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Haiti Country Assistance Evaluation

- Haiti's real per capita income fell during the last 15 years, and roughly two-thirds of the population lives in poverty, with economic and social indicators comparable to those of the poorest countries in the world.
- The Bank's ability to deliver its program in Haiti was limited by its failure to give highest priority to the country's political and governance problems. The outcome of Bank assistance to Haiti since 1986 is unsatisfactory. Bank performance has, however, improved in recent years.
- If the Bank resumes lending to Haiti—in the framework of conditions established by the donor community—it should undertake small, simple, well-defined operations, with modest objectives that will build institutional capacity and improved governance.

Since the overthrow of the Duvalier regime in 1986, the extraordinary instability of Haiti's earlier history has continued, with thirteen governments and two periods during which most donor activities, including Bank lending, ceased altogether. GNP per capita is US\$460. Real per capita GDP fell at a rate of 2 percent p.a. during the 1980s and 2.5 percent p.a. during the 1990s. The continuous conflict and political crisis, with peaks of violence, led to Haiti's classification by the Bank as a post-conflict country, although it might more accurately be considered a failed state. Poor governance and political instability are the major impediments to sustainable development, along with weak public sector capacity and accountability, followed by low levels of education, badly deteriorated infrastructure, a paucity of arable land relative to the population, and a devastated environment.

The Bank, with other donors, has tackled these challenges through emergency projects to support economic recovery, stabilization, public sector reform, privatization, and social programs, as well as investments in infrastructure and a few projects in environment, education and health. However, political and governance problems undermined development efforts. Recent economic and sector work, most notably the 1998 poverty report, is of good quality, but its impact has been limited by the unresolved political situation. New lending has been blocked since 1997 by the absence of a functioning parliament, and the few remaining projects under implementation have been cancelled.

Projects in Haiti have unusually low ratings. Beyond the reform of trade policy and macroeconomic management in the late 1980s and early 1990s, lending has had little impact. Emergency projects were rated satisfactory, but had limited objectives and no longer-term relevance. Positive results tend to be found in project components that bypass traditional channels, using NGOs or autonomous agencies to distribute services and funds; IFC has had some success with micro-finance. Despite four Bank education projects, and sizable contributions from other donors, over half of adults are illiterate, and enrollment rates are among the lowest in the world. The single health project had some success in treating TB, but health services remain inadequate to address high infant and maternal mortality and major public health crises, including HIV/AIDS and polio epidemics. Agricultural and environmental projects have failed to stem the decline of agriculture and the deterioration of the environment. And despite nine Bank projects, and assistance from other donors, deterioration of infrastructure has reached critical levels. Since 1994, the Bank has led aid coordination, which is remarkable for its intensity, including collaborative economic and sector work, but which has a mixed record on the ground, where inadequate division of labor, multiple conditions and complex processes, have overwhelmed weak institutions.

Based on both its impact and the ratings of its individual components, the outcome of the assistance program is rated unsatisfactory (if not highly so), the institutional development impact, negligible, and the

sustainability of the few benefits that have accrued, unlikely. Until recently the Bank and other donors could be faulted for offering traditional assistance programs without first resolving the fundamental governance and political barriers to development, and for overwhelming the fragile absorptive capacity. In the last few years, the Bank has appropriately limited its engagement to project supervision and sector work.

The international community has established three conditions for re-engagement in Haiti: a resolution to the political crisis, macroeconomic stability, and a commit-

ment by the government to undertake critical sectoral reforms. Once they are met, any move toward re-engagement should proceed with extreme caution and in close coordination with other donors. The means of re-engagement should be presented in a Transitional Support Strategy paper, with highest priority on the reform of governance. Re-engagement could be initiated through the use of grants to reestablish a dialogue with the government and civil society. Any lending should be directed toward piloting activities that could contribute to institution building, possibly through the use of LILs.

Reactions of the Borrower and Regional Management

Extensive comments from the borrower on the draft report have been received. The government agrees with the analysis of the past, but does not agree with the “minimalist” strategy recommended by the CAE. It believes that the present disastrous situation calls for substantial and immediate commitments from the Bank and other donors, using the CAE as a basis for discussion. It proposes a two-pronged approach: a social agenda, which would begin immediately through a poverty reduction fund, and an economic agenda, with a more extended time frame.

The Region agrees with the major conclusions of the OED report and endorses the recommendations for ensuring that future assistance to Haiti contribute to a sustained reduction in poverty. It agrees that the first priority should be to increase trust and cooperation among the government, civil society and donors, and that when lending resumes, projects initially could focus on technical assistance for public sector reform and community-based development. In the meantime, as suggested by the CAE, the region is focusing on raising grant funds for communicable diseases and preparing a Transitional Support Strategy.

