

Empowering People: Human Rights Review of Haiti's Poverty Reduction and Growth Strategies

An Issues Paper

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Executive Summary

Adopting the human rights framework in search for sustainable solutions to poverty reduction can help keep attention on the ultimate goal of improving lives of people – rather than stabilizing the economy or GDP growth – and to the accountability of the state development efforts to the people.

This paper argues that while significant strides have been made in restoring order, reducing violence and political turbulence, establishing a stable macroeconomic environment, and in responding to urgent humanitarian needs, there has been little progress in accelerating growth and improving the lives of the majority of the population. A major factor supporting Haiti and its people has been remittances that more than doubled in just 6 years from 2001 to 2007; a flow that has begun to decline and is likely to diminish further with the onset of the global economic recession.

Sustained and long term progress for poverty reduction will require massive social investments that open up social and economic opportunities and strengthen their claims to citizenship rights. To improve their incomes – and to stimulate economic growth nationally – investing in productive potential of people is likely to be the most realistic approach. This is because Haiti is characterized by high level of inequality, with a huge divide between the mass of the population and the elite, the richest 10% who account for 47.7% of national income and the political influence that this brings. In such a context, aggregate growth is unlikely to pull the poor along rapidly enough and ‘trickle down’ will be slow. Redistribution will not be a politically realistic solution either. Improving lives of the majority of the population – who are poor – would require a more direct approach to empowering them through investing in their education, improved health and productive capacity.

The paper thus argues for more attention to stimulating *pro-poor* growth, especially through shifts in government and donor policies and priorities in the following directions:

- (i) increased budgetary allocations from national and external sources to agriculture and rural development (including environmental protection and restoration) more broadly targeted to empower people to reach their productive potential. This sector has been in decline in part because of a vicious circle of low productivity, underinvestment in supportive institutional and physical infrastructure including environmental protection. Current allocations are under 10% from the national resources and just 2% from donor sources. Opportunities for increasing productivity (when productivity is very low, even a small increase across a large number of farmers can have a significant impact) and new niche opportunities in Caribbean and other markets should be explored;
- (ii) improving balance in donor priorities between productive sector, social services and governance. Donor priorities are currently focused on humanitarian aid, social infrastructure, meeting basic needs and institutional reform to strengthen governance.

According to OECD data, these sectors received 72% of all 2007 aid disbursements from DAC donors and multilaterals including food aid (8%), and humanitarian aid (7%).

While social investments are important, they are not sustainable without investment in the productive base of the economy. Social services are essential for the fulfillment of human rights to education, to healthcare, and social security and a massive investment in these sectors is still needed. But the current allocations are unbalanced; economic growth is needed for the fulfillment of the human rights to housing, to food, and productive work. The growth pillar of the national poverty reduction strategy (DSNCRP or PRSP) is only financed by 20% and is not included in the programmes of major donors such as the UN system. The current priorities are premised on the assumption that the institutional conditions are too weak for sustainable investment in productive sectors. But this is a self-fulfilling prophesy that leads to continued state weakness and economic vulnerability; approaches to supporting productive capacity of poor can be developed –

- (iii) such as micro-credit that take account of these constraints and overcomes them; preparing for the implications of the global recession and decline in remittances to the Haitian economy and household incomes by reviewing macroeconomic frameworks;
- (iv) a search for new approaches – or a new paradigm - to donor support. Along with eradicating poverty, the ultimate purpose of official aid is to reduce state fragility by strengthening government institutions and capacity for sustainable development. The human rights framework of empowerment and accountability can help identify some key issues. First, aid dependence can have a perverse effect on state capacity by undermining state legitimacy and distorting accountability to its people as the state becomes more dependent on financing from external donors than tax revenues from the people. A vicious circle of administrative weakness can also set in when donor programmes set up parallel implementation mechanisms that de-institutionalize services that are the responsibility of the state. The international community and government need to seek new mechanisms to counter these tendencies. One practical initiative might be for the government to work out what it would take to increase the share of budget support from the current level of 4%, and to increase domestic tax revenues from its current level of 10%. Second, aid dependence can weaken the democratic accountability of the state to people, as government becomes more accountable to donors while the donors are in turn accountable to their own public. Such tendency can be countered by building mechanisms of democratic accountability such as institutional innovations where civil society become involved in state decision making such as budgets and monitoring development projects including those financed by donors. Ultimately, the aid-recipient relationship will have to shift from one of charity to mutual responsibility and national ownership.

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Introduction

In the context of its new priority to broaden the scope of its work to economic, social and cultural rights, and to the challenges of poverty generally, the MINUSTAH Human Rights Section (HRS) commissioned this review of Haiti's current development and poverty reduction strategies from a human rights perspective. This paper seeks to contribute to the HRS' programme formulation, as well as to broader debates on the human rights impact of strategic policy choices made by the Government and its international partners. The paper does not present a comprehensive analysis of economic policy. Instead, it raises a series of key issues in national economic and social policies, and development cooperation priorities, which are critical to human rights and require policy attention. The paper is based on a mission conducted in March 2009, during which meetings were held with a large number of key actors in government, civil society, and the donor community. Its findings are addressed to the broad audience of stakeholders in Haiti's poverty reduction strategies.

'Development' and 'poverty eradication' can have diverse meanings. In Haiti, as is common elsewhere, these concepts are conventionally equated with economic growth. [--] However, from the human rights perspective, there is no significant 'development' unless growth expands the economic, social and political opportunities and resources that make possible the realization of basic human rights. Such realization means that every man, woman, child – regardless of social background – increasingly enjoy basic economic, social, cultural, civil and political rights, such as the right to education, health care, food, housing, social security, productive work³. It also means the respect of the basic principles of human rights, namely: *(i) universality of human rights; (ii) equality of persons and non-discrimination, (iii) participation of people in decisions that affect their live and empowerment, (iv) accountability of the state to the people for their obligations to respect, protect and fulfill human rights of citizens, and (iv) empowerment of people to take charge of their own lives.*

¹ The author is grateful to Lizbeth Cullity, Lisa Mbele-Mbong, Alfonso Barragues, Christian Privat for their participation in the mission and comments on the draft of this report, as well as all others who gave valuable information, perspectives and comments. The paper's contents, however, remains the sole responsibility of the author. It is an independent report and does not reflect the views of the OHCHR, nor of MINUSTAH

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³ See Universal Declaration of Human Rights, adopted by the UN General Assembly, 1948

Government and the donor community are making concerted efforts at poverty reduction and economic growth, with priorities laid out in the national policy framework *Document de Stratégie Nationale pour la Croissance et la Réduction de la Pauvreté 2008-2010* (DSNCRP – Haiti’s Poverty Reduction Strategy Paper or PRSP) published in November 2008⁴, the 2008 Post Disaster Needs Assessment Mission Report (PDAM), and the January 2009 Collier report. There is a growing willingness to consider creating jobs and increasing incomes of the majority of the population as priority policy objectives. This is not only because poverty is widespread and deep, but also because it is inter-related with security and political stability challenges. The 2008 demonstrations against the high cost of living are widely suspected to have been manipulated by political spoilers. Nonetheless, the level of widespread popular participation served as a reminder of the real frustrations of the majority of people who spend more than half of their household budgets on food⁵. As Paul Collier writes in his recent report⁶ ‘for the maintenance of social order military security must rapidly be superseded by economic security’.

Adopting a human rights framework in the search for sustainable solutions to poverty reduction helps keep attention on the ultimate goal of improving lives of people – rather than stabilizing the economy or GDP growth – and to the accountability of the state to the people. Without an explicit reference to the human rights framework, there is a danger that policy choices would be guided by ‘how to achieve higher growth rate’ without the question ‘for whom’; that the fact that many of the poor people live in rural areas would be forgotten while the concern for security threats that originate from unemployed urban youth would lead to concentrate investments there; or that programmes be driven by the question ‘what do the poor people need’ rather than the question ‘what can the poor people do?’

Context: Poverty and Economic Growth

The major achievements of government policy since 2005 are well known and recognized. In addition to the establishment of a more stable political and security environment, a more stable macroeconomic environment has begun to emerge. The country faced severe shocks in 2008 from food and fuel price hikes and the successive natural disasters that destroyed 15% of the GDP. In spite of these shocks, as IMF reports, the country succeeded in managing deficits in budgets, trade and foreign exchange⁷. Macroeconomic management and performance remain in line with agreements made with the IMF under the Poverty Reduction and Growth Facility

⁴ PRSP is a government policy document that is agreed with the World Bank and the IMF as part of the process for obtaining debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. Debt relief is provided on the understanding that the resources that become available would be used for poverty reduction purposes according to a strategy outlined in the PRSP.

⁵ Yasmin Shamsie, ‘Short and Medium Term Perspectives for the Haitian Economy: fostering Pro-Poor Economic development’ July 2008, paper presented to Conflict Prevention and Peace Forum, Social Science Research Council

⁶ Paul Collier, ‘Haiti: From natural Catastrophe to Economic Security’, A Report for the Secretary General of the United Nations, mimeo, January 2009

⁷ IMF, March 2009, IMF Country Report 09/77

(PRGF), and the country is on its way to reaching the ‘completion point’ under the Highly Indebted Poor Countries (HIPC) and Initiative meeting the conditions for debt relief⁸.

Stagnant growth

These gains stand in contrast to the lack of progress in building the productive base of the economy and in reducing human and income poverty. As illustrated by key economic and social indicators in Annex 1⁹, the economy began showing positive growth in 2005. But this has to be seen in the context of a rebound from the decline of 2001-2004. The most dynamic element was the rapid growth of remittances which more than doubled over the last several years and are now the largest single source of foreign exchange.

The premise underlying the economic growth strategy in Haiti has been that once a more stable environment is established on a political, security and economic fronts, private investments – both domestic and foreign – would begin to take off in response to market incentives. While significant improvements have been made to establish and maintain a stable environment, the anticipated investment response has not materialized.

Many explain this by the external shocks of 2008, but other factors should be considered. First, Haiti still suffers from an image problem that detracts from confidence of investors. Second, institutional support such as access to credit is severely constrained for domestic ‘investors’, whether they are small enterprises or simply producers in the traditional and informal sectors. Third, there are also questions posed, for example by Gert Rosenthal in his report¹⁰ for ECLAC and MINUSTAH, regarding Haiti’s policy of rapid trade liberalization starting in the early 1990s. He states that ‘Some would argue that the rapid and aggressive trade liberalization, inspired by international leaders, was detrimental to some productive activities – rice is often offered as an example – which could have remained internationally competitive (i.e. without acting to the detriment of the Haitian consumer) had producers benefited from longer period of adjustment.’¹¹ Rosenthal goes to point out that while reversing these policies is not a realistic option, to make ‘openness’ work, trade policy would need well targeted, select complementary policy measures to boost domestic output and employment based on the internal, not just external, markets.¹² Finally, there has been underinvestment in productive infrastructure – a point that will be developed in later sections.

Slow (or no) progress in reducing multidimensional poverty

⁸ See supra note 6. Completion point is when the country meets all conditions and receives the agreed debt relief.

⁹ Page 15 of present report

¹⁰ Gert Rosenthal, ‘Haiti : Short and Long-Term Development Issues’, ECLAC, LC/MEX/L.683 18 October, 2005

¹¹ Rosenthal, op cit. p.10

¹² The Rosenthal goes on to explain that ‘while there is leeway in designing alternative policy responses to improve the country’s insertion into the international economy, especially through the application of selective micro and meso-economic policies...there is no alternative to imaging Hait’s long term development as a function of economic globalization’.

As for poverty and the basic living conditions of the population – the majority of whom live on less than \$2 a day – there has been slow improvement in the recent years, if any at all. This follows a trend over the longer term. In fact, as is documented by Millennium Development Goals monitoring paper by the *Observatoire National de la Pauvreté et de l'Exclusion Sociale* (ONPES),¹³ there has been extremely slow or negligible improvements in meeting minimum standards in education, health, nutrition, and basic income. While literacy rates have risen, primary school enrolment rate is still at 50%, with no increase since 2000. In some respects, the situation has even deteriorated; extreme income poverty rates (by the \$1 a day measure) rose from 48% in 2000 to 56% in 2008, and maternal mortality increased. A recent World Bank research paper also states: “Social indicators such as literacy, life expectancy, infant mortality, and child malnutrition also show that poverty is broad in Haiti. Around 4 out of 10 people cannot read or write; around 20 percent of children suffer from malnutrition, nearly half the population has no health care and more than four-fifths have no clean drinking water. Although still very high, these indicators show that poverty in non-income terms decreased in the last decades. However, most of the social indicators do show that poverty has increased since the mid-late 1990s. Moreover, the gap between rich and poor people and between regions is still large, such as between the Northeast and West region.”¹⁴

Structural inequality

Poverty is widespread but is particularly concentrated in rural areas. The disparity is sharp between the metropolitan region and rural areas, whether it is in incomes, health and education outcomes, access to infrastructure.¹⁵ A recent analysis of the first national household survey¹⁶ shows that while the indigent poverty rate would be about 58% in the rural areas, 50% on average for the country, it is 20% in the Metropolitan region. But the poverty and divides within the Metropolitan regions are also acute.

Poverty in Haiti is a structural condition of an unequal and divided society with a small middle class, in which economic wealth and political influence that comes with it are concentrated in the hands of a small elite. Income distribution is one of the most extreme in the world, with the gini coefficient registering 0.65¹⁷ which is higher than in Brazil. The top 20% of the income group accounts for 69.6% of the national income, and the bottom 20% only 1.4%; the top 10% has 47.7% of national income and the bottom 10% only 0.7%. In these conditions, it is hard to imagine a ‘trickle down’ process, where growth would benefit the majority of the population. Improving lives of the majority of the population – who are poor – would require a more direct

¹³ ONPES/Ministère de la Planification et de la Coopération Extern, *Plaidoyers pour le Haiti au travers les Objectifs du Millénaire pour le Développement (OMDs)*

¹⁴ Dorte Verner, ‘Making Poor Haitians Count’, World Bank Policy Research Working Paper 4571, March 2008

¹⁵ See analysis and data in DSNCRP; Dorte Verner, op cit; ONPES op cit.

¹⁶ l’Enquete sure les conditions de Vie en Haiti (Haiti Living Conditions Survey, 2001) analysed in Verner, op cit.

¹⁷ DSNCRP p. 35 table 2

approach to empowering them through investing in their education, improved health and productive capacity.

Global recession

In the coming year, the global recession will present another external shock to the economy and individual households. Lower world market prices for fuel have meant lower prices and Haiti is not affected by capital flight or falling exports like emerging markets. But the country is heavily dependent on remittances which have already begun to decline; January and February inflows are lower by 2.7% and 5.8%, respectively, compared to the previous year¹⁸. This will have a severe impact on households in all categories as remittances are a source of about a quarter to a third of household incomes¹⁹.

World leaders at the recent G-20 meeting in London and elsewhere have already recognized the severe consequences of the global recession for countries such as Haiti and called for international support to finance stimulus packages – counter-cyclical measures expansionary measures as implemented in the US and other rich countries – that would be an alternative to budget cuts and other measures that further contract the economy. In Haiti, the government and the international community need to consider such policy alternatives.

Underinvestment in productive capacity

In the context described above, economic stagnation and low incomes of the majority of the population are key obstacles to the realization of human rights. The documents currently shaping policy choices identify four principal strategies for achieving this goal: reconstruction of infrastructure (DSNCRP; PDAM; Collier); expansion of export zones (Collier); agriculture (DSNCRP; PDAM); tourism (DSNCRP). However, these have not been the priority areas in the allocation of domestic and external resources. Much of the development budget is financed by external aid. Domestic resources account for only about a tenth of the national development budget, and if all the donor resources were included in the national budget, the proportion would be even smaller. Thus, donor resources essentially finance the development budget. Donor strategies in Haiti vary, but in general, the consensus among the international community has been to focus on achieving political, security and macroeconomic stability. Development aid has focused on two priorities: 1) institutional reforms that have been identified as key obstacles to growth and development, as well as the effective use of aid, and 2) meeting basic needs through humanitarian and social sector interventions. As a result, there has been little investment in support to productive infrastructure.

According to the Minister of Planning and International Cooperation, of the three pillars of the DSNCRP, the economic growth pillar is the least funded (about a fifth of requirements) while the

¹⁸ IMF, 2009, op cit.

¹⁹ Dorte Verner, op cit.

social pillar has received nearly half the requirements. Despite the principles laid out in the Paris Declaration on Aid Effectiveness, data on donor allocation of resources are difficult to track down as there is no single consolidated dataset on donor flows that is disaggregated by aid type and by sectoral/regional/ministerial allocation. Using OECD database, Table 2 shows the sectoral allocation of official aid flows (including DAC donors and multilaterals but not Venezuela and other non-DAC members). Data for 2007 disbursements show only 2% of project aid went to productive sectors and 10% to economic infrastructure while the bulk remained focused on social infrastructure and services (82% of project aid or 72% of total). As Haiti only receives 4% of aid in the form of budget support, the national budget has little available for investment in productive sectors and economic infrastructure generally.

It is true that the population is in dire need of basic services in health, education, water and sanitation. Moreover, these are not only basic human rights but also investments in their productivity. Yet the distribution of resources appears to be unbalanced. Together with food aid (8%), and humanitarian aid (7%), 72% of all aid disbursements in 2007 from DAC donors and multilaterals went to meeting basic needs. This is over 4 times the level advocated globally to commit at least 20% of external resources and 20% of domestic resources to primary social services.

These trends are consistent with donor strategies in Haiti. Since 2004, the international community in Haiti has aspired to political stability coupled with growth and job creation, nonetheless, it focuses mainly on economic and political governance (namely the macroeconomic policy management and institutions of economic and political governance without which public investments in productive sectors would be wasteful) and little on the country's productive capacity. This position is most often expressed with reference to financing infrastructure. While infrastructure can have significant employment creation impacts and should thereby constitute an important priority, there is reluctance on the part of donors to support these investments because of Haiti's poor record in public infrastructure maintenance. But as Collier²⁰ points out, because donors do not finance recurrent costs, they create incentives for the government to prioritize new investments rather than maintenance.

For donor agencies, it is easier to justify aid to Haiti on humanitarian grounds, than it is as an investment in economic development. Thus the recent resurgence of interest in agriculture since the 2008 demonstrations is driven by the logic of hunger rather than by the logic of income, productivity and jobs. The UN development cooperation strategy for Haiti is subtitled 'for inclusion and social protection'. It has three pillars: democratic governance, 'human development (social sectors), and environment and management of natural disasters. While intended to be pursuing development and well being of all Haitians, and DSNCRP priorities, it has entirely left out support for improving economic productivity, one of the central pillars of the national strategy. From the human rights perspective, this language and orientation is

²⁰ Collier 2009 op cit

unfortunate since it can lead to the neglect of rights to housing, productive work and participation.

Agriculture and rural development – a neglected priority

Economic growth does not always lead to improving incomes of poorer households and well being of the population. *Economic is not always 'pro-poor'; aggregate GDP growth is not always accompanied by increasing the incomes or well being of the poorest segments of the population.* The effectiveness of growth to reducing poverty – or 'pro-poor growth' - depends particularly on the level of inequality, the sectors generating growth, and the extent to which resources are allocated to building human capital that allows poor people to be more productive. With its high level of inequality in Haiti, economic growth is unlikely to have an impact on reducing poverty unless deliberate efforts are made to promote productivity increases of poorer households directly, or redistributive measures are undertaken to reduce inequality²¹. It is more politically feasible to stimulate income growth of the poor population, most of who are engaged in agriculture and informal sector activities. Collier²² proposes expansion of export zones to take advantage of Hope II legislation that opens up markets for Haitian exports. This will be a positive step. It could create jobs in isolated, often urban, areas but will not do much for the majority of the rural and urban poor.

In Haiti, with approximately 55% of the population in rural areas, and two thirds of them relying on agriculture as the main source of income, this sector is still the predominant economic base for the population²³. Agricultural development can play a central role in poverty reduction because it is the source of direct and indirect livelihood of the majority of the poor. There is considerable empirical evidence of the important role of agriculture sector growth in poverty reduction. Moreover, the experience in countries such as Thailand, Malaysia, Korea and India, who have achieved rapid poverty reduction with fast growth in recent years shows labour intensive export-oriented manufacturing needs to be complemented with deliberate investments in agriculture. These countries invested heavily in a supportive institutional and physical infrastructure such as feeder roads, agricultural credit, agricultural research and extension to upgrade technology. In addition, expanding access to education and health had important impact on human capital and on productivity. Conditions in these countries are not so different from those in Haiti as they are based on small scale family holdings that were oriented to subsistence production, rather than large scale plantation agriculture characteristic of South America, or large mechanized farms of North America.

²¹ See a recent paper by Shamsie (2008 op cit) for a clear elaboration of this point for Haiti.

²² Collier op cit

²³ World Bank, March 2008, Republic of Haiti: Public Expenditure Management and Financial Accountability Review (PEMFAR); République d'Haiti, Coordination Nationale de la Sécurité Alimentaire (CNSA), novembre 2007, 'Analyse Compréhensive de la Sécurité Alimentaire et de la Vulnérabilité en Milieu rural Haitien'

Agriculture used to be the mainstay of the Haitian economy but has been in decline over the last decades, its share of the GDP declining rapidly over the last decade from 40% in the early 1990s to 25% in 2005²⁴. Agricultural exports have become negligible. The rural population as a proportion of national total has declined from 80% in 1980 to 55% in 2007, indicating rural exodus driven by lack of opportunities.

Many policy makers consider agriculture to be not worth investing in because of its low productivity, serious environmental degradation, and land tenure constraints. But there is a ‘chicken and egg’ problem in this reasoning. The low productivity and environmental degradation are as much a result as a cause of underinvestment in infrastructural support to this sector, and a macroeconomic environment that was pitted against domestic producers²⁵. It is argued that Haitian agriculture is not productive and not competitive, yet the decline in agriculture also began with the disengagement of state support and the on-set of a macroeconomic environment which penalized domestic agricultural production, including over-valuation of the currency and dramatic reduction of import tariffs, for example from 50% on rice in the 1980s to 3% today²⁶.

The decline in agriculture is not surprising given the neglect of this sector. As the World Bank Public Expenditure and Management Review (PEMFAR)²⁷ documents, there has been a systematic neglect of this sector as a priority. According to PEMFAR, the Ministry of Agriculture and Rural Development accounted for only 3.3% of the recurrent budget over 2002-2004 and 4.4% over 2005-2007, and only some 4% of the investment budget. This was less than 10% of what the Ministry had requested. OECD data on donor allocations show commitments to agriculture averaged around 7% of total since 1995 to 2006 but was down to 2% in 2007 with \$10 million out of \$624. As virtually all of the capital budget is financed from external resources, this leads to very little investment in agricultural support infrastructure such as roads, research and extension which are essential in any country.

Haiti’s agriculture cannot hope to compete in global markets when Haiti’s farmers receive so much less support from state investment in institutional and physical infrastructure than farmers benefit from in other countries – even without considering the subsidies that are provided to US and European producers of rice and other competing products. Yet given the important social role of agriculture in Haiti, support to this sector and to rural development more broadly, deserves priority consideration for public support. Malawi offers an interesting example in this

²⁴ World Bank, March 2008, Republic of Haiti: Public Expenditure Management and Financial Accountability Review (PEMFAR)

²⁵ Cécile Couharde, May 2005, ‘*Caractéristiques du cadre macroéconomique de la production alimentaire en Haïti et analyse de son impact sur la compétitivité de l’agriculture haïtienne.*’ Ministère de l’Agriculture et la BID.

²⁶ PAPDA, Septembre 2008, ‘*Crise alimentaire et les défis de la relance agricole en Haïti: quelles réponses aujourd’hui?*’ ;

²⁷ World Bank, March 2008, Republic of Haiti: Public Expenditure Management and Financial Accountability Review (PEMFAR)

regard. After undertaking intensive measures to support food production, including fertilizer subsidies, Malawi was heralded by the World Bank and others as one of ‘the’ poverty reduction ‘success stories’.

There appears to have been a renewed interest in revitalizing agriculture in Haiti amongst some donors. Assessment reports were prepared and a donor conference held in July 2008 in Madrid. But again, this strategy is couched in terms of food security and humanitarian emergency response, rather than a strategy to increase domestic production, fulfill the right to food, and invest in the economic empowerment of the poor. The documents for the Madrid conference meticulously study the vulnerability of rural households, but were short on investments that could lead to economic dynamism or developing production for new markets²⁸.

Considering that the majority of the “food insecure” are in rural areas and are food producers, improving their productivity is a major avenue to securing the right to food in Haiti. The Special Rapporteur of Right to Food in his recent report has underscored the importance of measures to protect producers in developing countries for this reason²⁹.

Improving productivity of farmers could also be a viable economic investment strategy for pro-poor growth. A strategic investment strategy for agricultural growth is yet to be developed. Many consider that agriculture holds little promise in Haiti because of the constraints of environmental degradation, land tenure issues, small size of holdings and low technological level. The first two constraints need to be addressed as a part of the agricultural revitalization strategy while there is plenty of evidence from across the world that show small-scale farms to be more efficient than large farms. However, others note the potential for increasing yields with technological improvements, and exploitation of niche markets such as high quality coffee given the opportunities for export to North America, as well as market opportunities in the Caribbean region, especially with the CARICOM agreements³⁰.

The State and Partnership with the Aid Donors: search for new modalities and paradigm

Haiti has received generous development assistance from the international community, amounting to US\$707.4 million in gross ODA disbursements from DAC donors and multilaterals in 2007³¹. The 2005 per capita net disbursement was \$60, compared with average of \$18.2 per capita for low income countries and \$41.7 for Sub-Saharan Africa; or 12.1% of GDP compared

²⁸ See for example CNSA 2007 op cit.

²⁹ Report of the Special Rapporteur on the right to food, Olivier De Schutter, “Mission to the World Trade Organization, Doha Round will not prevent another food crisis” Presented to the Human Rights Council, March 9, 2009

³⁰ Pascal Pecos Lundy, juin 2007, Accords commerciaux internationaux et les implications sur le sous-secteur du riz en Haiti, PAPDA; Budry Bayard, 2007, ‘La Filiere Riz en Haiti: Diagnostic global et Perspectives’ Association des Agro-Professionels Haitiens

³¹ OECD Statistics Extract <http://webnet.oecd.org/wbos/index.aspx>> retrieved 23 March 2009

with 3.2% average for low income countries and 5.1% for Sub-Saharan Africa³². Like in other aid dependent countries, two core and inter-related challenges in Haiti are coordination of this aid in line with national priorities and aid effectiveness. Along with eradicating poverty, the ultimate purpose of official aid is to reduce state fragility by strengthening government institutions and capacity for sustainable development. However, it is well recognized, though not widely admitted, that aid itself can have a perverse impact and can in fact contribute to state fragility.

This can happen in several ways. First, when externally funded projects are implemented through institutions created in parallel to the administrative machinery of the government, the short term impact may be positive. But in the long term, such structures weaken the administration and legitimacy of the state. Second, aid dependence creates a democratic accountability gap; the state depends on these external rather than domestic tax resources for its operations. It then becomes accountable to the donors who in turn are accountable to the citizens of their countries, not to the citizens in whose interest development efforts are underway. The democratic process such as approval by the legislature can be bypassed or pressured in policy decision making. When government negotiates policy with donors and accepts passage of legislation as condition for donor funds, or when policy documents are prepared through ‘participatory’ processes, the normal structures of democratic voice and accountability are undermined. Like the oil curse, aid dependence can weaken the social contract and undermine accountability of the state to citizens.

In other words, aid is endogenous to the problems of weak institutions, weak governance and weak state accountability, the features that are at the core of fragile states. This can create a vicious circle of state fragility and aid dependence. The government and the international community and the government can build defenses against these traps. The recently agreed Accra Agenda for Action (2008) and the Paris Declaration on Aid Effectiveness adopted by the OECD DAC and the Accra Accord offer some useful steps in that direction, such as harmonization of processes, information flows and reduced volatility, as well as ensuring that aid supports a strategy that is home grown. The principles of mutual accountability, national ownership and harmonization can be implemented in Haiti through specific revisions in modalities of aid coordination. But this will also require the international community to recognize the inherent asymmetry in resources and power in the donor-recipient relationship.

Another potential approach would be to consider what it would take – in terms of specific measures and actions to be taken by both donors and government - to increase the proportion of budget aid. In the spectrum of aid modalities, it is budget aid and sector-wide approaches (SWAPs) are aid modalities that have the least perverse effects on state legitimacy and capacity while project aid has more, and humanitarian aid the most. Haiti receives only 5% of total aid disbursements in budget aid (not counting aid from Venezuela and other non-DAC countries),

³² UNDP Human Development Report Office database using OECD statistics sources.
http://hdrstats.undp.org/buildtables/rc_report.cfm# retrieved 26 March 2009

and there are no SWAPs. As one senior government official remarked, Tanzania was in the same situation several years ago, but now receives 80% of official aid in budget support. Haiti can learn from Tanzania's experience on how they got there. Another would be for the government to trace what it would take to increase tax receipts which are low even by the standards of low income countries.

Concluding remarks

This paper argues for greater support to the productive capacity of Haitian people as drivers of economic dynamism, particularly in rural areas and in agriculture – including environmental protection. The current allocation of donor resources show the large part of resources have gone to social infrastructure and strengthening governance. For sure, these are essential but need to be balanced with investments in productive capacity without which social spending would not be sustainable. Human rights to education, to healthcare, social security, as well as civil and political rights need to be fulfilled to empower people but so do their rights to productive work, housing, food, and an adequate standard of living.

Considering the structural inequality that pervades Haitian society, politics and economy, a much sharper focus on the distributional aspects of growth and development is needed to achieve more effective pro-poor growth. This would include more focused attention on disaggregated economic and social indicators (by region, especially rural vs urban, and by income groups and gender), as well as considering the distributional impact of investments as a criterion in evaluating public investments and donor support to projects. Approaches such as geographic mapping social indicators together with project activities could help develop more strategic planning for poverty reduction.

From the DSNCRP to the report on Food Security to recent New York Times articles, writings about Haiti invariably focus on the high levels of poverty in Haiti, often starting with the phrase 'Haiti is the poorest country in the Western Hemisphere', followed by a litany of data on current levels of extreme income poverty, malnutrition, illiteracy, etc. establishing the vulnerability of the Haitian population. This representation of Haiti and its development challenges is unfortunate since it feeds a paradigm of dependence on charitable assistance rather than partnership in empowerment through investing in development and pro-poor growth. It frames development cooperation and partnership as a matter of charitable hand-out to a desperate people, not an investment in their potential for growth and development. The essence of the human rights based development is to empower individuals to take charge of their own lives to claim their rights – thus in the case of the right to food, to demand accountability of the state in putting in place the necessary condition for food production, rather than to ask for food handouts.

The international community may consider a shift in language from social protection to the language of rights and empowerment would help shift the paradigm. A paradigm of investing in development and empowerment is also good economics, particularly in an environment when

Haiti's main source of foreign revenue – remittances, is on a rapid decline as a result of the global economic recession.

Table 1**Haiti: Long term development trends: Evolution of key economic and social indicators 1970-2007**

	1970	1980	1990	2000	2001	2002	2003	2004	2005	2006	2007
GDP (constant 2000 US\$ billions)	3.00	4.58	4.39	3.85	3.81	3.80	3.81	3.68	3.74	3.83	3.95
GDP per capita (constant 2000 US\$)	637	804	618	449	437	429	423	402	403	406	411
Aid as % of GNI	2	7	6	5	5	4	7	7	11	12	..
Aid per capita (current US\$)	2	18	24	24	20	18	24	28	54	62	..
Exports of goods and services (current US\$ millions)	54.4	316.1	502.2	465.2	433.6	389.8	454.9	547.8	602.9	701.5	..
Remittances (US\$ millions)³³	..	..	..	..	810	932	978	1,026	1,077	1,650	1,830
% population rural (% of total population)	80	80	72	64	63	62	60	59	57	56	55
Monetary poverty³⁴ (\$1 a day)	..	..	60	48	..	..	..	..	55	..	..
Malnutrition prevalence, height for age (% of under 5)	..	..	..	28	..	..	..	..	..	30	..
Mortality rate, under-5 (per 1,000)	222	200	152	109	..	..	..	..	84	80	..
Maternal mortality ratio (per 100,000 live births)³⁵	..	..	457	520	..	..	..	..	630	..	..
Immunization, measles (% of ages 12-23 months)	..	..	31	55	55	56	57	57	58	58	..
Improved water source (% of population with access)	..	..	52	56	..	..	..	..	..	58	..
Net primary school enrolment rate³⁶	..	..	36.4	54.3	..	..	..	..	49.6	..	..

Unless footnoted, data source is World Bank WDI <<http://go.worldbank.org/6HAYAHG8H0/>> Retrieved 23 March, 2009

³³ Inter-American Development Bank, Haiti – Indicators <http://www.iadb.org/countries/indicators.cfm?id_country=HA&lang=en> Retrieved 25 March, 2009

³⁴ ONPES/Ministère de la Planification et de la Coopération Extern, *Plaidoyers pour le Haiti au travers les Objectifs du Millénaire pour le Développement (OMDs)*

³⁵ Enquête Mortalité, Morbidité, et Utilisation des Services (EMMUS) II, III & IV et le Réseau National en Population et Développement (RNPd) (cited in ONPES 2009)

³⁶ Enquête Mortalité, Morbidité, et Utilisation des Services (EMMUS) II, III & IV et le Réseau National en Population et Développement (RNPd) (cited in ONPES 2009)

Table 2

Haiti: ODA DISBURSEMENTS by Category and Selected Sectors (Constant US\$ 2006 Millions)

	2002	2003	2004	2005	2006	2007
Total ODA, All Donors	152.1 (100%)	197.0 (100%)	282.3 (100%)	608.8 (100%)	470.2 (100%)	509.3 (100%)
All Sectors (project aid)	109.6 (72)	129.0 (65)	157.0 (56)	266.7 (43)	326.6 (69)	353.2 (69)
Social Infrastructure and Services	64.2 (42)	95.6 (49)	125.8 (46)	234.3 (38)	281.5 (60)	289.0 (57)
Economic Infrastructure and Services	2.9 (2)	3.1 (2)	5.1 (2)	8.2 (1)	22.3 (5)	35.8 (7)
Productive Sectors	14.6 (10)	11.6 (6)	5.8 (2)	7.3 (1)	3.7 (1)	8.1 (2)
Multi-sector / Cross-Cutting	27.9 (18)	18.7 (9)	20.4 (7)	16.9 (3)	19.0 (4)	20.3 (4)
Commodity Aid and General Assistance	30.5 (20)	48.9 (25)	47.3 (17)	36.6 (6)	56.5 (12)	61.3 (12)
- To General Budget Support	0.0	0.0	3.7 (1)	1.3 (0)	12.6 (3)	20.9 (4)
- To Development Food Aid and Food Security	30.5 (20)	48.9 (25)	43.7 (15)	35.3 (6)	44.0 (9)	40.4 (8)
Action Relating to Debt	0.9 (1)	1.7 (1)	16.4 (6)	0.8 (0)	16.6 (4)	53.0 (10)
Humanitarian Aid	0.1 (0)	5.9 (3)	48.9 (17)	178.3 (29)	64.1 (14)	36.0 (7)
Other	10.9 (7)	11.5 (6)	12.6 (4)	126.4 (21)	6.4 (1)	5.8 (1)

OECD Stats Extract Aid Activities Dataset <<http://webnet.oecd.org/wbos/index.aspx>> Retrieved 23 March, 2009

Definitions: (i) Total Sectors ('Allocable') includes: Social Infrastructure and Services (Education, Health, Population Policy and Programming & Reproductive Health, Water Supply & Sanitation, Government and Civil Society, Other Social Infrastructure & Services; Economic Infrastructure and Services (Transport and Storage, Communications, Energy, Banking & Financial Services, Business & Other Services); Production Sectors (Agriculture, Forestry and Fishing; Industry, Mining and Construction; Trade Policies & Regulations; Tourism); Multi-Sector / Cross-Cutting (General Environmental Protection, Other Multisector). (ii) Humanitarian Aid (Emergency Response, Reconstruction Relief and Rehabilitation, Disaster Prevention and Preparedness). (iii) Other (Administrative Costs to Donors, Support to NGOs, Refugees in Donor Countries, Unallocated/Unspecified)

ODA Commitments to Agricultural Production, All Donors (constant 2006 USD Millions)

	Average for 1995- 1999	Average for 2000- 2004	2005	2006	2007
TOTAL ODA (constant 2006 US\$ millions)	433.4	297.1	1 072.3	589.4	624.0
TOTAL ODA TO PRODUCTIVE SECTORS	31.3	22.1	79.7	40.9	12.4
TOTAL ODA TO AGRICULTURE	24.4	19.7	79.6	39.7	9.8
(% total ODA)	(5.5%)	(6.6)	(7.4)	(6.7)	(1.5)

OECD Stats Extract Aid Activities Dataset <<http://webnet.oecd.org/wbos/index.aspx>> Retrieved 23 March, 2009

Haiti: ODA COMMITMENTS by Category of Assistance (constant 2006 USD Millions)

	2002	2003	2004	2005	2006	2007
Total ODA, All Donors	227.4	443.4	413.4	1 072.3	589.4	624.0
Social Infrastructure and Services	123.2	116.4	205.0	422.4	401.3	321.8 (52%)
Economic Infrastructure and Services	2.1	5.1	47.1	97.6	39.4	44.9 (7%)
Productive Sectors	6.7	59.0	3.4	79.7	40.9	12.4 (2%)
Multi-sector / Cross-Cutting	41.1	82.1	19.4	85.5	26.4	38.6 (6%)
General Budget Support	..	80.0	0.0	63.7	12.8	56.9 (9%)
Food Aid and Food Security	47.3	48.4	40.6	42.2	40.3	40.9 (7%)
ODA to Action Relating to Debt	0.9	0.9	15.6	17.0	0.8	53.2 (9%)
ODA to Humanitarian Aid	3.5	49.1	78.5	201.4	22.6	50.0 (8%)

OECD Stats Extract Aid Activities Dataset <<http://webnet.oecd.org/wbos/index.aspx>> Retrieved 23 March, 2009