HAITI: MUCH ATTENTION, NO RESULTS.
WHY DEVELOPMENT ASSISTANCE DOESN’T WORK

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ABSTRACT: The present paper is an excerpt, with little adaptation, from the master thesis: ‘Project management’s contribution to international cooperation. How to make things work: ODA in Haiti’ wrote under the coordination of Prof. Dr. Horst Brezinski from Technical University Freiberg Bergakademie and Prof. Dr. Eng. Sabina Irimie from University of Petrosani, while benefiting from an Erasmus study scholarship at the first mentioned institution. It presents the case of Haiti, a small country facing big challenges and enjoying plenty of international attention especially due to the recent earthquake that struck the country at the beginning of 2010. The SWOT analysis inside the paper offers a detailed view of Haiti’s actual situation, identifying in the same time its problems and the variables that should be taken into consideration when designing programmes and projects targeting Haiti’s development.

KEY WORDS: Haiti; Millenium Development Goals; SWOT Analysis; Programmes and Projects.

JEL CLASSIFICATION: P45; E20; G18; I00; J01; L31; N52; Q17.

1. INTRODUCTION

Haiti was chose as a study case first because the attention it presently receives from the international community and as well because the challenges it raises. Haiti is not only a poor and underdeveloped country. Haiti resembles with a meticulously constructed worst case scenario that brings together regular natural disasters, abject poverty, political violence, corrupted governments, racial hate and discrimination.

International community’s ample answer to the crisis created by the earthquake that struck the country at the beginning of 2010 is an example of real international

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solidarity motivated by the wish to help. The international community proved itself to be united with other occasions like, for example, signing the nuclear non-proliferation treaty. But this was an act born from fear. It was an act made to increase the global security and to keep the status-quo of the big powers. Other regional organizations like OPEC are united in promoting their political or economic interests. But helping Haiti, a state that has little to give back is seems to be indeed a proof of humanity.

“Official Development Assistance (ODA) is defined as those flows to countries and territories on the DAC list of ODA recipients and to multilateral development institutions which are: 1. provided by official agencies, including states and local governments, or by their executive agencies; and 2. each transaction of which: a. is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b. is concessional in character and conveys a grant element of at least 25%" ["Is it ODA?" Factsheet, 2008]. In addition to financial flows, technical cooperation is included in aid. In conformity with DAC’s directives the costs for military aid, peacekeeping, civil police work, social and cultural programmes, military application of nuclear energy, research and anti-terrorism should not be considered and reported as ODA. All this costs represent foreign assistance but not official development assistance.

Even with this limitations there remain a lot of areas to which ODA could be allocated. Some of these areas are humanitarian assistance, community and capacity building, conflict prevention, nation and state building, good governance or economical development. The biggest international donor is the European Commission and its member countries, followed by United States and Japan. In the Table 1 we can see the first 10 DAC donors as amounts of ODA and percent of GNI in 2008 [OECD Report, 2010].

### Table 1. Top 10 DAC donors and their ODA in 2008

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<tr>
<th>Country</th>
<th>% GNI</th>
<th>US$ million</th>
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<tbody>
<tr>
<td>USA</td>
<td>0.19</td>
<td>26842</td>
</tr>
<tr>
<td>Germany</td>
<td>0.38</td>
<td>13981</td>
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<tr>
<td>UK</td>
<td>0.43</td>
<td>11500</td>
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<tr>
<td>France</td>
<td>0.39</td>
<td>10908</td>
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<tr>
<td>Japan</td>
<td>0.19</td>
<td>9579</td>
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<tr>
<td>Netherlands</td>
<td>0.80</td>
<td>6993</td>
</tr>
<tr>
<td>Spain</td>
<td>0.45</td>
<td>6867</td>
</tr>
<tr>
<td>Italy</td>
<td>0.22</td>
<td>4861</td>
</tr>
<tr>
<td>Canada</td>
<td>0.32</td>
<td>4785</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.98</td>
<td>4732</td>
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Other big non-DAC donors are China, Brazil, India, Russia and some Arab countries. As from the non-DAC donors registered which reported their aid flows to DAC we can mention the next countries: Saudi Arabia, Korea (become member of DAC in Jan. 2010), Turkey, Chinese Taipei, Poland, Kuwait, Czech Republic, Thailand, Israel, Romania. Most of the “new donors” are not members of the Paris Club or DAC or any other donor forum, making their development assistance to be hard to monitor and coordinate with the efforts of other governments or institution. The
main instruments for channelling the development assistance are multilateral institutions like United Nations Agencies, Funds and Commissions, European Union institutions, International Monetary Fund, World Bank Group, World Trade Organization (WTO), Regional Development Banks and other multilateral institutions; Non governmental organizations (NGOs) and civil society; public private partnerships and networks. It is estimated that there are between 3000 and 10000 non-governmental organizations in Haiti (Kristoff & Panarelli, 2010). But from this high number of NGOs estimated to work in Haiti only 550 are registered to the Haitian government. The Republic of NGOs as it was named has apparently the second number of NGOs per capita from the entire world, after India. It might seem unbelievable but 65% of the all donor contributions in Haiti are channelled through non-governmental organizations which make them to receive a lot of attention from the international community.

To name only some of this representative organization we will mention CONCORD (European NGO Confederation for Relief and Development), CCIC (Canadian Council for International Co-operation), Coordination Sud (French NGOS platform), Coordinadora (Spanish NGOs for Development), ABONG (Brazilian NGOs platform), Accion (Chilean NGOs platform) and InterAction. As aid is considered to be the key instrument in Haiti’s development, some concept clarifications should be useful in order to understand it better. Aid activity, for example, can take many forms and it is used for a project or a programme, a cash transfer or delivery of goods, a training course or a research project, a debt relief operation or a contribution to a non-governmental organization. Aid activities are financed through grants and “soft” loans (low interest rate and long duration) and the implementation of an aid activity can go on for several years (OECD-DAC, User’s guide to the CRS Aid Activities database).

Under bilateral aid we can find the activities undertaken directly with an aid recipient or with national and international non-governmental organizations active in development; and the promotion of development awareness and other development-related spending in the donor country (e.g. debt reorganization, administrative costs). Projects executed by multilateral institutions or non-governmental organizations on behalf of DAC Members are classified as bilateral aid (since it is the donor country that effectively controls the use of the funds). Multilateral aid is the one going to the regular budget of multilateral institutions.

At global level the most ambitious international development targets are represented by the Millenium Development Goals. They also represent a great cornerstone in DAC’s objectives as it commits the nations to a new global partnership with the purpose of ending extreme poverty and other development bound targets until 2015. Millenium Development Goals were established out of the eight chapters of the United Nations Millennium Declaration, signed in 2000. The deadline for achieving the goals is 2015. They include eradication of extreme poverty and hunger, achievement of universal primary education, promotion of gender equity and women empowerment, the reduction of child mortality rate, improvement of maternal health, fighting disease epidemics, ensure environmental sustainability and developing a global partnership for development.

MDG seem sometimes impossible to reach and for sure they are a real challenge for the international community and although there were 1.4 billion people
living in extreme poverty with under $1.25/day in 2005 and 10 million die every year of hunger or hunger related diseases there is still the believe that MDGs will be achieved by 2015 and that as, the United Nations former Secretary-General Ban Ki-moon declares the MDG feasible: "Eradicating extreme poverty continues to be one of the main challenges of our time, and is a major concern of the international community. Ending this scourge will require the combined efforts of all, governments, civil society organizations and the private sector, in the context of a stronger and more effective global partnership for development. The present Haiti can be understood and approached only on the basis of its history, taking into consideration the long term tension between black majority and creole minority population, their religious specificity combining voodoo practices with Roman Catholic ethic, the authoritarian leadership of the country, the long history of state kleptocracy and its rejection by the population, their colonialist history and outside intervention into their national affairs.

In 2006 Haiti entered on the list of HIPC [Heavily Indebted Poor Countries] eligible countries and during 2009 $1.2 billion from its $1.8 billion external debt was erased. With the interest rate and the new announced IMF loan of $100 million, Haiti’s external debt is estimated in 2010 at $890 million.

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<td>$21 billion</td>
<td>$40 million</td>
<td>$844 million</td>
<td>$1.4 billion</td>
<td>$1.8 billion</td>
<td>$890 million</td>
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In present, the largest multilateral holders of Haiti’s debt are the Inter-American Development Bank ($441 million), the IMF ($165 million, plus $100 million in new lending announced in January 2010 and $60 million announced in July 2010), the World Bank’s International Development Association ($39 million) and the International Fund for Agricultural Development ($13 million). The largest bilateral loans are held by Venezuela ($167 million) and Taiwan ($91 million).

Nevertheless in March this year, IADB agreed to cancel Haiti’s $441 million debt. In Venezuela, the president Hugo Chavez announced the cancellation of the debt and offered his support to Haiti in terms of fuel supply. Taiwan’s president, Ma Ying-jeou, announced in May 2010 that Taiwan cannot offer debt relief as the majority of the contracted credits are from banks rather than the from the government but instead they agreed to pay $12-13 million in interest on loans and Haiti will be exempt of making any payments in the next five years. As well, in March 2010, the international community pledged $5.3 billion to fund the initial phase of Haiti’s reconstruction over the next 18 months, including a contribution of $479 million by the World Bank.

In 2008, Haiti received $912 million in ODA flows from all donors combined. The largest donors were the United States, Canada, the Inter-American Bank, the European Commission and France [OECD. Aid to fragile state: Focus on Haiti]. The figure 1 indicates the sectors with the biggest financial allocation over the period 2007-08. The biggest amount of development assistance, around 30% of the total aid, was spent on social services particularly health activities, government services and peace-building activities. Other two sectors with a high financial allocation were health and population, humanitarian aid and programme assistance. Important sectors as
production and economic infrastructure and services were on the bottom of priorities and the aid received for these two was more than modest if we keep in mind the importance of the two sectors for the economical development of the country. Even though Haiti has a history of receiving development assistance that goes back in time with more than 50 years is still the poorest country in the Western hemisphere and one of the poorest in the world. As Larry Birns the director of Council of Hemispheric Affairs said, “If you want to get a pre-vision of the dimension of hell, you’ll go to Haiti”. The difficult situation of Haiti and the long history of development assistance make us wonder what is not done properly over there. There is no doubt that something is not done right or that, maybe, something is missing in the international actors’ approach. Maybe they fail to address to some of the structural causes of the situation, or focus too much on development assistance instead of focusing on trade policies or maybe the lack of trade barriers is more harmful than useful for Haiti. There are many questions that can be raised and we will try now to cover some of them.

![Figure 1. Humanitarian, peacekeeping and development aid between 2000 and 2008](image)

To understand why after so many years Haiti still find itself in a deplorable situation and more, seems not to head in the right direction, we need to analyse the variables characterizing Haiti’s plight. To understand easier the low impact of development assistance and its challenges in Haiti we will picture a SWOT analyse were the Weaknesses and Threats will represent the answer for the question – Why NGO’s and ODA didn’t have a real contribution to the development of Haiti?, and where the Strengths and Opportunities will represent the answer for the questions – What can they do to have a real contribution? The original paper takes into consideration the economical, political and social situation of the country. Because of space limitation we will be able to cover here only the economical situation of Haiti.

2. SWOT ANALYSIS ECONOMY (PRODUCTION, INVESTMENT, TOURISM AND UNEMPLOYMENT)
**Strengths** - Cheap labours force should be an ace in promoting Haiti to foreign investors. Almost half of the population lives with less than $1.25 per day. A very young population has the advantage of offering a lot of workforce without having the burden of paying for social services for a large category of retired persons. Natural beautiful beaches can be an asset used to promote tourism in Haiti.

**Weaknesses** - Unfortunately most of the labour force existent in Haiti is made by uneducated people or with no or low skills. This presume, that for some type of jobs, at-work training will be necessary, creating an extra cost for the investors. There is no adequate tourism infrastructure and the news that used to make the news headlines at the beginning of '90 that Haiti is the country where HIV/AIDS virus developed might be still affecting its tourism sector. Unemployment rate is estimated at around 30% for the country as a whole (45% in the metropolitan area), 32% for women, and 62% for 15–19 year olds [Government of Republic of Haiti. “Haiti Earthquake PDNA: Assessment of damage, losses, general and sectoral needs,” 2010].

**Opportunities** - Funds for education and professional reconversion. The strategy for recovery and development of Haiti contains plans about development of tourism sector and future funds will probably be allocated. The reconstruction of Haiti will require plenty of labour force, boosting the offer and decreasing the unemployment rate.

**Threats** - Some of the very serious threats for economy are the existence of a corrupted government or even the suspicious of corruption. They scare investors, donors and maintain an underdeveloped status quo of the country by offering contracts not on the criteria of efficiency and cost-benefits relation but on other criteria. Unclear and/or poor legislation and even instability of the legislation process in the sense that the laws are very often changed is another threat for investors and national entrepreneurs as the law can then be manipulated in the interest of specific groups. The impossibility of enforcing the signed contracts is another fear and threat. Untransparent practices in economy make the actors to play in an insecure economical environment which sometimes discourage them. It is estimated that there will be an 8.5% loss of jobs due to the earthquake that struck the country, particularly in the field of commerce, tourism, communications and transport.

### 3. AGRICULTURE, FISHING AND ENVIRONMENT

Agriculture is the most important sector in Haiti and it provides more than 50% of the jobs. A special attention must be paid to this sector, as in the present it is mainly characterized by subsistence agriculture. The development strategies don’t seem to put a real focus on the sector. Haiti, which in the past used to be able to feed its entire population from its harvest, must now import 80% of the food. We believe that a healthy agricultural sector is the key to reduce the dependency on aid and to give a push to the economic development of the country. Lack of support for this sector will mean that Haitians will always be dependent on humanitarian aid and imports of food without ever having food security and with even less chances of experiencing food sovereignty. Food sovereignty prioritizes local and national economies and markets and empowers peasant and family farmer-driven agriculture, exactly what Haiti needs.
Refusing to support the agriculture sector means refuse to support the economical emancipation of Haitians.

**Strengths** - The wide range of Haiti’s environments (different altitudes, diversity of soil types and diversity of climate) is of great importance for the agriculture as more types of crops grow. Another strength is the quality of the traditional seeds as rice, maize and beans varieties. For example, traditional varieties of rice are known to be more nutritious than the cheaper, American rice (‘Miami’ rice), which replaced them two or three decades ago as a result of trade liberalization. Haiti’s traditional rice is therefore better for combating malnutrition. One of the strengths of the fishing sector is the fact that, outside the small border with Dominican Republic, Haiti has a lot of water to use for fishing.

**Weaknesses** - One of the weaknesses of the agricultural sector in Haiti is the small subsistence farm. Peasants generally produce a small quantity of crops, as they do not have too much land, which is sufficient only for the family and some trade. The lack of irrigation systems is another weakness. Of the total arable land of 550,000 hectares, 125,000 hectares are suited for irrigation, and of those only 92,000 hectares (2003 est.) actually have been improved with irrigation. The deforestation process started by the French to make place for the crops and later by Haitian to produce fuel (charcoal) resulted in accelerated soil erosion, depleted fertility, reduced water retention and silting of the country’s waterways. It is estimated that Haiti loses around 10,000-15,000 hectares of once-fertile land to erosion every year [New Agriculturalist. Country profile – Haiti]. It is estimated that only 2% of the country is still covered by forests that are anyhow in danger due to the peasant practice of making fuel from wood. Natural disasters are common for Haiti as it lies in the middle of the hurricane belt and is subject to severe storms from June to October, occasional flooding and earthquakes and periodic droughts. As Haiti’s trees have disappeared, landslides have become a major concern, especially during the rainy season, and the destabilizing effects of an earthquake on soil only worsen the problem [Than K., 2010].

**Opportunities** - One opportunity resides in the creation of peasant cooperative to increase production but also the power on the market as sellers. Income generation programs should be complemented with nutritional programs to prevent households from using seed capital and micro credits for food consumption. Funds for developing irrigation systems, micro-credits system for peasants, and creation of a system of agricultural instruments use (tractors etc). Reforestation programmes are being develop and implemented, but they can function only if peasant will find an alternative way of making charcoal (from coffee bushes for example). Reintroducing trade tariffs for imported products and giving by this the possibility to the Haitian government to accumulate some finances and to the Haitian products to be able to compete with imported cheaper food products.

**Threats** - Cheap seed and food brought imported in the detriment of local peasants whose work is now uncompetitive. This results in an increased number of unemployed persons living at the mercy of humanitarian aid. Erosion of the fertile soil is another threat. The over use of some fishing sites might led to depleting the fishing stocks.
4. CONCLUSIONS

Other solutions might be probably offered and we are not stating that this is the only way to act in Haiti. What we state is that if the structural grounds mentioned here will not be tackled in drawing development strategies for Haiti, a real multilevel and multisector development will not be possible. The production and economic infrastructure and services were on the bottom of priorities and the aid received for these sectors in the past was modest. The economy failed to develop and the people got poorer and poorer once with the destruction of the agriculture sector by the US rice imports supported by IMF and WB with their policies of eliminating trade barriers.

ODA was not able to take Haiti out of poverty because it was no investing in economical development. Humanitarian aid, health education, sanitation facilities and access to clean water are very important. Although essential they do not make it to go out of poverty. They don’t make it competitive and ready to be thrown on the free market. We were hoping that production sector, including agriculture, will receive an increased attention in the reconstruction and development efforts which started after the January, 2010 earthquake. It seems that there was no lesson learned from history. Or at least for Haitians. What is indeed amazing is that damages in the productive sector (including agriculture, industry and retail) represent 10.54% from all the damages registered and the losses represented 28.47% of the whole losses registered, but the reconstruction and development strategy considers enough to redistribute 3% of the aid to the productive sector.

Money can buy many things, even reconstruct a destroyed educational or health system. It can very easily cover the costs for the road infrastructure, or for sanitation and housing. But it cannot very easily create an environment of peace, respect and dignity essential for development. Political violence, discrimination based on skin colour and spoken language, lack of solidarity between rich and poor, are realities of the Haitian society which are rooted back in history and which will have to be dealt with, sooner or later. It is understandable that on short-term projects for infrastructure development and other types of reconstruction will prevail, but on long-term, if the problems of the agriculture and production sectors and nation building won’t be tackled, is very less likeable that Haiti will ever break out from its aid dependency and is very less likeable that Haiti will ever develop.

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