



Canadian Defence
& Foreign Affairs
Institute

COLD TURKEY OR SLOW WITHDRAWAL? A RECIPE FOR HAITIAN SUCCESS

Policy Update

By

David Carment
CDFAI Research Fellow

And

Yiagadeesen Samy
Associate Professor of International Affairs at Carleton University

February, 2012
Prepared for the Canadian Defence & Foreign Affairs Institute
1600, 530 – 8th Avenue S.W., Calgary, AB T2P 3S8
www.cdfai.org
© Canadian Defence & Foreign Affairs Institute

On the second anniversary of the earthquake that afflicted Port au Prince in 2010, there have been concerted criticisms coming from a variety of corners within Canada and abroad decrying the lack of involvement of Haitian leadership on how aid money should be spent. Those who are critical of the current donor strategy argue that by not channelling some funds through the Haitian government the rebuilding process is going much slower than hoped; approximately 500,000 persons remain homeless, or in dire need of proper shelter, about half of the earthquake rubble remains to be cleared, and the country remains at risk of the outbreak of disease. Poverty, it seems, is unceasingly present in this country that ranks as the poorest in the Western Hemisphere and that has fallen so far behind its comparators in the Caribbean basin that there seems little hope that it will ever catch-up.

Such calls for greater Haitian government involvement in decisions about how aid should be allocated, while virtuous, are in our opinion naïve at best and at worse counterproductive. Indeed, they miss the point altogether. If the rebuilding process is going more slowly than anticipated, and if the impacts are falling short of what was expected, it is for other reasons. Drawing on our failed and fragile states research, we have found that contributing massive amounts of aid and financial support to Haiti is unlikely to yield any tangible long term results. Our research has shown that aid has not had a significant effect on growth in fragile states in general, that there are diminishing returns to aid, and that aid to these countries tends to be extremely volatile, further undermining its effectiveness. Business as usual, in other words, will not work in Haiti, and channelling funds through its fledgling government will only reinforce systematic dependence on inadequate structures and processes that historically have produced very little.

And let us not forget that more than US\$10 billion in foreign aid has already been provided to Haiti in the past five decades, including significant contributions from the Canadian government, and that even before the earthquake hit, Haiti had very little to show for it. Its economic and social indicators are appalling and the country was recently ranked 158th out of 187 countries on the Human Development Index, with more than 50% of its population living on less than \$1.25 a day (UNDP HDR 2011). Despite the recent installation of a new government after months of political uncertainty, its public sector remains among the world's most corrupt, leaving the country in the bottom ten of Transparency International's Corruption Perceptions Index (175 out of 182, tied with Iraq).

Working in such a dysfunctional political environment is a real challenge for donor agencies, which have already spent a lot of time and financial resources to promote good-governance programs that have largely failed due to an absence of political will and leadership on the part of successive Haitian governments. One of the consequences has been the increasing reliance on non-governmental organizations to deliver aid programs, which have further undermined the little legitimacy that the government possesses. Historically, Haiti's governments and leaders have failed to provide security to their people, to promote economic freedom and to encourage entrepreneurship. The result is an extremely weak formal economy with entrenched corruption that is heavily dependent on external assistance, and a large informal sector where most people are barely surviving. Corruption, and lack of independence within the judicial system, contributes to the instability of the political system, further weakening government checks and balances. With no independent body able to review government actions, Haitians have little choice but to hope that the newly-elected President remains committed to democracy and broad-based economic growth.

Going forward, the main focus for aid organizations should be more effective, or targeted, aid, rather than just more aid, so that eventually aid dependency will become a thing of the past. Once one moves beyond humanitarian assistance, aid programs need to concentrate on rebuilding a viable Haitian economy that is sustainable when aid flows are scaled back or stopped. It implies giving a much more important role to the private sector and market-based solutions that can sustain the levels of development that are required. It also means

that the fundamental elements of a normally functioning state need to be present, especially the establishment and enforcement of property rights, and the creation of legitimate institutions to maintain public order and safety, to ensure the rule of law is respected, and to provide the foundations for a market-based economy.

But that is precisely where reality conflicts with those who argue that circumventing the government is both unethical and ineffective. Simply channelling aid to government ministries at this juncture will only reinforce the predatory structures in place. It is also highly unlikely that a country that lacks the rudiments of effective government, critical infrastructure and basic control over its territory and people can effectively and properly absorb massive amounts of aid applied over a short period of time. Donors have a responsibility of making sure that the allocation of every single aid dollar spent is carefully monitored. Impact assessment tools need to be applied at every stage and aid should be revised or withdrawn if effects are not achieved. Eventually this process of making aid more effective will result in measured success, and, more importantly, a government weaned away from aid dependence. As painful as this may seem now, the long term situation will be better.

A complete lack of leadership has been the single most important determinant of Haiti's repeated failures and the path for Haiti's leaders will be to choose cooperation and the efficient distribution of resources over self aggrandizement, economic diversification and productivity over external dependence, and political stability over dictatorship. A case in point is the recent proposal of President Martelly to re-establish the Haitian army as opposed to strengthening the national police force in a country that faces no external threats.

The road to recovery for Haiti will be a long road and its ongoing reconstruction needs to be a sequenced process to reduce economic vulnerability and to build political resilience. Failure to do this means that aid will continue to be wasted and that long-term sustainable development will remain elusive in Haiti.

ABOUT THE AUTHORS

David Carment is a CDFAI Fellow and Editor of Canadian Foreign Policy Journal. **Yiagadeesen Samy** is Associate Professor of International Affairs at Carleton University and Research Associate at the North-South Institute. You can access detailed reports and data analysis at their project website: www.carleton.ca/cifp

Canadian Defence & Foreign Affairs Institute

CDFAI is the only think tank focused on Canada's international engagement in all its forms - diplomacy, the military, aid and trade security. Established in 2001, CDFAI's vision is for Canada to have a respected, influential voice in the international arena based on a comprehensive foreign policy, which expresses our national interests, political and social values, military capabilities, economic strength and willingness to be engaged with action that is timely and credible.

CDFAI was created to address the ongoing discrepancy between what Canadians need to know about Canadian international activities and what they do know. Historically, Canadians tend to think of foreign policy – if they think of it at all – as a matter of trade and markets. They are unaware of the importance of Canada engaging diplomatically, militarily, and with international aid in the ongoing struggle to maintain a world that is friendly to the free flow of goods, services, people and ideas across borders and the spread of human rights. They are largely unaware of the connection between a prosperous and free Canada and a world of globalization and liberal internationalism.

In all its activities CDFAI is a charitable, nonpartisan organization, supported financially by the contributions of foundations, corporations and individuals. Conclusions or opinions expressed in CDFAI publications and programs are those of the authors and speakers and do not necessarily reflect the views of the Institute staff, fellows, directors, advisors, or any individuals or organizations that provide financial support to CDFAI.