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SPECIAL REPORT

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ABOUT THE REPORT

During René Préval's first year as president of Haiti, his country has witnessed the democratic election of a new parliament, the return of relative security, and the first hints of economic recovery. Still, massive problems remain to challenge Préval, the UN Mission in Haiti, and Haiti's primary international partner, the United States. The report reviews the events of the past year in Haiti from the perspective of Haiti's history and its prospects for the future. The report concludes that Haiti has reached a potential turning point that the United States and the international community cannot afford to ignore.

This report draws on information provided by guest speakers and participants in a series of public forums hosted by the United States Institute of Peace's Haiti Working Group. That group brings together government officials, academic experts, and representatives of non-governmental organizations, the media, and the Haitian diaspora. Meetings are held on a not-for-attribution basis. The report also reflects impressions gained by the author during a visit to Haiti in November 2006.

The report was written by Robert M. Perito, director of the Haiti Working Group and a senior program officer at the United States Institute of Peace.

The views expressed in this report do not necessarily reflect the views of the United States Institute of Peace, which does not advocate specific policy positions.

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Robert M. Perito

Haiti

Hope for the Future

Summary

- After one year in office, Haiti's democratically elected government enjoys broad international and domestic support. Donors have pledged more than \$1.5 billion in economic assistance. The mandate of the United Nations peacekeeping mission has been extended. Haitians seem generally pleased with their new leadership.
- UN military forces have cracked down on armed groups, arresting more than four hundred gang members, including prominent gang leaders. Security in Port-au-Prince has improved as a consequence.
- U.S. congressional passage of trade preferences and new Haitian incentives for foreign investors should give a boost to Haiti's textile industry. U.S. Agency for International Development (USAID) assistance programs should help create jobs in slums and conflicted communities.
- The sense of guarded optimism emerging from recent successes has done little, however, to alter the grim living conditions experienced by most citizens. Haiti remains the poorest country in the Western Hemisphere; 80 percent of its people live in poverty.
- Kidnapping, drug trafficking, and organized crime are beyond the control of Haiti's dysfunctional police force and judicial system. Comprehensive international assistance programs are needed to establish and maintain the rule of law.
- The success of Haiti's new government is vital to the United States and the international community. Fortunately, the United States and other donors appear to have learned from past mistakes and are committed to assisting Haitians to improve governance and promote development over the long term.

Introduction

After its first year in office, Haiti's democratically elected government, led by President René Préval, continues to enjoy broad international and domestic support. After

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helping to organize presidential, parliamentary, and local elections in early 2006, the Organization of American States (OAS) promised to help Haiti build stronger government institutions. In July 2006, Haiti was readmitted into the Caribbean Community Organization (CARICOM). Four months later, in November 2006, international donors pledged to fast-track the flow of \$1.5 billion in economic assistance. On February 14, 2007, the UN Security Council extended the mandate of the UN peacekeeping mission for an additional eight months. Meanwhile, the U.S. Coast Guard reported that in 2006 the number of Haitians interdicted at sea fell to 769 people, a drop of 60 percent from the previous year.

The sense of guarded optimism emerging from these positive developments has done little to alter the grim conditions on the ground, however. Haiti remains the poorest country in the Western Hemisphere and among the poorest countries in the world. Fifty-four percent of Haiti's more than eight million people live on less than one U.S. dollar per day; two-thirds of the labor force do not have formal jobs; half of the adult population is illiterate. Haitian society remains deeply divided between a small, well-educated, affluent, French-speaking elite and a large, uneducated, Creole-speaking, impoverished peasant population. The country was ranked 153rd of 177 countries in the 2006 *UN Human Development Report*, which combines measures of income, life expectancy, school enrollment, and literacy. Donor assistance provides 65 percent of Haiti's budget. In its most recent Corruptions Perception Index, Transparency International judged Haiti to be the world's most corrupt country.

The challenge confronting Haiti's government remains that of translating international goodwill and domestic support into constructive government programs that lead to short-term improvements in the livelihood of the Haitian people while laying the groundwork for sustained political and economic progress. This task is made more difficult by a historical legacy that has overwhelmed efforts to reform the country's social, political, and economic institutions.

A Troubled Past

In 1790, exports of sugar, coffee, tobacco, cacao, indigo, and hides made Haiti the richest French colony in the New World. Haitian society was composed of thirty thousand Europeans, an equal number of free *gens de couleur*, and half a million African slaves. In 1804, a successful slave revolt spawned a new republic that was seen as a threat to the existing world order. European nations and the United States isolated Haiti for fear its example would incite slave revolts elsewhere. War damage, international exclusion, and the resulting economic decline forced Haiti's elites to reinstate the plantation system and enforce a kind of state-sponsored serfdom to produce commodities for export. Periodic rebellions against forced labor continued to divide the masses from the elites.

The postrevolutionary period in Haiti reinforced the colonial tradition of imperious leadership and perpetuated the hierarchical social structure based on stark class and racial divisions. Haiti's polarized society excluded the majority of citizens from meaningful participation in the country's political and economic life. Haiti's serial constitutions enshrined the tradition of an all-powerful president and a predatory state that exploited rather than served the people. A series of dictatorial rulers left a legacy of political turbulence and violent regime change. Time after time, brigades of armed rebels formed in the north and marched south to Port-au-Prince to remove the incumbent leader. In Haiti's two hundred years as an independent state, only two of forty-four presidents have served their full terms and left office voluntarily.

Misrule and sporadic rebellion led to a series of U.S. military interventions to restore stability and protect American interests. The longest intervention began on July 28, 1915, when U.S. Marines went ashore to quell a rebellion that had resulted in the mob killing of President Guillaume Sam. For the next nineteen years, U.S. Marine Corps officers

administered the Haitian government and raised and commanded a new Haitian army. The Marines built roads and bridges and installed modern communications but brutally repressed a series of Haitian rebellions against foreign rule. After the Marines departed in 1934, Haiti slipped back into a morass of military coups and dictatorial governments. The most macabre episode was the thirty-year dynasty of Francois "Papa Doc" Duvalier and his son. In 1986, "Baby Doc's" flight into exile created the opportunity for a democratic experiment in Haiti.

In 1990, Haiti held its first internationally supervised, free, and fair presidential election. A Catholic priest, Father Jean-Bertrand Aristide, was elected with the broad support of Haiti's poor and disadvantaged. Aristide immediately challenged the power of the country's military and wealthy elite, ruling by decree and relying on a leftist movement called Lavalas. As economic conditions deteriorated and rumors of a coup spread, Aristide responded with veiled threats to incite mob violence against his opponents. In October 1991, after seven months of growing disorder, Aristide was overthrown by a military coup led by General Raoul Cedras.

After several years of international sanctions against the military regime, on September 19, 1994, the United States undertook Operation Restore Democracy to restore stability and a civilian government. Operating under a UN resolution and an agreement with General Cedras, troops of the U.S. Tenth Mountain Division disembarked at Port-au-Prince Airport and were welcomed by a Haitian Army officer. Elements of the U.S.-led Multinational Force occupied cities throughout the country. There was no resistance. On October 15, President Aristide returned to Haiti and resumed office. In 1995, Aristide's hand-picked successor, René Prével, was elected president. He took office in early 1996 and completed a full term, but his presidency was blighted by political gridlock fueled by disputed parliamentary elections that resulted in the reimposition of international sanctions.

Under the Haitian constitution, the president may not serve two *consecutive* terms; however, he or she may serve an additional term following a five-year hiatus. In 2001, Aristide was returned to the presidency by elections marred by allegations of irregularities, low voter turnout, and opposition boycotts. Less than 10 percent of the electorate voted, as opposition parties stayed away from the polls to protest the disputed parliamentary elections held under Prével. Aristide's second term was characterized by political discord, public corruption, economic decline, criminal violence, and the government's failure to deliver public services. In February 2004, former soldiers and criminal gangs seized Gonaïves, Haiti's fourth-largest city, and demanded Aristide's resignation. As the rebels gained adherents and marched toward Port-au-Prince, Aristide contacted the U.S. embassy to request assistance to leave the country. The U.S. role in the abrupt departure of Aristide and his entourage from Haiti has been the subject of much controversy. Upon deplaning from a U.S. aircraft in the Central African Republic, Aristide claimed that he had been "kidnapped," a charge the United States strongly denied.

To deal with the chaos that followed Aristide's departure, the United Nations authorized an intervention force comprising U.S., French, and Canadian troops. In accordance with the Haitian constitution, the Supreme Court chief justice was sworn in as president on February 29, 2004. A government of technocrats with no party affiliations was installed but failed to gain traction. On June 1, 2004, the UN Stabilization Mission in Haiti (MINUSTAH) assumed responsibility for security, although the full complement of 8,700 troops and police did not arrive until more than a year later. Despite the presence of a UN peacekeeping force, Haiti continued to be plagued by gang violence, drug trafficking, and social unrest; in February 2006, Prével was again elected president.

The Security Challenge

Today, UN soldiers and police remain the only coherent security force in Haiti, although their numbers are too small to provide more than a token presence in many parts of the

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The United Nations and the Préval government have prepared a comprehensive plan for developing a police force of 14,000 by 2010.

country. In 2006, UN military forces began a concerted effort to control the armed gangs that operated from Cite Soleil and the other slums in Port-au-Prince. The gangs had been engaging in a campaign of kidnapping, rape, and murder that terrorized the capital. Initially, UN military units established strongpoints in the largest slums, conducted daily patrols, and routinely searched vehicles. The operation, which was conducted block-by-block in a very deliberate fashion, was designed to squeeze the gangs into a small area and prevent them from operating in other parts of the city. This approach showed promise until late November, when UN troops and police were forced to deploy outside of Port-au-Prince to provide logistic support and security for elections. The number of kidnappings and other crimes in Port-au-Prince skyrocketed. UN military forces returned to the capital in late December and began a three-month crackdown that resulted in the arrest of four hundred gang members—including prominent gang leaders—the seizure of weapons caches, and the death of more than a dozen Haitians. (These operations were not without costs to the peacekeeping forces: in November, gunmen killed two Jordanian peacekeepers in Cite Soleil, bringing to seventeen the number of MINUSTAH soldiers and police who had died in the line of duty.)

UN military action against the gangs was preceded by a personal effort by President Préval to convince gang leaders to surrender their arms and participate in the United Nations' Disarmament, Demobilization, and Rehabilitation Program. Publicly, Préval gave gang leaders the stark choice of "disarm or die," but privately, he met with them and provided financial inducements for cooperation. Unfortunately, Préval's talk-fight strategy of negotiating with and pressuring the gangs failed to pay dividends. When UN troops deployed outside of Port-au-Prince, the gangs increased their use of gratuitous violence and the kidnapers broadened their targets to include children and poor people.

Despite the recent crackdown, criminal violence continues to pose the greatest threat to the stability of Haiti. Armed gangs still operate in the capital. Drug and human trafficking is conducted with virtual impunity. Street crime surged after courts and jails were looted or destroyed in violence surrounding Aristide's departure in 2004. Sexual assaults against women have soared.

The Haitian judicial and corrections systems are dysfunctional at best. Haitian courts are in disrepair; judges are untrained, inept, and corrupt; and case management is rudimentary. Records are not kept; evidence is lost; few, if any, criminal cases are brought to trial. Prisons are crammed with inmates. In Port-au-Prince, the National Prison is filled to eight times its capacity. Fewer than 10 percent of the prisoners in Haiti have been convicted and most will never be formally charged. Prisoners are kept in inhumane conditions, food is minimal, and disease is rampant.

A major reason for Haiti's crime problems is the slow pace of the UN effort to reform and reconstitute the Haitian National Police (HNP), the country's only indigenous security force. There are frequent reports of Haitian police engaging in kidnapping and other criminal activity; Mario Andresol, the director general of the HNP, believes that 25 percent of the HNP have committed criminal acts. He has dismissed more than five hundred officers, but further action is required. UN police determined in 2006 that only 5,783 of the 8,000 police on the HNP rolls were actually present for duty. Political manipulation, corruption, and narcotics trafficking have tarnished the image of the HNP. For good reasons, the public lacks confidence both in the police and in the criminal justice system.

The United Nations and the Préval government have prepared a comprehensive plan for developing a police force of 14,000 by 2010. Such a huge increase in so short a time will require generous support from the donor community to underwrite a large-scale recruitment program, a major expansion of current training, and an infusion of funding for salaries, operations, equipment, and physical infrastructure. More than two hundred police stations will need to be rebuilt, hundreds of vehicles must be provided, and scores of international police instructors will be required. In 1994, during Operation Restore Democracy and the follow-up UN mission, the United States teamed with Canada and

France to train and equip a 5,000-member Haitian police force in one year. A program of similar magnitude will be needed to rehabilitate the HNP.

Reform of the Haitian justice system will require an equally ambitious effort. Justice Minister René Magloire has approved a plan for judicial reform that calls for creating special courts for kidnapping, drug trafficking, corruption, and other serious crimes. The plan also aims to reduce pretrial detention, strengthen the Judicial Inspection Unit, improve case management, and modernize criminal and penal codes. The United Nations, the United States, Canada, and others have proposed programs to assist the Haitian government to reform the judicial system, but little has been done,

Perhaps the most disturbing failure of international support for Haiti's efforts to control criminal violence is the U.S. practice of deporting Haitian-born, convicted criminals to Haiti after they have served sentences in U.S. prisons. This U.S. practice is global, but it impacts Haiti with particular force. The Haitian police and justice system are incapable of dealing with hardened criminals who join gangs, fueling the general level of violence. Haiti's prime minister has protested and requested U.S. assistance to build a maximum-security prison to house deportees. The United States has offered to discuss this issue but has also made clear that the deportations will continue.

The Democratic Challenge

Following his election in 2006, President Préval took a positive first step by forming a coalition government composed of technically competent ministers from six political parties. His selection of Jacques Edouard Alexis as prime minister was well received. His choices for cabinet posts were mostly experienced technocrats, including Daniel Dorsainvil, a former USAID official, as finance minister and Renald Clerisme, a career diplomat, as foreign minister. Beneath the new ministers, however, Haiti's bureaucracy is largely corrupt and dysfunctional, lacking a cadre of competent personnel and the means to effectively administer government programs. Improving governance will require years of international programs for capacity building and the implementation of effective internal controls to reduce corruption and promote public confidence.

To make the Haitian government more effective, President Préval must strengthen the parliament so it can complement and balance the power of the executive. This daunting task will be made more difficult by the fact that the president's Lespwa party won only twelve of thirty seats in the Senate and twenty-one of ninety-seven seats in the lower house. No party has a parliamentary majority, so Préval must work with a legislative body that has weak political parties, limited institutional structure, few traditions, and limited experience with democracy. Technical assistance and training from donor countries are needed to improve parliament's performance, because many parliamentarians have entered public service for the first time. The institution also needs physical refurbishing after years of neglect and damage.

Haiti's new leadership must create local governments that are capable of representing the 70 percent of Haitians who live in rural areas. The December 3, 2006, municipal and local elections were the first in eleven years to provide Haiti with a full complement of democratically elected local officials. Some 29,000 candidates competed for 1,429 offices. Voter turnout in Port-au-Prince was less than 10 percent, but some rural areas saw turnouts of up to 60 percent. Four people were killed in election-related violence, but these were isolated incidents, and the elections were peaceful overall.

Making local government work will be a significant challenge given the highly decentralized system created by Haiti's 1987 constitution. At the bottom of a multilayered pyramid of authority are four- to six-person local *assemblés des sections communales*. These small assemblies oversee local sectional councils and elect members to similar assemblies, which oversee and advise councils at the municipal and department levels. At the apex of this structure is an interdepartmental assembly that assists the executive and is involved

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in policy planning. This radically democratic system was designed to provide citizen oversight of politicians and appointed officials at every level of government. The system is so complex, however, that it has never been fully implemented, nor are there budgets for the assemblies and councils or a clear description of their duties and responsibilities. Given the organizational challenges facing Haiti's institutions at the national level, it is unlikely that funding, policy guidance, training, or administrative support will be available to assist locally elected officials in defining their roles. How these officials will operate is uncertain, as is their impact on Haiti's fragile political stability.

Haiti also faces the challenge of restoring civil society. Over the course of two decades of political instability and economic decline, almost all civic associations—community, peasant, youth, and business organizations—have been adversely affected. Winning back the confidence and restoring the vitality of civil society will be critical to the nation's political future.

A Cautious President

President Préval has been cautious in his approach to governance. Before the election, Préval did not actively campaign but remained in his hometown of Marmalade, while supporters and opponents talked about him in Port-au-Prince. Since becoming president, Préval has shunned public exposure and remained a reclusive figure. Préval initially equivocated in his response to the challenge from the armed gangs in Port-au-Prince. He has yet to address other major issues facing Haiti, including poverty, drug trafficking, corruption, the role of former soldiers, health care, and education.

In conducting Haiti's foreign relations, Préval has used travel and official visits to bur-nish his leftist credentials without antagonizing the Bush administration. Préval visited Cuba in December 2006 for a medical checkup on the possible recurrence of prostate cancer, returning to Haiti with a bill of good health. In January 2007, Préval attended the inauguration of Ecuador's leftist president, Rafael Correa. On March 13, 2007, Venezuela's president, Hugo Chavez, visited Haiti to announce a tripartite agreement with Cuba on oil, health, and energy. Fidel Castro reportedly teleconferenced with Préval and Chavez during the visit. On April 28, 2007, Préval was an "observer" at a meeting of member states of President Chavez's "anti-imperialist alliance" in Venezuela.

On May 8, 2007, during his first visit to Washington as president, Préval was welcomed at the White House by President Bush, who praised Préval's courage in taking on the job of bringing prosperity and security to Haiti. Bush noted that progress had been achieved in Haiti and he promised more assistance to deal with HIV/AIDS, drug trafficking, and education. After thanking Bush for his invitation to visit Washington and for U.S. trade preferences and economic assistance, Préval extended an invitation to American investors and offered condolences for tornado victims in Kansas.

To maintain the optimism generated by his election and pledges of international support, Préval needs to encourage a political culture of participation. The first step in this direction should be to foster an open debate on the future of the country, a debate conducted both through a formal political dialogue in the media and in institutional channels and through efforts to reach the Haitian people directly by means of public appearances and interaction with popular organizations. Reforming Haiti's political traditions and institutions will not be easy, as the political situation remains tenuous. Haiti's contentious, winner-take-all political culture lacks a tradition of compromise and coalition building. Haitian politics could turn fractious as expectations are frustrated by the government's inevitable inability to satisfy a broad range of popular political and economic demands.

Former president Aristide has announced that he will delay his return to Haiti until conditions are appropriate. Préval has distanced himself from Aristide and has hinted that the former president might face criminal charges if he returns to the country. There has been

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little public manifestation of support in Haiti for Aristide. However, Aristide could become a destabilizing factor if he attempts to exert his influence from exile in South Africa.

The Economic Challenge

The history of Haiti's protracted economic decline is the story of rapacious governments and well-intentioned but damaging foreign interventions. Beginning in the 1870s with the American and European substitution of domestically grown beet sugar for imported sugarcane, Haiti's primary export crop faced trade barriers and constantly shrinking foreign markets. At the same time, successive Haitian governments failed to support the development of alternative agricultural or industrial sources of income. Under the Duvalier regime, Haiti's economy was starved of resources for sustained growth and development. To attract outside investment, Papa Doc offered foreign investors generous incentives, including tax exemptions on income, profits, and raw materials. Investors flocked to take advantage of the abundance of cheap, unskilled labor and the absence of foreign exchange controls and government interference. With an infusion of foreign capital, Haiti experienced rapid growth in its assembly, construction, and public utilities sectors throughout the 1970s.

This brief "golden age" failed to foster sustained economic growth and commercial development. By 1984, it was evident that the Haitian assembly industry—established according to a development strategy promoted by the international financial institutions (IFIs)—provided no long-term benefits to the country. Materials were imported for assembly, while finished products were exported and consumed abroad. The demand for Haiti's abundant supply of cheap, unskilled labor offered little incentive to improve the skills of the country's workforce and did nothing to stimulate technology transfer. Reliance on the U.S. market meant Haiti was at the mercy of U.S. import quotas and consumer preferences. Haiti's public sector failed to benefit because commercial profits were tax-exempt and public services were subsidized by the Haitian government. Export-oriented assembly plants had a largely neutral effect on income distribution in Haiti.

Despite declining returns, the IFIs and the donor community continued to advocate export assembly for Haiti, arguing that this was the best economic path until the country could expand its infrastructure, educate its labor force, and diversify its industry. Yet these same institutions and governments were aware that Haiti's dictatorial regimes and exploitative elite were unlikely to implement policies that would promote public education, worker training, public works, or the use of new technologies.

In the early 1990s, following the overthrow of President Aristide, international sanctions against the military government brought Haiti's economy to a standstill. Assembly plants that had once employed more than one hundred thousand Haitians closed or had maintenance jobs for only a few thousand laborers. By some estimates, nearly 90 percent of Haiti's industrial sector was destroyed. Growing instability frightened away the tourist industry. Sanctions were intended to target the country's military regime but their real impact was on the poor. Haitians began to flee the country in growing numbers to escape hunger and political repression.

After the U.S.-led intervention in 1994, Haiti's economy continued to shrink, while its transportation and communication infrastructure and natural environment further deteriorated. Ruinous agricultural trade policies destroyed the successful small farms that had produced exports of rice, pork, and chicken. Haiti became a net importer of agricultural products, leading to food insecurity and malnutrition. Haiti's economic freefall was exacerbated by the political turmoil and international economic sanctions imposed during President Aristide's second administration. Ownership of wealth became concentrated in an even smaller percentage of the population. By 2002, the richest 4 percent of the population controlled 66 percent of the country's assets. Two years later, hurricanes devastated the country, destroying entire communities and leaving thousands homeless and the rural economy in shambles.

The history of Haiti's protracted economic decline is the story of rapacious governments and well-intentioned but damaging foreign interventions.

Haiti's economic freefall was exacerbated by the political turmoil and international economic sanctions imposed during President Aristide's second administration.

The first signs of economic revival, however, have not altered the fundamental obstacles impeding Haiti's recovery.

Following Aristide's departure in 2004, the Finance Ministry under the interim government imposed fiscal discipline, established a transparent budget, met International Monetary Fund (IMF) criteria for loan financing, and put in place a policy framework that has been utilized by the Préval government. During 2006, Haiti's economy registered 2.5 percent growth, an increase from 1.5 percent the previous year. Growth is projected to reach 4 percent in 2007, but much higher and sustained economic growth will be required to rapidly alleviate poverty. Inflation is expected to decline from nearly 43 percent in 2003 to about 10 percent by the end of 2007. The first signs of economic revival, however, have not altered the fundamental obstacles impeding Haiti's recovery.

Haiti's government institutions remain weak and require external assistance to perform essential functions and implement reforms. Below a thin veneer of world-class professionals, most Haitian institutions lack the appropriately educated and technically skilled human resources to operate modern systems for management and administration of government programs. This has been a significant factor in the slow disbursement of the financial assistance pledged by international donors. Every international and bilateral assistance program has its own application process and accounting system for the expenditure of funds. Put simply, there are not enough qualified Haitian bureaucrats to "fill out the forms." Haitian officials have called on the donor community to streamline and unify procedures and practices. At the same time, CARICOM, the Rio Group of Latin American and Caribbean nations, and the United Nations have urged donors to speed the delivery of economic assistance, particularly money for job creation and other social impact programs.

In pursuing its economic objectives, the Préval government will be helped by the fact that IFIs and the major donor countries appear to have learned from previous experiences and have begun to engage Haitians in a discussion of priorities for development assistance. The international community also appears determined to stay for the long term and not to repeat the mistake of withdrawing before reforms take root and Haitians can sustain innovations on their own. Emphasis in most programs will be on capacity building to overcome the critical lack of physical infrastructure and human capital.

Help from Haitians Living Abroad

In 2006, cash remittances from Haitians living abroad totaled \$1.65 billion.

Haiti's new government could profit from the energy and talents of the Haitian diaspora if it engages this diverse community in a common effort to move the country forward. In 2006, cash remittances from Haitians living abroad totaled \$1.65 billion, according to the Inter-American Development Bank. This amount was double Haiti's government budget and equal to 30 percent of the country's GDP. An additional \$400 million in food and gifts was sent from abroad, making the diaspora the primary source of foreign assistance for Haiti. Haitians have settled in Canada, France, and the Caribbean and are a distinctive and increasingly active political force in many U.S. communities, particularly in Florida and New York.

The Haitian diaspora represents a ready reserve of needed skills and financial resources that has never been fully tapped. Successful Haitians such as Dumas Simeus, CEO of Simeus Foods International, are involved in their homeland through charity organizations, medical missions, and village improvement projects. Although such efforts help individual communities, they do little to raise national living standards, create permanent jobs, or improve the national economy. Haitian legal red tape and bureaucratic inefficiency have discouraged investments by expatriates. In 2006, the World Bank's Doing Business database ranked Haiti 139th out of 175 countries on ease of doing business. Parliament should make it a priority to update and streamline laws governing foreign investment and creating new businesses. The recent creation of the Center for Facilitating Investment in the Ministry of Commerce as a "one-stop shop" for overseas investors is a good start. In addition, President Préval should encourage overseas Haitians to return home by simplifying administrative procedures for travel and investment.

Haitian legal red tape and bureaucratic inefficiency have discouraged investments by expatriates.

Getting expatriates to return to Haiti will require more than flowery invitations and easy-to-complete travel forms. It will require donor and Haitian government cooperation to create programs that ensure that Haitians returning from abroad receive salaries commensurate with those they would receive in the United States or Europe, housing and logistical arrangements that do not impose unacceptable hardships, and jobs that adequately utilize their skills and enable them to make a meaningful contribution. It will also take an educational campaign in Haiti to ensure that Haitian citizens understand that returnees will help promote economic progress and not simply take the few existing good jobs and limited available housing. Reasonable levels of personal security and adequate health care are also essential to attract and retain young professionals.

The tourist industry is one area where investors from the diaspora are already active. In the past, Haiti vied with Cuba as the Caribbean resort of first choice for American visitors. Haiti offers beautiful white beaches, an exotic culture, outstanding artists and musicians, and French cuisine. According to recent press reports, a group of New York-based Haitian-American businessmen plan to invest \$40 million in two luxury hotels and other projects. A Canadian-based group plans to build a five-hundred-room hotel in Petit Goave, and the old Club Med near Port-au-Prince has been refurbished and reopened as Club Indigo. One major impediment to the growth of tourism to Haiti is the U.S. State Department's current travel advisory, which warns against visiting the island.

The tourist industry is one area where investors from the diaspora are already active.

Haiti's Importance: The U.S. Perspective

The success of Haiti's government is of vital importance to the United States for many reasons, and a large and growing community of Haitian-Americans expects the United States to play a positive role in helping Haiti's new government. Haiti remains a potential source of mass, unregulated migration. In April 2007, during a period of ideal weather conditions in the Caribbean, the U.S. Coast Guard seized 704 Haitian migrants, a number larger than the total for the previous year. A repeat of the "boat people" crisis of the early 1970s, when many Haitians were lost at sea during attempts to reach the United States aboard makeshift boats, is possible if conditions in Haiti deteriorate. In addition, Haiti is a potential source of public health problems, as demonstrated by the prevalence of HIV/AIDS in the country. Improved health care in Haiti will help protect the United States.

Haiti is an important conduit for the flow of narcotics from South America into the United States. Venezuela has become a departure point for U.S.-bound drug shipments from South America; the U.S. Drug Enforcement Administration estimates that 83 metric tons, or 8 percent, of the cocaine entering the United States transits the island of Hispaniola. Thus, the Préval government's assistance in this area is essential to controlling the flow of narcotics into the United States.

Eight percent of the cocaine entering the United States transits the island of Hispaniola.

Historically, Haiti has been an emotionally divisive issue in American politics, splitting Republicans from Democrats and Congress from various administrations. In their turn, liberals and conservatives have sought to set or reverse U.S. policy toward Haiti, which has fluctuated between the extremes of disinterest and armed intervention. With the installation of a democratically elected government and a period of relative stability, U.S. policy has been to support the Préval government. At a U.S. State Department press conference on April 4, 2007, Secretary of State Rice told Haiti's visiting Prime Minister Alexis that "you will have a friend [in the United States] as you make the journey toward greater stability and prosperity for Haiti's democracy." The secretary noted the progress achieved by Haiti during the previous year and expressed the belief that Haiti would overcome its challenges. She expressed appreciation for the leadership displayed by the prime minister and President Préval.

There is a new spirit of bipartisanship regarding Haiti in Congress, which has sought to take advantage of the current window of opportunity to promote economic progress. On December 20, 2006, Congress adopted the Haitian Hemispheric Opportunity through

The HOPE Act could create more than thirty thousand new jobs in Haiti in the next five years.

USAID's Jobs, Opportunities, and Rebuilding Structures (JOBS) program finances \$80 million in labor-intensive public works and provides skills training in poor, conflict-prone communities.

Beyond providing jobs, U.S. assistance is focused on fighting official corruption and enforcing the rule of law.

Partnership Encouragement (HOPE) Act, which provides trade preferences for Haiti. Under the new law, Haiti will be able to ship apparel made from low-cost Chinese textiles to the United States duty free. (Previously, only apparel made from U.S. textiles could enter duty free.) The HOPE Act will lower Haitian production costs and make Haitian garments more competitive in the U.S. market. Textile manufacturing is Haiti's last remaining industry and the source of 90 percent (\$450 million) of its exports to the United States. The HOPE Act could create more than thirty thousand new jobs in Haiti in the next five years. Although so many new jobs would be significant in a country with massive unemployment, the primary importance of the HOPE Act is symbolic. Passage of this legislation over stiff opposition from the U.S. textile lobby is regarded as a signal of approval for the Haitian government and its effort to encourage foreign investment and promote economic development. The United States is Haiti's largest trade partner, with bilateral exchanges of more than \$1.3 billion in 2006.

Another sign of U.S. approval of the Haitian government is administration and congressional support for debt relief for Haiti, which owes \$1.3 billion in foreign debt, mostly to the IFIs. Haiti is participating in the Highly Indebted Poor Countries Initiative and other IMF and World Bank programs. This effort will result in incremental debt forgiveness if Haiti meets certain criteria and sustains progress over time. Haiti has signed an agreement with the United States and is negotiating with other members of the Paris Club for bilateral debt forgiveness. Meanwhile, the U.S. Congressional Black Caucus has introduced a resolution calling on the IFIs to immediately cancel all of Haiti's debt to free resources for development.

The United States is Haiti's largest aid donor, giving more than \$600 million in assistance between 2004 and 2006. In July 2006, the United States pledged an additional \$210 million in economic aid for the next twelve months. The United States has announced its support for the Préval government's priorities of improving governance, promoting economic growth and foreign investment, and improving the provision of basic services. The core of this effort is USAID's Jobs, Opportunities, and Rebuilding Structures (JOBS) program, which finances \$80 million in labor-intensive public works and provides skills training in poor, conflict-prone communities. The program is designed to encourage cooperation between the government, the private sector, and citizen groups in the selection, implementation, and monitoring of projects to promote employment. In addition, Haiti is a target country under the U.S.-Brazil cooperative initiative on biofuels, which will assist Haiti in using sugarcane and other sources of biomass to meet its energy needs and reduce its dependence on imported petroleum.

Beyond providing jobs, U.S. assistance is focused on fighting official corruption and enforcing the rule of law. The United States has funded advisers for several ministries and created an integrated financial management system that connects government and public service sites to promote internal controls and transparency. The United States has provided funding to improve court management and operations and has trained judges, prosecutors, and other judicial personnel. The UN Police Force includes fifty U.S. police officers, who serve in a variety of roles and in various parts of the country. U.S. police assigned to a counterkidnapping unit are credited with helping to reduce the number of incidents. The U.S. police assistance program has provided material support to the HNP through a model police station program and has refurbished police stations, provided equipment and weapons, and conducted a two-week in-service training course at police stations around the country. The U.S. Drug Enforcement Agency and the U.S. Coast Guard work directly with specialized units of the HNP to improve control of Haiti's ports and borders.

Haiti's Importance: The UN Perspective

Haiti is an important test case for the United Nations. Prior to Préval's most recent election, Haiti was a poster child for the failure of international interventions in crisis

states, largely due to the revolving-door nature of UN missions in Haiti. In March 1995, the U.S.-led Multinational Force handed off to a robust UN Mission in Haiti (UNMIH) in a well-prepared and seamless transition that should have been the model for subsequent UN involvement. Instead, UNMIH (1994–96) handed off to a series of smaller and weaker peacekeeping missions: the UN Support Mission in Haiti (1996–97); the UN Transition Mission in Haiti (1997); the UN Civilian Police Mission in Haiti (1997–2000); and, finally, the International Civilian Support Mission in Haiti (MICAH).

To avoid Russian and Chinese vetoes, the UN General Assembly, not the Security Council, authorized MICAH in March 2000. MICAH's mandate was to "consolidate progress" made in developing the HNP and in promoting respect for human rights. MICAH was authorized to field thirty-six UN police officers, but five months into the mission, only three had arrived in the country. Haiti was sliding into the chaotic period that would doom President Aristide's second term. As Haiti headed toward political crisis, the size and mandate of the UN mission had been reduced to a point where the mission had become irrelevant.

The cessation of international support cannot be allowed to happen a second time. During the UN Security Council's deliberations on Haiti in February 2007, China indicated it might veto future extensions of the UN peacekeeping mandate because of Haiti's diplomatic ties with Taiwan. The United States must ensure that a robust UN mission remains in Haiti until the Haitian police and judicial system can provide sustainable security and protect the country's fledgling democracy.

A Moment of Opportunity

With a democratically elected government in office, the restoration of security in Port-au-Prince, and an upturn in the Haitian economy, a window of opportunity has opened that the United States and the international community cannot afford to ignore. President Préval has four years remaining in his term to solidify progress and establish a firm basis for future political and economic development. In conducting relations with Haiti, the United States and other donors should avoid previous errors by heeding the following guidelines:

- International assistance should be coherent, consistent, and implemented through the Haitian government whenever possible. Circumventing the Haitian government by channeling assistance exclusively through non-governmental organizations will be counterproductive. As the largest donor, the United States must take the lead in improving the capacity of the Haitian government to provide essential services. U.S. programs must result in the creation of a civil service that can plan, budget, and implement effective programs. Haitian ministries must be not only engaged but also held accountable. There is no other way to create sustainable governance.
- International assistance must be provided for the long term. Another attempt to execute an "exit strategy" of quick fixes to chronic problems will be self-defeating. In this regard, Canada has proposed a five-year assistance package. Other donors have indicated a similar intention to remain engaged for the foreseeable future. A long-term approach must be accompanied by new methods to quickly and effectively disperse aid. Given Haiti's limited human capacity, streamlined and common application and accounting procedures will need to be implemented.
- The United States should support an effective program for establishing the rule of law. Such a program will require providing comprehensive assistance to the police and supporting a range of initiatives to create effective courts and efficient prisons that protect human rights and operate in accordance with international standards. Nothing is more important to securing a brighter future for Haiti than providing its people with a peaceful means of obtaining justice.

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The United States must take the lead in improving the capacity of the Haitian government to provide essential services.

Nothing is more important to securing a brighter future for Haiti than providing its people with a peaceful means of obtaining justice.

An online edition of this and related reports can be found on our Web site (www.usip.org), together with additional information on the subject.

- The United States should encourage the new and very positive role being played by South American countries in Haiti. Leadership from Brazil and Chile has been critical to the success of the UN mission. Venezuela's provision of discounted petroleum is vital to Haiti's economy. Regional concern and assistance from the OAS and CARICOM will also be invaluable in improving living standards for the Haitian people. It is essential that a robust UN mission remain until the Haitian government can ensure the country's security.

Of Related Interest

A number of other publications from the United States Institute of Peace examine issues related to Haiti.

Recent Institute reports include:

- *Can the Diaspora Solve Haiti's Enduring Social Conflict?* (USIPeace Briefing, August 2006)
- *Haiti's Economic Challenge* (USIPeace Briefing, June 2006)
- *Haiti's New Government Faces Historic Dilemmas* (USIPeace Briefing, May 2006)



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