, ex-military, neo-Duvalierists, paramilitaries, economic aristocracy, and many of his once-loyal supporters, overthrew Aristide in yet another violent coup. The Bush Administration (2001-present) elected not to intervene to save Aristide, considering him the problem, not the solution. A new Transition Government replaced Aristide, intending to hold elections in February 2006. Aid is flowing once more in unprecedented amounts.

Regardless of one's view of Aristide—he was democratic, warding off overwhelming reactionary forces, or he was just another in a long line of undemocratic, autocratic leaders—four things seem true. First, Haiti has been virtually ungovernable. There was no functioning Parliament or judiciary system, no political compromise or consensus, and extreme violence perpetrated by paramilitaries, gangs, and criminal organizations. Corruption and drug trafficking ran rampant. No government enjoyed much legitimacy. Second, U.S. administrations suspended, reduced, or delayed foreign aid to pressure Aristide and the opposition to stop the conflict, contributing to extreme poverty and economic and political stability. Third, the 1991-1993 international economic blockade further impoverished Haiti's people and

economy. Fourth, Haiti remains the object of an ever changing U.S. foreign policy, that on occasion has made problems there worse, making Haiti a U.S. responsibility.

### *Economic, Societal and Environmental Degradation*

The facts of Haitian poverty are startling. The UN Human Development Index (HDI) ranks Haiti as 153rd least developed among the world's 177 countries. About three-fourths of the population is impoverished—living on less than \$2/day. Half of the population has no access to potable water. One-third have no sanitary facilities. Only 10% have electrical service.

Ninety-five percent of employment in Haiti is in the underground economy; while 80% of businesses in urban areas are “off the books.” Official unemployment rates range from 50% to 70%, but no one really knows. Haiti's private sector is comprised mostly of subsistence farmers and micro-businesses. A small elite organized in family groupings controls all exports and imports, tourism, construction and manufacturing. About 4% of the population owns 66% of the country's wealth. Some 10% own nothing.

About 5% to 8% of the population has HIV/AIDS, and that percentage is rising. Haiti is the most severely affected by HIV/AIDS outside Sub-Saharan Africa. Only an estimated 5% to 10% of those with HIV/AIDS receive treatment. HIV/AIDS is reducing life expectancy in Haiti by 10 years. In addition, tuberculosis, and recently polio, have emerged as epidemics. Non-governmental organizations (NGOs) deliver four-fifths of public services.

As many as 250,000 children work as unpaid servants in homes placed there by their biological parents. Around 2,000 children annually are victims of human trafficking primarily to the Dominican Republic. Two-thirds of women have been violently abused.

Haiti ranks among the worse countries environmentally: 141st out of 155 on Yale University's Environmental Sustainability Index. Because Haitians are forced to use wood for fuel—70% of energy use is from this source—and because of excessive wood harvesting by private companies, Haiti is now 97% deforested, an irony for a tropical island. Deforestation causes chronic, catastrophic flooding with extensive loss of life. In 2004, tropical storm Jeanne caused property damages at 3.5% GDP.

According to a recent poll, 67% of Haitians would emigrate if they could. Many already have: 2 million Haitians live in the United States, of whom 60% are now American-born. Four-fifths of Haiti's college-educated citizens live outside of the country.

Because of political unrest and violence in Haiti, refugees periodically attempt to flee to the United States. In 1991 to 1992, during the military junta, the U.S. Coast Guard intercepted 41,000 Haitian “boat people” exiting the country. In 1994 and 1995, during Aristide’s return, some 25,000 boat people were intercepted.

### *Poor Governance*

The 1987 Constitution is the fundamental law of the land, roughly modeled after that in France and the United States. The Constitution calls for election of a President and a bicameral Parliament. The President appoints a prime minister, subject to confirmation by Parliament. Presidents are limited to one five year term. Presidents may not dissolve Parliament and cannot call “snap” elections or referenda. They cannot veto bills. They can be impeached or toppled in votes of no confidence. The President controls the judiciary, with consent of Parliament, and is the titular—and often de facto—head of the military and police. The Constitution also devolved presidential power into provincial councils.

Since its promulgation, the Constitution has meant trouble for Haitians. According to some observers, the only way for Presidents to move an agenda is either by winning both houses of Parliament—in the Haitian case through fraud or intimidation; engaging in widespread corruption, patronage and influence peddling; ignoring the legislature and constitution; or intimidating any opposition posing a challenge.

As of 2004, Haiti ranked in the bottom one percent of all countries on corruption and government effectiveness. The World Bank’s Country Policy and Institutional Assessment program rated Haiti in the bottom fifth of all developing countries equating it with Angola, Central African Republic, Congo, Sudan, Tajikistan, Uzbekistan and Zimbabwe. Transparency International (TI) ranked Haiti, along with Bangladesh, as the most corrupt in the world in 2004 (see Box 1).

#### **Box 1. Weaknesses in the Judicial System**

Donors have tried to assist the Haitians in reforming their judicial system. Its shortcomings are serious and legion. The 1987 Constitution calls for an independent judiciary, yet the executive branch—first under the military, then under Aristide—controls appointment of judges, budgets, training, evaluation, and removal. The Government has not supported investigations or prosecutions of major crimes, including drug trafficking, murders and assassinations, political violence and corruption. The system relies on outdated legal codes and time-consuming, complex procedures. Court buildings have no windows, running water, bathrooms or electricity, not to mention legal texts, office supplies and telephones. There are severe personnel shortages in the judicial system. Proceedings are conducted in French, yet the lion’s share of the population speaks only Creole, and many before the court are illiterate. Judges receive no training after graduating from law school. Many judges are not current in Haitian law. Judges are frequently intimidated by gangs, military, police and politicians. Many thrive on bribes in a corrupt system. Communications is sparse between the courts, police and prosecution.

## Foreign Aid Investments

From 1990 to 2003, Haiti received more than \$4 billion in aid—not including remittances from Haitian expatriates who contribute \$1 billion annually—from bilateral and multilateral sources. In 2005 to 2006, this will rise another \$1.3 billion. U.S. contributions from 1990 to 2005 totaled about \$1.5 billion (see Table 1).

**Table 1. U.S. Foreign Assistance to Haiti, 1990-2005, Millions US Dollars.\***

FY	DA/CSH	ESF	P.L. 480	Peace Corps	Foreign Military	IMET	Totals
1990	40.2	1.5	16.0	0.7	0.0	0.1	58.5
1991	38.5	12.3	29.1	1.0	0.0	0.3	81.2
1992	26.6	4.5	19.6	0.3	0.0	0.0	51.0
1993	23.3	24.0	41.3	0.1	0.0	0.0	88.7
1994	26.0	36.7	42.7	0.0	0.0	0.0	105.4
1995	56.6	56.0	44.0	0.0	3.0	0.0	159.6
1996	14.1	45.3	39.2	0.5	0.0	0.2	99.3
1997	24.4	53.5	22.5	0.9	0.0	0.3	101.6
1998	0.9	65.1	34.9	1.1	0.0	0.3	102.3
1999	0.0	65.1	27.0	1.4	0.3	0.2	94.0
2000	0.0	52.5	25.1	1.4	0.0	0.3	80.0
2001	0.0	46.9	25.1	1.3	0.0	0.3	73.6
2002	0.9	30.0	23.1	1.5	0.3	0.0	55.9
2003	33.2	0.0	36.6	1.7	0.4	0.1	71.9
2004	31.7	55.0	30.5	1.4	0.3	0.2	119.1
2005 <sup>est</sup>	45.0	39.7	37.7	1.4	0.3	0.2	124.3
Total	361.4	588.1	494.4	14.7	4.6	2.5	1,466.4

Source: U.S. Department of State, *Congressional Budget Justifications*, various years.

\* DA/CSH= Development Assistance and Children's Health; ESF= Economic Support Fund; P.L. 480= U.S. food program; IMET= International Military Education and Training.

In May and June 2004, the Transition Government, with assistance from the international community, national and international experts, and civil society organizations, prepared a needs assessment—Interim Cooperation Framework (ICF). The ICF identified priority interventions and related financing needs to support economic, social and political recovery over the next two years (see Table 2).

**Table 2. Donor Pledges—Grants & Loans, July 19-20, 2004, Conference (millions)**

Total pledges	\$1,085
Grants	663
EC	288
France	33
Germany	14
World Bank	5
IDB	3
Sweden	2
Canada	88
United States	207
Other countries	23
Concessional loans	422
World Bank	150
IDB	260
IFAD	12

Box 2 represents a typical democratization program executed in Haiti with a \$38 million grant from the World Bank.

**Box 2. The Community-Driven Development Project** builds upon the successful implementation of a Community-Driven Development pilot project, which was executed in 2004 by the Pan-American Development Foundation and financed by the World Bank's Post-Conflict Fund. The project is part of the Bank's reengagement strategy with Haiti as set out in the Bank's Transitional Support Strategy (TSS): Community-Driven Development (CDD) is a project to improve basic economic, social and infrastructure services while building social inclusion, participation, transparency, trust, and public-private partnerships at the local level. The project will scale-up direct transfer of \$38 million in funding to local community organizations to improve their access to basic social and economic infrastructure and income-generating activities. Specifically, the project will support the following activities:

- *Community Subproject Funds, Management and Support:* This component will finance approximately 1,300 small-scale investments in 55 to 65 targeted municipalities of rural and peri-urban Haiti. The investments are identified by community organizations and prioritized in project development councils.
- *Capacity Building and Technical Assistance:* This component will finance the training of trainers in basic management, administration, accounting and financial management and sharing of experiences and knowledge between municipal and regional representatives, and local councils.
- *Project Administration, Supervision, Monitoring and Evaluation:* This component will finance incremental costs associated with project implementation and operate under the oversight of the Ministry of Planning and External Cooperation.”

Source: World Bank press release, July 28, 2005. [www.worldbank.org](http://www.worldbank.org) “click on Haiti.”

## Foreign Aid Failure

*“... the outcome of World Bank assistance programs [in Haiti from 1986 to 2002] is rated unsatisfactory (if not highly so), the institutional development impact, negligible, and the sustainability of the few benefits that have accrued, unlikely.”*

—Director, Operations Evaluation Department, World Bank, 2002.

## *Aid Context*

The Canadian International Development Agency (CIDA)—very active in Haiti—summed up the Haitian context, one very similar to least-developed countries in Sub-Saharan Africa (CIDA, 2003):

- A society profoundly divided between a traditional culture and an elite, ex-military and petit bourgeois class, each seeking or clinging to power;
- An unstable government and a weak public institutional capacity;
- Seriously deteriorated economic and social infrastructures;
- An absence of capacity for law and order, allowing continued violent insurgencies and rioting, perpetrated by paramilitaries and gangs;
- An uncontrollable flux of migrants from rural areas into slums of Port-au-Prince;
- Concentration of wealth in the hands of a few traditional families and new mafia-like groups; and
- An inadequate and constantly deteriorating environment.

## *Governance Failure and Political Instability*

The World Bank related that: “The Haiti *Country Assistance Evaluation* (CAE) concludes that the development impact of World Bank assistance to the country since 1986 has been negligible, as the critical constraints to development—governance and public sector capacity and accountability—have not diminished.” The report added, “...without improved governance and institutional reforms, the World Bank and other donors will be able to accomplish very little” (Hassan, 2004; OED, 2002); the report went on: “The single overarching constraint to satisfactory implementation, outcome and sustainability of development assistance to Haiti has been the continuous political turmoil and governance problems in the country. In project after project, the reason for delayed implementation or cancellation, is a coup, civil unrest, or the inevitable results of these events, such as lack of ownership by a frequently changing government and aid staff turnover. Despite efforts on the part of the World Bank and other donors, it has been all but impossible to carry on a coherent lending program” (OED, 2002, p. 17). Donors, without exception, agree with this sweeping indictment.

## *Haitian Governance Failures*

In addition to development problems precipitated by the embargo and military intervention, at least four drivers—lack of government **capacity** generally and in aid administration specifically; lack of government support for or **ownership** of programs funded by foreign assistance; excessive aid **dependency**; and widespread **dissention** between President and Parliament—contributed to aid ineffectiveness on the Haitian side.

## *Government Capacity*

*Aid Administration.* According to the World Bank, after 1995, there was a “total mismatch between levels of foreign aid and government capacity to absorb it” (OED, 1998). USAID’s Mission in Haiti echoed the sentiment in its *Resource Review—1998*: “Most of Haiti’s public institutions were too weak and ineffective to provide the level of partnership needed with USAID or other donors to promote development. These institutions are characterized by lack of trained personnel; no performance based incentive system; no accepted hiring, firing and promotion procedures; heavy top down management; and a decided lack of direction” (USAID, 1998, p. 2). The UN Ad Hoc Advisory Group on Haiti concluded, in 1999, during the ongoing electoral crises that: “Unfortunately [and ironically], capacity building within those national institutions that have a mandate for aid coordination is being hampered by the political stalemate which has made it difficult to approve new technical cooperation projects, some of which would have strengthened managerial and coordination capacity” (ECOSOC, 1999, p. 15). The UN recommended that: “The long-term development program of support for Haiti address the issues of capacity-building of governmental institutions, especially in areas such as governance, the promotion of human rights, the administration of justice, the electoral system, law enforcement, police training, and other areas of social and economic development, which are critical for enabling the Haitian Government to adequately and effectively coordinate, manage, absorb and utilize international assistance and development aid” (ECOSOC, 1999, p. 18). The Government of Haiti, in 1997, also concluded it had a serious aid management problem (Republic of Haiti, 1997).

*Financial Management.* Lack of capacity went considerably beyond poor aid administration. Haiti has dysfunctional budgetary, financial or procurement systems, making financial and aid management impossible (World Bank, 2005). A budget reform law enacted in 1985 was never fully implemented. Offices were not created and personnel remained unassigned. Budget procedures and policies were not in place, budget data were unavailable. From 1997 through 2001, there was no approved national budget. Internal and external audits were weak. No external audits were conducted for years. Not even Parliament had access to or approved the budgets. Public procurement procedures were never fully implemented. Procurement was decentralized without controls or accountability. Government utilized sole source contracts and unadvertised bidding. Government was unwilling or unable to pay vendors for services in a timely fashion. Budget reductions and low salaries drove away most finance professionals. One-half of Government expenses were non-recurrent or discretionary, making it virtually impossible to identify fund use, beneficiaries, or impact (OED, 2002, p. 4).

*Civil Service.* The Haitian civil service has been perpetually a problem. Assessments revealed that about 30% of the civil service were “phantom” employees, compensated about half of the public wage bill. One ministry had 10,000 employees, only about half of whom were ever at work. A 2004 International Monetary Fund (IMF) assessment, looking back at Haiti’s civil service in 1998, found that the: (1) civil service has played a very limited role in providing social services; (2) small size and very limited capacity of the government contrast with the massive development challenge facing the country; (3) public sector is far smaller than in other developing countries; (4) public sector wage bill in Haiti is very low; (5) public wage bill takes up a significant portion of the government budget in Haiti; and (6) public sector wages are not comparable to private sector. The IMF doubted Haiti’s ability to deliver services, attract quality civil servants, and avoid corruption.

### *Country Ownership*

The World Bank’s 2002 *Country Assistance Evaluation* found, from the donor perspective, that: “The government did not exhibit ownership by taking the initiative for formulating and implementing [its] assistance program, encouraging a consensus among key ministries and decision makers, or adopting timely action to support the program” (OED, 2002, p. 19). The ICF echoed this: “The preceding governments lacked the political will and the means to make the necessary changes in key areas, particularly justice, police, administrative reform and decentralization” (Republic of Haiti, 2004, p. 6). CIDA concluded: “Considering the resources invested, scattered Canadian projects do not seem to provide a critical mass of results, do not foster efficiency and effectiveness of the action taken, and make it difficult to achieve sustainable results in view of the surrounding high-risk environment” (CIDA, 2004, p. 7).

An example. The United States, from 1995 to 2000, expended nearly \$100 million on rule of law programs in Haiti. A General Accounting Office (GAO) review concluded: “The Haitian government’s lack of a clear commitment to addressing the major problems of its police and judicial institutions has been the key factor affecting the success of the U.S. assistance provided to these institutions. U.S. assistance has been impeded because the Haitian Government has not acted to (1) strengthen police organization by filling vacant key leadership positions, such as the Inspector General and the heads of many field units; (2) provide human and physical resources needed to develop an effective police force; (3) support police investigations of serious crimes; and (4) keep the police force out of politics. U.S. assistance to the judicial sector has been undercut because the Government has not, for instance, (1) followed through the broad

reform of the judicial sector needed to address problems, (2) assumed ownership of many of improvements made possible by U.S. assistance, and (3) provided physical and human resources needed to operate the sector effectively” (GAO, 2000a, 2000b, p. 5).

Other examples. In recognition of Haiti’s environmental disasters, the Environmental Secretariat was elevated to Ministry status. A *National Environmental Action Plan* was approved after extensive citizen participation in 1999. The plan was never implemented (IADB, 2004, p. 12). The Ministry of Education approved a *National Education Plan*, but never presented it to Parliament for approval. The Ministry of Health was unable to establish norms and standards and to implement a decentralization program. The Justice Ministry balked at implementing reforms.

### *Aid Dependency*

Haiti depended on aid and remittances to sustain itself. In 1996 and 2002, aid dollars to Haiti per capita were \$50 and \$19, respectively. In 2003, per capita aid rose to \$23.7, as compared to \$9.9 for Latin America and Caribbean. Haiti relied heavily on aid, measured as a percentage of GNI, at 12.4% and 4.5% for 1996 and 2002, respectively, as compared to 6.2% and 3.9% on average for the Caribbean, respectively. In 2003, Haiti’s aid as a percentage of GDP—6.8%—was much higher than developing countries on average at 3.0% and for least developed countries at 18.7%. In 1999, the UN found that 86% of development investments came from external sources.

Although open to debate, some detractors argue that Aristide expected donors to contribute aid the Government could do with what it wanted, while donors bore responsibility for meeting needs of the country. Others argue Aristide, having precipitated Haitian crisis for political reasons, extorted donors to do something about poverty. In any case, the Haitian Government seems not to have been much concerned about nation-building, institution-building or post-conflict reconstruction, and uninterested in governance, content to let outsiders dictate its future.

### *President & Parliament*

Because Haiti has a weak presidential system, donors tried to work with both President and Parliament to develop strategies and approve aid funding. Donors found it much more difficult to promote country ownership because of widespread dissension and political gamesmanship. Small factions thwarted consensus building. The 1997-2000 elections impasse is an extreme example of intra-governmental conflict negatively affecting aid. Parliament passed only two bills. No budget was submitted to Parliament

for approval. Consider the decentralization issue. No ministry was able to implement any decentralization or de-concentration program. Laws defining national and local financing were not passed, including the *Decentralization Framework Law*, *Law on the Commune*, and *Law on Municipal Development and Management* (USAID, 1998, p. 2-3). IADB concluded in its *Country Program Evaluation*, "... the Bank was unable to foresee that the lack of coordination between the executive and legislative branches of government would become a strong obstacle to the delivery of its program" (IADB, 2003, p. iii).

### *Donor Failures*

Haitians should not be blamed exclusively for failed aid. Bilateral, multilateral, regional and charitable organizations all failed to some extent. Aid shortcomings likely originated because donors collectively failed to address Haitian politics and governance as the important drivers of success, from which everything else would follow. Donors, instead, adopted an assistance model more appropriate to Latin America than to Haiti, which was more like Sub-Saharan Africa. Aid then continued to be ineffective as a result of aid suspensions and cutbacks; inappropriate conditionality, unclear policy focus and program design; poor alignment, accountability and harmonization; ineffective capacity building; faulty implementation; lack of coordination; and delusions about what constituted program success. No donor stepped forward to lead. These issues, perpetually in play, may have caused donor fatigue, wherein aid organizations tired of Haiti.

### *Aid Priorities*

In recent years, "... failure to give highest priority to resolving the political and governance problems that undermined economic development" nullified donor attempts to improve conditions in Haiti (OED, 2002). Schacter (2002), in looking at World Bank programs, concluded: "Only recently have Bank-supported activities paid systematic attention to deeper rooted institutional issues at the root of the dysfunctional patrimonial state—issues related to leadership, incentives, and human capacity deficits. Yet the hallmarks of patrimonialism—corruption, cronyism, and critically ineffective service delivery—remain embedded in the fabric of government." Donors tended to focus on structural reform, security, military demobilization, health and infrastructure, all critically important to be sure. Having said this, a review of donor projects shows increasingly more attention to politics and governance, especially projects funded by the United States, Canada, World Bank, UNDP and IADB. Yet Haiti continued to flounder. Likely what happened was governance projects either failed outright or only dented the problem, while other factors overwhelmed even what few gains may have been realized. Consider the following.

## *Donor Assistance Strategy*

The World Bank's *Country Assistance Evaluation* concluded that donors had erred in offering traditional aid programs—*Latin American Model*—when governance and political barriers were likely insurmountable in that framework (OED, 2002). The Latin American Model assumes a stable democratic political system, a supportive government with capacity to partner and implement, a well-functioning economy, and peace and security. Decision-makers should have assumed a *Sub-Saharan Africa Model* (OED, 1998). It may be the case that in the mid-1990s, donors were just beginning to struggle with the notion of fragile states and post-conflict reconstruction as special cases. Past approaches simply were inappropriate.

## *Aid Suspensions*

Aid has waxed and waned as donors—usually acting collectively, under U.S. pressure—responded to Haitian politics. Haitian political leadership made Haiti an **aid orphan**—a country that has great needs, but is so dysfunctional, donors do not want to invest resources in it. Aid, after all, is scarce and competition for it is intense. Aid suspensions contributed to ineffective aid policies. Programs in place suddenly terminated when aid stopped, unraveling many positive benefits. Once aid started up again, programs had to regain what was lost before they could move forward. This was disastrous because many development projects, even in the best of circumstances, take years to mature and produce results. It was difficult, time consuming and expensive to recreate capacity and programs when donors restored aid. Capacity created in Government or among NGOs dissipated. At the same time, the Government was unwilling or unable to continue programs.

USAID's **decentralization** project illustrates confounding effects of aid suspensions. The project decentralized or devolved state authority back to local governments, as mandated by the 1987 Constitution, but never implemented (ARD, 2000). The project was authorized in May 1991, then suspended in September 1991, because of the *coup d'état*. The project was reworked so that some civil society components could be activated, something the military junta approved. Then in October 1994, Aristide returned to Haiti. The new Government did not sign an agreement to start up the project again until September 1995. But so much time had elapsed that the project had to be competitively bid by USAID before it could be re-launched. Once in place, a deadlock occurred between the President Preval and Parliament over the resolution of the 1997 fraudulent elections. There were no local officials in place from January 1999 to September 2000. The project accomplished little.

## *Conditionality*

Conditionality occurs in several ways: donors offer programs targeted at a specific issue or problem, and if the country wants aid, then it must accept the program; donors may attach goal attainment criteria on countries such that if they do not meet donor expectations, targets or goals, aid will be reduced or terminated; donors withhold or reprogram funds if countries do not resolve an issue or problem. Bilateral donors often require countries to purchase goods and services from the donor using aid funding—**aid tying**.

Conditionality in the Haitian case may have been counterproductive, confrontational, or misguided—timing, political feasibility, cultural barriers—thereby increasing aid ineffectiveness (CIDA, 2004). The World Bank concluded: “...the Bank has been unable to leverage—conditionality, delayed program/project funding, overall levels of funding—in support of the implementation of important reforms, particularly in governance and public sector management and in sound economic policies; political pressures of other stakeholders and the fragility of the whole situation were simply too great to allow the Bank to operate as it would have in a more normal setting” (2004, p. 6-7). Canadians opined that: “Haiti exemplifies some of the negative consequences of conditionality for both recipient and donor. 1994 to 1997 was marked by donor-driven reform agendas and conditionality-based financing in Haiti. Results from this period are unsurprising. Donor-driven agendas contributed to poor commitment and ineffective implementation on the part of the government of Haiti and to frustration and Haiti fatigue for the donor community. This in turn contributed to the withdrawal of some donor agencies. Following the 2000 disputed elections, strict conditionality was imposed to promote transparency of governance, solid macroeconomic policies, and fiscal responsibility. Once again, it is highly questionable how constructive this set of conditionality was given that the system did not reform...” (CIDA, 2004, p. 11).

*Donor-Driven Projects.* Donor politics, methods and foreign policy goals led them to impose aid programs on Haiti, even though this might have been premature. One example, **elections**. The United States and other donors have focused on elections in democratizing Haiti. In 1995, the United States spent \$18.8 million in assistance on the elections. And in 1995, donors equated democracy equated with Aristide’s return. Few equated elections and Aristide’s return with legitimacy of a regime, a much larger and more important question. Even fewer equated democracy with need for broad opportunities for grassroots citizen participation, not just the right to vote. Haitian news commentators warned that elections were not enough (Mobekk, 2000). Yet, each election since 1990 has been perceived by many as unfair and fraudulent, opposition parties have been intimidated, opposition parties

have engaged in boycotts, and voter turnout has been low. Further, Aristide, elected twice, has been ousted twice from power. The same pattern might repeat itself in February 2006 elections under the Transition Government. But Haiti does not have a culture of democracy in place, so elections merely became, in the view of many, another political tool of whichever faction was in power. To complicate matters, the international community accepted electoral results as fair on some occasions, but not on others, drawing into question legitimacy of the whole process. Eventually—if they are not already—the Haitian people will tire of the pretense of participating in a “democratic” society. Funding elections raised questions of intent for some Haitians: Are elections a way for the international community to declare victory and disengage: “vote and run?” Aristide’s Prime Minister, Rosny Smart, remarked that the focus mainly on elections was in retrospect a mistake, because they make no difference in people’s lives.

*Accountability.* Governments around the world hold themselves accountable by setting goals, objectives, baselines and benchmarks, then measuring performance and reporting to the public. Accountability and performance are now heavily infused in aid programs. This has created problems for developing countries like Haiti.

First, data gathering and reporting requirements are burdensome for developing countries. If they do not have capacity to administer aid, they likely will struggle to demonstrate that aid produced intended results. The UN System, in its 2003 report on an *Integrated Emergency Response Program* for Haiti, observed that assistance was hampered by inability of Haitians to gather data, then provide them to donors to promote accountability. Second, even if performance data were available, fits and starts of aid programs thwarted assessment efforts. Most accountability efforts required baselines and benchmarks against which to compare ongoing performance. But baselines in Haiti could never really be established: programs were frequently suspended or revised because of reduced funding and refocusing. The decentralization project was reworked several times, making performance measurement highly problematic. Third, donors mandated accountability and performance, but aid provision in Haiti suggested they will continue to award aid even in the most problematic of cases. So, rather than spurring Haiti to better performance, it might make little difference. Democratization programs, especially elections, continued to receive funding even though fraud, opposition boycotts and low participation were endemic to them.

*Aid Tying.* Aid tying—requiring that recipient countries purchase services, technical assistance (TA), or goods from a donor country—was a widely imposed conditionality in Haiti, as it is in most countries receiving aid. U.S. aid required that a country buy American food products—grown and processed—and transported on American ships or carriers. TA is

another. Presumably, recipient countries likely benefited from TA provided by a donor. But this practice can have negative consequences: donor services may be much more expensive than those available from other vendors, 11% to 30% more expensive by some estimates (UNDP, 2005, p. 102). Amounts of aid, then, were greatly reduced, as were potential impact. Tying also thwarted efforts to build partnerships among donors. And it contributed little to much needed government capacity building.

### *Alignment*

Alignment concerns linkage of donor programs to country goals, objectives and strategies, so donors and recipients do not pursue projects benefiting neither. The Canadian assessment showed there was "...insufficient coordination of international aid, the rise of parallel structures, and growing mistrust between the donor community and the Government" (CIDA, 2004, p. 13). As observed above, the **decentralization** project miserably failed. An assessment of the project by DAI—a consulting firm—concluded: "There remains ... a great deal of indifference or even resistance to decentralization within the central government and among the social and political elite. Further advances in decentralization will require a revival of interest and support for decentralization among those who are now indifferent or hostile. The project's relative inability to engage national-level power brokers, both within and outside government, seriously impeded the possibilities of achieving decentralization objectives" (ARD, 2000, p. 38).

Or consider **privatization**. Donors have pressured developing countries into privatizing state-owned enterprises, not only because private companies are more efficient and responsible, but also because state-owned enterprises offer patronage jobs for political cronies. Preval attempted to privatize Haiti's state-owned enterprises and failed: the Haitian people believed he was transferring companies to the rich or to foreign owners, not benefitting Haitians; Aristide appeared to oppose and undermine Preval at every turn. Some believe Aristide—as was the case with the civil service—wanted to protect this source of patronage employment for his party loyalists, and the more jaded, for his paramilitary operatives. The World Bank subsequently concluded: "... the norms of behavior of the private sector and the degree of corruption and cronyism within and between the private and public sectors may be such that privatization may well not enhance the prospects for sustained, equitable development, and may even make them worse" (OED, 2002, p. 7).

## *Program Design*

Program design is critical in delivering aid, but often poorly done. In 1994, USAID funded the International Organization for Migration (IOM) to **demobilize** the Army and reintegrate soldiers into civilian society. Demobilization in the short-term protected U.S. occupation forces and in the long-term reduced potential disruptions to the restored Aristide government. Ex-soldiers received a stipend for attending vocational training sessions and participated in an employment service. Some 5,500 of 6,250 soldiers registered with IOM. Some 5,200 were trained and 4,600 participated in the job service. Around 304, or 6%, obtained a job. Only one officer participated in the program.

The IOM program may have succeeded in attaining short-term stabilization, but it failed miserably in reintegrating ex-soldiers into society. Program evaluators opined that this was not a problem, as ex-soldiers represented only a “vague threat” to the country. In February 2004, these ex-soldiers overthrew Aristide for a second time.

Why did reintegration fail? The program offered reintegration as an amorphous, ill-defined goal—almost a wish, according to those who evaluated it. But program design failed to take into account reintegration problems. Businesses were loath to hire ex-soldiers many of whom had human rights abuse records and were known to have terrorized the population. Even those businesses that might have hired ex-soldiers did not out of fear of retaliation from Aristide paramilitary supporters. Because most ex-soldiers likely were anti-Aristide, Government was unlikely to hire them as civil servants. In any case, civil service jobs were reserved for Aristide supporters. Most importantly, the program did not engage the officer corps. Officers have leadership skills, allowing them to motivate soldiers to revolt or mutiny, which they did.

## *Capacity Building*

Donors addressed capacity issues in Haiti, either by offering programs to build Government capacity, or through by-passing Government altogether to work with NGOs and to manage projects themselves or through contractors. Building capacity has not worked well: by-passing Government only exacerbated capacity problems in Haiti over the long term. Even so, some believe aid administration may be so complex that it will always be difficult.

Donors have tried various capacity building schemes. In 1996, the World Bank to help the Haitian Government manage foreign assistance and reduce need for outside

managers. The project provided \$1 million to pay higher salaries to skilled, **expatriate** Haitians willing to return to Haiti to help the country. Few expats participated.

Much capacity building relies heavily on dubious short-term **workshops**, seminars or conferences. Many have questioned whether short-term approaches were effective. As observed above, efforts to promote rule of law seemed to have failed in Haiti. While the project below has not been evaluated, it is typical of short-term efforts seemingly of little value. The National Center for State Courts (NCSC) offered emergency two-day long training to judges in Haiti early in 1995 on the election of President Preval. According to NCSC, judges in the program were clueless as to their role in the judicial system and what powers and responsibilities they had. Many participants thought the United States was trying to impose its system on them. The Ministry of Justice did not lay out any guidance for the program and was not supportive. The Haitian Judges Association complained that training was not related to the current situation in the country, and did not comply with Haitian law (NCSC, 1995). Training led to lack of uniformity in interpretation of law across the country.

TA is a common approach, but as practiced, has been ineffective. Consider this World Bank assessment: “Where TA has been used to fill the gaps in skills needed to manage Bank-funded projects, it has had little impact on strengthening client capacity. TA has been effective when used for discrete and well-defined technical tasks and in the context of a clear TA strategy that includes a phase-out plan. A majority of the projects reviewed support training individual staff, and projects have almost always achieved the targeted numbers to be trained. But public agency staff is often trained for specific tasks before they are positioned to use the training or before measures are taken to help retain them. Programs have focused on the supply of skills in the public sector without ensuring that the skill-building is appropriately synchronized with organizational and institutional changes needed to improve public sector performance” (OED, 2005, p. xv-xvi).

Foreign assistance might fail when relying on **NGOs** for service delivery for a variety of reasons, even though the alternative—government corruption and/or lack of competency—has considerable risk. First, when assistance was channeled through NGOs, the Haitian Government became **indifferent** to programs—they were someone else’s worry. The Haitian Government tended not to allocate matching, operating or maintenance funds to programs it did not manage, neither did the Government fund programs sustainable over time. NGOs actually welcomed this indifference: donors continued to keep them in business. Second, building capacity in

NGOs in Haiti created a **brain drain** in public sector employment as good people moved from government to NGOs where salaries were higher and mobility was facilitated. Third, NGOs tended to be numerous and difficult to **coordinate**. Haiti has been called the “Republic of NGOs.” Fourth, operating parallel service delivery systems eroded **legitimacy** of Government, which already had demonstrated it would not serve the people. Parallel systems substantially increased aid coordination needs. Fifth, once NGOs obtained **power**, they did not cede it back. Under the junta in 1991 to 1994, Government capacity to administer aid virtually disappeared with the void filled by an army of specialized NGOs. On Aristide’s return, many NGOs were unwilling to transfer power back to the Government, preferring instead to operate “under the radar” as they had during the embargo (ECOSOC, 1999, 10). And sixth, there was growing concern that NGOs were becoming increasingly **political**, extending well beyond their mandate, becoming advocates for causes.

### *Donor Administered Projects*

Donors over time felt “burned” by the Haitian Government in **administering aid** programs. So donors, particularly multilaterals, often managed projects themselves. This had implications: First, Haitians had no way to acquire administrative skills, not being allowed to manage. Further, excluding Haitian Government officials only postponed the inevitable, and likely made it worse. Second, donor projects tended to be short-term, narrow, limited and small, because donor project management was expensive to keep in place over sustained periods (Hassan, 2004). Because these projects had little impact, they were wasteful and the problem of poor capacity remained. Third, donor administration was several magnitudes more expensive than Government management. So, aid projects had less impact per aid-dollar spent; and again, the Government capacity issue remained. Projects had done little to reconstruct Haiti. OED *Country Assessment Evaluation* concluded: “the nearly constant state of crisis and recurring instability in the country have blocked any longer term strategy to reduce dependence on Project Management Units” (OED, 2002, p. 8).

### *Complexity of Aid Administration*

Working with donors was increasingly complicated (UNDP, 2005, p. 100). Donors expected returns on investments, and not receiving them, re-programmed money or withheld it; enforced strict compliance with myriads of regulations, policies and laws with extensive controls over expenditures; and insisted on transparency in all dealings. Each donor’s requirements for enforcing accountability, compliance, control and transparency varied. Donors had very different development philosophies, administrative cultures, and political

concerns that often conflicted, not only with a country's goals, but also among one another. Paperwork was crushing and endless, sometimes duplicative. When charitable organizations were added to the mix, numbers of donors became legion. Meetings with donors in consultative groups were numerous and time consuming. When donors required extensive citizen input, development administration became even more complicated. Even in advanced industrial countries, these administrative issues created barriers. In Haiti, where there was little expertise and resource in place with continual upheavals in political regimes, with ebbs and flows of aid creating and destroying capacity, and where violence and instability took precedence over administration, even the best intentioned Government might fail. Transaction costs associated with aid were daunting.

The World Bank, in Haiti, required extensive planning before extending loans and grants, then once approved, required even more reporting, accounting and evaluation. The more World Bank programs a country participated in, the more planning, reporting, accounting and evaluation was required. Country officials worked with each World Bank program (or sector or thematic area). Because each program was highly specialized, countries must assign expert staff. As donors added more specializations to the aid portfolio, country staff must coordinated with one another, often across ministries. Add to this the same process for other multilaterals and bilaterals who also had planning, reporting, accounting and evaluation requirements. Pretty soon, Haiti needed a larger aid administration staff to match the donors. Just in the past few years since aid was restored, the World Bank and Haitian Government produced, or are producing 15 major documents. The IFC, now underway, involved 26 bilateral and multilateral organizations, employing 250 experts, and required six months to complete.

### *Harmonization*

Harmonization refers to donor efforts to ensure programs complement and supplement one another, and avoid duplication. According to the Canadians and other donors, "Lack of harmonization resulted in under-funded sectors and prevented a common framework for investment and practical and complementary division of labor" (CIDA, 2004, p. 13). In Haiti, most donors funded democratization programs without concern for what others were doing.

### *Coordination*

There was need to coordinate efforts across donors and between donors and the Haitian Government. The World Bank organized a Consultative Group Meeting in Haiti, in 1997, designating lead donors in priority sectors, and including NGO, civil society and

media and was considered a model for other post-conflict programs (World Bank, 1997; Hassan, 2002). But, failed elections of 1997 precipitating aid suspensions and reductions, unraveled this exceptional effort. According to a UN assessment, “Decades of institutional instability have adversely affected the coordination capacities of the government accumulated in previous years” (ECOSOC, 1999, p. 10).

### *Implementation*

Donors did not always implement aid projects effectively. Donors had a tendency to push projects to demonstrate immediate results (OED, 1998). The 1995 **elections** again are a case in point. In October 1994, Aristide returned as President of Haiti. Elections were immediately scheduled for December 1994, an impossible time frame. A Provisional Electoral Council, the mechanism that manages all aspects of Haiti’s electoral process, had not even been appointed. The Council tried holding elections on two different occasions, but failed. In June 1995, elections were finally held. Donors also failed to take into account that Haitians were not accustomed to voting in runoff elections, and there was little attempt to educate them. The 1997 elections had even lower turnouts. Haitians had voted for President in the past, but never for local assemblies. A Haitian newspaper headline announced in 1997 following the elections: “Democracy on Course Without the People” (Mobekk, 2000). The same issues reappeared in 2000, 2003 and 2005.

### *Leadership*

It is apparent that no multilateral or bilateral donor led reconstruction in Haiti—with exception of the failed 1997 World Bank Consultative Group. To be sure, there was a great deal of on-and-off coordination across donors, often done effectively, sometimes not. But this is different from a single donor or consortium taking responsibility ensuring that aid worked.

### *Claiming Success*

Too often, donors accepted as successes those projects making little difference. USAID’s *Strategic Plan for Haiti—1999-2004* was merely a listing of projects underway with the annotation that they were “accomplishments.” Yet the policy areas—environment, privatization, justice, security, fiscal and monetary management, elections—were disasters with billions spent and adverse results produced.

A UN Development Program initiative to promote democracy in the 1999-2000 election cycle also is illustrative. “UNDP’s **Haiti** office claims that its *Common Country*

*Assessment (CCA)* provides an example of a positive *process*. The CCA document itself took over a year to complete because the UN Country Team was keen that space for policy debate should be provided. As it took place during the run-up to elections, it became one of the few national forums where policy discussion could occur and CSO actors could feed their views into the government's poverty reduction strategy. The UN needs a conscious decision to include representatives from both old and new administrations, so that the CCA would continue to be useful and relevant after the elections. 'Had civil society representatives not participated in this process, the goal of creating for the first time in Haiti an open forum of discussion about the trends, constraints, assets and perspectives of human development in the country would not have been completed.'" Yet, the Aristide Government ignored these democratic inputs and held the most faulty elections in the nation's history.

### *Donor Fatigue*

Factors above may have contributed to donor fatigue. In their retrospective look at aid, Canadians recounted how their hopes rose and fell with Haitian politics (CIDA, 2003, p. 2; CIDA, 2004, p. 11). Aristide's return in 1994 seemed to augur a new era where aid could really help. Then, after spending months putting together the *Emergency Economic Recovery Plan*, the 1997 election debacle dampened donor enthusiasm. The pattern continued. Over time, donors lacked enthusiasm for Haiti, and began going through the motions. In 1998, the World Bank concluded: "Lack of progress in reform measures could discourage further investment, reduce donor support, and jeopardize both political and economic recovery" (OED, 1998, p. 61). They did as it turned out. From 1994 to the present, Haiti became an **aid orphan**—it received increasingly lower amounts of aid, in part because the costs of state failure was not of sufficient consequence to bilateral or multilateral donors to justify more.

## **Lessons Learned**

Below we look first at general lessons learned on perspective, process and policy, then in a subsequent section at democratization programs.

### *Perspective, Process and Policy*

Lessons learned center on need to address and resolve issues of governance and political instability as the highest priority. This could take years, and thus requires long-term commitments from donors. Donors must understand the entire aid process, and make decisions from a holistic perspective, not in a fragmented, unconnected fashion. Issues concerning conditionality, accountability, harmonization, leadership, planning,

alignment, country ownership, partnership, implementation, capacity building, performance assessment, compliance, evaluation, coordination and knowledge transfer all must be addressed and in most cases re-thought: much conventional wisdom may not work, and did not work in Haiti.

### *Agenda Setting*

#### **Resolve governance issues as the top priority.**

Haiti illustrates that failing to address issues of poor governance and political instability jeopardizes the entire aid effort. Donors face two choices: either to engage governments or wait until countries resolve their own governance issues. The problem with the latter is that fragile, post-conflict states are very unlikely to ever resolve their own governance issues without assistance. And, while they are doing so, economies, societies and people's lives can be severely damaged. So like it or not, strategic countries like Haiti require intense engagement with good governance and political stability as the highest priority.

#### **Be prepared for the long haul in achieving good governance.**

Building good governance takes time—probably years, maybe decades (OECD, 2005). Nonetheless, donors seemed to have little patience. Why? Aid flows to developing countries through annual appropriations. Bilateral investors are faced with changing priorities and administrations at home that can translate into reduced or interrupted aid. Multilaterals have increasing demand for assistance and diminishing resources, so they tend to invest where they see the best return. Because results from governance programs are often negative or at best invisible, donors get nervous about continuing to pour what they perceive as good money after bad. There is no instant gratification in funding governance programs. There is, by contrast, much gratification in funding humanitarian and infrastructure projects—thousands of starving people fed and a highway system completed. Donors must find ways to persist in promoting and sustaining good governance.

#### **Understand what a fragile, post-conflict state is.**

Donors in Haiti were slow to consider that even though Haiti is in the Western Hemisphere where all countries—except Cuba—are well-functioning democracies, Haiti was not one of them. It is important for policymakers to understand the government in place and what its circumstances are. Although this looks to be an easy matter, in

fairness, it is not. Only in the last few years have donors tried to understand the special circumstances of fragile and post-conflict states, Haiti being one. But there is disagreement, at the World Bank, for example, about whether the country is a post-conflict country or one in conflict: violence continues and the Government is not in control of portions of Port-au-Prince or the regions. However classified, Haiti is perpetually in a state of conflict, albeit at a steady level of violence with occasional strong peaks. Because there are different models of foreign assistance, uncertainty increases risk of aid failure.

### **Do not move too quickly from post-conflict reconstruction to normalization.**

Haiti illustrates donor impatience in wanting to move from post-conflict assistance to normalization. Normalization is comparatively easy work, reconstruction is much harder, and high risk. Donors, for example, seemed to think that when elections in Haiti were held, everything would fall into place. Elections might have made things worse. Elections in the Haitian context, at least in retrospect, likely are a concern under normalization, not reconstruction. Some will disagree. But regardless, donors should front-end load assistance into setting a fragile nation—especially a post-conflict one—right, before assuming normalization.

#### *Conditionality*

### **Afford more flexibility in allocating aid.**

In the U.S. system, Congress appropriates aid to specific programs—HIV/AIDS, disaster relief, food, democratization—sometimes on its own initiative, and sometimes in support of the Administration. Even when appropriating against an Administration's plan, Congress expects to allocate funding to specific programs. Congressional and Administration aid allocation practices may cause problems. Countries may neither need nor want donor-determined programs. Situations in countries may suddenly and dramatically change, making aid ineffective or irrelevant. Donors may duplicate one another's programs and leave gaps in other areas. Policymakers should consider making aid more flexible and non-programmatic, then hold aid managers accountable for performance.

## **Because it has a low probability of success, approach conditionality cautiously.**

There seems to be emerging consensus that conditionality is of limited utility (DFID, 2005a, 2005b). Donors have little leverage through conditionality, especially in support of governance, public sector reforms, and sound economic policies. In many cases, need is so great that funding flows, even if under less than ideal conditions. Other stakeholders pressure one another politically to provide assistance even when it might be wasted. Cutting off or slowing assistance can wreck or undo progress. Many regimes simply hold the population hostage, forcing donors to provide assistance. And many regimes care so little about their own people that they are willing to forego assistance rather than give in to demands. Governments will agree to almost anything; whether they support it is another matter. All of these characterized Haiti. Conditionality should be employed sparingly or more judiciously.

## **Carefully assess whether to tie aid.**

Multilaterals are increasingly lobbying against aid tying because of its negative consequences: reducing aid flows to countries, limiting options and flexibility in providing goods and services, and succumbing to politically powerful vendors—private companies or NGOs, for example—who may set a donor's aid agenda. Benefits to donors can be significant, but may not be worth the cost to aid recipients. It seems unwise to untie all aid, regardless of the country, the country's circumstances, or the donor's interest. Donors should treat each project or program on a case-by-case basis. In general, though, less will be more.

## **Be cautious setting up a donor-driven aid agenda.**

Conditionality occurs when donors provide aid for programs fitting their agenda—recipient countries either take it or leave it. Who determines the aid agenda? It would be nice if donors and governments worked out what needs to be done. But there appear to be many cases where donors are influenced by NGOs, advocacy groups, or industries, having agendas they would like to pursue neither important to donor nor recipient. So, if an NGO sets up capacity to work on the environment, then it will lobby for specific environmental programs regardless of whether these are the best way to address the environment or whether other programs should have a higher priority. This appears to be the case in Haiti for some programs funded under USAID. It would be much preferred if USAID and the Haitian Government, along with other donors, worked out the aid agenda, then found vendors to deliver services or undertake projects and programs; rather than having vendors and advocates setting the agenda and donors funding it and governments accepting it.

### **Hold government accountable, offer incentive-based funding.**

The Haiti experience shows that even in the best-intentioned governments, officials do not want to be held accountable. They claimed to lack capacity, on the one hand, but argued they knew how to spend wisely on the other. All assistance should be subject to performance goal attainment and to compliance with regulations, controls and conditions. Funding should be awarded in tranches based on performance. Many in the international community oppose this. It attaches too much burden—compliance, reporting, data gathering—on governments and sets governments up for failure when they inevitably come up short in meeting development goals. But, warding dysfunctional countries a blank check is courting disaster. Rather than focusing on disincentives—aid suspension or reductions—funding should be awarded with incentives for good performance.

### **Re-think budget support funding.**

Donors, for the most part, were suspicious about Haiti's ability to control aid spending, or any spending. As such, donors channeled funding directly into programs, bypassing government altogether, or treating government as a pass through agency for administration. Donors are wary of providing direct budget support—transferring funding into the Treasury for general use by ministries. By-passing government was intended to encourage it to become accountable, and hence receive more flexible, direct funding. While this promoted accountability (DFID, 2004), it jeopardized other aspects of the aid program. Without direct budget support, countries may not be able to sustain aid investments already made and may be ineffective in managing agencies and ministries where revenue is not available. Haiti lacked resources and had few options. Extent to which donors provide direct budget support needs to be rethought. Direct budget support is not inconsistent with performance-based aid.

### **Be prepared to deal with aid suspensions.**

Aid suspensions or deep reductions to force accountability were highly problematic in Haiti. Suspending aid sent a message to the Government that it needed to reform or comply, or risk losing future funding, on the one hand. On the other, the Government really did not care whether aid was suspended: it had other priorities—in Haiti's case political power consolidation or individual aggrandizement—or alternative ways of funding their activities. Over the past decade, Haiti's government and Parliament

engaged in a standoff, while letting the country deteriorate. They knew donors would fund humanitarian programs, regardless of what they did. It is an open question as to whether aid should have been suspended or reduced to force compliance. Many believe suspensions were largely ineffective.

Regardless of the merits of suspension, donors must develop strategies for immediately **re-engaging** once a government is ousted or reforms itself. In Haiti's case, donors were too slow in realizing implications of having withdrawn funds: donor capacity in country, government capacity in aid administration, and funding reprogramming or new programming needs.

### *Harmonization*

#### **Sometimes share credit for successes with other donors.**

Aid harmonization is in every donor's interest, but did not happen in Haiti. What occurred was donors shared information on what they were doing or intended to do. But this was very different from dividing up assistance to eliminate duplication, forming partnerships around common interests, and leading in a sector. In Haiti, without exaggeration, every major donor worked on democratization, and yet Haitian democracy was nowhere to be found. Donors had compelling reasons for offering aid even though it may conflict with or be duplicative of that from other countries—U.S. foreign policy, for example, promotes democracy globally, so aid programs tend to focus on democratization in part. But other multilaterals and bilaterals have similar agendas. For aid to be effective, it must be harmonized.

### *Leadership*

#### **Carefully choose when and where to assume a leadership role.**

Donors have numerous issues surrounding whether and when to assume a leadership role in delivering aid. In Haiti, at least in retrospect, it may not have been the best approach for the United States to lead on democratization, even though every U.S. administration promotes democracy and/or human rights. Many Haitians and others believe that the United States meddles in their country, taking sides and imposing its will. And the United States has done so for over a century. The reality is that we have done poorly in democratizing Haiti. Perhaps the United States, as donor, should consider taking leadership role in humanitarian assistance, health care, infrastructure provision, agricultural development and the like, while ceding democratization to others. Again, in the fragile state arena, this decision should be

made on a country-by-country basis. Some donors may not want to take the lead on some sectors, as in the case of democratization programs above. And other donors may not wish the lead or be permitted to lead a multi-donor approach. Ideally, country governments should take a leadership role—a major theme of this work. Failing that, the only viable alternative is a consortium of donors—not a mere collection of parties, but a true consortium. This will be difficult to achieve, but is worth exploring, especially in a country like Haiti.

### *Planning*

#### **Do planning differently.**

As already observed, Haiti, like other developing countries has a plethora of planning documents, carefully thought out. They consume a lot of resource from Haitians and donors. Yet none of these planning efforts in Haiti seemed to pay off in effective aid provision—in spite of their sophistication and elegance. To be sure, aid failed in large part because of political instability and bad governance. These factors, ironically, were mentioned as issues in every plan over the past two decades, but then plans went on to promote other things of low priority. One problem may be that planning, especially among multilaterals, has become too standardized, and hence irrelevant. But if countries are very different, standardization may systematically exclude new opportunities not supported in a common product. Plans focus heavily on design, but not on context. This ignores the fact that context probably determines design. Plans also seem to take a “blueprint” approach where “good governance” is something that is installed, not developed. It might be time to rethink planning in fragile states and post-conflict countries.

#### **Be prepared to abandon plans when circumstances change.**

Too often in the Haitian case, donors saw that projects and programs were unraveling and likely to lead to aid failures. Rather than reworking plans to be more realistic for the situation on the ground, donors pressed on. There is no justification for continuing to invest in hopeless enterprises. Such projects rarely produce worthy results. Many seem to have adverse consequences.

### *Alignment*

#### **Consider pros and cons of aid alignment.**

Alignment is much talked about, but overall still has many shortcomings, especially in fragile and post-conflict countries. Donors often face a dilemma in accommodating a country's

needs and preferences, while withholding funding for projects and programs they know will not work or are inconsistent with their agenda (OVE, 2003). Not aligning aid has consequences, most often difficulties with developing country ownership and having inconsistent, fragmented or dysfunctional assistance approaches. But another often overlooked negative consequence is legitimacy. On the one hand, if aid is not aligned, good governments may be seen as somewhat illegitimate; on the other, aligning aid with bad governments may make them seem legitimate (Canada, 2003, 2004). In Haiti's case, issues of legitimacy and foreign intervention were critical, but never addressed. For governments trying to create a good governance environment: "An overarching principle of the harmonization and alignment agenda is that donors should support country-owned strategies for growth and poverty reduction and base their programming on the needs and priorities identified in these strategies" (UN, 2005, p. 173). For governments that are not sincere, do not align with them unless it serves a donor country's interest to do so.

### *Country Ownership*

#### **Take country ownership seriously.**

Donors tend to pay lip service to country ownership as essential to aid effectiveness. If governments are not committed, they tend to implement programs without enthusiasm and may not invest matching or operational funds in programs, as was the case in Haiti. Donors need to decide whether their programs can be sustainable and effective without government support. If they can, then the present aid system probably works well. If they can not, then promoting country ownership must move high on the agenda and tradeoffs to achieve it must be made. Aid recipients may fail when donors allow them to do things they suspect are risky, but aid often is ineffective when donors exclude government. Donors must look closely at the impact of country ownership on programs, before going it lone or operating parallel systems.

#### **Understand that promoting country ownership implies a reduced donor.**

Donors often think that they can simultaneously control development, while eliciting strong country buy-in. They cannot. The very notion of country ownership necessitates a lessening role for donors, and increasingly more responsibility for Governments. Donors must accept the risk.

## **Remember, donors cannot buy democracy, capitalism or reform.**

Given aid funding invested in Haiti, it seems that donors may be intent on buying reforms, rather than building them, or, as observed above, installing rather than building them. This will not work. Unless country leadership believes in reform, they will either take the aid and do what they want, or standby indifferently.

### *Program & Project Design*

## **Only fund sustainable projects and programs.**

Emergency relief and humanitarian assistance are, by definition, short-term programs to maintain a population in times of crisis. Other assistance should be undertaken only if it is sustainable. Sustainability is likely attainable in one of three ways. The preferred way is to invest in a program that becomes sustainable once funding is concluded: creating an irrigation system that helps farmers compete in food markets, the returns from which allow farmers to maintain the irrigation system with their own resources, for example. For other investments, either government or donors must take responsibility for continued maintenance and operations. Donors need to look more carefully at the capacity and willingness of government to pay for maintenance and operations after assistance is withdrawn. If capacity and willingness are absent, then donors must continue to invest, rethink the investment, or pressure government to take over funding. Too often in the Haiti case, donors seemed surprised that Haitians did not sustain initial donor investments. But donors failed to realize that all of the factors enumerated thus far conspired against them. Poorly governed countries have few resources and many demands.

## **Fund only big picture programs that make a difference.**

A close examination of donor efforts in Haiti shows a plethora of small projects intended to address big issues. This is a shotgun approach. But these small projects tend to be low impact, short-term and labor intensive to manage. The reason for the shotgun approach was that the Haitian Government lacked capacity to partner with donors for major program initiatives and donors were suspicious of how Haitians would spend funding on a more massive scale. Being risk averse, donors tended to opt for small projects where damages—of any kind—will be minimal. As the Canadians repeatedly point out, this strategy produced few positive results. Donors must, instead, focus scarce development

resources on programs and initiatives that will make a difference. A few workshops that serve several hundred people in a democratization program, no matter how well intentioned, are likely meaningless. "...[G]overnments and their partners should move from a narrow focus on organizational, technocratic and public management approaches to a broader perspective that incorporates both the political dynamics and the institutional rules of the game with which public organizations operate" (Puri, 2004).

### *Implementation*

#### **Establish donor offices as soon as circumstances permit.**

Haiti points up need for a physical presence in country early on in the foreign assistance process (OED, 2005). This applies mostly to multilaterals who tend to withdraw entirely when aid is suspended or security is jeopardized. Donor absence is a problem when countries move into post-conflict status and require numerous meetings to prepare plans, loan proposals, and coordinate and administer aid. Ideally, donors need to begin moving resources in place as soon as security permits.

### *Capacity Building*

#### **Develop aid administration capacity as soon as possible.**

In Haiti, lack of capacity in and suspicion of Government led donors to administer aid themselves and/or fund NGOs to deliver services. Bypassing government makes a country a "protectorate." Expectations were that over time, the Haitian Government would assume these responsibilities. But it has not done so for over a decade, if ever, in spite of what now appear to be meager attempts to assist the Haitians. Donors needed to make a more determined effort to build Government capacity. Not to do so was in the end self-defeating.

#### **Remember capacity building is a government responsibility.**

Too often, a lack of capacity was blamed on donors. In the end, it is a developing country's responsibility to develop and refine its own capacity. The 2005 *Paris Declaration on Aid Effectiveness* summarizes the issue: "This represents a clear agreement that capacity development is the primary responsibility of developing countries, with donors playing a supportive role. Developing countries must lead the process of capacity development through setting specific objectives in their national plans. Donors should mobilize their financial and analytical support around credible partner country objectives, plans and strategies, making full use of what capacity exists" (Manning, 2005).

## Re-think how capacity building is undertaken in fragile states.

The World Bank's OED recently did the international community a great service by pointing out most capacity building efforts—as in Haiti—are woefully inadequate (OED, 2005).

Lessons learned appear to apply in Haiti as well. Although well beyond the scope of this chapter, general capacity building principles include:

- is not a collateral activity, it is a **core goal** and high priority in its own right;
- is the underpinning of good **governance**.
- must be **integrated** across all sectors, ministries, institutions and government-wide, because weakness in one area affects the rest adversely;
- must have **clearly defined** purposes, objectives and strategies just as do projects and programs;
- must be seen in a broader, **comprehensive** approach to human resource management in and a human capital strategy for a country;
- must switch from a focus on individual training and technical assistance to a **“whole of government”** needs assessment and strategy.

### *Performance Assessment*

## Ensure that the government produce accurate, timely financial, economic and social data.

Performance assessments are only as good as the data they produce—pertinent, accurate, timely, usable and credible. Even in developed countries, this has been a tall order, not fully attained. In countries like Haiti where government resources were scarce even for basic, minimal operational effectiveness, imposing and funding a data gathering system might be perceived as of low priority. Yet, if aid programs are implemented and cannot be assessed, there is no way to keep them on track, let alone determine how well they performed.

### *Compliance*

## Do not waive sound financial control practices for expediency's sake.

Donors are under enormous pressure from one another and from recipients to relax financial controls to expedite aid allocations. This is a bad idea. As recent events in the U.S reconstruction of Iraq and the Hurricanes Katrina and Rita recovery, and the UN Oil-for-Food scandal show, even countries with strong controls in place, along with extensive transparency and accountability mechanisms, money tends toward corruption when controls were waived, ignored or not enforced. In Haiti, where virtually no financial controls exist or were likely to be weak, aid is likely to be wasted.

## *Evaluation*

### **Understand what constitutes a successful foreign assistance effort.**

The Haitian experience is replete with documents that begin by saying that a program—democratization, for example—was a success, then go on to say that specific projects and programs did not work: “the operation failed, but the patient recovered anyway.” Or, documents report on successful programs—voter registration efforts, for example—but the overall initiative failed: “the operation was a success, but the patient died.” These represent donor failure to understand they are in business to improve governance. A program cannot be successful if governance is not changed for the better, neither can it be successful if governance progresses on its own. Reports like these had consequences in Haiti, not the least of which was detracting from seriousness, credibility and legitimacy of an assistance effort.

## *Coordination*

### **Take “donor to government” and “donor to donor” coordination seriously.**

Ironically, Haiti became a model of aid coordination for a short time under Aristide II (Hassan, 2004), and in our view an apparently effective model under the *Interim Cooperative Framework*. In spite of these admirable efforts, aid coordination remains a problem. As noted above, donors have different agendas, cultures, politics, and capacity, inhibiting cooperation, either intentionally or inadvertently. Donors need to revisit the reasons for coordination failures and address them.

## *Specific Programmatic Efforts*

Failure of democratization programs in Haiti suggests that donors ought to re-think assumptions under which civil society organizations are developed, elections are offered, grassroots participation in politics is promoted, individuals are supported over institutions, and legitimacy in government is spawned. Rule of law programs are most effective when courts, prosecution, law enforcement and prisons are treated as a justice system within a larger set of executive and legislative branch reconstruction and reform. National reconciliation and justice following conflict must be effectively pursued. And civil service, decentralization, and privatization reform should be delayed until normalization, and not pursued during reconstruction. Anti-corruption programs should be pursued as soon as possible.

### **Rethink democratization programs in fragile, post-conflict states.**

Haiti raises some troubling issues about democratization of countries that have no tradition of democracy, have leaders who value democracy only to the extent that it serves their political or individual interests, and are impoverished. There are no good answers about how to promote democracy in these countries using foreign assistance. But it is time to start asking tough questions.

### **Consider whether CSOs are the solution or the problem.**

Civil society organizations in many ways are the foundation of modern democracy. CSOs, as political scientists tell us, are responsible for aggregating interests of their constituents, then articulating them to people in or seeking power. But in Haiti where there is a single dominant dysfunctional party and dozens of loosely-tied factions and interests, no bounds on incivility, and violence is the preferred method of resolving disputes, is funding CSOs a good strategy? Would this not be the equivalent of France funding political groups in a U.S. state, because they were unhappy that it was dominated by Republicans? CSOs are important, but donors need to think more carefully about when and how they promote them during the post-conflict reconstruction phase of an assistance effort. The United States has been widely criticized for appearing to use CSOs to undermine governments, under the guise of democratization. CSOs also make it possible for elites to agitate in the political system in low visibility ways through surrogates. It will be difficult to reduce influence of CSOs in development assistance.

### **Do not rush to hold elections.**

Elections are the mainstay of democracy. But nearly all countries hold elections, even authoritarian states like Cuba. What makes elections important to democracy is that they are legitimate, free and fair, and that people and political parties and actors accept them. Haiti in the past 15 years, including the February 2006 election, demonstrated that it can hold elections, but these have not been viewed as legitimate. To make matters worse, countries and regional organizations accept illegitimate election results that they should not, and fail to accept legitimate results when they should. This politicizes elections even more. We need to rethink importance of equating democracy with elections during a post-conflict reconstruction period. OAS Ambassador to Haiti, after assessing the situation in 2003, reached a similar conclusion: "Elections anytime within the next few months are likely to do more harm than good because: the security situation in the country would not

permit full participation in safety; opposition parties would be grossly unprepared; participation would be very limited; there would very likely be violent clashes; the result of the elections would be unrepresentative of popular will; and, such solutions not under *Resolution 822*, probably would not be recognized as valid” (Todman, 2003). Gerard Le Chevalier, head of the UN electoral assistance mission, had even stronger words about the impending 2005 elections: “The idea that hit-and-run elections will overcome a crisis is wrong—more often than not elections generate civil wars rather than solutions. What Haiti needs is a process of negotiation and dialogue and democratically elected authorities who behave democratically” (Lakshmanan, 2005).

### **Do not use elections to cut and run.**

Many commentators suspect that the rush to hold elections is a way for donors to declare victory, and leave reconstruction to a newly-elected government. Elections have become an “exit strategy” for the international community, who might be accused by some of wanting to invest aid in countries that are more deserving. If this is true, then a great disservice is being done to democracy (Orr, 2002, p. 142).

### **Expand opportunities for poor people to participate in the political system.**

Many informed observers suggest that poor people in Haiti would like a voice in the country, having grown tired of being exploited by a small economic/political elite and a larger cadre of people who would like to become elites. This is why Aristide was and remains popular among the poor. Democratization efforts to date, as observed above, have focused on elections and CSO formulation. But elections have made little difference in poor people’s lives and CSOs are dominated by elites who may not represent or even care about their poor constituents. What is needed in Haiti and other developing countries are much expanded opportunities for poor people to directly participate in political affairs. There are many effective models for achieving this: they ought to be considered in fragile, post-conflict countries (Buss and Redburn, 2006).

Rather than trying to mobilize the poor through CSO activity, donors might want to consider creating an “enabling environment” in which the poor are given incentives for collective action and mobilization, especially removing obstacles (Moore and Putzel, 1999). Consider mobilization in Western democracies. There are few programs to create CSOs and like organizations. Why? People who believe their interests are not adequately dealt with in the political system will find ways to organize themselves.

## **Consider supporting democratic institutions, rather than individuals.**

The rise and fall and rise and fall of Aristide is controversial: was he a truly democratic figure under assault by reactionary, undemocratic elite forces, and so deserving of support, or was he another in a long line of rulers who talks about democracy but is a tyrant? Regardless of whether Aristide was or was not democratic, or intended or did not intend to remain in power indefinitely, the fact that so many believe one way or the other, and the fact that Haiti is in shambles, indicates a more careful reconsideration of supporting specific country leaders versus supporting democratic institutions is in order. Foreign assistance comes into play because it was used both to support and unravel—sometimes at the same time—Aristide's regime, and as such becomes tied to it.

## **Understand how aid affects legitimacy.**

As events in Haiti so clearly demonstrate, even the most corrupt, dysfunctional, autocratic government seeks legitimacy if it can get it. Constitutions, elections and foreign assistance all can legitimize government really bad governments. When this occurs, donors have the worse of all worlds: they give legitimacy to the illegitimate and likely fail in the end in their ambitions for democratization. Legitimacy should be of great concern in aid provision (Orr, 2002).

### *Rule Of Law*

## **The judicial system must be re-engineered in its entirety, not in parts.**

The rule of law undergirds democracy, and must be a high priority in foreign assistance. Indeed, it is the mainstay of good governance. In Haiti, a lot of funding was allocated to the rule of law, but the judicial system appears to have made only marginal gains. One reason for this was that assistance was fragmented across donors and lacked coherence. It was comprised of a myriad of small projects, many insufficient to achieve the donor policy goals. And commitment by the Government was weak. The rule of law is one sector where donors must harmonize and align if results are to be achieved.

## **Reconstructing the judicial system cannot be done effectively in isolation.**

The judicial system is itself only part of the system of governance. In order for it to be re-engineered, operations of the executive and legislative branches must also be reconstructed. One necessary condition is that the executive and legislative branches commit to judicial reform, providing leadership, policy and funding to make it work.

## **Legal reform should change political culture.**

A critical factor in successfully bringing a country under the rule of law is to build a culture where legal norms prevail over individual authority. This is extraordinarily difficult in fragile states where political leadership promotes democratic principles only so long as they benefit. In Haiti, presidents who found institutions inconvenient, created new ones or ignored existing ones. Unless donors or leaders find a way to break this pattern, rule of law and democratization will be only a dream.

### *Justice & Reconciliation*

## **Pursuing justice for those killed or wronged during conflict may have no solution.**

The rule of law is founded on the notion that no one is above the law. But what happens when rebels, thugs, criminals, murderers and the like, break the law to overthrow a government, especially one that has not established much legitimacy and one that behaves lawlessly? Are the law breakers really freedom fighters and perhaps immune from prosecution? What happens if law breakers take over the government and eventually become legitimate? Many Sub-Saharan and Middle Eastern countries have leaders in power who got their through revolution, mostly violent. Haiti is no exception. Aristide punished Duvalierists who opposed him, but did not bring his own followers to justice. Apologists seriously contended that this was acceptable because the opposition did it first. The Transition Government is bringing Aristide supporters to trial but not many who opposed him. Some one needs to break the cycle of violence in Haiti.

## **A national reconciliation effort is necessary to prevent future violence.**

Like South Africa, Haiti initiated a national reconciliation effort to reduce violence and promote healing to allow recovery to begin. Smaller efforts at conflict resolution have been funded by donors. Nothing has worked. These efforts have thus far been poorly conceived or poorly supported. Because of their importance, donors must determine why programs failed and make them right.

### *Public Sector Reform*

## **Do not confuse civil service reconstruction with civil service reform.**

Donors in Haiti appeared to equate civil service reconstruction with civil service reform. It may have been wrong to do so. Haiti's civil service, it is true, was and remains much in need

of reform—phantom employees, incoherent human resources policies, unskilled personnel, rampant corruption, low salaries, political influence, under- and over-staffing. As dysfunctional as the civil service is, it remains the only mechanism to administer the country during the post-conflict era. Reforming the civil service during the reconstruction phase in foreign assistance greatly disrupts an already bad situation, making aid administration and general management all but impossible. As a result, donors will by-pass government for the delivery of aid programs, denying opportunities for capacity building. Donors may want to work within the existing bureaucracy to determine who can do the job, and ignore or marginalize dysfunctional elements until reforms can be put in place. Few bureaucrats will participate in a reconstruction program while their jobs are being eliminated.

### **Institute anti-corruption programs immediately.**

Governance in Haiti unfortunately seems to have been built on corruption. Why corruption? low civil service salaries, bribes and embezzlement; lack of transparency and accountability; opportunities for corruption; ineffective legal systems and enforcement impede investigations and prosecutions; political influence; pervasiveness; no commitment to stop; and tolerance of corruption. Generally, the more corruption the less aid effectiveness. The international community is becoming increasingly more adept at reducing corruption in developing countries. And some countries have made major strides in reducing it. The foundations of anti-corruption efforts are a sincere commitment by country leadership not to tolerate corruption and when corruption is exposed, perpetrators are brought to justice publicly and swiftly. Donors must insist that developing countries end corruption as a high priority. This will require a well-functioning judicial system.

### **Postpone decentralization initiatives until post-conflict reconstruction is well underway.**

Decentralization—transferring power and resources from national government to local communities—is the cornerstone of foreign assistance efforts. Decentralization can be fiscal, administrative or political. As with other reforms, decentralizing during post-conflict reconstruction is highly problematic. If the civil service at the national level in Haiti was unable to do its job, imagine how difficult it would be for thousands of local officials, many without experience or resources, to manage villages, cities and regions. Aristide's ouster in 2004, local officials discovered that government offices had been ransacked of everything including desks, file cabinets and anything of value. To complicate matters, thugs and opportunists roamed the streets with impunity. And no security forces, either local or international were to be found. How could these dedicated officials possibly administer the country. Rushing into decentralization may be ineffective until a country becomes normalized.

Importantly, though, the number of developing countries that have pursued decentralization and actually achieved it is surprisingly few given the attention to the issue. So there are few models donors can draw on to effect decentralization in fragile states.

### **Pursue privatization programs only with popular and governmental support.**

Privatization of government enterprises is a high priority, especially among multilateral. Government enterprises are inefficient, rent seeking, and political. They should operate like businesses. Haiti illustrates the necessity to lay the groundwork among people and leadership before wholesale privation. Premature privatization efforts will tend to be ineffective.

#### *Broader Context*

Unfortunately, democratization and public sector reform can not be addressed in a vacuum. They exist in a much broader arena where security, growth and development, and job creation are important, and pre-conditions for reconstructing a country. Without **security**, nothing positive is likely to happen in country. Likewise, unless countries establish necessary **structural reforms**, economies cannot grow and develop. Above all, poor people need **jobs**. If they do not see any positive gains from foreign assistance, they will likely be manipulated by those who will promise a better life.

### **Implications for Country Debt and Accountability**

#### *Rethink debt release/forgiveness in context of aid failure*

It is arguable to what extent either Haiti or donors contributed to aid failures. Is blame 50/50, 40/60, 60/40, or some other proportion? It is difficult to say. But it does raise a question about the extent to which fragile countries deserve debt relief if aid failures is attributable to some extent to the actions of donors. Much aid flows to fragile nations in the form of loans, other flows are in grants. Why should a fragile nation pay debt service on a loan which failed because of actions of donor lenders? In other words, if donors design a poor election program, why should a fragile nation have to repay its debt to that donor? In the case of Haiti, some donors—World Bank, for example—have not offered debt relief. Others, Canada and the United States have paid Haitian debt service as part of their aid programs. A good moral case could be made that fragile nations through no fault of their own should not have to pay for the failures of others. This should be considered along with other issues in the debt forgiveness debate now underway in the international community.

## Prospects for Future

Haiti, under its Transition Government, has embarked on yet another effort at development—*Interim Cooperative Framework*. Given governance failures in Haiti, especially in the past three decades, it appears that Haiti and the donor community have done a lot of things right in this initiative. The Transition Government has been creating appropriate governance policies, processes and reforms, not to mention enacting laws, necessary to make the most of foreign assistance. The Haitians have partnered with the donor community to craft a strategy to help Haiti turn around over the next two years. On the donor side, bilaterals and multilaterals are effectively working together and with their Haitian partners. Everything seems to be in place for a successful outcome.

Only the upcoming elections—postponed at least four times—will portend Haiti's future. Everyone hopes that the new government will jettison the governance approaches common in the past and embark on new directions that will benefit the people. February 2006 elections and their aftermath will be telling.

## Footnotes

1. The views expressed in this paper are those of the authors and do not necessarily reflect those of the National Academy of Public Administration as an institution. The authors are solely responsible for any errors represented in the paper.

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