



Citizen-Centered Approaches  
to State and Market



# Escaping the Crisis Trap: New Options for Haiti

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by Clare Lockhart and  
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## Executive Summary

Four years after a devastating earthquake, the reconstruction of Haiti remains far from completion. Although billions of dollars in aid have flowed into the country, Haitians feel the outcomes have not matched the promises made. International donors have expressed fatigue, and the United Nations Mission in Haiti (“MINUSTAH”) is facing tough questions about its future mandate. Haiti is no longer in the spotlight; the world has moved on to the next crisis. However, perhaps at this juncture, an opportunity arises for Haitians and their partners to step back and set a different agenda for the future.

### Lessons from the Past

This paper reflects on Haiti’s historical and political contexts, the long record of failed external support, and the most recent attempt to “Build Back Better” after the tragedy of the earthquake. The resolve of the international community to avoid repeating the mistakes of the past was not enough when faced with the following interrelated issues:

- » Lack of real Haitian ownership over the relief and reconstruction agenda;
- » Failure to use funds to invest in and empower Haiti’s government, business, and civil society;
- » Failure of design and planning to match the Haitian context;
- » Lack of accountability and transparency in the use of funds;
- » Failure to get the scale right.

### An Opportunity Lens

This paper argues that Haiti should be viewed through an “opportunity lens,” revealing a country and people with great assets and real potential, including:

- » Eight promising growth sectors: construction, agriculture, livestock, tourism, mining, telecommunications, light industry, energy, services, and finance;
- » Strong social capital at the community level which could be the basis for self-organisation of reconstruction and development, as well as local trade and commerce;
- » An education sector which is orientated towards teaching marketable skills;
- » A diaspora which sends remittances and is, or would like to be, actively involved in Haiti’s development;
- » An advantageous geographic location.

## RECOMMENDATIONS

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### Open a National Dialogue

This paper recommends that the government of Haiti open a national dialogue to create a consensus for building institutions that will endure beyond any single elected government or charismatic leader.

An inclusive national dialogue should involve the next generation of Haitian leaders, and should start with a discussion of what young people want their country to look like 15 to 20 years from now. From there it should move backwards, focusing on what needs to be done now in order to realise this vision. The dialogue should create a sequenced roadmap of initiatives, investments, and actions to achieve these goals.

### Focus on Institutions

Governance of Haiti's institutions—and of the external response intended to overcome or bypass Haiti's internal constraints—remains the primary challenge.

- » Finish training the Haitian national police,
- » Build 'National Accountability Systems',
- » Build leadership of those institutions,
- » Train the youth to meet the needs of the public and private sectors,
- » Work on a concrete roadmap for building levels and functions of governance,
- » Change zero-sum politics by reforming the electoral system.

### Foster Economic Opportunities

The Haitian government must foster economic value chains in key sectors, to expand jobs and livelihoods, which will provide the most visible symbol of hope.

- » Design policies and reliable regulations that promote local and foreign investment;
- » Invest across the whole country;
- » Invest in the agricultural sector;
- » Focus on a limited number of flagship construction projects, including ports;
- » Focus on regenerating a limited number of urban areas;
- » Move away from dependence on foreign contractors and nurture a domestic construction industry;
- » Form a job-creation pact;
- » Get the rules right for a sustainable mining sector;
- » Put remittances to work;
- » Develop Haiti's links to the regional economy.

### Transition Away from Aid

External partners must transition to a different mode of support that allows Haitian citizens far greater decision rights, Haitian businesses far greater opportunities, and the Haitian government a greater policy role.

- » Design national programmes;
- » Create a common feasibility studies fund;
- » Re-examine the technical assistance approach and move to other means, including twinning and exchanges;
- » Move from disaster response to disaster prevention.



## Introduction

It is four years since the devastating earthquake of January 2010 but the reconstruction of Haiti remains incomplete. Although billions of dollars in aid have flowed towards the country, Haitians feel the money has been wasted, international donors have expressed their fatigue, and the United Nations Mission in Haiti (“MINUSTAH”) is facing tough questions about its future mandate.

Yet this rising discontent offers an excellent opportunity: now is the time for Haitians and their partners to pause, regroup and to set the agenda for the future. Haitians themselves are ready to lead this change, and so they should. If they can facilitate consensus among themselves, if they can learn and take account of the lessons of the past, then they can use their people, location, and resources to create a vibrant economy. Many other countries have broken out of seemingly intractable conditions of poor governance, aid dependency and natural disasters, and there is no reason why Haiti cannot do the same.

This paper will argue that Haitians should take advantage of the lessons emerging from past mistakes as well as from other countries, and steer the country to a better path. It will also argue that the example of Haiti should compel international donors to recognise that the billions spent in emergency responses in many parts of the world are not living up to their potential. The case of Haiti deserves careful scrutiny, not only for Haiti’s own future, but also for what it tells us about the design and implementation of responses to natural disasters around the world.

In this paper, we reflect on the historical background in Haiti, we examine the long record of failed external support and the most recent attempt to “Build Back Better” after the tragedy of the earthquake. We also try to frame the central challenges for Haiti and propose some next steps. Above all, we call for Haitians and donors alike to move beyond the negative perceptions of the past and beyond stereotypes of poverty in order to appreciate Haiti’s potential. Broader participation of citizens in both urban and rural areas in a national dialogue about Haiti’s future can promote greater government accountability, better implementation and a more vibrant economy. This process must allow Haitians, as individuals and in companies and institutions, to take the lead as their nation seeks a stable and secure future.

## A Short History of Haiti's Recent Past: the Struggles of Democratic Governance<sup>1</sup>

Haiti was a failed state long before the term became part of the post-Cold War nomenclature. Haiti's independence from France in 1804 was the only successful slave revolt ever mounted in the Americas—but it also left the new republic isolated. Neighbouring countries, including the United States, feared that a similar rebellion would threaten other newly independent states, or even their own slave populations. In this sense, the origins of Haiti impeded its later development: many potential new opportunities for trade and economic investment were deterred by its example of unrest and fear of the spectre of violence. Democratic rule proved elusive, despite several attempts at participatory elections. Successive elections only reinforced the power of a corrupt, wealthy elite. Haitian institutions have never provided justice, education or healthcare to the majority of the population.

The situation did seem poised to change in 1990, when President Jean Bertrand Aristide became the first democratically elected head of state. These first truly democratic elections created new political space for free expression and assembly. During Aristide's seven-month tenure as president the Haitian armed forces remained outside the civilian political dialogue.

However, the election did not change the nature of Haiti's military and police structure, and Aristide's tenure as president was short-lived. Seven months after assuming the presidency he was overthrown by a military coup. In September 1991, General Raoul Cedras' military junta reclaimed the state and set out to destroy 'Fanmi Lavalas', the new civilian movement that had supported Aristide. More than 4,000 civilians were subsequently killed by the security forces during Aristide's exile.<sup>2</sup>

The UN and the Organisation of American states did apply economic and diplomatic sanctions to the coup leaders.<sup>3</sup> But the subsequent isolation of Haiti yielded very little in the way of change and further diminished its underdeveloped economy. By August 1992 the military junta had placed Marc Bazin as head of a de facto government who vowed that Aristide would not be allowed to return.

Only after the election of Bill Clinton to the US presidency in November 1992 did the United States begin to push the UN for stronger international action. A UN special envoy began trying to negotiate a solution, and with the help of senior American leaders he persuaded General Cedras to leave Haiti. On 14 September, 20,000 American soldiers, along with 5,000 others from 24 countries, landed in Haiti to launch Operation Restore Democracy.<sup>4</sup> The departure of the generals laid the foundation for President Aristide's return in October 1994.

In the decades that followed, Haiti became the object of a UN-led multi-dimensional project which has had several incarnations. UN troops arrived in 1994, departed in 2000, returned again in 2004, following President Aristide's abrupt departure. Since then they have retained a peacekeeping presence in the country.<sup>5</sup> This operation has never been popular. In Haiti there was no need for a classic peacekeeping project, entailing separation of forces, creation of a ceasefire, demobilisation and reintegration. Nor was the Haiti mission about enforcing a peace accord. The mission should have been designed to promote the holistic, political development of a fragile state, not security sector reform alone.<sup>6</sup>



Partly as a result of its ambiguous mission, the United Nations has become a source of tremendous political discontent in Haiti, and there is a sense among ordinary Haitians that they are an occupied nation. Yet without the security provided by UN soldiers and police, Haiti's fragile stability would probably crumble. As a result, Haitian officials have had to limit their criticism of the UN, while working to help create a national police force capable of serving the entire country.

The upheavals of past decades have also left a disastrous political legacy. The World Bank has described Haitian politics as summarised by four vicious circles:

1. Political office is the main means of upward mobility—but holding it is so precarious that incumbents tend to use any means to do so, thereby undercutting the rules and institutions.
2. The formal rules for reaching agreements on policy are complicated and not well followed. Therefore, those trying to get things done will inevitably work outside them, thus further undercutting the formal processes.
3. Political alliances and organisations are transitory and leaders try to extend their direct control as far as possible, undermining the creation of more institutionalised centres of power.
4. Political leadership is highly unstable, and civil servants have few incentives to perform, reverting instead to their own rent-seeking strategies.<sup>7</sup>

These blockages in politics and governance have also impeded the emergence of a dynamic economy. In ISE's work in other fragile and post-conflict and disaster contexts, we have repeatedly encountered and documented similar patterns: the creation of contending centres of power, the multiplication of increasingly contradictory and ineffective decision-making processes, the loss of trust between citizens and state, the de-legitimisation of institutions, the disenfranchisement of the citizenry and ultimately the resort to violence.<sup>8</sup> The World Bank concurred that this "description appears tailor-made for contemporary Haiti".<sup>9</sup>

## Lessons from the Earthquake Response

UN troops were still on the ground in January, 2010 when a devastating earthquake hit the country. The Haitian Government estimates that the earthquake caused more than 300,000 fatalities, with a similar number injured. Some 1.3 million were left homeless within the capital, with overall damage estimated at USD 7.9 billion, or 120 percent of Haiti's 2009 GDP.<sup>10</sup> In the aftermath, the international aid community provided rescue operations, humanitarian assistance, and support for survivors on an unprecedented scale. Despite the commitment of global leaders and the billions spent on Haiti's recovery, the outcome to date has fallen far short of promises and left Haitians and their international partners disappointed and frustrated.

Haiti has long suffered from the failure of aid interventions, even before the earthquake.<sup>11</sup> The 2006 National Academy of Public Administration Report, "Why Foreign Aid to Haiti Failed," described an aid system that was "misguided" and even "counterproductive" in its dealings with Haiti.<sup>12</sup> A succession of plans and reports<sup>13</sup> were each heralded in turn to bringing new ways of doing business, but none has yet yielded the desired results.

Major donors concede that aid to Haiti has had little impact over the years. The Canadian aid agency CIDA stated that "The results of external assistance over the last ten years have fallen far short of expectations." CIDA observed that this failure resulted from "insufficient understanding of the roles and responsibilities of state institutions combined with an inadequate communication with the Haitian population".<sup>14</sup> Much of the analysis has placed the blame, in effect, on the failure of the Haitian state: "governance... public sector capacity and accountability". The analysis also criticises the failure of the response: "The World Bank and other donors erred by offering traditional assistance programmes without identifying the fundamental governance and political barriers to development, and by overwhelming the fragile absorptive capacity".<sup>15</sup> Too many donors bypassed the Haitian government and created parallel systems. Although many donors recognised the centrality of building state institutions, in practice their approaches did not follow through with this intention.

The tragedy of the earthquake opened up an opportunity to do things differently. In March 2010, the government of Haiti proposed exactly that when it met with donors to present its Action Plan for National Recovery and Development of Haiti. In the Action Plan, the Haitian government proposed broad development and reform programmes to be undertaken over a ten-year time horizon, with humanitarian relief, short-term reconstruction and development, and initial investments in long-term programmes to be concentrated within the first 18 months. It set out four priorities: territorial rebuilding, in Port-au-Prince and three other locations (Cap-Haitien, Saint-Marc, and Les Cayes), including two new deep-water ports outside Port-au-Prince; economic rebuilding in four sectors including construction, agriculture, manufacturing and tourism; social rebuilding including housing and vocational education; and institution building.

Donors vowed to work in alignment with the priorities outlined in the Plan. They pledged \$5 billion in short-term aid and \$10 billion in the long-term. They committed to work through government mechanisms: the Interim Haiti Recovery Commission would be led jointly by Haitian and international representatives, and it would later evolve into a Haiti Development

Authority under government leadership. Well aware of analysts' criticisms of past foreign aid to Haiti, US Secretary of State Hillary Clinton emphasised partnering with the Haitian government, rather than circumventing it, and making "deeper, long-term investments" rather than "a scattered array of well-meaning projects."

Other donors were equally adamant, speaking of "a new path" and "Haitians in the leadership."<sup>16</sup> These statements were not radical by any means; they were in line with commitments made through a series of international agreements.<sup>17</sup> The earthquake appeal provided the opportunity to "build back better," which quickly became the donors' slogan. UN Secretary-General Ban Ki-moon foresaw "a wholesale national renewal, a sweeping exercise in nation-building on a scale and scope not seen in generations."<sup>18</sup>

Visible progress since the 2010 earthquake is clear. Eighty percent of the total debris has been removed. The number of internally displaced persons has been reduced by almost 90 percent (1.3m have been resettled, leaving an estimated 200,000 in camps as at January 2014).<sup>19</sup> Some infrastructure—like the banking system—was established very quickly. Investments have come to Haiti since the earthquake, part of a programme that began in 2009, but was later dubbed "Build back better" when the search for greater private sector engagement began in earnest. The tourism sector in particular has seen investment and construction projects rise, and the opening of the mining sector holds promise. Decentralisation of the economic centre to a number of hubs has also started. Caracol, the largest industrial park in the Caribbean, opened near the northern city of Cape Haitien in late 2012, although is in its early stages and not yet operating at capacity.

Police training is moving forward, with a goal of deploying 15,000 officers by the end of 2014, and MINUSTAH has been able to reduce troops and move towards minimising its footprint in the country. The government has successfully created the Inter-ministerial Commission on Human Rights and the Transitional Election Commission, and has made important reforms to the electoral law, which will allow elections to take place in 2014. The new government's priorities, expressed in the phrase "Five Es" (employment, education, the environment, energy and the rule of law) seem to grasp Haiti's top priorities.

Yet among Haitian and foreign leaders and analysts, there is a clear sense that the outcome fell far short of what was promised. Low levels of employment and agricultural output signify that food security and fulfilment of basic needs are still pressing concerns for many Haitians. Institutions such as courts and prosecution are still very weak, and international drug trafficking feeds criminal and corrupt activity.<sup>20</sup> The cholera epidemic and forced eviction from tent encampments continue to be the reality.<sup>21</sup> Delayed elections have left Haiti without a functioning Senate and with 130 (of 140) presidential appointees in what should be elected mayoral positions,<sup>22</sup> and the vital creation of a permanent electoral commission remains outstanding. Government revenue still comes from two main sources—international donor assistance and remittances—and not from domestic sources. Promises to restore education, housing, and other critical services have not been met.

The frustration with the aid system and its response mechanism remains. The development process is inhibited by slow reconstruction; frequent environmental, public health, and political crises; government inaction, low levels of support, and lack of capacity; and donors' failure to relinquish leadership and to utilise and strengthen existing capacity. Haitians—across government, communities, and the private sector—still feel marginalised.

President Martelly's comments on the third anniversary of the quake sum up the collective disappointment:

"Where has the money given to Haiti after the earthquake gone?... Most of the aid was used by non-governmental organisations for emergency operations, not for the reconstruction of Haiti... Let's look this square in the eye so we can implement a better system that yields results."<sup>23</sup>

"We don't just want the money to come to Haiti. Stop sending money. Let's fix it [the international relief system]. Let's fix it."<sup>24</sup>

These observations are disappointing, but not surprising. ISE's findings and analysis—as many others'—from other post-disaster or post-conflict recovery show similar results in other places. The lack of accountability and transparency in fund flows; the use of contractors and NGOs who duplicated efforts and did not coordinate with one another or with the government; all of these are by now familiar stories.

## Underlying the failures we find five interrelated issues:

### Lack of real Haitian Ownership over the Relief and Reconstruction Agenda

Even while they were promising to do otherwise, the response to the earthquake was largely driven by foreigners making decisions at conferences in faraway capitals. They framed the challenge as one of "coordination" of their decisions.<sup>25</sup> But no amount of external coordination can match a national policy framework that has a real domestic consensus and ample space for Haitian voices and leadership. It is true that many of the government personnel and buildings were lost to the earthquake, but this didn't mean that Haitians could not have had more input into and decision rights over the rebuilding process. This is especially true in communities outside Port au Prince where such citizen engagement would have been possible.

The agency created to manage collaboration between international agents and Haitian stakeholders was the Interim Haiti Recovery Commission (IHRC). Co-chaired by Haitian Prime Minister Jean-Max Bellerive and former President Bill Clinton, UN Special Envoy to Haiti, the IHRC was to examine, approve, and monitor all programmes. Members' input was to shape and prioritise programmes. Unfortunately, Haitian institutions did not have the influence in this agency (and therefore, in the entire process) that they were originally intended to have. Agency members cite donors' refusal to surrender control, the lack of qualified Haitian personnel, and the lack of popular legitimacy as major debilitating factors.

The IHRC Office of the Executive Director was to have advised the design and implementation of projects and collected data to allow project monitoring, but this office was reported to be "largely malfunctioning," and staffed at half-capacity at best. The US General Accounting Office reported staffing shortages of both Haitian officials and external advisers, which greatly constrained the organisation's capacity. The IHRC was to have provided the crucial mechanism for Haitian actors to be involved in all aspects of the development process. Without it, Haitian stakeholders and officials became observers, or sometimes not even that. Many say they were unaware of all the programmes taking place in the country.<sup>26</sup>

## Failure to use Funds to Invest in and Empower Haitian Government, Business, and Civil Society

At the 2010 donors' conference, donors made a series of commitments: that aid pass through Haitian government channels; that Haitian government officials and other Haitian stakeholders maintain leadership roles in coordination, approval, and implementation of aid; and that aid money be targeted by sector according to the government's priorities.<sup>27</sup> But when the UN Office of the Special Envoy to Haiti published 2010-2012 statistics on aid disbursement these revealed that aid travelled once again almost entirely outside the government. Only ten percent of the \$6.04 billion in funding donated between 2010 and 2012 went to the government, and less than 0.6 percent was delivered to Haitian organisations and businesses.<sup>28</sup> One of the largest country donors awarded only 1.4 percent of its contracts to local companies.<sup>29</sup>

This meant that the majority of funding went to UN agencies, NGOs and contractors based in countries other than Haiti, and a substantial portion of the funding was not spent in Haiti or by Haitians, whether government, firms or communities. These institutions became, in effect, a parallel system of government. Ironically, a report produced by DFID includes improving the learning of 'lessons learned' among its lessons learned.<sup>30</sup>

Various analyses, including the 2010 RAND report, "Building a More Resilient Haitian State,"<sup>31</sup> had urged donors to weave state-building objectives into the reconstruction plans. At the heart of the problem was a failing government that effectively had no control over policy or implementation of key public services. As of 2006, the Haitian government managed only ten percent of schools and 30 percent of health facilities in the country. Rather than develop or implement programmes, the Ministry of Agriculture had converted entirely into a supervisory agency; aid agencies handled all programmes.<sup>32</sup>

Foreign and domestic policymakers' failure to prioritise state-building enabled a vicious circle to form. Weak public institutions led to a weak economy and lack of investment; this created limited opportunity for social mobility outside of the political patronage system—which in turn created further distrust in public institutions.

## Failure of Design and Planning to Match the Haitian Context

Policies that were applied to Haiti were modelled after programmes designed for more stable and developed Latin American countries, without the accountability controls necessary in weak institutional environments. Haiti has survived numerous coups and massive protests, and politicians up to the most senior levels trade accusations of corruption, politically motivated assassination, and high treason.<sup>33</sup> Democratisation programmes in Haiti have frequently supported civil society organisations and elections, but without apparent awareness of the realities of the political economy, where political and civic institutions have been captured by a narrow elite. As a result, "elections have made little difference in poor people's lives and CSOs are dominated by elites who may not represent or even care about their poor constituents".<sup>34</sup> Projects created in response to the earthquake were mainly geared to deliver aid directly to people, without taking account of the policies and institutions that could outlast the project. Collectively, these programmes have failed to tackle the problems of mis-governance and poor service delivery.

## Lack of Accountability and Transparency in the Use of Funds

Donors often complain about the government of Haiti's lack of accountability and public finance management capacity. But donors themselves do not always provide positive examples of successful project and finance management and accountability. The UN agencies, NGOs and contractors have yet to publish accounts of financial expenditure or impact in a way readily available to Haitian citizens or the taxpayers who financed the effort. The Interim Haiti Recovery Commission (IHRC) was slow to publish information, and it never allowed citizens to engage with or even to inform themselves of the process.<sup>35</sup> Although the IHRC improved its data-sharing over the course of its mandate, this did not fix the problems created by an opaque system. The Government Accountability Office documents a pattern of projects managed by USAID facing cost and time overruns, and downward adjustments in planned quantity of outputs.<sup>36</sup>

## Failure to get the Scale Right—Thousands of Small Projects rather than Large-Scale Programmes

Thousands of humanitarian, reconstruction, and development projects were planned, proposed, approved, funded, and implemented by countless organisations across Haiti. Neither the IHRC nor the Haitian government has an accurate record of these projects. The government of Haiti has complained that it would occasionally arrange to provide a service to one region only to discover that foreign NGOs were already there. Although the IHRC had been created amidst rhetoric of 'building back better' and 'placing Haitians in the lead,' the Commission by and large served as "a vehicle for donors to funnel multinationals' and NGOs' project contracts," in the words of an international contractor hired by the Commission.<sup>37</sup>

This type of project-based aid does not work. The creation of tens of thousands of distinct projects, with hundreds of different organisations managing portfolios of projects creates a coordination problem from the start that cannot be solved. This way of working creates complex and expensive administrative arrangements, lengthy chains of sub-contracting, opacity in procurement, and inevitably leads to delays. It makes monitoring and evaluation all but impossible.<sup>38</sup> Projects are indispensable as a unit of implementation, but can only be managed with reasonable cost-effectiveness, accountability and efficiency if embedded within programmes and policies that operate at a large scale. This architecture was not created in Haiti.



## Challenges and Opportunities: Shifting the Focus

### 1. CHALLENGES

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Confronting the double failure of politics and aid requires a change of focus. Donors and Haitians alike must aim to improve governance and the functioning of the state. There is no avoiding this fact: state institutions are needed to provide security and public services, and to write the regulations that will allow a market economy to operate. Any state must perform a set of basic functions.<sup>39</sup>

In order to create state institutions that can manage these functions, a major shift in the development agenda in Haiti is needed. An aid-based economy will always locate decisions and ultimate accountabilities outside Haiti. Haiti will continue to be dependent for its budget on the outside for a long period, but over time should aim to shift the burden of finances to internal revenue generation and the challenge of implementation to Haitian communities, firms and other organisations. Unless and until Haiti generates sufficient economic activity to move towards collecting taxes and underwriting its own expenses, it will be at the mercy of external interventions.

But calls for rebuilding state institutions or growing the private sector are meaningless without some understanding of the real opportunities that Haiti affords. What are the particular strengths in Haitian society and public institutions? What are the opportunities for Haitian firms in domestic, regional and global markets? Of the contracts that are being made for reconstruction, which of these are directed to Haitian companies and communities?

### 2. IDENTIFYING OPPORTUNITIES

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The first step of a new approach requires an appreciation of Haiti's potential.

Seeing Haiti through an "opportunity lens" reveals not a country of victims and passive aid recipients, but a country and people of great assets and real potential.

These assets include the geography: Haiti is in region of relative stability and prosperity. The country is located on an island, in contrast to many land-locked fragile states. Haiti also benefits from its proximity to the United States, which remains one of the world's largest consumer markets, and which passed the Haiti Economic Lift Program (HELP) Act in 2010, granting favourable import access for Haitian textiles.

It does not face religious or ethnic conflict. It has a young, connected population with new expectations. It enjoys a stable currency, which has been supported by a successful Central Bank response as foreign aid decreased and the Haitian Gourde depreciated slightly in 2012.<sup>40</sup> Many members of the Haitian diaspora send remittances and are, or would like to be, actively involved in Haiti's development.

To date, the Haitian government has focused economic policy around the development of transportation, ports, customs, communications, domestic lending capacity, and a series of

identified growth hubs and special economic zones (which currently consist of the CODEVI and Caracol Industrial Parks). It is clear however that economic activity to date has yet to fulfil expectations. It is worth looking at each sector in turn to explore the opportunities they offer. Promising sectors for growth include agriculture, tourism, telecommunications, construction, light industry and services, mining, and energy.<sup>41</sup>

## Agriculture

The primary productive sector in Haiti is agriculture and livestock (especially mangos, coffee, bananas, cocoa, manioc, yam, and avocado).<sup>42</sup> Between 66 and 80 percent of Haitians are dependent on small-scale agriculture production for their livelihoods,<sup>43</sup> and the sector constitutes approximately 20 percent of GDP.<sup>44</sup> The basis for food security as well as a thriving export market is in place, were value chains to be nurtured ensuring that Haitian produce is connected to the right markets.

## Tourism

Haiti's immediate neighbour, the Dominican Republic, received 4.56 million visitors in 2012. The Caribbean as a whole had nearly 25 million visitors, who spent \$27.5bn during the course of 2012. There is no reason why Haiti should not aim to receive a higher share of this market in the decades to come. The tourism industry has already seen increases in investment and growth, although the process has been slowed by protracted administrative hurdles, such as the difficulty in transferring land titles. Given Haiti's natural environment, which offers ample sites of touristic interest, its proximity to the United States, which supplies high demand for such destinations, and its increasing stability and accessibility to visitors, the tourism sector is primed for growth.

## Construction

The domestic construction industry could be boosted enormously with a little bit of investment, and its development could in turn increase jobs as well as mobility. While there is considerable focus on agriculture's potential, construction looms larger than agriculture as an engine of economic growth; of the \$7.9bn in value added to the economy in 2012, \$1.4bn came from agriculture but \$1.9bn came from the construction sector and \$1.4bn from wholesale and retail (see Appendix 3 for details). Infrastructure programmes including urban renewal, housing, rural electrification and transportation systems would go far to underpin economic growth as well as spur jobs in the construction industry. The need for housing units as well as for construction of infrastructure (roads, ports, power stations) that donors are willing to finance will drive demand. Reports from the earthquake response show that Dominican construction firms were commonly hired; shifting to Haitian firms would create wealth and jobs amongst Haitians.

## Telecommunications

Mobile phone and broadband services represent the majority of the telecommunications sector. With the recent acquisition and collapse of two competitors in the mobile

telecommunications sector, only two providers remain, with Digicel occupying an astonishing 85 percent of the market, and Natcom serving the remainder. There is strong potential for growth in this sector in the near future; Natcom has moved to expand the fixed phone and broadband networks, and Digicel has expressed its intention to introduce 4G network services and mobile data services, such as mobile banking, which have been extremely popular and effective in developing telecommunications markets internationally.<sup>45</sup>

### Light Industry and Services

Apparel and textiles were the sectors that Haiti bet on in the last few years. While this sector has created thousands of jobs, it has also drawn criticism in that the jobs are low quality and there is a limit to the sector's expansion and competitiveness given the fierce competition from China. Investors should look more broadly to other industries including the components of the supply chain required for mining and construction, such as building materials, housing and food supplies as well as engineering and consulting firms. Health and education are themselves sectors which, depending on their structure, can allow for significant private sector activity and job creation. One promising development is the potential revival of Haiti's electronics sector, crippled by UN embargoes in the 1990s, led by two companies that recently began producing Android tablets in Haiti.<sup>46</sup>

### Mining

The rediscovery of significant deposits of gold, estimated by some to be valued at \$20 billion, along with copper, bauxite, iridium and the potential of significant oil and gas, herald a promise of significant revenue, but also the dangers of a sector that can be highly corrosive. If the right governance framework can be brokered, this asset could help drive infrastructure investment and revenue generation that could underwrite significant public and private sector investments.

### Energy

Haiti's power sector is currently dependent on firewood and charcoal. While the building of the power sector will probably be publicly financed, there will be opportunities for private investment and implementation. Opportunities include expanding the Dominican grid, developing both small-scale and large-scale hydropower, exploring the wind energy potential in the north-west,<sup>47</sup> accessing shale gas, and distributing power through solar energy. Distributive energy opportunities must be embraced as Haitians outside major cities, and thus the reach of the grid, will need to have electricity to enable the growth of key services from agribusiness to education and health.

### Finance

Although finance and credit markets are considered insufficient, significant improvements in finance mechanisms and availability have been achieved.<sup>48</sup> Several institutions offer affordable financing, including the Haitian National Microfinance Association,<sup>49</sup> the YY Haiti Social Business Fund,<sup>50</sup> and the Haiti Social Investment Fund.<sup>51</sup> The World Bank Multilateral

Investment Guarantee Agency offers political risk insurance to foreign direct investors in Haiti.<sup>52</sup> Further work to develop financial instruments, and investible projects and asset classes is required.

## Education

While public education has historically been weak in Haiti, the sector currently benefits from a practical orientation towards decreasing youth unemployment and teaching marketable skills, as well as a dynamic collaboration with interested members of the international community, many of them influenced by the sizeable Haitian diaspora and concern generated since the earthquake. The Haitian government has launched programmes that target shortages of skilled workers, as well as the National Institute of Technical Education (INFP).<sup>53</sup> The INFP offers training programme accreditation, vocational operating licences, an information centre with instructional materials, and its own technical education programmes. Although the majority of technical education programmes in Haiti do not operate in collaboration with the INFP, the institutional structure allows for managed growth of the technical education sector. The Haitian government has also initiated programmes to improve the quality of education nationwide.<sup>54</sup> One particularly promising aspect of current trends in education is the involvement of a variety of Haitian institutions in overall educational quality, such as a public policy analysis programme offered in partnership between the Central Bank of Haiti and the American University,<sup>55</sup> and a vocational teacher training initiative that has been proposed to take place at Quisqueya University.<sup>56</sup> Large-scale training programmes prepare workers for employment in Haiti's growing textiles industry.<sup>57</sup> More work is required to align investment in education and training with realistic opportunities in the labour market.

## Social Capital

Haiti's social networks are another under-appreciated asset. Haitians themselves were the first responders after the earthquake, and they often helped generously and effectively while facing difficult personal circumstances.<sup>58</sup> Community-based assistance strategies are well-established in Haiti, including *konbit*, when community members gather to work on behalf of one family (similar to a barn raising); *twòk*, referring to informal exchange or bartering; *sol* and *sabotaj*, two types of rotating payout funds that serve as savings mechanisms; and *men ansanm*, a community-based loans mechanism.<sup>59</sup> Such social capital within communities lays down a basis for self-organisation of reconstruction and development as well as local trade and commerce.

## 3. NEXT STEPS: FORGING A CONSENSUS

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Unless and until Haiti can foster an internal consensus on a policy agenda, there will be no real Haitian ownership of Haiti's development. Only an active citizenry will be able to overcome the rifts of party politics and the unreliable cycles of foreign aid. There have been no real recent efforts to forge a national dialogue between different Haitian groups across divisions of geography, demographics, politics and gender. Efforts at institution-building and democratisation have instead sought to bolster the formal executive and legislative organs.

To make either of these efforts work, Haitian citizens will need to mobilise through dialogue and national effort and reform these institutions.

In crafting a path forward, Haiti has an opportunity to learn from other countries that have overcome deep challenges of poor governance, a national disaster or other catastrophic event, and deep poverty. Rwanda is another country that receives half its GDP from foreign aid, yet it has been able to make impressive progress in the direction of universal healthcare, education and economic growth. Botswana, Mozambique, Chile, Singapore, Malaysia, South Korea, South Africa, and some of Haiti's neighbours also have lessons to offer. Foremost among these lessons are the need for a domestic policy consensus to drive the policy agenda, the importance of private sector led job creation, the early importance of fostering a domestic construction industry capable of building infrastructure at lower costs, and the necessity of investing in the human capital of the country's citizens, especially for the key technical skills that the country's development and economic opportunities provide.

## Recommendations

### 1. LAUNCH A NATIONAL DIALOGUE ON THE FUTURE OF THE HAITIAN STATE AND ECONOMY

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A nation's path must be determined by its citizens. But the divisiveness of electoral politics does not always lend itself to creating a national vision. Instead, Haiti should look to the creation of a national dialogue that could foster a vision that endures beyond any single elected government or charismatic leader. The International Crisis Group has long recommended such a dialogue and has pointed to some precedents that can provide invaluable ideas for a process, including Chile, Guatemala, Peru, Mexico, Bolivia, Brazil, Colombia and El Salvador.<sup>60</sup> This recommendation has gained traction, with the new UN representative calling for such an initiative in 2013.<sup>61</sup>

Such a dialogue must contain a set of priorities that reflect the views of the nation's youth, its immediate and longer-term needs, and its place in the Caribbean. In the way the dialogue is structured, it must create varied connections that cut across political parties and traditional divisions in Haitian society. A national dialogue does not need to be a fixed entity and can take on many forms, be operative at local levels and also link to its diaspora. An e-platform could be created with a university as moderator, a steering committee with diverse representation, and the use of both mobile and internet access as well as in-person dialogues to ensure maximum reach across the country. Several dialogues around the Five E's that are reconstruction priorities could be moderated, thereby encouraging expertise and interest in the country itself, in the region and among the diaspora.

An inclusive National Dialogue should start with a discussion of what young people want Haiti to look like 15 to 20 years from now. From there it should move backwards, focusing on what needs to be done now in order to realise this vision. A dialogue such as this one should discuss where the state's priorities should lie and where the most important national investments should be made. It should create a sequenced roadmap of initiatives, investments and actions to achieve these goals. Haiti should be an important actor in the greater Caribbean, where it can work on concerns it shares with other small island states: climate change, energy security, and trans-national crime.

Haiti will continue to need the support of outside partners, including the United States, Canada, France and Brazil, as well as the United Nations, the Organization of American States, and sub-regional organisations in the Americas –CARICOM, UNASUR, and CELAC. CARICOM has put security, financial reform and economic growth at the forefront of its agenda for Haiti. We are also seeing the emergence of regional actors—Peru, Colombia, Brazil—as major contributors to and partners for Haiti. Haiti will also have to consider ways to reconcile with its neighbour, the Dominican Republic, albeit that is a long-term goal. The Dominican Republic's decision to deny Haitians in the Dominican Republic citizenship has created tension in a relationship that is essential to both countries, and both must find a reasonable legal solution to this before moving to imaginative solutions for the future.



## 2. FOCUS ON INSTITUTIONS

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Whatever the outcome, a national consensus will require some basic institutions of governance. Work to put these in place should not wait. While dialogue continues, Haiti must:

### Finish Training the Haitian National Police

The UN's goal is to build a national police force of 15,000 men and women to be deployed around the country. This should be completed in another year. Recruitment of women must also increase as their inclusion can build a stronger and more stable policing capacity. A renewed government effort to improve the administration of justice should accompany the deployment of newly trained police to all parts of the country to support citizen security. Women and children remain especially vulnerable to gender-based violence, and assaults on youth and the elderly are commonplace; for the police to give priority to protecting women would be a clear sign of progress.

### Build "National Accountability Systems"

Work to improve accountability usually takes place in a piecemeal fashion. But the public finance system is the foundation and lifeblood of any institution, and needs to work in an integrated way. The revenue, treasury, budgeting, accounting, auditing and programming functions need to be aligned to each other. Perception of corruption is high and trust in government accountability low in Haiti, so establishing controls and programmatic functioning in a limited number of areas is the priority. A multi-donor Trust Fund could fund National Programmes (see below) and be linked to year- by- year improvement in National Accountability standards.

### Build Leadership of those Institutions

In the short term, the Haitian diaspora can offer the talent needed to help bring different parts of the government together. But in order to attract experienced Haitians from abroad, the Ministry of the Diaspora will need to create a talent bank of individuals to support the national government's key functions: taxation and revenue collection, education and communication, construction and infrastructure. Those who come should then be used to mentor others, in order to cultivate the next generation of leadership.

### Train Haiti's Youth to Meet the Needs of the Public and Private Sectors <sup>62</sup>

All too often in low-income countries, the focus is on primary education. While important, those educated only to primary level are not going to provide the next generation of professional leaders and managers with the necessary technical know-how in science, agriculture, education and commerce. A new generation of leaders must be selected on a merit basis, then provided with specific skills to enter the public and private sectors. This strategy may not pay off in institutional terms for another five to ten years, but it would offer an immediate boost in hope and confidence to the next generation.

## Work on a Concrete Roadmap for Building Levels and Functions of Governance

Often, governance is treated as an abstract concept. Building a sequenced plan should focus on which function—e.g. health, education, public finance—requires capacity at which level of government—capital, province, city or town. Breaking governance down in this way makes it easier to make difficult choices and to prioritise both funds and human capital. Some of this work began before the earthquake, but it will need to be reassessed in light of the shifts of population and the goal for more decentralised government.

## Change Zero-Sum Politics by Reforming the Electoral System

Haiti's electoral system has been flawed since it was first created in the 1987 Constitution. That charter requires frequent and costly elections to the Senate, and also has become a source of tremendous political fights that have done nothing but increase tensions in the country. While it is essential in the short term to hold elections for the Senate, municipal and local governments, Haitian leaders must address the dysfunction of this component of democratic government as part of the larger national dialogue. Constitutional reform to change the election cycle is urgently needed, but this will happen only if the next generation of political leaders are brought into the process through a national dialogue. A consensus-led agenda for creating a new Haiti will be key to making politics serve a citizen-oriented agenda.

When holding elective office is the only job you can find, there is scant incentive to change the system. Thus, creating jobs and livelihoods for all sectors will create opportunities for people to serve in government *pro bono publico* instead of relying on it for a living.

### 3. FOSTER OPPORTUNITY THROUGH MARKETS

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#### Design Policies and Reliable Regulations that Promote Local and Foreign Investment

“Building back better” was a unifying theme for the post-earthquake response, but it failed to offer businesses the most fundamental elements of a regulatory structure: reliable contract law and a reliable banking system. The government of Haiti must design reliable market regulation if investment is to prosper. Haiti's goal should not be an increase in aid, but an increase in economic growth which will allow the country to generate its own revenue. Much is written about the need for an “enabling environment” to promote domestic and foreign investment and catalyse company formation and growth. There must be a focus on building value chains in key sectors; removing constraints to legitimate company formation and expansion; and fostering collaboration rather than collusion between firms, government and citizens. Policies cultivating domestic entrepreneurship, including but not limited to microenterprise, are vital to sustainable economic growth and should target the financial and human capital enablers of entrepreneurship in addition to the regulatory and business infrastructure.

## Invest across the Whole Country

Prior to the earthquake, well over half of Haiti's economic activity was located in Port-au-Prince.<sup>63</sup> The Haitian government, along with major donors and civic activists, believes that decentralisation of both public administration and economic activity is in Haiti's long-term best interests. Since the 2010 earthquake, foreign investment has doubled but it has mostly gone, once again, to the centre, where it promotes tourism infrastructure and manufacturing. Little has been done to promote agricultural development. Haitian government officials have made it easier to register businesses, but have not created an investment strategy that will benefit rural Haitians.

## Invest in the Agricultural Sector

This should be broadly defined to include irrigation and water storage systems, research and development, and ecological projects such as erosion control, reforestation, and protection of watersheds and biodiversity.<sup>64</sup> Private sector initiatives by local investors must also include support for small and medium size business opportunities, especially for farmers. Local entrepreneurs need resources to reach markets. Technology already used to manage cash transfers and payments could support a new class of local entrepreneurs who provide goods and services to Haitians.

## Focus on a Limited Number of Flagship Construction Projects, including Ports

A country can rarely manage more than four or five major construction projects at one time. Haiti is tackling many at once. The leadership should refocus its efforts, and select a few projects for national attention. Contenders could include new port cities, perhaps in partnership with a globally-renowned ports builder and manager such as Dubai or Singapore ports, and gas-fired power stations building on the cheap availability of natural gas.

## Focus on Regenerating a Limited Number of Urban Areas

Hernando de Soto's work identified some \$5.2bn in value in untitled land in Haiti. The Haitian government should devise a mechanism for establishing legal rights over land and for securely transferring those rights. This could unlock significant value and give the urban poor a stake in Haiti's future.<sup>65</sup>

## Move away from Dependence on Foreign Contractors and Nurture a Domestic Construction Industry

Much of the recent analysis has focused on the failure of donors to make contracts with Haitian businesses. In order for the Haitian construction industry to stand a chance of winning infrastructure contracts and mature over time, international agencies will need to revisit the standards they require in their procurement processes and adopt a capacity-building approach to the local construction industry. These steps could include setting up leasing operations, training in proposal writing and project management, supply chain management and project finance, to support the Haitian construction industry. Donor

agencies must also break up contracts into smaller work orders with more attainable standards. For example, some contracting agencies require a track record of five years. A new domestic firm would never be able to meet this standard.

### Form a Job Creation Pact

The government has already committed to education and employment as two national priorities. Enlisting key Haitian industries and companies could foster a public-private partnership for citizens to create a certain number of jobs—perhaps one million—whose progress could be reported on every month. In Nepal, we worked with key industries who committed between them to create a large number of jobs for youth, and then took specific measures to expand jobs relying on their own capital and plans. For example, one agribusiness owner pledged to expand his business into new markets and generate thousands of new jobs. A tourism company promised to hire excluded youth in large numbers.

### Get the Rules Right for a Sustainable Mining Sector

The opening of Haiti's mining sector could bring revenue growth, but also a possible source of conflict. High accountability standards must be entrenched from the start. Colombia, Chile and Botswana provide good examples. Leaders who managed the sectors from these countries are available to share the lessons from good practices to emulate and mistakes to avoid.

### Put Remittances to Work

Remittances constitute about 20 percent of the country's GDP.<sup>66</sup> Other countries have found imaginative ways to use remittances to drive economic activity: through home loans driving house construction, or investments in small business and education, which drive job creation and the growth of skills.

### Develop Haiti's Links to the Regional Economy

Haiti's location is a great asset. Its linkages with the Caribbean, Latin America, and North America could form the basis of trade and investment pacts across the region.

## 4. BEGIN THE TRANSITION AWAY FROM AID

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Humanitarian assistance will be needed for several more years for earthquake victims who remain homeless and jobless. This support must be designed not only to move people out of extreme poverty, but also to resettle, retrain and integrate them into the economy. This is where the government of Haiti, together with its key partners including the IADB, the World Bank and the United Nations must form an approach to humanitarian and development assistance so that Haitians take full responsibility for this process.

A new approach to development assistance will need new instruments to help the Haitian government partner with the private sector. At the heart of this change is a different approach to implementation. It seems that the problem has not been so much with the policy agenda, as the lack of broad consensus on its contours and the lack of focus on implementation.

Specific measures could include:

### Design National Programmes

NGOs will be more useful to Haiti if they are part of organised National Programmes. National Programmes are those which are countrywide in scope; have robust rules for accountability in the use of resources; that afford the government a policymaking and standard- setting role, but harness the implementation capacity of communities, NGO's and the private sector as appropriate. They are multi-year, allowing for predictability, but sufficiently flexible to change over time. In Afghanistan and elsewhere, National Programmes have provided the basis for large scale, efficient delivery of services. National programmes could include ones that assign block grants to communities (along the lines of the National Solidarity Programme in Afghanistan), as well as others dedicated to different levels and functions of governance. A programme similar to the National Solidarity Programme would build on the decentralisation started after the earthquake. This means allocating decision rights to rural communities so that their citizens can design and then implement the activities that they need—whether improved agriculture, access to energy, and schools or distance learning for their children.

### Create a Common Feasibility Studies Fund

Often, the constraint to implementation is not money, but the availability of fundable projects. Even when funders are ready to commit money, they often find that projects exist only in theory, and the project designers haven't carried out the necessary feasibility studies. At the same time, companies have little incentive to prepare feasibility studies, preferring to wait to bid on projects, as often they are barred from both preparing and implementing projects. As a result, the pipeline of prepared projects is often dry. The Inter-American Development Bank (IDB) has great experience in South America in creating dedicated financing for feasibility studies, which could be replicated here.

### Re-examine the Technical Assistance Approach and Move to Other Means, Including Twinning and Exchanges

Technical assistance, when well used, can give people experience and education. But it can also be abused. In many countries, consultants are imposed on governments with few controls on quality, price, certification, output or result. Haitians must insist on higher standards for technical assistance. Alternatives to technical assistance delivered through large companies could include "twinning" or matching Haitian institutions with counterparts from other countries, especially others already in the region, to share perspectives and knowledge. Other approaches could include seeking advice from associations of retired professionals where individuals who are exceptional within their profession are willing to devote their time over sustained periods, and through long- distance support that is now achievable with cheap communications technologies.

## Move from Disaster Response to Disaster Prevention

Haiti's extreme vulnerability to environmental disasters has an enormous economic and human cost. Ninety-six percent of the population is considered to live at risk of flooding, earthquakes, landslides, and hurricanes.<sup>67</sup> Although Haiti's disaster preparedness has improved, the government's capacity for early detection and response can be made better still.

There is a significant opportunity for Haitians to seek out support in training their own citizens to prepare for disaster. The new university at Limon, built by the Dominicans and staffed by Haitians near the border, offers a good venue for educating people about how to prepare for natural disasters, and also creates a locus for coordination.

The Caribbean risk reduction facility started by the World Bank in partnership with private reinsurers and insurers provides a model for moving some of the burden for disaster response from public to private sectors in such a way as to put more control in the hands of the Haitian Government.



## Conclusions

Governance of Haiti's institutions—and of the external response intended to overcome or bypass Haiti's internal constraints—remains the primary challenge. Haitian citizens and the country's interlocutors face a “sovereignty paradox” where they face constraints if they interface with the state as it cannot meet expectations, yet only undermine it if they work around it.

The project model of aid has exacerbated mis-governance. A new model of development based on growing economic opportunity for Haiti's increasingly youthful population and building accountability systems for flows of funding is needed. A next step in this direction is for Haitian citizens to lead a national discussion. At the same time, external partners must begin a transition to a different mode of support that allows Haitian citizens far greater decision rights, Haitian businesses far greater opportunities, and the Haitian government a greater policy role in the development agenda than has been the case up until now. They must work with much more realistic time frames, looking at a 20- to 30- year timescale, rather than being condemned to repeat short-term efforts.

Three near-term priorities must remain paramount:

- » Maintaining security is a foundation for economic activity. The transitioning of the UN's role and getting policing right is essential.
- » Second, Haiti's future depends on a new generation of educated men and women—from Haiti and its diaspora. Ensuring education access for all should not come at the expense of equipping young Haitians with relevant skill sets.
- » Finally, fostering economic value chains in key sectors, to expand jobs and livelihoods, will provide the most visible symbol of hope.

## APPENDIX 1: SUGGESTED TOPICS FOR A NATIONAL DISCUSSION

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### Education

While all of the pillars of the development strategy are important, one stands out as the most urgent: education. With half of Haiti's population of 10 million under 25 there can be no question that this group must become the beneficiary of educational opportunities that lay a strong foundation for the future. Without educated citizens it will be difficult to improve the institutions that underpin governance. Moreover, without an educated workforce, Haiti will be unable to have its citizens become part of a growing global citizenry that will move them out of poverty.

Today 90 percent of the 15,200 primary schools are in private hands, unregulated, and with little or any quality control. The results speak for themselves in terms of illiteracy. More than half the population is deemed illiterate. Less than 30 percent of the population reaches 6th grade, and only 67 percent of those eligible for primary education actually receive any due to lack of resources or access to schools. One estimate shows that it would cost the government of Haiti \$3 billion to adequately fund a sustainable education system, something that could be achieved with current revenue, if this became a focus of the state, with the assistance of the international donor community. For many Haitians, education will be the means by which so many are lifted from poverty.

### Energy Security

This topic is ripe for discussion. It is also a place that can engage both the private sector and donors, as technical assistance combined with local skills could become a powerful partnership. Like so many other places in the Caribbean, Haiti has suffered from a lack of energy resources, an essential component of daily life, from cooking fuel, to transport, to providing light and power. There has been some progress made in moving toward a more distributive energy system for Haiti, and also in embracing some of the renewable technologies—from solar lights and charging stations for cell phones, to development of seed oil crops for biodiesel. But these are still not at a stage that provides the entire country with a reliable energy supply. The potential to use natural gas—given the revolution underway in the Americas, now that the Dominican Republic has a natural gas docking station,, should be seriously explored.

A national conversation around reliable energy—giving access to energy to poor communities, and some confidence to investors that they could build new facilities around the country would also be the first step in considering the other benefit of energy investments: job creation. Of all the sectors with potential for employment, energy presents a good opportunity to employ many people in both urban and rural Haiti.

## Diaspora Relations

Another topic for conversation must be the relationship between the Haitian Diaspora, which numbers over a million people in the United States, Canada, France, and parts of Africa. How does the talent of this large group of individuals get channelled to help their homeland build back better? After the earthquake there were many activities that attempted to engage the large diaspora in the United States. But these efforts were not coordinated with the government of Haiti in a way that made these meetings productive in terms of the government of Haiti articulating specific needs, and finding ways to create rosters of talent, practical mechanism for bringing the skills of Haitians to their homeland.

Haiti continues to suffer a brain drain. Its young university students do not see a future in their homeland. This presents a challenge in terms of the development of new leadership to serve the next generation of Haitians. If the earthquake revealed anything for the average Haitian it was that they were not alone in their plight, and they were part of a larger globalised community that could help them fill gaps in a wide range of areas—from healthcare to agriculture, education, and, most importantly, jobs.

## Extractive Industries

One of Haiti's greatest potential sources of revenue, the discovery and possible exploitation of gold and nickel deposits in its northern corridor has raised expectations about sustainable income streams. The World Bank hosted a forum on mining that discussed comparative experiences from other parts of the world, and also helped to work with Haitian government ministers to write an effective mining law.

If Haiti were to develop a source of revenue apart from diaspora remittances and foreign assistance, its future would mean that the state could support education, develop renewable energy, and also create a more integrated agricultural sector. While actual exploitation of these resources is several years away, it is not too early for Haiti to consider the best way to protect income from these resources from rent-seeking interests. How Haiti manages its future wealth can be a game changer in terms of the island's future. The subject of mineral wealth must be discussed with Haitian citizens in an open, transparent

way. In a country known for rumour and disinformation, a mishandling of this type of conversation could have a destabilising effect. Putting the issue to a national dialogue would be a first step toward getting citizen buy-in on its future.

## Food Shortages and Food Prices

Food instability and rising costs are two problems that bring protesters to the streets most frequently. Including these issues in a national dialogue agenda would serve both to educate the public about a complicated economic issue and to open up opportunities to coordinate civilian policy advocacy and collaborative responses, such as agricultural and entrepreneurial cooperation.

## Land Registration

The destruction of physical records during the earthquake left the Haitian government in the difficult position of determining property ownership in the face of massive displacement and frequently conflicting claims. The current land registration process is lengthy, unpredictable and opaque, inhibiting both private sector growth and civilian ownership and investment. Haitian citizens, civil society, and entrepreneurs need to be part of a discussion leading to an arbitration process whose timely decisions can be respected by all parties.

## Haitian Purposes and Principles

Articulating a set of common principles and purposes of government could be a highly effective exercise in forging a stronger national identity and in guiding political and public institutional processes. The Singaporean government engaged in this process, to great success.<sup>68</sup> In Haiti, a civilian-led process in the context of a national dialogue has the potential to build an area of shared values, giving politicians a ready platform for finding common ground and gaining popular support for compromise.

## APPENDIX 2: HAITI DATA 2012

### 2012 Comparative Data with Selected Regional Countries<sup>69</sup>

	HAITI	DOMINICAN REPUBLIC	GUYANA	SURINAME	HONDURAS	NICARAGUA
GDP per capita (current US\$)	771.0	5,736.4	3,584.0	8,864.0	2,334.8	1,753.6
GDP per capita, PPP	1,228.0	10,203.6	3,399.2	8,857.6	4,243.2	4,072.0
GDP per capita growth (annual %)	1.4	2.6	4.2	3.5	1.8	3.7
Ease of Doing Business Global Ranking (1–189) <sup>70</sup>	177	117	115	161	127	124
Human Development Index Ranking (1–187) <sup>71</sup>	161	96	118	105	120	129
Human Development Index (0–1) <sup>72</sup>	0.456	0.702	0.636	0.684	0.632	0.599
Transparency International Corruption Perceptions Index Ranking (1–177) <sup>73</sup>	163	123	136	94	140	127
Transparency International Corruption Perceptions Index (0 = highly corrupt to 100 = very clean) <sup>74</sup>	19	29	27	36	26	28
Current account balance (% of GDP)	-4.4	-8.1 <sup>75</sup>	-13.9	5.1	-9.4	-12.8
Inflation, consumer prices (annual %)	6.3	3.7	2.4	5.0	5.2	7.2
Real interest rate (%)	1.3	9.7	7.7	5.0	13.8	2.9

## Haiti Country Data 2009–2012

	2009	2010	2011	2012
GDP per capita (current US\$)	662.6	670.4	732.2	771.0
GDP per capita, PPP	1,176.0	1,112.2	1,183.1	1,228.0
GDP per capita growth (annual %)	1.5	-6.7	4.2	1.4
Net ODA and official aid (current US\$ millions)	1,119.66	3,064.84	1,712.41	878.80 <sup>76</sup>
Personal remittances, received (% of GDP)	21.3	22.2	21.1	
Foreign direct investment, net inflows (% of GDP)	0.6	2.3	2.5	
Services, etc., value added (annual % growth)	1.4	-7.9	5.2	
Industry, value added (annual % growth)	4.0	-4.7	13.5	
Manufacturing, value added (annual % growth)	3.7	-14.7	18.0	
Total natural resources rents (% of GDP)	0.7	0.7	0.7	
Gross Savings (% of GDP)	24.3	22.4	24.6	
<b>TRADE DATA</b>				
Current account balance (% of GDP)	-3.5	-2.5	-4.6	-4.4
Export value index (2000 = 100)	181.4	182.3	264.9	
Import value index (2000 = 100)	205.0	303.6	306.7	
Imports of goods and services (% of GDP)	42.8	62.3	55.1	
Imports of goods and services (annual % growth)	5.8	20.0	-5.0	
Cost to export (US\$ per container)	1,005	1,005	1,185	1,185
Cost to import (US\$ per container)	1,545	1,545	1,545	1,545
Burden of customs procedure, WEF (1 = extremely inefficient to 7 = extremely efficient)			2.5	2.4
Energy imports, net (% of energy use)	26.7	28.0	22.0	
<b>FINANCIAL DATA</b>				
Consumer Price Index (2005 = 100)	141.7	149.8	162.4	172.6
Inflation, consumer prices (annual %)	0.0	5.7	8.4	6.3
Lending interest rate (%)	17.3	17.5	11.6	8.9
Deposit interest rate (%)	1.1	0.7	0.3	0.5
Real interest rate (%)	13.5	12.2	4.5	1.3
Domestic credit provided by banking sector (% of GDP)	23.6	20.1	17.4	19.6

continued...

### Haiti Country Data 2009–2012 *continued...*

	2009	2010	2011	2012
<b>SECTOR DATA</b>				
Labour force participation rate, total (% of total population ages 15-64)	66.0	66.4	66.6	
Employment to population ratio, 15+, total (%)	60.0	59.4	59.8	
Cost of business start-up procedures (% of GNI per capita)	204	250.9	314.2	286.6
Crop production index (2004-2006 = 100)	115.4	105.6	113.5	
Food production index (2004-2006 = 100)	110.9	107.7	112.9	
Electric power consumption (kWh per capita)	36.0	24.7	32.5	
Internet users (per 100 people)	8.1	8.4	9.5	10.9
Mobile cellular subscriptions (per 100 people)	37.0	40.0	41.5	59.4
Health expenditure, public (% of government expenditure)	9.5	9.9	9.9	
Mortality rate, under-5 (per 1,000 live births)	81.7	175.1	77.6	75.6
Life expectancy at birth, total (years)		61.4	61.9	62.3
Trademark applications, total	1,581	1,774	1,949	

### Value Added by Economic Activity 2012: Haiti

VALUE ADDED BY ECONOMIC ACTIVITY 2012 (AT CURRENT PRICES) <sup>77</sup>	US\$
Agriculture, hunting, forestry, fishing (ISIC A-B)	\$1.4bn
Mining, Manufacturing, Utilities (ISIC C-E)	\$812m
Manufacturing (ISIC D)	\$738m
Construction (ISIC F)	\$1.9bn
Wholesale, retail trade, restaurants and hotels (ISIC G-H)	\$1.4bn
Transport, storage and communication (ISIC I)	\$925m
Other Activities (ISIC J-P)	\$1.1bn
<b>TOTAL VALUE ADDED</b>	<b>\$7.5BN</b>



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    - Public finance functions: the ability to collect sufficient revenue to meet the costs of the state; to manage public finances accountably and transparently, to exercise the sovereign guarantee responsibly; and to manage the assets of the state.
    - Economic management: to set the rules of the game for market activity across different sectors; to invest in infrastructure services; to invest in education and training;
    - Social services; to nurture human capital; create the conditions for citizenship rights.
    - Environmental: investment in disaster prevention and resilience, including from the effects of climate change.
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