Congress of the United States
Washington, DC 20515
May 3, 2007

Support Debt Cancellation for Haiti

Dear Colleague:

We urge you to cosponsor ***H.Res. 241,*** a resolution that calls for the complete cancellation of Haiti's multilateral debts.

On May 14, 2006, Rene Garcia Preval was sworn in as the President of Haiti, following democratic elections in which 2.2 million Haitians – more than 60 percent of registered voters – participated. President Preval's election is a sign of hope for the people of Haiti who have suffered tremendously as a result of violence and natural disasters. However, the government of Haiti needs the support and assistance of the international community to ensure national reconciliation and sustainable development for the Haitian people. Debt cancellation is essential to this process.

According to the International Monetary Fund (IMF), Haiti owes over one billion dollars to multilateral financial institutions. Of this total, \$21.4 million is owed to the IMF, \$507.1 million to the World Bank, and \$533.9 million to the Inter-American Development Bank. Much of this debt burden was accumulated during the oppressive rule of the Duvalier regimes, neither of which used the money to benefit the Haitian people.

H.Res. 241 urges the IMF, the World Bank, the Inter-American Development Bank, and other multilateral financial institutions to cancel Haiti's debts completely and immediately. The resolution also urges the Secretary of the Treasury to use the voice, vote and influence of the United States within these institutions to accomplish this important goal. Cancellation of Haiti's debts will enable the democratically-elected government to improve health care, education and other essential government services; invest in critical infrastructure; and improve the lives of the Haitian people.

We hope you will join us and support complete debt cancellation for the people of Haiti. If you want to cosponsor this resolution or need further information, please contact Kathleen Sengstock of Congresswoman Waters' staff at x52201.

Sincerely,

Maxine Waters

Spencer Bachus

Luis Gutierrez

Barbara Lee

Jubilee USA NETWORK

HAITI REBORN

INSTITUTE FOR JUSTICE & DEMOCRACY IN HAITI

18 May 2007

Dear member of Congress:

We, the undersigned organizations and individuals, are writing today to encourage you to **support House Resolution 241**. House Resolution 241 would direct the United States Executive Directors at the International Monetary Fund, World Bank, and the Inter-American Development Bank to use the voice, vote, and influence of the United States to **immediately cancel Haiti's debts** to those institutions.

We note that the all of these institutions have already agreed to cancel Haiti's debts. They recognize that Haiti's debt burden is unsustainable, and that the funds used to service this debt would be better served being used to save lives and educating Haiti's future leaders. However, under the processes that have been proposed Haiti will have to wait at least three years before receiving this debt cancellation. A three-year delay means that people will continue to suffer from lack of access to health services and education budgets will be strained. The reason for the delay is the insistence by these institutions that Haiti undergo further policy and structural reform under the framework of the Heavily Indebted Poor Countries (HIPC) Initiative.

We ask you to consider the following:

Haiti has been undergoing market oriented structural reform for over twenty years. Indeed, Haiti already has the lowest public sector employment rate in the Western Hemisphere, as well as the lowest average tariffs. Less than twenty percent of Haiti's children are able to attend public schools, and access to health services is seriously restricted.

The lowering of tariffs on agriculture have generated mass displacement in rural areas, adding pressure on already under-funded public services, particularly health and education, in urban areas. Since 1986, Haiti has averaged annual growth rates of *negative* two-percent, so that today eighty-percent of Haiti's people live on less than $2 a day – fifty percent on less than $1 dollar a day. In other words the policy reforms that have been mandated in Haiti over the last twenty years by these same institutions have not worked. What can Haiti gain by three more years of the same?

Over half of Haiti's current debt to the World Bank, IMF, and Inter-American Development Bank (IDB) was accumulated by the Duvalier dictatorship and the military juntas that governed Haiti after his departure. Less than 50 percent of IDB loans and only 35 percent of

World Bank loans that Haiti is currently being asked to pay off were actually distributed to an elected government.

Haiti will pay $56-70 million a year to service debts to the IDB and World Bank, a total of $170-200 million over the next three years. This is equivalent to the annual budgets for education and health combined (approximately $180 million a year).

What does three years mean?

The most recent World Health Report (2006) estimated that Haiti's government spends $10 per capita on health – or $83 million a year. (The U.S. government spends $2,500 per capita on health.) With this budget, Haiti has 25 doctors, 11 nurses, and 1 dentist per 100,000 people. Only 24% of women are accompanied by a trained health provider during childbirth and only 18% of births happen in a health facility. Haiti has the highest HIV/AIDS infection rate and the lowest coverage of potable water in the Western Hemisphere. The low levels of public expenditures on health also means that services nearly always require a fee – which puts even the most basic healthcare out of reach of the majority of Haitians.

As a result, between now and the end of fiscal year 2010 in Haiti 90-100,000 children will die before reaching the age of 11 months and another 30-40,000 will die before reaching the age of 5 years. Haiti's under-five mortality rate is 1500% higher than in the United States. Based on the number of live births in the United States each year a comparable under-five mortality rate would translate into 1.5-1.8 million children dying over the same period of time – 1,600 a day!

Approximately 6,000 women will die during childbirth in Haiti between now and October 2010. In the United States, with 35 times the population, the total number of deaths will likely be less than 2,000. At the same maternal mortality rate as Haiti, nearly 100,000 women would die in the United States during childbirth over a comparable period.

$180 million will not change all of this overnight. But it could have a dramatic impact now in extending health services to thousands of people.

In conclusion, since the World Bank, IMF, and IDB have already agreed to cancel Haiti's debt, and considering that remaining debt service is largely on debts accumulated by former dictators, we ask you to support House Resolution 241 and work to ensure that the people of Haiti are not forced to wait three more years to receive this debt cancellation.

Sincerely,

Quixote Center/Haiti Reborn
Tom Ricker, Co-director

Institute for Justice and Democracy in Haiti
Brian Concannon

Jubilee USA Network
Karen Joyner, Communication and Advocacy Coordinator

(Additional organizations– alphabetical)

Alliance for Global Justice
Chuck Kaufman, Director

Campaign for Labor Rights
Jon Hunt, National Coordinator

Delaware County Pledge of Resistance,
Ronald Coburn, MD and Paula Bronstein

Democracy for Haiti
Jean Yves Point-du-Jour, Co-Director,

East Timor Action Network / Madison (Wis.)
Eric Piotrowski, co-coordinator

Ecumenical Program on Central America and the Caribbean
Scott Wright, Director

Fondasyon Mapou
Eugenia Charles, Executive Director

Guatemala Human Rights Commission/USA
Marty Jordan, Co-Director

Haiti Action Committee
Marilyn Langlois, Volunteer Coordinator
San Francisco Bay Area

Haiti KONPAY
Melinda Miles and Joe Duplan, Co-Directors

Haitian Priorities Project
Jacob Francois, Co-Founder

Haiti Rights Vision (VIDWA)
Anne Sosin, Coordinator

Human Rights Accompaniment In Haiti
Tom Luce, President

Haiti Solidarity Network of the Northeast
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Jubilee Northwest Coalition, Seattle, WA.
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Marin Inter-Faith Task Force on the Americas
Dale Sorenson, Director

Mennonite Central Committee
Theo Sitther, Legislative Associate for International Affairs

Mothers on the Move, Bronx, NY
Wanda Salaman & Taleigh Smith

Network in Solidarity with the People of Guatemala
Andrew de Sousa, National Organizer

NY Committee in Solidarity with the People of El Salvador
Wendy Vasquez

Nicaragua Network
Katherine Hoyt, National Co-Coordinator

Nicaragua-US Friendship Office
Rita Clark, Director

Office of the Americas
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Parish Twinning Program of the Americas
Theresa Patterson, Executive Director

Partners In Health
Donna J Barry, NP, MPH, Advocacy and Policy Manager

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William Slavick

Philadelphia Buddhist Peace Fellowship,
Karen A. Wisniewski and Dom Roberti

Portland Peaceful Response Coalition
William R. Seaman

Project 2000 International
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Rochester Committee on Latin America

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Sisters, Servants of the Immaculate Heart of Mary
The Leadership Council, Monroe, Michigan

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Sustainable Organic Intergrated Livelihoods.
Sarah Brownell, Sasha Kramer, and Kevin Foos, directors

U.S. El Salvador Sister Cities

Venezuela Solidarity Network
Banbose Shango, Regional Coordinator

Visitation Hospital Foundation
Theresa Patterson, Executive Director

Voices for Global Justice
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President, Division of Overseas Ministries, Christian Church (Disciples of Christ) and Co-Executive, Global Ministries

Jubilee USA NETWORK

FACT SHEET

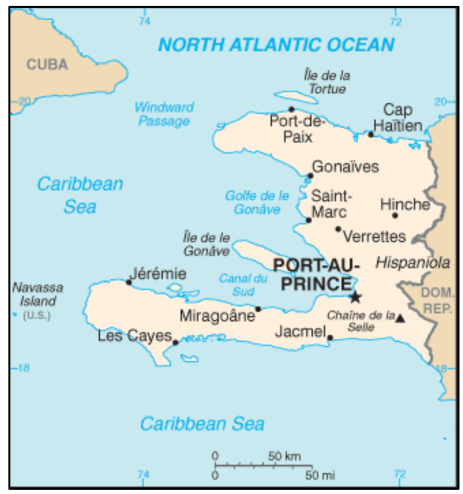
Haiti's Debt

March 2007

Institute for Justice & Democracy in Haiti

Haiti is the most impoverished country in the Americas. 80% of the population lives in abject poverty and one out of nine children dies before reaching her fifth birthday. Life expectancy is 53 years and nearly half the population cannot read. Haiti's government is forced to divert $56 million per year from fighting this poverty to reimburse International Financial Institutions (IFIs) that were established to help countries like Haiti fight poverty. Over half of Haiti's $1.3 billion debt is for loans granted to Haiti's dictatorships, especially the brutal and corrupt Francois "Papa Doc" and Jean-Claude "Baby Doc" Duvalier dictatorship. Haiti's onerous and odious debt should be cancelled immediately without conditions, as a matter of justice and as an essential tool in the global fight to end poverty under the Millennium Development Goals (MDGs).

From Enslaved Colony to Indebted Republic



Haiti's legacy of debt began shortly after the country won independence from France and abolished slavery in 1804. France threatened to reinvade and re-establish slavery, unless Haiti compensated it for the loss of the "property", including slaves. With French warships positioned off the coast, Haiti gave in to French demands in 1825, and agreed to pay 150 million francs (equivalent, with interest, to $21 billion today), financed by a loan to a designated French bank in return for recognition of Haiti's sovereignty.

This enormous debt – equal to ten times Haiti's export revenues – placed a heavy burden on the new country. Haiti was forced to send any available cash to France, diverting revenues from investments in infrastructure, education and government services. The world's first black republic descended into a spiral of debt and underdevelopment from which it has never recovered.

From 1957 to 1986, Haiti was controlled by the father/son dictatorship of Francois "Papa Doc" and Jean-Claude "Baby Doc" Duvalier. For nearly thirty years they spent foreign "assistance" on fur coats and brutal death squads like the *Ton Ton Macoutes.* An audit revealed that Jean-Claude Duvalier diverted at least $500 million in the last six years of his reign alone. Newspapers reported that his wife Michele Duvalier spent $20,000 on a weekend shopping trip to Manhattan. This theft was widely reported, yet donor countries and IFI's continued to send money so long as the Duvaliers stayed in the anti-communist camp.

Haiti's Debt Today: A New Form of Slavery

The Haitian people are still paying for the crimes of their past leaders. 45% of the country's current external debt was incurred by the Duvaliers, while the country's lenders turned a blind eye to the corruption. Not only did these loans fail to benefit the Haitian people, the consequent debt service payments continue to cost the country millions of dollars that could be better spent on education and health. Meanwhile, harmful economic policies mandated by the International Monetary Fund (IMF) and World Bank continue to undermine the country's ability to chart its own development path.

In April 2006, the World Bank and the IMF added Haiti their heavily indebted poor countries (HIPC) debt cancellation program, on the heels of the election of a constitutional president, Rene Préval in February. Yet, the HIPC program will not actually cancel Haiti's debt for several years, and will come with painful strings attached: the banks will require Haiti to undertake neo-liberal economic "reforms", that will certainly aggravate the country's poverty in the short term, and may do so in the long term. These economic policy strings will continue to drain Haiti's productive capabilities and reduce its already minimal social safety net, while causing deadly delays. Under the conditions of the World Bank and IMF's debt relief program, Haiti will not qualify for cancellation until 2009 at the earliest—by which time the country will have sent the IFIs $138 million taken from programs to build schools and provide clean water and health care.

The Inter-American Development Bank (IDB), Haiti's largest creditor, also added Haiti to its debt relief program, in 2007 after protracted negotiations. But IDB debt relief will also take time, and impose painful economic "reforms." In the meantime, Haitian children will continue to die of preventable diseases, and grow older without learning how to read.

Debt Cancellation: An Opportunity for a Fresh Start

Immediate cancellation of Haiti's debt to the World Bank, IMF, and IDB would free much needed resources to fight poverty and help the country to achieve the Millennium Development Goals. The IMF projects that without debt relief, more than one-tenth of the central government's revenue over the next four years will go to foreign creditors to service the country's external debt. Imagine the impact if this money were instead used for poverty reduction.

Debt relief works. Social spending has risen by 75% in countries that have received debt relief, with funds used to abolish school fees, provide free immunizations, fight HIV/AIDS, and improve access to safe drinking water. Canceling Haiti's debt could increase the environmental budget tenfold to reverse the environmental degradation that leaves Haiti vulnerable to tropical storms and mudslides that have claimed thousands of lives in recent years. Alternatively, the amount could double the resources spent on education or triple the funds spent on AIDS prevention.

100% debt cancellation and an end to economic conditionality could allow the new president and the people of Haiti an opportunity to build a stable democracy and work toward a future free from poverty and want.

Just as Rene Préval's presidency marks a fresh start and hope for an end to the unrest that has plagued Haiti since the February 2004 coup d'etat, 100% debt cancellation and an end to economic conditionality could likewise give the new president and the people of Haiti an opportunity to build a stable democracy and work toward a future free from poverty and want.

Take Action: Urge your Representative to Cosponsor H.Res. 241

You can help Haiti achieve immediate debt cancellation without delays or strings attached by calling your Member of Congress today and asking them to co-sponsor the Haiti debt cancellation resolution introduced by a bi-partisan group in the House of Representatives (H.Res. 241). To co-sponsor the resolution, tell your Member's staff to call Kathleen Sengstock in Representative Maxine Waters' office at (202) 225-2201 (Waters is one of the initial co-sponsors). If your Representative has already co-sponsored the resolution, please call to thank them. To find contact information for your Representative, visit http://www.house.gov/writerep.

For more information, and to take action, see www.jubileeusa.org or www.HaitiJustice.org.

Sources: World Bank, International Monetary Fund, Inter-American Development Bank, Central Bank of the Republic of Haiti, The United States Library of Congress – Federal Research Division Country Profile: Haiti (May 2006), *Wall Street Journal*, "Impoverished Haiti pins hopes for future on a very old debt" by José De Côrdoba (January 2, 2004), and *Jubilee USA*, "Break the Chains of Haiti's Debt" by Mark Schuller (May 20, 2006).

'Baby Doc' Duvalier, Haiti's exiled dictator, lives life of luxury St. Petersburg Times (Florida) September 21, 1988, Wednesday, City Edition

Times Publishing Company
St. Petersburg Times (Florida)

September 21, 1988, Wednesday, City Edition

SECTION: NATIONAL; Pg. 7A
LENGTH: 1164 words
HEADLINE: 'Baby Doc' Duvalier, Haiti's exiled dictator, lives life of luxury
BYLINE: SUSAN SACHS
DATELINE: MOUGINS, France
BODY:

MOUGINS, France - Far from the bloodshed, political chaos and poverty of his homeland, Haiti's former president-for-life Jean-Claude "Baby Doc" Duvalier lives in luxurious exile in this hilltop Riviera village.

It's been 2 1/2 years since Duvalier fled Haiti with a planeload of suitcases and frightened relatives after nearly 30 years of family rule.

However sudden that departure appeared at the time, Duvalier and his wife Michelle certainly were prepared financially. In France, they come and go as they please, and that means first class all the way.

Every few months, they settle in at the Bristol Hotel in Paris, just down the street from their favorite high-priced boutiques. Their shopping sprees have netted trunkloads of haute couture outfits, fine leather goods, Chinese antiques and precious jewelry.

At home in the $ 40,000-a-year villa rented from Saudi Arabian arms dealer Adnan Kashoggi, the 37-year-old Duvalier is said by visitors to spend his days watching big-screen television. Ferrari sports cars are parked in the driveway. A security guard patrols the grounds with a rifle slung across his chest and German shepherds at his heels.

"Monsieur and Madame Duvalier do not receive journalists," said the man who answered their telephone recently. "That is the rule of the house."

But the family's days of undisturbed exile may soon take on an unfamiliar chill.

After rejecting the argument that France has no jurisdiction to try them, a French appeals court in Aix-en-Provence is now expected to begin preliminary hearings next month on embezzlement charges against the Duvaliers and their associates.

The civil lawsuit, brought by the government of Haiti, accuses them of skimming $ 120-million of state money from such activities as the lottery, food sales, the army budget and hospitals.

After months of stalemate, some movement is visible in the Haitian government's worldwide hunt for Duvalier assets.

In the past two months, newly discovered bank accounts in Paris and London have begun to yield clues as to how the Duvaliers finance their expensive lifestyle.

More important, the Haitian government's request for access to bank records in Switzerland, where investigators believe a large amount of money is hidden, may produce some results by the end of the year.

Although Swiss banks have been under orders for two years to freeze any known Duvalier accounts, Haiti has been unable find out how many - if any - exist.

Last month, though, a Geneva court ordered Geneva banks to open their records. Duvalier has appealed, but lawyers say a final ruling covering that judicial district could come within a few months.

"We've made tremendous progress and we continue to make tremendous progress," said Curtis Mechling, one of the New York lawyers representing the Haitian government. "It's going to be a long fight."

In an interview with the newspaper Le Monde in May, Duvalier estimated his fortune at "much less than $ 100-million" and claimed it is the result of "well-managed savings." In previous interviews, he has said that his wealth is inherited from his family and that of his wife.

"Even the Queen of England has money," said Dominique Poncet, a lawyer representing the Duvaliers in the Swiss proceedings. "It doesn't mean necessarily that it was taken from the state treasury."

Soon after the Duvaliers left, the Haitian government seized or placed liens on about $ 10-million in family properties in the United States and France, including a luxury apartment in Trump Tower in New York and a $ 2-million chateau north of Paris.

Finding cash has proved more difficult. The search has led to at least five countries and uncovered dozens of bank accounts.

"They keep the money moving," said Bruce Dollar, an investigator with Kroll Associates in New York. "They have some pretty sophisticated advisers and legal minds working on this for them."

As often as not, bank accounts are emptied hours before courts order them frozen. This summer, for example, a French newspaper reported that $ 29-million was withdrawn from two of the Duvaliers' London bank accounts just before a court impoundment order.

None of the lawyers involved would comment on the report or disclose how much money was believed held by the Duvaliers in London.

The only other clue comes from a British appellate court opinion in July, referring to "the vast amount of money involved" in the London case.

After ordering the disclosure of their assets, the judges chastised the Duvaliers for their "plain and admitted intention . . . to move their assets out of the reach of courts of law."

The Duvaliers' own lifestyle in France has given investigators some of their best leads. A peek into their world was provided recently when Michelle Duvalier's personal notebook was seized during a police search of the Mougins villa.

The handwritten entries cover two years of shopping sprees. Some are described in detail, like the $ 10,000 Hermes saddles for the children and the $ 13,000 cigarette holder, one of the more than $ 450,000 worth of items purchased at Paris jewelers during one six-month period in 1987.

On a four-day shopping trip to Paris last October, according to the account, the Duvaliers spent $ 71,000. The month before, a similar visit cost $ 35,000 for hotel rooms, tips, chauffeur-driven cars, restaurants and clothes.

"Spending money is the hobby of these people," said Yann Colin, one of the Haitian government's Paris lawyers.

The notebook also referred to $ 200,000 spent at Givenchy for Michelle Duvalier's 1987 winter wardrobe. French police were sent to look at Givenchy's records, which revealed the existence of the Duvalier bank account in London.

Information gleaned from the London accounts, in turn, led to the discovery of suspected Duvalier bank accounts currently being used in Switzerland, according to Haiti's Geneva lawyer, Henri Torrione.

"We still don't know anything of a precise nature," he said. But the recent court rulings around the world that favor the Haitian government," Torrione added, "are great victories."

Ban Expiring, Haitians Fear Return of the Tontons Macoute The New York Times March 31, 1997, Monday, Late Edition - Final

The New York Times

March 31, 1997, Monday, Late Edition - Final

SECTION: Section A; Page 4; Column 3; Foreign Desk
LENGTH: 870 words
HEADLINE: Ban Expiring, Haitians Fear Return of the Tontons Macoute
BYLINE: By LARRY ROHTER
DATELINE: PORT-AU-PRINCE, Haiti
BODY:
Ten years ago, Haiti approved a new Constitution prohibiting officials of the recently deposed Duvalier family dictatorship from seeking public office. But that ban is expiring, and the prospect that former leaders of the Tontons Macoute may soon re-enter public life has the Haitian Government scrambling to take countermeasures.

An old lawsuit against members of the Duvalier family and their entourage has been revived, and President Rene Preval has warned of a renewed threat from the Tontons Macoute, the Duvaliers' dreaded private security force, even as his aides seek to reassure the population that they have nothing to fear.

The Duvalier family first took power here in 1957, when Francois Duvalier, known as Papa Doc, was elected President and initiated a period of brutal and corrupt rule that lasted three decades. Early in 1986, Jean-Claude Duvalier, the dictator's son, known as Baby Doc, was overthrown in a popular rebellion and fled to France with a large chunk of the state treasury.

On March 29, 1987, a Constituent Assembly approved a new Constitution denying political rights for a decade to "any person well-known for having been by his excessive zeal one of the architects of the dictatorship." The 10-year ban also applied to all those "denounced by public outcry for having inflicted torture on political prisoners" or "for having committed political assassinations."

For several weeks now, the country has been awash with nervous rumors that Jean-Claude Duvalier himself plans to come back to Haiti. Diplomats here say that is extremely unlikely: he still faces criminal charges here.

Nevertheless, Mr. Duvalier's former father-in-law, Ernest Bennett, returned recently. At a restaurant in the upper-class suburb of Petionville, Mr. Bennett, who used his ties to the Duvaliers to reap a fortune, even led a group of diners in cheers of "Long Live Duvalier!"

Mr. Bennett is reported to have left Haiti in late February, after the Government filed a suit against Mr. Bennett, his daughter Michele (now estranged from the former dictator), and 36 other former officials and sympathizers of the Jean-Claude Duvalier dictatorship, charging that they had misappropriated public funds.

"This came up because these guys started coming back, which I thought was pretty brazen," said Ira Kurzban, an American lawyer who represents the Haitian Government in efforts to recover assets the Duvaliers sent abroad. "There was no sense of anyone being brought to justice who was a figure in any of this, which is why the Bennett suit is important."

The Haitian Government, which estimates that the Duvaliers and their associates pilfered more than $500 million from the treasury during their last five years in power, has already won judgments of $11 million against the Duvalier family in American courts. They have been able to retrieve little of that, though Mr. Kurzban said the Government expected to take possession soon of an apartment of Michele Bennett's on the East Side of Manhattan.

Whether pro-Duvalier forces still represent a threat to public security and political stability here, however, is a subject of considerable debate. In a recent speech, Mr. Preval evoked the specter of their return to rally support for his Government and its unpopular policies.

"We have a police force that is young, short of equipment and beleaguered," Mr. Preval said. "If you don't help them, the Tontons Macoute, who are watching from the sidelines, will stage a coup d'etat, just as they did in 1991, which will force us to go into hiding."

But some of Mr. Preval's supporters argue that it is important not to overstate the possibility of a resurgence of the Tontons Macoute.

"As a political force, they are completely finished," said Gerard Pierre-Charles, leader of the Lavalas Political Organization, the center-left political party that has the largest bloc in the Haitian Parliament. "The Duvalierists have no leadership, no ideology and no army."

The director of the United Nations mission here, Enrique ter Horst, described the neo-Duvalierists as "a spent force" politically. But it does not necessarily follow, he cautioned, that they no longer constitute a security threat.

"There are still people from that part of the political spectrum who do meet and have dreams of organizing a coup d'etat, which only shows how gravely they are misinterpreting the new political situation," Mr. ter Horst said.

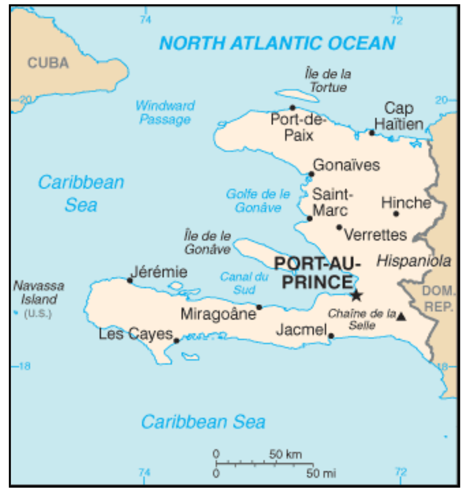
Still, some public officials said that they had begun to detect a certain nostalgia for the Duvalier era among groups dismayed by the lack of economic growth since democracy was restored in 1994.

"The population is so disappointed by the current rulers of the country that some of them say, 'It wasn't so bad when we had a dictatorship,' " said Jean-Robert Sabalat, a Foreign Minister under President Jean-Bertrand Aristide who is now a member of the Senate.

"After the Macoutes were defeated, they dispersed throughout the country," he said. "But when they see misery growing and disagreement among the people in power, they get more confidence in themselves and say, 'The people who used to criticize us are doing worse, so why don't we come up again?' "

HAITI FACT SHEET
July 2006

ECONOMY



Trade Statistics:

- **Imports: "**Haitian imports totaled an estimated US$1.5 billion in 2005. About 35 percent of imports came from the United States. Other significant sources of imports that year included the Netherlands Antilles, Malaysia, and Colombia. Haiti's primary import items are food, fuels (including oil), machinery, and manufactured goods."[1]
- **Exports: "**In 2005 Haiti's exports totaled an estimated US$391 million. More than 80 percent of that revenue came from exports to the United States. Other major export partners in 2005 included the Dominican Republic and Canada. Assembled manufactures, coffee, edible oils, cocoa, and mangoes compose the majority of Haiti's exports." [2]
- **Trade Balance: "**Haiti annually has a large trade deficit. In 2005 the country had an estimated trade deficit of about US$1.1 billion." [3]
- **Balance of Payments: "**In 2003 Haiti's balance of payments was negative US$4.6 million." [4]

Debt:

- **External debt** – estimated at 1.3 billion U.S. dollars. [5]
- **Effect of the FTAA**: "In Haiti, poverty and malnutrition dramatically increased during the rapid market liberalization period. When the tariff on rice was drastically reduced from 35% to 3% in 1994/95, imports of subsidized rice from the US flooded the domestic market and local production fell, devastating the means of survival of 50,000 rice-producing families. Currently, two-thirds of the rice consumed in Haiti is imported. Worse still, Haiti has not been able to generate sufficient income to maintain the rhythm of food imports, leading to increased debt." [6]
- Debt service as percentage of exports of goods and services and net income from abroad – 10.7% (2003) [7]

Remittances:

- Remittances are the primary source of foreign exchange. In 2004, remittances to Haiti totaled $1 billion and constituted 28 percent of Haiti's GDP. [8]
- About one out of every eight Haitians presently lives outside the country's borders. [9]

Government Budget:

- During 2005 government expenditures were estimated to be US$600.8 million and revenues, about US$400 million. The government relies heavily on international economic assistance for fiscal sustainability. [10]
- **Defense Budget:** In 2003 Haiti's civilian security budget totaled an estimated US$26 million. [11]

Economic Indicators:

- **Inflation rate** – 15.70% second highest in western hemisphere.[12]
- **Per capita GDP -** US$346. (2003) [13]
- **Purchasing power parity (PPP)** – US$1,700 ranks last in the western hemisphere and 195th in the world. (2005) [14]
- The World Economic Forum ranked Haiti last in its 2003 Global Competitiveness Report. [15]
- Haiti is the poorest country in the Western hemisphere[16]
- 80% of the population lives below poverty line. [17]

World Bank Doing Business Report:

- The World Bank ranks nations according to the ease of doing business within the country. Haiti's overall rank is 134 out of 155 countries surveyed. The survey is broken down into 10 categories:
    1. Starting a Business 149
    2. Dealing with Licenses 69
    3. Employing Workers 21
    4. Registering Property 121
    5. Getting Credit 132
    6. Protecting Investors 123
    7. Paying Taxes 75
    8. Trading Across Borders 124
    9. Enforcing Contracts 96
    10. Closing a Business 136 [18]

Employment:

- Two-thirds of the country's 3.6 million workers are without consistent work. [19]

DEMOGRAPHICS

- Population (thousands), 2004, under 18 – 3842[20]
- Population (thousands), 2004, under 5 – 1137[21]
- Population annual growth rate (%), 1970-90 – 2.1[22]
- Population annual growth rate (%), 1990-2004 – 1.4[23]
- % of population urbanized, 2004 – 38[24]
- Average annual growth rate of urban population (%), 1970-90 – 4.1[25]
- Average annual growth rate of urban population (%), 1990-2004 – 3.3[26]

HEALTH

- Haiti is ranked 153rd of 177 countries on the Human Development Index. [27] "The UN Human Development Index (HDI) is a comparative measure of poverty, literacy, education, life expectancy, childbirth, and other factors for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used by many people to distinguish whether or not the country is a first, second, or third world country.
- Life expectancy at birth (2000-05) – 51.5 compare with Mexico – 74.9, Cuba – 77.2, Canada – 79.9, United States – 77.3, and Latin America and the Caribbean as a whole – 71.7. [28]
- Healthy life expectancy – 44 years. The Health live expectancy or "HALE … adds life expectancy (a composite measure of mortality, i.e. fatal outcome) to estimates of non-fatal outcomes, with adjustment for severity of the latter. It is most easily understood as the lifespan in full health, i.e. without disability." [29]
- Death Rate (deaths/1,000 population) – 12.2 worst in the western hemisphere (2006). [30]
- Birth Rate (births/1,000 population) – 36.4, highest in western hemisphere (2006). Compare with Mexico – 20.69, Cuba – 11.89, Canada – 10.78, and the United States – 14.14. [31]
- Worst infant mortality rate in the western hemisphere – 76 deaths per 1,000 live births. Compare with Mexico - 23, United States - 7, Canada - 5, Cuba - 6, and Latin America and the Caribbean as a whole – 27. [32]
- Probability at birth of not surviving to age 40 – 34.4% (2000-05). [33]
- Probability at birth of surviving to age 65 - Male 38.2%, Female 41.3% (2000-05). Compare with Latin America and the Caribbean as a whole Male 68.2%, Female 79.7%. [34]
- Human Poverty Index Rank – 70 of 103 developing countries and areas, last in western hemisphere. [35]

- Under-five mortality rate (per 1,000 live births) – 118 (2003). Compare with Latin America and the Caribbean as a whole – 32. [36]
- Haiti ranks last in the western hemisphere in health care spending – Per capita, Haiti spends US$83 annually on health care (2002). Compare with Cuba US$236, Mexico US$550, Canada US$2,931, United States US$5,274 in annual spending. [37]
- Number of physicians per 100,000 population – 25 (1990-2004). Compare with Mexico – 171, Canada – 209, United States – 549, Cuba – 591. [38]
- Estimated only 43 percent of the target population receives the recommended immunizations. [39]
- Hospital beds per 1,000 population (2004) – 0.8 [40] compared to 1.9 for LA& C
- Contraceptive use (women, all methods) (1996-2004) 28% compared with 65% for LA&C

ACCESS TO WATER

- Library of Congress Country Report estimates less than half the population has access to clean drinking water. [41]
- Human Development Index states 71% of the population with sustainable access to an improved water source – 71% (2002) [42] compare with Latin America and the Caribbean as a whole – 89% (2002). [43]
- In 2003 the WHO confirmed an outbreak of typhoid fever in Haiti that, b/c of a lack of access to doctors and safe water, led to dozens of deaths. [44]

ACCESS TO SANITATION

- Population with sustainable access to improved sanitation – 34% (2002) [45] compare with Latin America and the Caribbean as a whole – 75% (2002). [46]

ACCESS TO FOOD

- Population undernourished – 47% (2000/02) [47] compare with Latin America and the Caribbean as a whole – 10% (2000/02). [48]
- Haiti ranks along with Afghanistan and Somalia as one of the three countries of the world with the worst daily caloric deficit per inhabitant (460 kcal/day). Some 2.4 million Haitians cannot afford the minimum 2,240 daily calories recommended by the World Health Organization.[49]
- Chronic malnutrition is widespread among the most vulnerable, with severe or moderate stunting affecting 42 percent of children under five. While easily preventable, maladies like malnutrition and diarrhea kill 28 percent and 20 percent of children aged 0 - 5, respectively. Food supply covers only 55 percent of the population and daily food insecurity affects 40 percent of Haitian homes.[50]

POPULATION DENSITY

- Haiti is the second most densely populated country (248 persons per square kilometer) in the western hemisphere. [51]

GAP BETWEEN RICH AND POOR

- Human Development Reports surveyed Haiti in 2000 comparing conditions between the poorest 20% of the population with conditions for the richest 20% of the population. The statistics show the large gap between the rich and poor in access to health care. [52]
  - Births attended by skilled health personnel (%)
    - Richest 20% - 70.0

    - Poorest 20% - 4.1
  - One-year-olds fully immunized (%)
    - Richest 20% - 42.3
    - Poorest 20% - 25.4
  - Children under height for age (% under age 5)
    - Richest 20% - 5.1
    - Poorest 20% - 18.2
  - Infant mortality rate (per 1,000 live births)
    - Richest 20% - 97.2
    - Poorest 20% - 99.5
  - Under-five mortality rate (per 1,000 live births)
    - Richest 20% - 108.7
    - Poorest 20% - 163.9

HIV/AIDS:

- HIV/AIDS - adult prevalence rate (ages 15-49): 5.6% (2003 est.) Highest incidence of HIV/AIDS outside of Africa. Compare with Mexico 0.3%, United States 0.6%, Canada 0.3%, Cuba 0.1%, and Latin America and the Caribbean as a whole 0.7%. [53]
- HIV/AIDS - people living with HIV/AIDS: 280,000 (2003 est.) (CIA)
- 5,000 – number of Haitian babies are born infected with the AIDS virus. The disease causes a fifth of all infant deaths and has orphaned 200,000 children.
- 38,000 AIDS related deaths per year. [54]

UNICEF – Statistics on HIV/AIDS[55]

- HIV Prevalence: Estimated number of people living with HIV, 2003 (in thousands), low estimate 120
- HIV Prevalence: Estimated number of people living with HIV, 2003 (in thousands), high estimate 600
- HIV Prevalence: Estimated number of people living with HIV, 2003 (in thousands), children (0-14 years) 19
- HIV Prevalence: Estimated number of people living with HIV, 2003 (in thousands), women (15-49 years) 150
- Knowledge and behaviour (1998-2004)* (15-24 years), % who know condom can prevent HIV, male 72
- Knowledge and behaviour (1998-2004)* (15-24 years), % who know condom can prevent HIV, female 46
- Knowledge and behaviour (1998-2004)* (15-24 years), % who know healthy-looking person can have HIV, male 78
- Knowledge and behaviour (1998-2004)* (15-24 years), % who know healthy-looking person can have HIV, female 68
- Knowledge and behaviour (1998-2004)* (15-24 years), % who have comprehensive knowledge of HIV, male 28
- Knowledge and behaviour (1998-2004)* (15-24 years), % who have comprehensive knowledge of HIV, female 15
- Knowledge and behaviour (1998-2004)* (15-24 years), % who used condom at last high risk sex, male 30
- Knowledge and behaviour (1998-2004)* (15-24 years), % who used condom at last high risk sex, female 19

JUDICIAL AND LEGAL SYSTEM

- Nearly 80 percent of incarcerated men and women still await their initial trail, despite some effort in 2005 to reduce pretrial detention. [56]

EDUCATION

- Adult literacy rate (ages 15 and above) – well below the 89.6% average literacy rate for Latin American and Caribbean countries. Compare with Mexico – 90.3%, Cuba – 96.9, statistics for Canada and U.S. not available. (2003) [57]
- International private schools (run by Canada, France, or the United States) and church-run schools educate 90 percent of students. [58]
- **UNICEF – At a Glance – Haiti – Education:**[59]
    - Adult literacy rate, 2000-2004, male 54
    - Adult literacy rate, 2000-2004, female 50
    - Number per 100 population , 2002-2003, phones 6
    - Number per 100 population , 2002-2003, Internet users 2
    - Primary school attendance ratio (1996-2004), net, male 52
    - Primary school attendance ratio (1996-2004), net, female 57
    - % of primary school entrants reaching grade 5, Survey data, (1997-2004) 88%
    - Secondary school attendance ratio (1996-2004), net, male14
    - Secondary school attendance ratio (1996-2004), net, female 18

WOMEN'S POLITICAL PARTICIPATION

- Haitian women hold on 3.6%[60] of the national parliament seats however women constitute 52% of the total population.[61]
- Total number of seats in parliament – 86 [62]
- Seats held by women – 3 [63]

UNICEF – At a Glance – Haiti – Women:[64]

- Life expectancy: females as a % of males, 2004 – 103
- Adult literacy rate: females as a % of males, 2000-2004 – 93
- Contraceptive prevalence (%), 1996-2004 – 27
- Antenatal care coverage (%), 1996-2004 – 79
- Skilled attendant at delivery (%), 1996-2004 – 24
- Maternal mortality ratio, 1990 - 2004, reported – 520
- Maternal mortality ratio, 2000, adjusted – 680
- Maternal mortality ratio, 2000, Lifetime risk of maternal death. 1 in: 29

CHILDREN

- It is estimated that 2,000 to 3,000 Haitian children per year are trafficked to the Dominican Republic. [65]

UNICEF – At a Glance – Haiti – Child Protection:[66]

- Child marriage 1986-2004, total – 24
- Child marriage 1986-2004, urban – 18
- Child marriage 1986-2004, rural – 31

- Birth registration 1999-2004, total – 70
- Birth registration 1999-2004, urban –78
- Birth registration 1999-2004, rural – 66

UNICEF – At a Glance – Haiti – Nutrition:[67]

- % of infants with low birthweight (1998-2004) 21
- % of children (1996-2004) who are: exclusively breastfed (<6 months) 24
- % of children (1996-2004) who are: breastfed with complementary food (6-9 months) 73
- % of children (1996-2004) who are: still breastfeeding (20-23 months) 30
- % of under-fives (1996-2004) suffering from: underweight (moderate) 17
- % of under-fives (1996-2004) suffering from: underweight (severe) 4
- % of under-fives (1996-2004) suffering from: wasting (moderate & severe) 5
- % of under-fives (1996-2004) suffering from: stunting (moderate & severe) 23
- Vitamin A supplementation coverage rate (6-59 months) (2003) 25
- % of households consuming iodized salt (1998-2004) 11

Millennium Development Goals:

Estimates of Haiti's ability to meet MDGs:[68]

- Extreme poverty: unlikely
- Education: potentially
- Gender Equality: likely
- Child Mortality: unlikely
- Maternal Health: unlikely
- HIV/AIDS: potentially
- Environmental Sustainability: unlikely

Corruption Perception Index;

- Rank 155 of 159 surveyed countries – 2005[69]

Environment:

- Land area covered by forest – 3.8% [70]

C**ountry Profiles, Reports and Fact Sheets on Haiti**

- **Amnesty International:** Country Page
- **Human Rights Watch:** Country Page
- **Landmine Monitor:** Country Profile
- **BBC**: Country Profile
- **OCHA:** Consolidated Humanitian Appeal
- **CEDAW Report:** Ratified July 1981, No Report Submitted
- **Secretary-General:** Latest Report to the Security Council, May 2005
- **Security Council:** Latest Resolution, June 2005
- **Int. Committee of the Red Cross:** IHL Treaty Database
- **UNDP:** Country Page , Human Development Indicators
- **World Bank**: Haiti Country Brief
- **World Bank:** Doing Business Report
- **UNFPA:** Population and Reproductive Health Profile of Haiti
- **UNICEF:** Country Statistics

- **World Food Programme:** Country Profile
- **World Health Organization:** Country Profile
- **UNAIDS:** Country Fact Sheet
- **Relief Web:** Country Backgrounder
- **Food and Agricultural Organization:** Country Profile
- **Library of Congress** Country Report
- **Human Rights Commission:** Reports and Resolutions

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[34] HDR 252-53
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[36] HDR 252-53
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[40] Pan American Health Organization (PAHO), Health Situation in the Americas: Basic Indicators 2005, http://www.paho.org/english/dd/ais/BI-brochure-2005.pdf.

[41] Library of Congress 11
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What the World Bank and IDB Owe Haiti

By Dan Beeton*

Global Policy Forum
***Opinion Forum**
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For several years Haiti, the poorest country in the Western Hemisphere, has been left out of the World Bank's "Heavily Indebted Poor Country" (HIPC) debt relief initiative. At last, Haiti may soon see some of its IMF and World Bank debt cancelled. [1] (Haiti also has $550 million in Inter-American Development Bank (IDB) debt – 13% of its GDP - and this too is expected to be cancelled).

U.S. Representative Maxine Waters hopes to fast track Haiti's debt relief process with legislation she recently introduced that would instruct the U.S. Treasury to push for full cancellation of Haiti's debt without conditions at the Multilateral Development Banks. The Bush Administration and some Latin American countries (including Chile as well as debtors like Bolivia) have encouraged the IDB to be part of debt relief efforts and IDB members have formed an ad-hoc committee to negotiate the terms of canceling debt for HIPC countries. [2] Cancellation of the IDB debt is crucial to freeing up much-needed funds for health needs and basic social services, and the IDB debt represents 41.2 per cent of Haiti's total external public debt. [3]

Following President Rene Preval's May 14 inauguration, the World Bank and the IDB are preparing to quickly reengage with Haiti. There is no doubt that Haiti desperately needs an influx of capital – with some 65% of the population below the poverty line, infant mortality rates at 7.4%, and public health crises raging. [4] Funds from the multilateral development banks could serve a crucial need. But who will guarantee that new loans from the banks will actually serve Haiti's poor without perpetuating its debt crisis? Can Haiti receive debt relief without having to undertake new policy conditions that would hinder its economic recovery? An examination of these Multilateral Development Banks' relationship with Haiti over the past several years shows why the IDB and World Bank's activities in Haiti will require considerable scrutiny and ongoing pressure to ensure that the needs of the Haitian people come first, and that economic growth and development are top priorities. [5]

Haiti is one of four countries that may qualify as HIPC's by the end of 2006 "under the HIPC 'sunset clause'," and which could also qualify for debt cancellation when it reaches its HIPC completion point in the future. [6] Despite its dire poverty, its grave HIV/AIDS epidemic (5% of the population), and attendant problems, Haiti was excluded from HIPC for years under the Lavalas party-led governments of Aristide and Rene Preval based on the argument that the country would be able to bring its debt down to a "sustainable level" through "other sources of debt relief." [7] (The World Bank also cited Haiti's need to "show a commitment to reducing poverty" as another reason). Bank officials now hope that Haiti will complete a Poverty Reduction Strategy Paper (PRSP)[8] that could require the country to undergo more painful economic conditions. As part of the process, some World Bank board members want to open the participatory process to "a wide range of civil society groups and political actors, especially those with ties to the military and the rural population."[9] [emphasis added]

Preval's predecessor, democratically elected Jean-Bertrand Aristide, was overthrown in a violent military coup in February 2004 in which the U.S. military physically flew him out of Haiti. Both the 2004 coup and the International Financial Institutions' (IFI's) new plans for Haiti are the culmination of several years of severe economic pressure from Washington.

While Aristide was in exile after being overthrown for the first time in a 1991 coup, the U.S. exerted strong pressure on him to implement a structural adjustment plan prior to returning him to power in 1994. Yet the World Bank notes that from 1994-1997 it continued to butt heads with both the Aristide and the subsequent Preval Administrations, who found that some of the Bank's projects were "never accepted by the government…seen as too hasty a push for structural adjustment and privatization." [10] Among other components of its plan for Haiti, the Bank "recommended privatizing key infrastructure and entrusting the delivery of education, health, family planning, and water supply and sanitation to NGOs." [11] Yet the Bank noted "privatization had already proved to be contentious in Haiti. …Clashes over [privatization and downsizing] were very visible." [12]

After failing to get their way, the International Financial Institutions began to disengage from Haiti beginning in 1997. This disengagement then became an outright development assistance embargo imposed on the Haitian government after Aristide returned to the presidency in 2001.[13]

Embargo

The IDB had approved loans between 1996 and 1998 for critical social needs: health, education, potable water, and education, including a loan for "Reorganization of the National Health System."[14] But approval of the loans depended on the outcome of new elections and subsequent parliamentary approval, and the government had trouble organizing new legislative elections until May 21, 2000, when Aristide's Fanmi Lavalas swept to victory. [15]

The U.S. and the IFI's used these elections as a justification for blocking disbursement of any new aid money. Although the Orlando Sentinel reported that the Organization of American States (OAS)-led observer mission gave an initial stamp of approval to the elections, a challenge to the elections' credibility soon emerged - from the "Democratic Convergence" – an opposition group funded by the U.S. National Endowment for Democracy (in turn funded by the US Congress) that would later support the 2004 coup. [16]

The challenge to the elections' legitimacy then crept into the OAS' subsequent position. After initially stating that voting irregularities were limited to technical errors that had affected neither the vote tally nor the outcome, the OAS subsequently changed its assessments. In the end, under pressure, the OAS reversed course and contended that the election tally had been manipulated--and that as a consequence at least seven candidates from Aristide's Lavalas Family party were able to avoid runoff elections. [17]

When Haiti's 47th legislature was sworn in at the end of August 2000 and quickly thereafter voted to ratify the four IDB loan agreements, the IDB did nothing to release the funds. Between January and March 2001, the World Bank also "suspended" most grants to Haiti and "all IDA [International Development Association, an arm of the World Bank] disbursements."

In the case of the IDB, there is overwhelming evidence of U.S. involvement. An April 6, 2001 letter from Lawrence Harrington, the U.S. Representative to the IDB at the time, to IDB President Iglesias, confirms this, referring to the approved loans and stating, "we do not believe that these loans can or should be treated in a routine manner and strongly urge you to not authorize any disbursements at this time." [18] As journalist Tracy Kidder noted in The Nation, "This was unusual. No [IDB] member nation is supposed to be able to stop the disbursement of loans that are already approved." [19] Indeed, it was in direct violation of the IDB's charter. Article VIII, Section 5(d) states: "The President, officers, and staff owe their duty entirely to the Bank and shall recognize no other authority. Each member of the Bank shall respect the international character of his duty." [20] Kidder notes, "The Haitian government also lost access to loans it could have received from the IDB over the next several years, worth another $ 470 million." The Haitian Government then stopped making payments to the IDB after April 2001 when the Bank did not release the funds. [21]

The IDB was acutely aware of the devastating impact that the withholding of assistance was having on the country, as it noted in a 2001 report: "the major factor behind economic stagnation is the withholding of both foreign grants and loans, associated with the international community's response to the critical political impasse. These funds are estimated at over $500m." [22] The IDB also underscored the danger to the projects if their implementation was delayed: "long delays in project start-up may have a negative impact." [23]

Nonetheless, the IDB continued to withhold the funds, and, according to Paul Farmer, even began to demand that Haiti begin making payments on the undisbursed loans, to the tune of $5 million in arrears plus a 0.5% “credit commission” on the entire balance of undisbursed funds, effective 12 months after the date the loans were approved. [24] A spokesperson for the IDB claimed, “We generally have waived those fees [for countries borrowing on concessional terms].” But the spokesperson also suggested it would not have been unusual, even under such circumstances, for the IDB to charge Haiti the commitment fees.

No matter what steps Aristide took to resolve the controversy, it was not good enough for Washington. On June 2, 2001 the Associated Press reported, “Aristide promised that the seven senators whose elections were disputed by the OAS would resign and new elections would be held for those seats before the end of the year. The senators resigned Monday. …Aristide also agreed to cut short the terms of all members of the House of Assembly and of a third of the Senate, with elections in November 2002. Another third of Senate seats would go up for early election in November 2004.” [25]

Yet in February 2002, then-Secretary of State Colin Powell was quoted in The New York Times saying the United States would continue to oppose loans from the IDB: “We are terribly concerned about the political unrest that continues to haunt Haiti. We are concerned about some of the actions of the government, and we do not believe enough has been done yet to move the political process forward. …We believe we have to hold President Aristide and the Haitian government to fairly high standards of performance before we can simply allow funds to flow into the country,” he added. [26] Although the article went on to note that, “Earlier this week, Mr. Aristide offered to hold new elections in November for seven disputed Senate seats,” the World Bank nonetheless echoed Powell’s sentiments in a report that same month, citing unmet “conditions” as a pretext for the ongoing withholding of assistance. [27]

Despite the fact that seven of the disputed Senators had already resigned, and despite Aristide’s willingness to hold new elections for the contested seats, the article notes that not only the U.S. but also the E.U. would continue to cut off aid promised to Haiti, the E.U. “offering $350 million in aid over the next five years if the political situation is resolved.” [28] In October 2002, the IDB reiterated its demands that Haiti must make payments on the loans that had yet to be disbursed. [29]

The Aristide Administration took other steps in attempts to see the aid money released. In 2003, the government agreed to meet the IMF requirements for the Staff Monitored Program - including, despite the devastating impact it would have on the populace - lifting its petrol subsidy. Then, seeing that no IDB funds would be forthcoming as long as the Bank demanded the arrears payments, Aristide’s government nearly emptied their national reserves to pay $32 million in arrears in mid 2003. [30] After these payments, the IDB finally relented, reactivating the loans in July 2003 and releasing $35 million of an investment sector loan (which left the Haitian government with a net gain of only $3 million). The old social sector loans remained undisbursed, however. [31] By then, time was quickly running out for the Aristide government.

Coup d'etat

In December 2003, "civil unrest" intensified, including raids across the Dominican border by former Haitian army soldiers and former members of the death squads that had terrorized Aristide supporters during the dictatorship of the early '90s. Jeffrey Sachs, former advisor to the International Monetary Fund (IMF) and World Bank, wrote, "U.S. officials surely knew that the aid embargo would mean a balance-of-payments crisis, a rise in inflation and a collapse of living standards, all of which fed the rebellion." [32] The Washington Post noted some of the motivating factors behind the violent opposition: Aristide's "populist agenda of higher minimum wages, school construction, literacy programs, higher taxes on the rich and other policies that have angered an opposition movement run largely by a mulatto elite that has traditionally controlled Haiti's economy." [33]

On February 29, 2004, after months of bloodshed, Aristide was flown out of the country in a U.S. plane and taken to the Central African Republic – an event that he has famously described as a "kidnapping" in the service of a coup d'etat. [34] The next day Andrea Mitchell reported on NBC Nightly News that, "With Aristide gone, Haiti can now qualify for millions of dollars in aid, frozen since 1997 because of Haiti's political chaos." [35]

Mitchell may have stated something bluntly that U.S. Government, World Bank, and IDB officials preferred to imply in more subtle terms: the problem always was Aristide and Lavalas – their policies, and the lenders' refusal to work with them anymore.

Meanwhile, the bloody rampage and coup of early 2004 finished the job of destroying Haiti's economy that the IFI's had begun, as the IDA described in July 2004. "While many businesses have not yet restarted operations, it is becoming clear that many others will not recover at all, resulting in the loss of direct and indirect jobs. The government's financial position further deteriorated as revenues declined substantially due to the fall in economic activity, weakened administrative capacity and security concerns." [36]

In March 2004 the coup was completed with the installation of a "transitional government." The World Bank wasted no time in chairing a donors meeting in Washington where it was agreed, in consultation with the "Transitional Government" to launch a joint government and donors' assessment of what sort of assistance the new regime would need from the IFI's. [37]

Even if the OAS's electoral fraud allegations against Aristide had been true, as Jeffrey Sachs has said, "it would be nothing different from what has occurred in dozens of countries around the world receiving support from the IMF, World Bank, and the U.S. itself. By any standard, Haiti's elections had marked a step forward in democracy, compared to the decades of military dictatorships that America had backed, not to mention long periods of direct U.S. military occupation." [38]

The greater blow to Haitian democracy came not from any election irregularities, but from Washington. At the same time that the IFI's and Washington were telling the Haitian government that no money would reach the government until an agreement was reached with the Democratic Convergence, the International Republican Institute -a Congressionally funded group that acts as a foreign policy arm of the U.S. Republican party and which spearheaded efforts to oust Aristide - was giving the opposition a different message. According to former U.S. Ambassador to Haiti Dean Curran and others, the IRI told the Democratic Convergence that they did not need to negotiate with the government -- as a way to undermine Aristide. [39] Since the Haitian government could not survive without foreign aid, U.S. Government and IFI policy assured the downfall of Haiti's democratically elected government.

In effect, the IFI's and the U.S. played "good cop" to the rampaging militias' "bad cop" during a period of negotiations between the Aristide government and the political opposition when the militias stormed across Northern Haiti en route to Port-au-Prince. According to Sachs, "by saying that aid would be frozen until Aristide and the political opposition reached an agreement, the Bush administration provided Haiti's un-elected opposition with an open-ended veto." [40] The opposition had no incentive to negotiate; they had all the aces.

After the troublesome Aristide had been forced out, the U.S. was more than willing to "simply allow funds to flow into the country," as Colin Powell characterized it, to the tune of $150 million from the World Bank over the next two years. [41] With bureaucrat Gerard Latortue overseeing the interim government in Port-au-Prince, the IFI's seemed confident that their economic plan might at last be implemented in full; the World Bank planning to support "economic governance reforms" in coordination with the IMF and the IDB. [42] The World Bank's Country Director for the Caribbean, Caroline Anstey, noted as the first post-coup international donors' conference convened that "the interim government is made up of technocrats who have agreed not to run in the next presidential election. As a result, they are much freer to embrace a reform agenda." [43]

Noting that "reform" of "public enterprise management" is another priority for the IFI's, one is led to suspect that a renewed privatization plan may not be far off – despite the World Bank's own recognition of the Haitian people's resistance to it. [44] The Bank also notes the "increased role of the private sector in social service delivery, particularly in education." [45]

Meanwhile, the World Bank actively pushed for Haiti to pay its arrears (some $52 million) to open the way for its reengagement. This was something Latortue was all too willing to do this, despite the many dire needs facing the poorest country in the hemisphere.

Conclusion

Given this recent history, international attention is needed to ensure that the IDB and World Bank – and the U.S. Government, which has effective control over these institutions – finally permit Haiti's economic development on its own terms, respecting its national sovereignty as it formulates plans for economic recovery. Cancellation of Haiti's debt to the banks will be an important first step for freeing up desperately needed funds that have been denied the Haitian people for far too long. But such debt-cancellation should be unconditional, free from any HIPC or other policy conditions.

Even since just a few years ago, when Aristide fought to have the IDB loans disbursed, the globalization playing field has changed dramatically. The IMF has largely lost its influence after its policy prescriptions led Argentina to economic collapse. When Argentina stood up to the IMF and actually defaulted temporarily on its loans to the IMF itself, the confrontation ended up severely eroding the Fund's power over middle-income countries. Instead of suffering terribly at the hands of foreign investors, as many outside observers warned would happen, the Kirchner government led Argentina to a successful recovery that has seen the economy grow at about over 9% annually for the last three years. In March of this year, the newly elected government of Evo Morales in Bolivia told the IMF it did not want a new IMF program, after 20 years of operating under IMF agreements. [46] The Fund's power diminished, Bolivia - the poorest country in South America - was able to stand up to it with no repercussions.

Countries like Argentina and Bolivia—and also heavyweights like Brazil and Indonesia--have turned away from the IMF for good reason: its policies have largely failed most places they have been implemented. [47] In Latin America, this economic failure has been drastic. Compared to the twenty years from 1960 to 1980 when Latin America's economies grew by 82% in per capita GDP, the region has grown by only 14% since 1980. [48] Haiti experienced the worst economic failure in the region over this period. Whereas Haiti saw positive per capita GDP growth of 24% from 1960 -1980, GDP per person actually shrank 48% from 1980 - 2005. [49] An economic disaster of this magnitude is difficult to conceive of in most countries, and it underscores the extent to which Haiti desperately needs to implement pro-growth policies that will put people to work and allow them to provide for their families. It also underscores why funds are urgently needed to repair Haiti's crippled infrastructure, revive its health care and education systems, and ensure its population access to sanitary living conditions and potable water - in short, the needs that the stalled IDB loans were intended to address prior to the 2004 coup.

The IMF visited Haiti in mid-June in a delegation. Among its recommendations after meeting with President Preval and other officials was for the government to spend more on social programs. The international community should hold the IMF to its words. Reducing poverty and addressing other urgent social needs should be the Preval Administration's first priority and no outside government or institution should be allowed to impede its progress.

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Endnotes

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17. Faul, Michelle, “OAS Approves Haiti Crisis Proposal,” Associated Press, June 6 2001

18. Letter found at: http://www.cooperativeresearch.org/archive/2001/USdoc040601.pdf

19. Tracy Kidder , “The trials of Haiti: why has the US government abandoned a country it once sought to liberate?”

20. Found at http://www.iadb.org/leg/Documents/Pdf/Convenio-Eng.Pdf. Additionally, Article VIII; Section 5(f) states: “The Bank, its officers and employees shall not interfere in the political affairs of any member, nor shall they be influenced in their decisions by the political character of the member or members concerned. Only economic considerations shall be relevant to their decisions, and these considerations shall be weighed impartially in order to achieve the purpose and functions stated in Article I.”

21. Taken from Haiti Reborn Website, http://www.quixote.org/hr/campaigns/hsw-2003/campaign-iadb.php

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IDB Debt Cancellation for Haiti

Written by Debayani Kar & Tom Ricker, Foreign Policy In Focus
Monday, 18 December 2006

Source: **Foreign Policy in Focus**

Members of the international community got a tongue lashing at a recent donors conference on Haiti, attended by more than 90 delegations of countries and international organizations.

After numerous press announcements and pledges of assistance, totaling nearly $1.8 billion over the past two years, promises "have not been kept," according to Dominican Republic foreign minister Carlos Morales Troncoso. Morales further criticized participants from the U.S. and other rich country governments for blaming Haiti for this failure, rather than their own practices.

The Inter-American Development Bank (IDB), with a newly announced, but ill-defined plan to cancel Haiti's debt may well become one of those donors who fail to deliver.

IDB President Luis Alberto Moreno trumpeted the new debt initiative, which also includes Honduras, Nicaragua, Bolivia, and Guyana, saying: "This is great news for the more than 30 million people in these five countries." Yet, since the November 17 announcement, campaigners have been scrambling to determine just what this "news" will mean for impoverished peoples in the five countries.

The IDB "Plan"

The IDB announced that its Board of Governors had agreed to a "framework for debt relief," and that the Governors will meet again in January to hammer out details in Amsterdam, hopefully announcing a final decision at the IDB's March annual meeting in Guatemala. The IDB hasn't yet disclosed details of the framework under consideration.

However, several news reports circulating the next day indicated a more substantial decision. Apparently quoting from a draft agreement, Heartbeat News from Jamaica reported "The principles of the framework stipulate that 100 percent debt relief be granted, with effect from January 1, 2007, to the five countries, which will continue to have access to concessional loans and technical cooperation grants from the IDB."

The persistence of poverty in Latin America and the Caribbean has been an important campaign issue in numerous presidential elections this year, especially in Haiti and Nicaragua. The debt burdens in these five eligible countries combined with harmful economic policies imposed on them through loan and debt relief programs by rich country creditors, severely limit resources available to governments to invest in basic services such as health care and education.

Thus the IDB announcement was welcome news. In Haiti, impoverished people cannot afford to continue to service this debt burden. In 2005, the Haitian government spent more than $70 million on debt payments, a significant portion of its budget. Yet less than half of the population has access to basic rights such as healthcare, education, and potable water. The World Bank estimates that three-quarters of Haiti's 8 million people live in poverty; half the population lives on less than $1 per day.

Officials close to the debt negotiations have not confirmed the January implementation date, and this will be under discussion in Amsterdam. The stipulation of 100% debt cancellation is technically accurate, but highly misleading.

What will be cancelled is 100% of debts accrued prior to a yet to be established date, possibly debts accrued before the end of 2004. For months, IDB board members and officials have discussed this "cut-off date" with an eye towards canceling a total of $3.5 billion in debt for all five eligible countries. However, a leaked November IDB staff paper suggested reducing the proposed amount of debt cancellation by almost $2 billion from $3.5 billion to $1.6. Such a steep reduction in the benefits from this debt deal to these impoverished countries is unacceptable.

Odious Debt

Many of these IDB debts were initially contracted during the 1960s and 1970s. The high interest rates that prevailed in the 1980s resulted in ever-increasing debts. Much of this debt is also "odious" under international legal precedent, meaning creditors knowingly lent to undemocratic or illegitimate regimes, and the funds did not benefit the population in these impoverished countries. This provides a compelling argument for immediate and broad cancellation.

In Haiti, more than half the country's debt was contracted by the Duvalier family dictatorship (1957-1986). Harvard economist Michael Kremer reports that Jean-Claude Duvalier stole $900 million from the Haitian people. According to a 2006 UN sponsored census, half of Haiti's population was born after the Duvalier era and forced to carry this debt burden from birth. The Haitian people were not consulted about these loans, and received little benefit from them. But now they are forced to repay them. It is unjust that Haiti is being asked to comply with economic policies such as privatization of basic services or increased trade liberalization before obtaining full debt cancellation.

Guyana, Honduras, Bolivia, and Nicaragua each have a history of odious and illegitimate debt as well. Though specifics vary, the general pattern of international financial institutions, including the IDB, issuing loans to dictatorial regimes holds true. In Nicaragua under Somoza, loans were readily given including a last minute loan from the International Monetary Fund for $65 million nine weeks before the collapse of the regime in 1979. Somoza left an international debt of $1.6 billion–the highest ratio of debt to GDP in Latin America at the time. In Bolivia support for military governments during the period 1965-1978 was constant, including General Hugo Banzer (1971-1978) who waged a campaign of murder against priests of liberation theology. By the end of that period Bolivia's international debt was $3 billion. Guyana under Forbes Burnham's government (1964-1985) was increasingly the site of numerous human rights violations, including the assassinations of scholar and political leader Walter Rodney in 1980 and the Jesuit Priest Bernard Drake in 1979. Yet the country was still able to receive loans for most of this period.

Haiti's Special Case

Because ultimately it is the people, not the government, that pays these debt burdens, justice requires immediate cancellation for all of these countries. However, in Haiti's case, justice will likely be delayed even further. Indeed, whatever is ultimately decided on both the date of implementation and the "cut-off", Haiti will face a delay of at least two years before obtaining 100% cancellation. Unlike the other four countries in the IDB plan, Haiti has yet to complete the International Monetary Fund (IMF) and World Bank's debt relief program, which is required for Haiti to see its debt cancelled to any international financial institution including the IDB.

The IMF and World Bank's debt relief program requires countries to first implement a series of harmful economic reforms such as privatization of basic services before obtaining debt cancellation. Haiti was admitted into the IMF and World Bank's program (or HIPC, Heavily Indebted Poor Countries, Initiative) in April. The government is now committed to undergo a minimum of two years of structural reform before reaching "completion point" in the program and being granted debt relief.

Providing for immediate debt cancellation, without forcing Haiti to go through the IMF and World Bank's HIPC program, is quite manageable. The government has already submitted an interim poverty reduction strategy that could easily be extended, and thus provide the basis for accountability into the future. Haiti is facing an institutional crisis more extreme than any other country in the region.

Haiti has one of the lowest public employment rates in the world; the impact of this is seen in the lack of public schools and public health services. Savings from debt cancellation would have an immediate impact on the capacity of the state to enhance desperately needed services. It would also save lives.

On December 5 Jubilee South called for an International Day of Solidarity with Haiti, with the principle demand being immediate cancellation of debts. We would encourage the IDB to listen. A debt relief program that extends into two or three years risks missing an opportunity to have an impact on the current crisis.

Indeed, delays coupled with intrusive policy conditions could make things worse.

The international community has made many promises to Haiti over the last two years and has mostly failed to deliver. We hope the IDB chooses a different road.

Debayani Kar is Communications and Advocacy Coordinator at ***Jubilee USA Network*** *and Tom Ricker is Co-Director of* ***Haiti Reborn/Quixote Center****. They are contributors to* ***Foreign Policy In Focus****.*

http://www.indybay.org/newsitems/2007/03/16/18377493.php

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U.S. organizations call on IDB to immediately cancel Haiti's debt
by Brian Concannon Jr.
Friday Mar 16th, 2007 2:13 PM

> When the Inter-American Development Bank meets this weekend (March 16-20) in Guatemala City, the agenda will include debt relief for Haiti. Several U.S.-based NGO's remind the Bank that effective relief for Haiti means the immediate and unconditional cancellation of Haiti's odious and onerous debt.

For Immediate Release
March 16, 2007
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U.S. organizations call on IDB to immediately cancel Haiti's debt

When the Inter-American Development Bank meets this weekend (March 16-20) in Guatemala City, the agenda will include finalizing a proposal to cancel the debts of five countries: Bolivia, Nicaragua, Honduras, Guyana, and Haiti. All but Haiti are poised to receive immediate cancellation of their debts. However, Haiti may be asked to wait three years or more to receive cancellation because the country has yet to complete the Heavily Indebted Poor Country Initiative (HIPC) of the World Bank and International Monetary Fund.

"Haiti currently pays $56 million a year to service odious debts. A large portion is paid to the IDB – the creditor that makes the largest claim against Haiti. If Haiti has to wait until the end of fiscal year 2010 for cancellation, that is another $90-120 million just to the IDB – money that would be far better spent providing health and education services for the people of Haiti," said Tom Ricker, co-director of the Quixote Center's Haiti Reborn program.

"Haiti only has 25 doctors per 100,000 people, and the public sector is currently spending $10 per person on health services. With this level of support between now and 2010 another 100,000 children in Haiti will die before reaching 11 months of age, and another 6,000 women will die during childbirth. Canceling Haiti's debt now could help prevent many of these tragedies," said Nicole Lee, director of the Transafrica Forum.

"Half of Haiti's debt – nearly 60 percent of the IDB debt – is 'odious debt', or loans made to the Duvalier family or other dictatorships. The IFIs knew this 'aid' was buying fur coats, financing death squads and propping up repressive regimes, but they kept it flowing. The IDB has an opportunity to make up for this unconscionable policy, and to support Haiti's democratic government, by cancelling this odious debt," said Brian

Concannon Jr., director of the Institute for Justice & Democracy in Haiti.

In November of 2006 the IDB Board of Governors agreed to create a process for canceling the debts of five eligible impoverished countries. After a follow up meeting in Amsterdam in January, it was announced that $3.5 billion in debts would be cancelled. However, little has been said about the process, and what conditions if any would be attached to countries for receiving the cancellation.

“It is egregious that Haiti must comply with harmful economic reforms to obtain debt cancellation from the IDB. This is why senior Members of the U.S. Congress introduced a resolution this week to immediately and completely cancel Haiti’s debt. When thousands of lives are literally at stake I don’t see how the IDB Board of Governors can do anything other than heed Congress’s call,” added Tom Ricker.
http://www.haitijustice.org/