

**REBUILDING HAITI IN THE MARTELLY ERA**

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**A JOINT HEARING**

BEFORE THE

SUBCOMMITTEE ON WESTERN HEMISPHERE, PEACE  
CORPS, AND GLOBAL NARCOTICS AFFAIRS

AND THE

SUBCOMMITTEE ON INTERNATIONAL  
DEVELOPMENT AND FOREIGN  
ASSISTANCE, ECONOMIC AFFAIRS, AND  
INTERNATIONAL ENVIRONMENTAL PROTECTION

OF THE

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UNITED STATES SENATE**

**ONE HUNDRED TWELFTH CONGRESS**

FIRST SESSION

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## REBUILDING HAITI IN THE MARTELLY ERA

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THURSDAY, JUNE 23, 2011

U.S. SENATE, SUBCOMMITTEE ON WESTERN HEMISPHERE,  
PEACE CORPS, AND GLOBAL NARCOTICS AFFAIRS AND  
SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT AND  
FOREIGN ASSISTANCE, ECONOMIC AFFAIRS, AND INTER-  
NATIONAL ENVIRONMENTAL PROTECTION, COMMITTEE  
ON FOREIGN RELATIONS,

*Washington, DC.*

The subcommittees met, pursuant to notice, at 2:20 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Robert Menendez and Hon. Benjamin J. Cardin (chairmen of the subcommittees) presiding.

Present: Senators Menendez and Cardin.

Also present: Representative Alcee Hastings.

### **OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY**

Senator MENENDEZ. This joint hearing of the Subcommittee on the Western Hemisphere, Peace Corps, and Global Narcotics and the Subcommittee on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection will come to order.

Let me thank Senator Cardin, my friend and colleague, for cochairing this hearing on an issue that is of utmost importance in the hemisphere. By doing this together, we bring all of the jurisdiction to bear on a very important part of the agenda that we are mutually sharing in. So I appreciate his working with us to do it in this manner, and we will hear from him in just a moment.

The challenges for the people of Haiti are daunting, but they are not insurmountable. When the right leadership adopts the right policies and with the continuing support of the international community, progress can be made. In the case of Haiti, with the recent Presidential elections behind us, that moment could and should be now.

The challenge before us is one precisely of reinvigorating our efforts to rebuild Haiti better than it was before the earthquake. To the extent those efforts have been stalled by an unsettled political environment, by the debilitating effects of the cholera epidemic, and by the magnitude of the multidimensional challenges that need to be faced, the opportunity to move forward is at our disposal. It requires a coordinated effort that involves the Government of Haiti, the aid and development communities, the international donor community, NGO's, the Haitian diaspora, and the private sector.

We have before us today a panel from the private sector, Haitian diaspora, and NGO community—a diversity of perspectives united in their common goal of seeing Haiti succeed. I am particularly encouraged by the private sector's interest in Haiti because only with active private sector involvement can we have a sustainable development in that country, development that demands the reforms necessary to encourage private investment and that brings jobs to Haiti and allows Haitians to earn a living, invest in their communities, send their children to school, and build a strong, self-sustaining nation.

There is perhaps no greater development challenge in the hemisphere than that presented by Haiti. The challenge is not only to remove rubble, treat and prevent cholera, provide durable housing, and build infrastructure. The challenge is also investing in the people of Haiti and in economic development that will eventually limit the need for humanitarian assistance.

That is why I cosponsored the Haiti Economic Lift Program Act, the HELP Act, which was passed by Congress last year. That act is an example of how we can help Haiti and Haitians through economic incentives. The law extends the duty-free treatment of certain imported knit apparel articles such as those made in Haiti from yarns formed in the United States. Through this type of trade, we can provide jobs for Haitians.

In fact, the World Economic Forum, together with the International Development Bank, issued a report in January of this year touting the role that the private sector can play in helping Haiti to achieve an accelerated economic trajectory. The report outlines opportunities for business in Haiti through establishment of special economic zones, fast track zones for commercial development.

For these initiatives to succeed, however, Haiti needs to become a more business-friendly environment, meaning access to basic infrastructure, logistic and financial services, clear title to land, and an educated and skilled labor force.

President Martelly's election represents an opportunity to move forward, to examine what needs to be done, and to form a government that can take real action. I am hopeful that 2011 will mark the beginning of Haiti's transformation, and we look forward to hearing from each of you as to what we can do to facilitate that achievement.

I will say, however, for the record that I am a little disappointed that the administration, whose witness we moved this hearing to accommodate, ended up canceling out on us. And we have every expectation—I think Senator Cardin will join me in that—that at some point we will hear from the administration in this regard.

With that, my distinguished colleague, the chairman of the subcommittee, Senator Cardin.

**OPENING STATEMENT OF HON. BENJAMIN L. CARDIN,  
U.S. SENATOR FROM MARYLAND**

Senator CARDIN. Well, let me thank Chairman Menendez for not just convening this joint hearing of two subcommittees on the Senate Foreign Relations Committee, but his extraordinary leadership in our hemisphere and around the world. And we thank you very much for this.

This is an unusual event to have a joint subcommittee hearing, and we did that because we really wanted to bring all of the resources that we have available to deal with the challenges in Haiti. The responsibility of the subcommittee that Senator Menendez heads deals with the geographical area, including Haiti. The subcommittee that I chair deals with the tools we have available through international development assistance and economic support. So we want to use all those tools to effectively deal with the challenges we have.

Mr. Chairman, I want to ask that my entire statement be made part of the record.

I want to thank the witnesses for being here and the work that you do. It is critically important to us.

I want to just make a couple of observations. Before the earthquake in January, Haiti was a very challenged country, one of the poorest in the world, and the challenges there were very great. Well, since the worst natural disaster in its history, the circumstances have gotten much, much more dire. There are many challenges, and we will go through some of those challenges. Seventy percent of the Haitians live on \$2 a day or less. Eighty percent of those who have gotten university degrees from Haiti are no longer in Haiti. You got the export of their talent pool, and that has caused a real challenge. The infant mortality rate is one of the highest in the world. Mr. Chairman, you mentioned the HIV/AIDS rates and cholera rates, all very, very high. So we have a degraded infrastructure and you have a population that has extraordinary needs, a population that does not have the tools it needs, nor the infrastructure it needs. It presents a very, very vulnerable situation. And that is what we have in Haiti.

I do want to just say on a positive note President Martelly offers promise for the people of Haiti with the elections.

There is a strong diaspora. They currently make available, I believe it is—between \$1.2 billion and \$2 billion per year is brought back into Haiti from its diaspora which I think presents a real asset that we need to capture as we move forward.

And then last, as you pointed out, Mr. Chairman, the key to me long term in Haiti is the ability to attract investors and entrepreneurs and businesses. And the NGO community fully understands that, and we need to make sure that the climate is right in Haiti for those types of initiatives to move forward. And our witnesses today I think will provide us some key points in moving this forward.

The United States has already contributed \$1.1 billion in humanitarian aid. We obviously believe that we have a moral responsibility to respond particularly to a country in our hemisphere. But we want to make sure is those funds are being used most effectively as possible. It is a lot of money, but as I said this morning to Secretary Clinton, I want to make sure that our aid is used effectively. It is not just that a country needs help. We got to make sure that the help, in fact, is getting to the country itself. So I would be interested, as the witnesses make their presentations or through the question-and-answer period, to get your assessment as to how effective the U.S. aid has been, as well as the international community's efforts to help the people of Haiti.

Mr. Chairman, if I might take the privileges as the cochair here to acknowledge Congressman Alcee Hastings who has joined us. You are more than welcome to either sit up here, if you would like, Congressman Hastings.

Mr. HASTINGS. I am grateful to you.

Senator CARDIN. We are glad to offer you a place at our table here.

Thank you, Mr. Chairman.

[The prepared statement of Senator Cardin follows:]

PREPARED STATEMENT OF SENATOR BENJAMIN L. CARDIN

I want to welcome everyone to this joint subcommittee hearing today. A joint hearing is not something we do very often in the Foreign Relations Committee and I believe it illustrates how important this issue is to all of us as we try to effectively deal with the challenges we face in rebuilding Haiti, in particular, at this critical turning point for the country.

In one day, we witnessed the complete devastation of Haiti. Since that day in January 2010, we have watched as Haiti try to recover from one of the worst natural disasters in history. In the 18 months since the earthquake, the United States, along with international relief organizations and other donors, has helped to feed more than 4 million people, remove 4 million cubic meters of rubble and vaccinated about 1 million internally displaced persons.

By the end of 2010, U.S. agencies had provided \$1.1 billion dollars to meet the humanitarian needs of Haiti. Clearly, much progress has been made.

And now, with the inauguration of President Martelly (pronounced Mar-tell-ee) last month and a peaceful transition to new political leadership in the country, there is new opportunity for broader revitalization. This is a new opportunity and Haiti truly needs to capitalize on this momentum to foster its own reconstruction and development, supported by effective, sustained, and coordinated support from the international community.

And, indeed, so much more remains to be done. The long-term challenge is how to best assist Haiti in the true and lasting reconstruction of their country—beyond traditional emergency humanitarian assistance. And the rebuilding of Haiti has slowed and, in some cases, even stalled.

For decades, Haiti has remained the least developed country in the hemisphere and one of the poorest in the world. Even before the earthquake, Haiti was faced with some daunting challenges and not able to meet even some of the most basic human needs of its citizens—and this continues.

Today, more than 70 percent of Haitians live on less than \$2 per day; adequate housing and infrastructure throughout the country is deficient; their health care services lack staff, drugs and equipment; jobs that offer a living wage are difficult to find; 80 percent of Haitians with university degrees do not live in Haiti; Haitian women have one of the highest maternal mortality rates in the hemisphere; HIV/AIDS rates are high and cholera remains a serious risk; and, their natural environment has been degraded.

This is precisely why it is vital that effective humanitarian and development assistance continue to flow to get the country back on its feet. I look forward to hearing from Gary Shaye, who serves as Haiti Country Director for the international NGO Save the Children, but also as a Board Member for the Haitian NGO Coordinating Committee. Solving these basic development problems is essential for in rebuilding plan for Haiti and the effective coordination of the private NGOs, country donors and multilateral institutions is at the core of this success.

But we understand that aid is not the ultimate answer. Aid was the right response to the disaster and aid is the right response to the humanitarian crisis that continues in Haiti. To build a capable state, much more is required. There are other kinds of support, such as new investment and trade policies, institutional capacity-building assistance and strengthening the enterprise development so that exports grow and everyone along the value chain is helped.

If we embark on the same familiar road and use the same tools, Haiti will never realize its full potential. We therefore must begin exploring alternatives to create a climate in which Haitians can better help themselves. Haiti holds real economic potential in a number of sectors and it is possible for U.S. and international firms to do well there.

To that end, we will hear from two private sector entrepreneurs, Regine Simon-Barjon and George Sassine, who will offer their experience from their successful



business ventures in Haiti and suggestions on to make that replicable. I am also looking forward to ideas on how to encourage more private investment in-country. This is particularly important in the sectors which would lead to greater Haitian economic gains, which would best empower those who are now living in the greatest poverty, especially women who are often head of households. As we look at plans for bringing greater investment to Haiti, the ability of these women to generate income is of paramount importance to me.

President Martelly seems interested in making Haiti more attractive for business investment and to show the international community that "Haiti is open for business." I look forward to hearing how the witnesses believe you can create that climate in Haiti, while also ensuring the benefits of development are spread to everyone.

And, we will also hear from another essential part of this picture—the Haitian diaspora, which contributes an estimated \$1.2 to \$2 billion per year back to the country. With only about 10 percent of Haitians formally employed, the Haitian economy is dependent on these remittances from members of the diaspora. Today, we are joined by Maj. Joseph Bernadel (pronounced Burn-a-dell), the Permanent Representative of the Haitian Diaspora Interim Haiti Recovery Commission, the IHRC.

A leader in the diaspora community in the United States for some time, we look forward to hearing his suggestions on how to better tap into the expertise of the diaspora, including creative strategies on issues, such as access to capital, enterprise development and investment.

I am confident that if these strategies, along with the assistance and the attention of the international community are coordinated and wielded properly, the Government of Haiti could foster a more resilient society and prosperous country.

I want to thank all of you for coming here today. I am encouraged and inspired by all of the people working on the ground in Haiti, who have been dedicated and resolute in their commitment to the reconstruction of this country. With all your hard work, I am optimistic that Haiti's best days still lie ahead. I also want to thank Senators Menendez, Corker, and Rubio for your interest in holding this hearing today.

Senator MENENDEZ. Thank you, Senator Cardin. And without objection, your full statement is in the record.

Let me also welcome my dear friend Alee Hastings who I had the privilege of serving with in the House. Normally your sartorial splendor outshines what you are wearing today, but we are glad to have you with us.

We will ask you to summarize your statements in about 5 minutes. Your full statements will all be included in the record. And we will start with Major Bernadel and then move down the row to Mrs. Simon-Barjon, to Mr. Sassine, and Mr. Shaye. So we will start with you, Major.

**STATEMENT OF MAJ. JOSEPH M. BERNADEL, PERMANENT REPRESENTATIVE OF THE HAITIAN DIASPORA, INTERIM HAITI RECOVERY COMMISSION, BOYNTON BEACH, FL**

Mr. BERNADEL. Good afternoon, Chairman Menendez and Chairman Cardin and Congressman Hastings and members of the subcommittee. It is an honor to provide this testimony on today's hearing, and I especially thank you for including the voice of Haitians and the Haitian diaspora.

The challenges of Haiti can be likened to a family with nine children where there is \$1,000 worth of monthly need to be addressed and only \$100 worth of savings. This is the monumental challenge that Haiti's new President, Michel Martelly, has inherited in leading Haiti and its people to the next stage of post-earthquake reconstruction. He must manage billions of dollars in foreign aid and deliver on the soaring expectations of millions of Haitian citizens who hope for and reserve a better life. Importantly, he will need to tap the

huge pool of talents of the Haiti diaspora members who are eager to participate in their homeland reconstruction and whom I represent here today.

The reality is that President Martelly also inherited a country with key projects for nation-building already underway. The projects and the plan are the result of the collaborative effort of the Government of Haiti and the Interim Haiti Reconstruction Commission, an independent, nonpolitical body mandated to provide expertise and to expedite the capabilities of Haitian leadership for building a new and better Haiti. As a member of the board of the IHRC, representing the Haitian diaspora, I know very well how far we have come.

The IHRC is mandated to focus on stakeholder alignment, information-sharing, facilitating flow of funds, project alignment, and monitoring progress and performance.

Since its inception in June 2010, the IHRC has been key to the recovery effort. It has provided leadership for the efficient coordination of proposals, reconstruction projects, aid organizations, and donor funds to ensure the most urgent priorities of the Haitian people were met and the government's long-term goals were advanced.

A key underlying goal is to build Haiti back better than before, using stricter standards to make the country more resilient to natural disasters. This means that the reconstruction process may take somewhat longer and that costs may increase, but the lives and safety of citizens must be paramount.

Despite the difficulties inherent in recovering from a disaster of this magnitude, the IHRC has to date succeeded in facilitating 87 projects totaling \$3.2 billion. The projects encompass the eight critical sectors of debris removal, housing, water and sanitation, education, health, energy, job creation, and capacity-building, in full alignment with government priorities.

Much has been accomplished. Still much remains to be done. To build back a more resilient nation, key policy reforms must be accelerated by the Government of Haiti. This includes disaster planning, developing a national energy policy, decentralization, and clarifying land tenure and titles as a prelude to reconstruction.

Initiatives implemented by the IHRC and required to attract investment are in place. However, much lip service is being paid to the Haitian entrepreneurs in the country or in the diaspora community as evidenced by a report that only 2 percent of the rebuilding and recovery contracts have been awarded to citizens. Despite the broad mandate of the IHRC, the commission does not have funds, nor does it disburse funds. It does not direct the Government of Haiti nor the operation of the donors or NGO activity. It does not duplicate existing mechanisms of the Government of Haiti, and it does not replace the financial tracking function and the responsibility of implementing agencies and donors or does it fund projects directly.

Rather, the IHRC is charged with facilitating the funding flow by publicizing to donors all funding gaps that exist for IHRC-approved projects and by connecting partially funded project programs to entities that can disburse the funds such as the Haiti Reconstruction Fund, an organization that serves as a funding agency. The objectives of the HRF are to mobilize, coordinate, and allocate resources

to improve basic living conditions in Haiti and assist in building the capacity of the Haitian state.

In looking at Haiti today, I see a nation that is on a positive path but my optimism is guarded. The reality is that there are four issues that Haiti has to contend with. The problems that need to be resolved in Haiti will take time, but for the displaced and impoverished community in Haiti time is a luxury. Economic growth must be matched with social investment, namely education, job creation with livable wages that tap into the tremendous work ethic and talent of Haitians, or that honor and respect the dignity of the people. The inclusion and involvement of the Haitian diaspora community must be paramount in the reconstruction of Haiti. Specifically, there must be resolution in the constitutional amendment granting dual citizenship to the strong Haitian diaspora. I remain concerned that the biggest external obstacle to reconstruction remains the slow pace of disbursement of dollars pledged, and I also see the need for greater integration of NGO initiatives.

In closing, the inauguration of a new President is a potential turning point for any country. For Haiti, it carries profound imperatives. Building on what has already been accomplished will speed Haiti's progress and reconstruction.

The Nation's efforts must continue and this is not the time to step back. Rather, now is the time to commit with renewed vigor to the huge responsibility of rebuilding Haiti, not back to what it was, but forward to what it can be.

Thank you.

[The prepared statement of Mr. Bernadel follows:]

PREPARED STATEMENT OF MAJ. JOSEPH M. BERNADEL, U.S. ARMY (RET.)

Good afternoon, Chairman Menendez and Chairman Cardin, and members of the Subcommittee on Western Hemisphere, Peace Corps and Global Narcotics Affairs and Subcommittee on International Development and Foreign Assistance, Economic Affairs and International Environmental Protection. I thank you for inviting me to testify today at the hearing entitled, "Rebuilding Haiti in the Martelly Era." I am particularly pleased to point out that this hearing has given Haitians and Haitian-Americans an opportunity to speak before Congress about the future of Haiti.

It is apparent to all that Haiti's new President, Michel Martelly, inherited a monumental task of leading Haiti and its people through the next stages of post-earthquake reconstruction. He faces many challenges, including managing billions of dollars in foreign aid and delivering on the soaring expectations of millions of Haitian citizens who hope for and deserve a better life. Importantly, he will need to tap the huge pool of talents of Haitian diaspora members, who are eager to participate in their homeland's reconstruction.

The new President also inherited a country with key projects for nation-building already underway, guided by a strategic reconstruction plan with clearly-defined priorities. The projects and the plan are the result of the collaborative efforts of the Government of Haiti and the Interim Haiti Reconstruction Commission (IHRC), an independent, nonpolitical body mandated to provide expertise and to expedite the capabilities of Haitian leadership for building a new, better Haiti. As a member of the IHRC Board representing the Haitian diaspora I know well how far we have come.

The IHRC is mandated to focus on stakeholder alignment, information-sharing, facilitating flow of funds, project alignment and monitoring progress and performance.

Since its inception in June 2010, the IHRC has been key to recovery efforts. It has provided leadership for the efficient coordination of proposals, reconstruction projects, aid organizations and donor funds to ensure the most urgent priorities of the Haitian people were met and the government's long-term goals were advanced.

A key underlying goal is to build Haiti back better than before, using stricter standards to make the country more resilient to natural disasters. This means that

the reconstruction process may take longer and that costs may increase, but the lives and safety of citizens must be paramount.

Despite the difficulties inherent in recovering from a disaster of this magnitude, the IHRC has, to date, succeeded in facilitating 87 projects totaling US\$3.261 billion. The projects encompass the eight critical sectors of debris removal, housing, water and sanitation, education, health, energy, job creation and capacity-building, in full alignment with governmental priorities.

Much has been accomplished; still, much remains to be done. To build back a more resilient nation, key policy reforms must be accelerated by the Government of Haiti. This includes disaster planning, a national energy policy, decentralization, and clarifying land tenure and titles as a prelude to reconstruction. In my personal view, I also believe that addressing legal changes such as the recent constitutional amendment granting dual citizenship to the several-million strong Haitian diaspora is also of great importance to Haiti's future.

As Haitians look to their new President to accelerate the process of reconstruction, the IHRC as a tool that assists him meeting the challenges, providing ongoing support as he moves his national agenda forward. At the same time, the international community must seize the chance to focus its aid on empowering rather than prolonging the dependency of Haiti's people and institutions. Investments by the international community must not focus solely on economic growth, but also on social programs which take into account Haiti's culture and social realities.

#### THE INTERIM HAITI RECONSTRUCTION COMMISSION

After the lesson learned from the rebuilding efforts in December 2004 Aceh Indonesia Tsunami, the Government of Haiti, in partnership with the United States and the international community, created the Interim Haiti Reconstruction Commission, to ensure that development work would be coordinated and realized on the ground. Established by decree on April 19, 2010, the IHRC was given an 18-month mandate to "facilitate rebuilding investment and efforts that are Haitian led, coordinated, effective and efficient, ensuring that the implementation of priorities, plans and projects are faithful to the Haiti Action Plan, and properly sequenced to build Haiti back better."

Then-Haiti Prime Minister Jean-Max Bellerive and former U.S. President Bill Clinton were appointed as co-chairs of the IHRC, to help guide donor and other stakeholder investments, to help Haiti realize its vision for a stable and prosperous future.

The IHRC mandate is to "conduct strategic planning and coordination and implement resources from bilateral and multilateral donors, nongovernmental organizations, and the business sector, with all necessary transparency and accountability." The IHRC took upon the responsibility to "optimize the investments and contributions of these entities." Specifically, the IHRC is charged with developing and refining development plans for Haiti, assessing needs and gaps and establishing investment priorities. The projects reviewed by the IHRC would align with the consistency and coordination with the Haiti Action Plan, which was drawn up by the Haitian Government. However, the solicited projects would not necessarily come from the Government of Haiti.

Since its creation, the IHRC has been key to recovery efforts. It has provided leadership for the efficient coordination of proposals, reconstruction projects, aid organizations, and donor funds, to ensure the most urgent priorities of the Haitian people were met and the government long-term goals were advanced. Given the pressing need to identify and make land available to relocate the displaced populations into shelter, the Ministry of Economy and Finance was given broad authority to examine applications and issue property titles requested by the IHRC within 15 business days. In exchange, the IHRC agreed to provide the relevant ministries with the international technical assistance necessary so that they may strengthen their capacities to fulfill their mandate in relation to development priorities and projects effectively and promptly.

Chiefly, the mandate of the IHRC is cast in three ways:

(1) Assessment—IHRC assesses outstanding and unfulfilled needs. In coordination with the Government of Haiti, NGOs, donors, and other coordinating mechanisms IHRC reviews projects underway and identifies remaining gaps. The IHRC publicizes these needs and gaps to the local and international community.

(2) Review—IHRC catalogs all incoming project proposals. Ministry and sector experts review projects and provide feedback to IHRC. Using publicly available criteria the IHRC rates projects (approval, conditional approval, feedback, rejection) in workshops. Projects that have received feedback or conditional approval can be refined and resubmitted.

(3) Action—The IHRC publishes results of official approval, conditional approval, or turn down and updates its project database. IHRC coordinates with the Haitian Recovery Fund and/or other funds to facilitate funding flows for approved projects that need funding.

The IHRC's Performance and Accountability Office (PAO) monitors progress and ensures high standards are met during implementation. The PAO is tasked with helping to close the current gaps in Haiti's oversight systems and align recovery and development activities with leading global development practices, such as: increasing transparency, leveraging development successes and feedback lessons learned to ongoing development and recovery projects, incentivizing effective and ethical performance of development and recovery actors, ensuring impact based assessment versus merely counting outputs, proactively incorporating Haitian civil society feedback into the development process, and holding accountable actors for poor performance and mismanagement.

The IHRC have identified seven principles as a guide to approving projects:

(1) Build A Better Haiti—Ensure that projects not only replace damaged infrastructure and services but also focus on long-term development and transformation of society, economy, and government institutions.

(2) Maintain Urgency—Favor rapid processes and decisionmaking over more time-consuming processes.

(3) Coordinate Effectively—Ensure effective coordination of the government, donors, projects and resources for the recovery and development of Haiti.

(4) Ensure Transparency—Ensure recovery and redevelopment activities are fully transparent to the Haitian people, the wider public and donors.

(5) Maintain Integrity—Maintain the highest professional and ethical standards, acting with integrity at all times.

(6) Provide Accountability—Provide robust monitoring and oversight over recovery resources in order to ensure accountability to the people and Government of Haiti.

(7) Enhance Government Capacity—Support the building and use of Haitian institutions whenever possible.

To date, as of June 15, 87 projects totaling \$3.261 billion have been approved by the IHRC. The projects encompass the eight critical sectors of debris removal, housing, water and sanitation, education, health, energy, job creation and capacity-building, in full alignment with governmental priorities. In the health sector alone, 20 projects totaling \$333 million were approved and are underway in response to the Interim Plan of the Ministry of Health. This includes the world-class hospital and medical training facility in Mirebalais being developed by Partners-In-Health, and dozens of clinics in outlying areas. The projects can be accessed on the IRHC Web site, [www.cirh.ht](http://www.cirh.ht).

For projects less than \$1 million, the Executive Director of the IHRC grants approval. For projects between \$1–\$10 million, unanimous approval by the Executive Committee is required. The Executive Committee is composed of the two cochaIRS only. Projects greater than \$10 million are approved by the IHRC Board with the majority role.

The IHRC is equally comprised of Haitian officials/civil servants and international partners. It is guided by a Board that includes Haitian and non-Haitian stakeholders in reconstruction efforts. The activities of the IHRC are supervised by the Executive Director, who manages daily operations. Although, President Clinton remains as one of the cochaIRS of the IHRC, Prime Minister Bellerive has resigned from the post following the inauguration of the newly elected President of Haiti, Michel Martelly. It is the responsibility of the cochaIRS to form the Executive Committee of the IHRC and it may act on behalf of the Board in between meetings. In addition, the cochaIRS preside at meetings of the Board and establish agendas for these meetings.

The IHRC Board has 28 voting members, which must include at least:

- 2 designated by the Executive Branch of the Haitian government;
- 2 designated by the Judicial branch;
- 2 designated by local government authorities;
- 1 designated by the Senate;
- 1 designated by the Chamber of Deputies;
- 1 designated by the labor unions;
- 1 designated by the business community;
- 1 representing the Caribbean Community (CARICOM);
- 1 representing each of the bilateral and multilateral donors who have pledged to contribute at least \$100M for Haiti over 2 years or \$200M dollars in debt relief;

- 1 rotating representative designated by the other bilateral and multilateral donors.

The Board also has 4 nonvoting members, which include:

- 1 designated by the Organizations of American States (OAS);
- 1 designated by the community of Haitian NGOs;
- 1 designated by the community of international NGOs;
- 1 designated by the Haitian expatriate community.

As with all organizations, there are some areas in need of improvement. For example, at the December 2010 IHRC meeting, the Haitian representatives on the IHRC sent a letter to the Board and expressed displeasure in the manner in which information was conveyed to them, not in a timely fashion with adequate time for review and comments. Most recently, in May 2011, more than 35 Haitian civil society organizations sent a letter to the IHRC complaining about the lack of consultation with grassroots organizations representing the people by the camps and areas affected by the earthquake.

On May 23, 2011, President Martelly appointed Michele Oriole as an Observer to the IHRC. Ms. Oriole is an anthropologist with expertise in land tenure issues.

What the IHRC does not do. Despite the broad mandate assigned to the IHRC, the Commission does not hold funds, nor does it disburse funds. It does not direct the Government of Haiti, nor duplicate its existing mechanisms, nor the operations of the donor/NGO activities, nor replace the financial tracking functions and responsibilities of implementing agencies and donors, nor fund projects directly.

Rather, the IHRC is charged with facilitating the funding flow by publicizing to donors all funding gaps that exist for IHRC approved projects and by connecting partially funded projects/programs to entities that can disburse funds, such as the Haiti Reconstruction Fund (HRF).

The IHRC must, as an organization, function under the aegis of comprehensive project review process flow, with greater coordination of efforts, expertise, and protocols so that all submissions are reviewed and evaluated fairly and in a timely fashion. To date, it can take as long as 9+ months for a determination. If the IHRC is to serve on an optimum basis, these issues must be addressed.

#### THE HAITI RECONSTRUCTION FUND (HRF)

The Haiti Reconstruction Fund (HRF) is a partnership between the international community and the Government of Haiti to help finance post-earthquake reconstruction. It works in conjunction with IHRC.

The Haiti Reconstruction Fund (HRF), as an organization serves as a funding agency. All projects funded by the HRF must have IHRC approval which requires as the initial step the submission of a Project Concept Note, developed in collaboration with one of the following HRF partner entities, the Inter-American Development Bank, World Bank, or United Nations.

The HRF finances activities including technical assistance and capacity-building, infrastructure investments, delivery of basic services, community development, environmental protection and cleanup, job creation and income generation, and budget support. HRF governance is via a Steering Committee chaired by the Minister of Finance (GOH), representatives of donors contributing at least US\$30 million, a representative of each partner entity (IDB, U.N., World Bank), a Representative of Trustee (IDA), and Observers (civil society, private sector, Diaspora, INGOs, local government).

The objectives of the HRF are to mobilize, coordinate, and allocate resources to improve basic living conditions in Haiti and assist in building the capacity of the Haitian state and society, long term, consistent with Haiti's cultural traditions.

The HRF and IHRC are collocated and work collaboratively to ensure that the HRF's funds are used as a source of funding to fill the sectoral, funding gaps, and support the IHRC' priorities, projects and program approval process. The HRF does not reject projects that are approved by the IHRC. The process established provides that the IHRC review and approve all projects and programs for financing by the HRF. The IHRC can use the HRF as a source of finance to meet strategic reconstruction needs determined by the IHRC that are not being fully financed by other sources. Also, the IHRC can request that the HRF prioritize specific sectors, projects or regions of the country.

- Of the \$352.3 million in funds contributed to the HRF, \$335 million were received and the Steering Committee has made cumulative funding decisions totaling US\$230 million for 14 projects (project costs including fees). Less than 3 percent of committed resources are being used to cover the administrative costs of the HRF Secretariat, Trustee and Partner Entities.

- Out of the total US\$230 million in approved recipient executed grants (project costs including fees), 41 percent of the funding is being channeled through the U.N. as Partner Entity, 42 percent is channeled through the World Bank, and for 17 percent of the approved grants the IDB serves as the Partner Entity.

With regard to the governance of IHRC and HRF, there is an important overlap of members between the IHRC Board and the HRF Steering Committee. Also, the observers to HRF Steering Committee meetings are drawn from the IHRC Board. And I am one of them.

Institutionally, the IHRC can be represented on the HRF Steering Committee through the chairperson or a designated representative. The HRF Secretariat can participate in IHRC Board meetings as an observer and resource entity.

Operationally, the HRF can support the IHRC by helping to finance the Commission's operations. IHRC Board and HRF Steering Committee meetings are synchronized to accelerate the financing of recovery activities. The HRF Secretariat has been colocated with the IHRC in order to ensure seamless communications and coordination. Projects and programs that receive HRF financing will adhere to the quality, reporting, and other standards established by the IHRC. The hope is that IHRC can facilitate the work of the HRF in several ways by:

- (1) Addressing bottlenecks and expediting licenses, permits and land title for approved activities financed by the HRF;
- (2) Encouraging development partners to contribute to or increase their contribution to the HRF; and
- (3) By guiding implementing agencies and partner entities to work together to develop proposals that meet the strategic needs of the recovery.

To qualify for funding by the Haiti Reconstruction Fund, a project/program must have IHRC approval (which requires a Project Concept Note to be submitted online). The Project Concept note must be developed in collaboration with one of the following HRF partner entities: Inter-American Development Bank, World Bank, or The United Nations.

Any institution that is acceptable to a partner entity can propose an activity for financing. The proponent must work with one of the HRF's partner entities who will assist with developing and supervising the activity to ensure that international standards are met. Most important, the IHRC will need to certify that the activity is consistent with plans for rebuilding Haiti and endorse the proposal for HRF financing. It is expected that projects and programs will be implemented by the Government of Haiti, U.N. entities, NGOs, and the private sector. Activities will be implemented on the ground by the Government of Haiti, U.N. entities, NGOs, the private sector, and other institutions acceptable to a partner. At the request of the Government of Haiti, the World Bank is serving as Trustee of the HRF and will transfer resources to partner entities for reconstruction activities at the direction of the HRF's governing body.

#### CLOSING

Initiatives implemented by the IHRC and required to attract investments are in place. Already private sector money is flowing to projects targeted to job creation and sustainable development that will strengthen Haiti's economic foundations for the long term. From the construction of the Northern Industrial Park expected to generate up to 65,000 permanent jobs, to the expansion of the Sae-A garment factory, to infrastructure and tourism projects, the message is clear—Haiti is "open for business." However, much lip service is being paid to the Haitian entrepreneurs from the country and in the diaspora given that very little of the available reconstruction dollars are being accessed by that population.

In looking at Haiti today, I see a nation that is on a positive path, although my optimism is guarded. However there are a number of factors that have slowed the implementation of initiatives. They include feeble infrastructure, the need for time to build a new government for Haiti, the absence of a focused strategy to meet the needs of the most vulnerable people, the absence of rules of law, and a fractured social structure with lack of basic necessities for the majority of population saddled with a high rate of illiteracy.

As well, endemic corruption represents a challenge that the new Government of Haiti will need to quickly address. The institutional donors will need to focus less on growth and more on social programs geared toward alleviating the high rate of poverty. Legal or administrative provisions should also be made to facilitate access to capital by small and medium enterprises, the traditional creator of jobs in any economic environment. To the task of job creation, the Worldwide Haitian Diaspora is well suited. Representing 83 percent of the professional and technical expertise available among all Haitians but living outside of Haiti, this diaspora has engaged

in significant efforts to organize. Many wonder why this group is not more present economically in the Reconstruction of Haiti. Few reports now exist on how many individual diaspora members or firms are actively involved in the reconstruction programs.

To this same issue, there are a vast number of NGOs working in Haiti—hence the reason why Haiti is commonly referred to as the “Republic of NGOs”). They range from large recognizable names such as the Red Cross, Save the Children, UNICEF, along with smaller entities, based for the most part in the United States, the EU, Latin America, Canada, and Israel, many of them operating in Haiti prior to the January 12, 2010 earthquake. There are gaps in support and coordination among all the NGOs, with the larger NGOs having the bulk of resources and the smaller NGOs often struggling for funding and often most able to maximize the impact of donor dollars on the ground.

Efforts to date to create a complete census of NGOs and coordinate sharing of resources have not been realized. I see the need for greater integration of NGO initiatives, to preclude overlap and to maximize resources. Ultimately, there must be an effort by the NGO community to pass the baton on to the Haitian ministries and civil societies who are eager to take on the roles of leadership on behalf of its people. While Haiti can benefit from the teaching/training/guiding roles of NGOs, there is a real need for NGOs to render themselves obsolete.

Yet, signs of progress across all sectors reinforce my optimism that this vibrant country may at least realize its potential. It is clear that the road ahead will not be smooth. The biggest external obstacle to reconstruction remains the slow pace of disbursement of donor pledges: To keep Haiti moving forward, funding must be disbursed more quickly and in closer alignment with sector priorities identified by the IHRC and Haitian authorities.

The inauguration of a new President is a potential turning point for any country. For Haiti, it carries profound imperatives. Building on what has already been accomplished will speed Haiti’s progress in reconstruction.

The nation’s efforts must continue and this is not the time to step back. Rather, now is the time to commit, with renewed vigor, to the huge responsibility of rebuilding Haiti back better than before the earthquake.

[EDITOR’S NOTE.—Attachments included by Mr. Bernadel at the end of his prepared statement were not reproducible in this printed hearing. They will be maintained in the committee’s permanent record.]

Senator MENENDEZ. Thank you.  
Mrs. Simon-Barjon

**STATEMENT OF REGINE SIMON-BARJON, PRESIDENT, BIOTEK SOLUTIONS, INC.; BIOTEK HAITI S.A., TAMPA, FL**

Mrs. SIMON-BARJON. Mr. Chairman Menendez, Chairman Cardin, and Congressman Hastings, thank you for having us. I am pleased to share with you and to describe my experiences of what I have learned and observed in working in Haiti prior to the earthquake and its aftermath.

The Haitian American Chamber of Commerce in the United States and BioTek, my company, has always been committed to Haitian private sector development.

Haiti’s new government has also signaled its intention of leading the transition from commerce to production, including attracting foreign investments necessary for needed development. Mr. Pierre-Marie Boisson, a respected Haitian economist, stated, “The real secret for removing Haiti from its depressing poverty-dependency trap is to induce massive productive investments in the economy. Attracting such investments is the only way to generate good jobs and revenues for Haitians. It’s also the surest way for the State to build a sizable fiscal base and thus regain its capacity to play a meaningful role in society.”

Entrepreneurial innovation is the engine that fuels economic growth and job creation. U.S. funding and resources dedicated to



cultivating Haiti's private sector have been comparatively low, totaling \$163 million of the \$4 billion awarded to Haiti to date.

Therefore, it is time to rethink U.S. development assistance to Haiti and it is imperative that Haiti's financial partners and Haitian actors themselves implement solutions that redress international policies that are no longer adequate, and that are impediments that have contributed to endemic Haitian economic failure.

This strategy will save the U.S. billions of tax dollars in aid funding in the long run and create an economically self-sufficient Haiti.

To quote Dr. Auerswald of George Mason University, "Haiti's path to prosperity does not run through the halls of aid agencies, but from seed to harvest."

Haitians rank support for local food production among its top priorities.

The USG can further support Haitian productive sectors by addressing specific existing indigenous potentials which have the ability and capacity to simultaneously impact in the immediate and the long term more people, as well as the Haitian market economy.

The focus should be on three sectors which are interrelated: agriculture, energy, and lack of available credit.

Let me turn your attention to agriculture.

As of 2008, the agricultural sector accounted for 25 percent of Haiti's GDP, a decline from 40 percent in the 1990s. Agriculture employs two-thirds of Haiti's workforce. Haiti spends 80 percent of its export earnings to import staple foods like rice, sugar, and poultry. Yet, Haiti has 700,000 hectares of unused or underutilized lands. Haiti can be growing and producing these products itself as it did some 20 years or so ago.

The rice, sugar, and poultry sectors, which have suffered a loss of 831,000 farming jobs as a result of international policies and agreements, represent between 47 to 50 percent of Haiti's annual trade deficit. These sectors are the root causes of Haiti's poor and endemic food security.

To this end, U.S. aid should be converted into U.S. investments to focus on sectors that prioritize Haiti's actual needs and capacities with an eye toward innovation and open competition and with the unequivocal end goal of Haitian economic self-sufficiency.

For example, the BioTek/Darbonne sugar mill project, which we run, promotes the conditions needed that will catalyze indigenous job creation and empower the Haitian people to help themselves. The BioTek/Darbonne sugar mill project addresses long-term solutions as presented by BioTek's optimization of Haiti's only remaining operating sugar mill. The project will rehabilitate 15,000 hectares of land which will increase sugar cane yields, as well as farmers' incomes.

BioTek has also taken some basic cleaning of regional watersheds to mitigate floods.

The mill has a production capacity to produce 100,000 metric tons of sugar per year and produce an estimated 12 to 15 megawatts of renewable energy that will service both the region, as well as the capital of Port-au-Prince.

The project can also create 32,000 jobs.

The Darbonne sugar mill optimization is a prime example that investments not aid are the key to Haitian economic self-sufficiency. Haiti's agro-energy potential also lies in the cultivation of specific agricultural species in particular areas from which bio-oil can be produced and at the same time help mitigate the devastating erosion the country is subjected to. Such an initiative would help in the rehabilitation of the country's collapsed watersheds and riverbanks.

In addition, the potential exists for a substantial amount of waste to be converted into much needed compost, fertilizer, and energy, thus helping to decrease the dependency on foreign oil.

To progress, Haiti must be an active partner of the United States and the international community by also assuming its own responsibilities. Haiti must consciously aim to change much of its internal political culture, as well as renegotiate existing bilateral policies with international partners that strain and impede internal domestic socioeconomic relations and negatively impact economic growth.

The establishment of an enterprise fund and/or a development bank will facilitate access to credit and will boost local production in markets which will, in turn, result in the gradual reduction of imports, thus increasing Haiti's economic balance. The adoption of the CARICOM tariff average of 38 percent is another solution which can create sustainable revenue streams to ensure progress long after foreign assistance diminishes.

Similar approaches have also helped Eastern Europe and the Dominican Republic to produce thriving societies with free markets and political pluralism. This kind of innovative thinking is what Haiti needs today. Haiti needs businesses not programs and bureaucracy. Haitians need to see that they have a stake in their own future, not merely a place in line for handouts.

In conclusion, policy reforms and efforts to develop Haitian businesses represent the essential fuel that is the catalyst to private sector growth. Capital and not just money of any sort but capital that is professionally deployed is critical. In 1989, the U.S. Congress recognized this was critical with the establishment of the Enterprise Funds to jump start the Polish and Hungarian private sector. Similarly, a Haitian development fund or an Enterprise Fund is critical to Haitian private sector development.

There is an international consensus on the solutions that will lead to Haitian economic prosperity. Let us then engender the political will to move forward and to support Haitians and their new President's call "Haiti is open for business."

Thank you.

[The prepared statement of Mrs. Simon-Barjon follows:]

PREPARED STATEMENT OF REGINE SIMON-BARJON

INTRODUCTION

Mr. Chairman, members of the subcommittees, I am pleased to share and describe my experiences about what I have learned and observed in working in Haiti prior to the earthquake and in its aftermath. The Haitian-American Chamber of Commerce (U.S.) and my company, BioTek Solutions/BioTek Haiti SA, has always been committed to Haitian private sector development. I am eager to discuss solutions, models, and strategies which could be instrumental in today's efforts of rebuilding Haiti. I am also extremely gratified and happy to see that our collective Haitian and Haitian-American voices are being heard.

Haitian immigrants have always constituted a very visible segment of American society, dating back to before independence in 1804 and in the years prior to the American Civil War, with Haiti contributing to the American Civil War efforts. Many influential early American settlers and black freemen, including Jean Baptiste Point du Sable and W.E.B. du Bois, were of Haitian origin.

The Haitian-American Chamber of Commerce, based in New York and Florida serves as the advocate for the overall community as well as resource for consumers and businesses dedicated to serving both the needs of our members and the economic development needs of the broader Haitian Community.

Today, of the 1.6 million Haitians and Haitian-Americans who continue the tradition of contributing to the U.S. economically and socially, are the 10 percent of African-American doctors, the same for the 11 percent of African-American attorneys and 13 percent of African-American engineers of Haitian origin.

The Chamber of Commerce represents U.S., Haitian, and Haitian-American companies of diverse interests, such as Wachovia Bank and Royal Caribbean Cruise lines as well as Sogexpress; Dr Kernisant's Preferred Health Partners, the largest, privately owned, multispecialty medical group in Brooklyn, NY, serves a patient population of over 150,000 and employs 175 medical professionals with 750 supporting staff. Dr. Kernisant is also founder, president, and CEO of Simact, a Haitian-American investment consortium. Simact has invested US\$11.5 million in Haiti, including in their flagship, *Le Cap Lamandou Hotel*, which employs 100 employees from the Jacmel region. Simact remains the first hospitality business in Haiti to have signed a franchise agreement with Choice Hotels International for both *Le Cap Lamandou* and the future *Belle Rive Hotel*. Simact also owns a Mining company in partnership with Canadian company, Majescor Resources presently being traded on the Toronto Stock exchange. That entity alone employs 100 people in Trou du Nord, Haiti. SME members include Galerie d'Art Nader and the law practice of attorney James Jean Francois.

We must also acknowledge the many Haitian-American public service employees, whom though given the opportunity to earn large salaries in the private sector or to become business owners themselves, prefer to dedicate their services to the U.S. Government (USG).

It is therefore understandable that President Clinton stated "that given the right organization and support, Haiti could become a self-sustaining and very successful country."<sup>1</sup> Those same sentiments are echoed by thousands of Haitians, including Mr. Pierre-Marie Boisson, a respected Haitian economist and long-term advocate of Haiti's public-private policy dialogue and the 2003 Harvard University recipient of Public Service Innovator for his pioneering role in Haitian microfinance. Mr. Boisson stated "Haiti is a land of opportunity, if only its citizens want to believe in it and start building their own future. The real secret for removing Haiti from its depressing poverty-dependency trap is to induce massive productive investments in the economy. Attracting such investments is the only way to generate good jobs and revenue for Haitians. It's the surest way for the State to build a sizable fiscal base and thus regain its capacity to play a meaningful role in society."

Mr. Joel Ducasse, President of Haitian Solidarity SA, a reforestation and biomass energy company believes that recent U.S. policy innovations present an improvement over the past, "The USG has made significant strides in the past 3 years in trying to reverse bad economic policies [in Haiti] with a number of initiatives, by linking the rural sector to Haitian economic sustainability and by encouraging the 'private sector' to invest in production instead of imports or speculative activities; By bringing loans guarantees to would-be investors; Efforts have been made to channel diaspora money into productive activities; And, the introduction of Mobile Banking provides an important tool to credit and banking to +80 percent of the population who would otherwise not benefit from access to credit and banking at all."

#### IMPEDIMENTS TO HAITIAN ECONOMIC PROGRESS

Haiti's status quo has been ineffectual for 200 years. Haiti's history of mismanagement and strife has resulted in a poverty rate that climbs over 80 percent, continued reliance on diaspora remittances, which represented between 23 and 30 percent of Haiti's gross domestic product (GDP) in 2010; in addition to Official Development Assistance (ODA) which also accounts for some 10 percent of GDP;<sup>2</sup>—While the land is over 98 percent deforested and the topsoil washes away to the sea. These ongoing conditions have created unprecedented erosion and challenges to

<sup>1</sup> Bill Clinton, "What Haiti Needs," Time, Jan. 14, 2010. [www.time.com/.../0,28804,1953379\\_1953494\\_1953521,00.html](http://www.time.com/.../0,28804,1953379_1953494_1953521,00.html).

<sup>2</sup> Johanna Mendelson Forman, 2011. Center for Strategic and International Studies.

sustainable agriculture—which in turn has led to the massive urbanization of the capital, Port-au-Prince as well as an overreliance on imports.

Additional economic constrictions, as presented by SAJ Group SA CEO, Mr. Steeve Khawly, who imports various commodities, include:

1. Security, justice and the rule of law must be addressed;
2. Lack of available funding/capital or an institution offering loans with better rates, conditions and adequate grace periods;  
Loans and affordable credit rates to both SMEs and large impact sector companies: i.e., garment industry, agriculture, energy, mortgages, construction and tourism industries;
3. Consistent dumping of goods into Haiti which undermines local agricultural and other production;
4. Lack of infrastructure, such as Ports, Airports, Road(s) and maintenance;
5. High tariff duties and various Port charges in Haiti vs. that of other CARICOM countries, especially in comparison to DR tariffs;
6. Lack of community building and development.

#### *Haiti's three challenging sectors*

Three (3) sectors exacerbate Haitian developmental progress: agriculture, energy and lack of available credit.

All of these factors are interrelated and must be addressed to redress Haitian economic decline and to significantly reduce international aid dependency. The priorities of the United States, the International Community, the Government of Haiti (GOH) and the Haitian private sector must be to establish food and energy security and greater access to credit/financing—both for Haiti's own internal socioeconomic and political stability and to attract foreign investors. Thus far, the Haitian business classes or Haiti's elites have gained wealth chiefly through commerce, but have failed to invest meaningfully in production enterprise. The new GOH must be able to encourage and lead this transition from commerce to production, including foreign investment.

The USG has been consistently supportive of Haitian productive sectors, such as the garment and apparel sectors with the HOPE legislations. The USG has also been fairly consistent and proactive in regards to Haitian environmental protection, such as USAID (United States Agency for International Development) Winner's irrigation programs with the Arcahaie and Ennery watersheds. USG inconsistency lies mainly in failing to link existing indigenous potentials which have the ability and capacity to simultaneously impact in the immediate and the long term more people, as well as the Haitian market economy.

An example is the recent U.S. Supplemental US\$1.2 Billion Fund (one of the best Haiti fund packages to date) is the categorically ignored and bypassed province of Leogane, which was 90 percent destroyed during the January 2010 earthquake and hosts Haiti's only remaining and operating sugar mill. The Plaine de Leogane also supports over 100 alcohol and rum distilleries dependent on sugar cane cultivation/production and thousands of farmers. The sugar cane industry IS a large Impact Sector.

#### *Agriculture*

The USG has been promoting agriculture in Haiti for the past 15 years with limited success, despite large investments in this sector. This sector's lack of success is due in part to USG reluctance if not refusal to address Haiti's Major Agricultural Impact Sectors. As of 2008, the agricultural sector accounts for 25 percent of Haiti's GDP, a decline from 40 percent in the 1990s.

Agriculture employs two-thirds of Haiti's workforce.<sup>3</sup> Haiti spends 80 percent of its export earnings to import staple foods like rice and sugar and poultry. Yet, Haiti has 700,000 hectares (ha) of unused and/or underutilized lands. Haiti can be growing and producing these products itself as it did some 20 years ago.

These 3 products/sectors have suffered the direct loss of 831,000 agricultural farming jobs as a result of World Trade Organization (WTO) and CARICOM trade policies represent between 47 to 50 percent of Haiti's annual trade deficit.

Ongoing challenges impeding general and agricultural development include the facts that only 1 in 10 Haitian farmers having access to adequate seed stock, irrigation, or fertilizers; and only 4 percent of rural households—generally farmers—have savings accounts, and only 11 percent report receiving credit.

Lack of investment and credit in Haiti's Major Economic Impact sectors (rice, sugar, and poultry) contribute to the root causes of Haiti's poor and endemic food security.

<sup>3</sup>Inter-American Development Bank (IADB) 2009.

According to Mrs. Johanna Medelson Forman of the Center for Strategic and International Studies “Agriculture is a good place to start given its importance to the Haitian economy” to revitalize Haiti’s economy. Mrs. Mendelson Forman cited the example of the Coca-Cola Company which was designed to diversify supplies for the Odwalla beverage. The initiative Mango Tango will serve as a much-needed catalyst for related infrastructure projects and investment deals.

For example, TechnoServe will provide technical assistance to grow the crops more efficiently. Coca-Cola is working with the U.S. Agency for International Development (USAID), the Inter-American Development Bank (IDB), the Clinton Bush Haiti Fund, and local and international actors to provide the financial underpinning for the project.”<sup>4</sup>

Coca-Cola’s example clearly shows the potential to optimize Haiti’s agricultural sector, but unlike Coca-Cola which can internally finance such a program and has the resources to access international funding institutions—many of Haiti’s SMEs and its farmers do not have such credit nor readily available access to either local or international funding.

#### *Agricultural revitalization and solutions*

We have sought to present multiple solutions to Haiti’s Major Challenges using indigenous products and/or assets. This strategy invites (a) local entrepreneurship at a lower financial [start-up] cost; (b) reduces the amount of international aid necessary for program implementation; (c) creates jobs; and (d) contributes toward Haitian economic self-sufficiency. The primary challenges and solutions to be adopted to ensure adequate Haitian food production and security are (the below):

##### *1. Irrigation*

##### *2. Seed banks and nurseries or agricultural research and development centers for the distribution of viable and disease resistant seed stocks*

##### *3. Application of fertilizer to ensure viable cultivation/production output or harvests*

The primary challenges and solutions to be adopted to ensure adequate Haitian food production and security (shown above) are being met in part by the Inter-American Development bank (IADB) with the revitalization of seven of Haiti’s main watersheds. These programs will complement and optimize Haitian agriculture. These important components will mitigate erosion; reduce flood risks, loss of life, property and livestock as well as increase farmers’ production yields and therefore, revenues.

Capacity-building via the establishment of agroindustrial partnerships will positively impact the environment and the market economy. As a result, farmers will be more encouraged to cultivate/produce for the larger public, beyond their villages. In addition, the riverbanks can be cultivated/planted with dual-purpose value-added crops (such as moringa, vertiver, and jatropha) for soil conservation and to mitigate erosion as well as the production of bio-oils.

This multipurpose approach will serve to contribute to job creation, the establishment of a local “village based” energy production base which will provide affordable/accessible energy resulting in reducing the use of charcoal which represents 16 percent of peasant revenues.

Addressing the irrigation and environmental issues by making use of alternative energy source geared toward Community Development and a Sharing Concept creates strong vested agroindustrial partnerships [between farmers and processors/industrialists]. The strategy to cultivate/plant designated crops along Haiti’s riverbanks eliminates land tenure contentions and can be implemented immediately.

#### *Agricultural research and development centers*

The United States and the international community can support local Haitian Universities and Agricultural Research and Development Centers—of which there are only 20 ill-equipped operating with nearly nonexistent funding in Haiti. Another option would be to gear funds to NGOs with Haitian partners who work and operate outside of Port-au-Prince in the agricultural and environmental rehabilitation sectors.

These AgResearch/Development Centers would be able to work with their international partners (NGOs) to establish partnerships which would result in local agroindustrial entrepreneurship. The centers would develop local disease resistant, improved high yield seeds, which in turn would increase and diversify farmers’ income and contribute to food security. Also, planting and cultivation would lead to

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<sup>4</sup>Johanna Mendelson Forman, Hardin Lang, Center for Strategic and International Studies.

environmental conservation and would serve to mitigate and/or reduce impact of natural disasters.

*Major impact sectors*

*(1) Sugar cane and sugar*

The Province of Leogane, which is the sugar cane cultivation/production region of Haiti has one of the lowest yields of sugar cane output in the Western Hemisphere with a range of 8 to 40 MT of sugar cane per hectare—compared to up to 85 MT in other parts of Haiti and [other] Latin American countries. For sugar cane as with other crop cultivation/production, Haitian farmers have limited access to fertilizer, consequently yields remain low.

The regional low yields result in low income for farmers and poor cane and subsequently—poor sugar quality. Haiti produces on average 2 percent of its nearly 190,000 MT annual consumption, estimated US\$117 million/year or 11 percent of Haiti's annual trade deficit. Sugar cane remains one of the most important cash crop in Haiti.<sup>5</sup>

BioTek's optimization of Haiti's only remaining operating sugar mill, the Usine Sucriere Jean Leopold Dominique de Darbonne (commonly referred to as the Darbonne Sugar Mill) in Leogane would directly rehabilitate 15,000 hectares of existing sugar cane fields/plantations.

This will result both in the augmentation of sugar cane yields as well as continued BioTek basic cleaning of regional watersheds to mitigate flood risks. The Darbonne Sugar Mill has the production capacity to produce 100,000 metric tons (MT)/year of sugar annually, thus can displace 50 percent of Haiti's sugar imports and produce an estimated 12 to 15 megawatts (MW) of renewable green energy to service the capital, Port-au-Prince. The project will create 32,000 farming jobs. The BioTek/Darbonne Project can in one scoop, provide a return on investments that would contribute to food security for over 250,000 people (since each worker in Haiti cares and/or feeds 8 others), increase regional Leogane buying power and contribute to energy security and independence with electricity production from sugar cane processing.

The Darbonne Sugar Mill optimization can is a prime example that Investments not Aid are the key to economic self-sufficiency. A similar project can be replicated in the North to service the already financed and planned industrial park in Cap-Haitien to contribute toward the energy requirements of that new facility—estimated at 25MW. Such projects entrepreneurial development which would result from readily available electricity.

Besides local sugar production, sugar cane cultivation promotes environmental conservation and offers the potential for renewable energy production/generation, such as Bio-Energy from sugar cane bagasse (a waste product of sugar cane processing and sugar production). The right investments in this sector will result in greater energy accessibility and affordability, with offshoot benefits supporting decentralization [of the capital Port-au-Prince], the establishment of SMEs, foreign investments, health care and schools, as well as increase GDP and create jobs.

*(2) Rice*

Haitian rice consumption is estimated at 467,000MT/9.5 million people and produce only 12 percent of that total.<sup>6</sup> Rice has comprised the second-largest type of food aid to Haiti, in volume terms, both globally and from the United States. Rice is the most important crop in the food security debate in Haiti and plays a major role in influencing national and regional politics. Much of this sensitivity arises from the fact that the country was once nearly self-sufficient in rice production, but now relies heavily on imports.

If the United States and the international community were to invest an estimated US\$400 million of its aid funding toward the revitalization of 100,000 hectares of rice fields/plantations, the return on investment cost would be the creation of an estimated 250,000 agricultural jobs, production of an estimated 350,000 to 400,000 MT/year of rice (conservatively)—while simultaneously ensuring decentralization of Port-au-Prince. This investment would displace the average annual U.S. aid to Haiti and the funds spent on food aid programs in 3 years.

According to USAID, "Locally produced rice is preferred by Haitians over imported. However, given the significant price differential between imported and the locally produced varieties—which may cost as much as twice the price of imports at the retail level, depending on location and seasonality—households have to care-

<sup>5</sup> Depending on market, import price, and even fuel/freight fluctuations.

<sup>6</sup> Note: "Average Consumption" only reflects the sum of imports and production, and lacks food aid contributions.

fully balance their preference for locally produced commodities with their binding budget constraints. This price differential has been exacerbated by the reduction of import tariffs in 1996, and increase production costs.”<sup>7</sup>

The USAID Report also states that “The purchase of imported food commodities diverts resources away from Haitian producers, and a significant share of the profits generated along the marketing chain for imported commodities is captured by a small, collusive group of oligopolistic importers of staple foods.

The team spoke with some of the local Haitian importers, who confessed that their business practices would not be fair according to U.S. standards. The report concludes that Haiti’s top-level market actors benefit from unregulated trade and challenge the entry of new market actors.

Additional challenges:

- The majority of key informants in the private sector do not favor food distribution.
- Food insecurity in Haiti is primarily due to limited cash which constrains household capacity to purchase marketed food.
- Local markets are fairly well-integrated, though in general, the markets for imported commodities are more integrated than for local commodities.
- Poor transportation infrastructure increases the costs of marketing, and thereby affects integration of markets.
- Lack of credit negatively impacts all players along the entire value chain for locally produced commodities.

To sum it up—The USAID Report indicates that food insecurity in Haiti is not caused by the lack of food availability. Clearly, the private market has the capacity to meet localized food deficits. However, this availability is heavily dependent on imported foods, prices for which are subject to fluctuations in global food prices and, more importantly in Haiti’s case, to manipulation by the oligopolistic firms that control an estimated 80 percent of Haiti’s marketed food supply. Based on available evidence, these firms engage in rent-seeking behavior which results in unfair market prices for consumers.

These characteristics of the Haitian food supply create an access issue among average Haitians, an estimated two-thirds of whom are unemployed, and 50 percent of whom live on less than US\$1 per day.

### *(3) Livestock, poultry, and eggs*

This report will not cover poultry and other livestock for the sake of brevity. But let the record note that poultry and eggs represent imports estimated at US\$185 million annually or 17 percent of Haiti’s annual trade deficit.<sup>8</sup>

The Poultry/Egg sector’s main impediment is not the ability to grow chicken and eggs, but the inability to feed the chicken and eggs. The poultry mills must import the feed—which they cannot afford. The poultry industry’s obvious solution is to grow the feed locally to sell and to service both the human and poultry markets.

As with the other sectors showcased in this report, in order to succeed the poultry industry also needs agricultural revitalization with investments in the expansion of maize and other products to survive and to thrive.

### *(4) Agro-solutions: converting waste to fertilizer and/or compost*

The Major Agricultural Impact sectors (rice, sugar, and poultry) are interrelated and have the potential capacity to (a) optimize Haiti’s existing Agro-Energy nexus; (b) create thousands of jobs; and (c) contribute to the reduction of Haiti’s trade deficit while also increasing GDP and the standard of living. Therefore, any genuine and viable economic program must revamp these key sectors to revitalize Haiti’s economy.

Solutions, including converting waste to fertilizer and/or compost can become vital employment and created entrepreneurship opportunities in Haiti. Waste collection to be recycled and converted to fertilizer and compost adopts an Integrated Resource Management approach which makes use of indigenous or existing assets such as waste, including Municipal Solid Waste to produce and yield a natural fertilizer with 10 times the nutrient content of composting. This results in the reduction of the use of fossil fuel fertilizers (which Haitians can ill afford).

Haiti’s capital produces between 1,600 to 2,000 MT of Municipal Solid Waste (MSW)—of which 75 percent is food waste. This agricultural waste product can be converted to fertilizer and/or compost and energy. Preliminary evaluations from U.S. company, DCK, indicate that Port-au-Prince’s waste stream can produce an esti-

<sup>7</sup> USAID Food Program. Office of Food for Peace Haiti, 2010 Haiti Market Analysis.

<sup>8</sup> Numbers are based on preearthquake figures MFT SA, a Haitian poultry/egg company.

mated 12 MW of electricity. Therefore, allowing waste collection and processing to pay for itself as well as improve food production with higher yields and create jobs.

The use of recycle MSW to produce fertilizer and compost is carbon-neutral and can reduce Green House Gas emissions by up to 25 percent according to Chris Corps of British Columbia's Simon Fraser University and Royal Roads University.

*Investing in Haiti means investing in Haitian agriculture*

USAID [Report] emphasizes that “the longer term solutions to enhancing market performance and improved food security will depend on overall investment in agriculture, infrastructure, and development of income-generating opportunities, in the near term, continued cash and in-kind support will be necessary to ensure basic needs are met in the short and medium term.”

At first glance, per USAID, the availability of food, combined with the lack of consumer purchasing power, suggests that increasing poor households' income and therefore access to food is the logical answer. According to USAID, longer term solutions to reducing food insecurity will require reducing the dependence of the poor on the market in its current structure.

But how can Haitians whose average earnings of US\$1 to \$2 per day secure this purchasing power and/or develop income-generating opportunities with competing and even subsidized products from the United States and other countries?

*Energy*

According to Haiti's Ministry of Public Works, the Haitian electricity deficit is estimated at 700 Megawatts (MW). Electricity is generated nearly 100 percent from imported fossil fuels and represents an estimated 27 percent of Haitian annual trade—nearly one-third of the Haiti trade deficit, or +US\$350 million per year (estimate based on fluctuating market price).

Haiti fuel is provided 100 percent through an agreement between the GOH and Venezuela via PetroCaribe. The PetroCaribe/Haiti cooperation agreement sponsored by Venezuela offers a secure energy supply at preferential financing rates to 17 Caribbean countries, including Haiti. Under Petrocaribe's financing terms, Haiti can import 14,000 barrels of oil a day and has 3 months to pay for 60 percent of each oil shipment, and 25 years to pay the balance at 1 percent interest.

The Haitian Electricity Company (EDH) has a dismal 169,000 clients sporadically receiving electricity services in a nation of 10 million. Businesses and more affluent Haitians are forced to fend for themselves at a cost estimated to range between US\$.75 cents to US\$.85 cents per kilowatt (KW) compared to the average U.S. retail electricity prices of US\$.12 cents/KW.

Haiti can optimize its agroenergy base and potential by making (a) use of its existing assets: sugar and rice industries to produce bioenergy from processing waste or biomass products; (b) rehabilitate watersheds and rivers by cultivating specific agricultural species along the [river] banks which will mitigate erosion and produce bio-oils; and (c) there is also the potential of converting Municipal Solid Waste (MSW) into energy.

Lack of readily accessible and affordable energy/electricity keep wages low in many sectors, as much of Haiti's basic infrastructure (i.e., water, transportation) is either highly cost prohibitive or nonexistent. Energy shortages alone severely limit buying power, access to education and technology and as a result impede educational opportunities, productivity and return on human and capital investments.

The EDH suffers chronic loss of +50 percent of electricity during grid transmission as a result of theft, antiquated and poor infrastructure, representing a financial loss of US\$84 million/year).

Existing agricultural waste to energy options as seen in the previous segment, along with Haiti's existing agroenergy potential can provide consistent and lower cost electricity and can make a positive impact on the Haitian energy market.

*Credit/financing*

This sector remains the most challenging for the Haitian Private Sector because one cannot revitalize either agriculture or energy or any sector without money. Credit and financing are nearly nonexistent and depend a great deal on international financing agencies, for which the qualification process can be so daunting to many Haitians that even larger companies do not seek to apply, much less qualify.

A March 2010 survey of Haitian Small and Medium Business Enterprises (SMEs) cited in the Haitian Presidential Commission on Competitiveness Report of March 2010 found that access to affordable financing ranked as a top priority in their efforts to re-start operations in the aftermath of the earthquake.



*Effectiveness of aid in Haiti*

Despite widespread agreement that entrepreneurial innovation is the engine that fuels economic growth and job creation, U.S. funding and resources dedicated to cultivating Haiti's private sector have been comparatively low. Since 1990, the USG has invested or donated US\$4 billion in order to counter Haiti's dismal economic downfall, yet the country remains the poorest in the Western Hemisphere. (U.S. Department of State, Hill Briefing Notes, published in March 2010.) The donor community has pumped in a similar amount—with little to show for it.

Many Haitians believe that these poor results are due in part to the lack of support and USG funding targeted toward the private sector, which over the past 15 years has totaled just US\$163 million, with roughly 42 percent of the total coming through during fiscal years 2009/2010, according to the U.S. Agency for International Development (USAID).

According to the World Bank's Outlook for Remittance Flows (2010–11), the diaspora officially sent \$1.4 billion in remittances to Haiti in 2008, and unofficially may have sent as much as \$2 billion. Remittances have now surged to US\$1.8 billion officially. Additional aid comes from an estimated 50 percent of American households to Haiti. Private donations represented an estimated US\$2.7 billion in the aftermath of the earthquake. Yet, in spite of all of these billions of dollars in aid and contributions, Haiti remains one of the most food-insecure places on earth with 58 percent of Haitians lacking adequate access to food, which equates to 5.2 million people.

Though Haiti has benefited from roads, hospitals, and the revitalization of many of its sectors from U.S. aid, we, in the United States must acknowledge that if for every US\$100 of USG Aid to Haiti, US\$98.40 returns to the United States, then we cannot expect a better return on investment than that represented by the limited results to date.

Therefore, it is time to rethink and redefine U.S. development assistance approach to Haiti—and it is imperative that the United States, the international community (or Haiti's financial partners) and Haitian actors themselves adopt and implement solutions that redress unfair international policies and local impediments that have caused endemic Haitian economic failure. Per Mr. Bracken Hendricks of the Center for American Progress “The global community must ensure that the reconstruction of Haiti's infrastructure increases economic resilience by adding value to existing indigenous assets.”

The U.S. and Haiti's other financial partners should implement an approach based on investment which demands better accountability and expect future “Return on investment” in the form of establishing and contributing toward a self-sufficient economy—where Haitians have actual buying power. This strategy will save the United States billions of tax dollars in aid funding in the long run and create an economically self-sufficient Haiti.

Dr. Philip Auerswald's of George Mason University: “Haiti's path to prosperity does not run through the halls of aid agencies, but from seed to harvest.”

If the international community is at a loss regarding Haiti, Haitians themselves are quite sure of what they want. Respondents to an Oxfam America survey of people affected by the earthquake ranked support for local food production among the four most important assistance interventions (along with job creation, education, and shelter).

## BACKGROUND: HAITI'S NOT WITHOUT RESOURCES

Senator Lugar's Haiti report states “In a nascent economy like Haiti's, growth is driven by new business formations. This occurs in the service sector especially (restaurants, hotels, and corner stores) but also in the broad array of businesses that support entrepreneurial expansion. Historically, entrepreneurial instincts among Haitians have recognized these economic needs and the broad promise that business development offers the Haitian people, especially regarding job creation.”

Haitian agriculture is at the very fabric of Haiti's potential to revitalize its economy. And, to understand Haiti's agricultural struggle today and the current sensitivities surrounding certain commodities, one must acknowledge two primary factors which resulted in Haiti's agricultural decline: the trade embargo imposed on Haiti in the early 1990s, and the trade liberalization which began in the mid-1990s under the Structural Adjustment Programme.

According to the USAID Office Food for Peace, Haiti Market Analysis Report (August 2010) Until the first half of the 1980s, tariff barriers protected Haitian agriculture from foreign competition. Customs duties were relatively high to discourage imports.

Many Haitians believe that Haitian agriculture decline began in the 1980s as opposed to the 1990s with the massive importation of rice and other agricultural commodities. The adopted strategy by the then-Duvalier regime was the sporadic suppression of the sale of local rice production [and subsequently of the farmers] in favor of imports. Though, this practice was sporadic indeed, the laws to benefit those in the rice and other import industries did not officially take effect until the implementation of the World Trade Policies (WTO) and CARICOM agreements, and were further exacerbated by the 1990s trade embargo.

The embargo imposed on Haiti from 1992–1994 destroyed the Haitian agroindustrial base and caused the loss of 200,000 jobs as per the Lugar report, mainly in the factories. For example, the Darbonne Sugar Mill which was opened in 1983 and promptly closed some 3 years later by then Minister of Finance Delatour who thought it more economical to import sugar. The embargo also limited the availability and even access of fertilizer to farmers.

Under the recommendations of the International Monetary Fund and the World Bank, important trade barriers were removed in 1995 as part of a Structural Adjustment Programme, making Haiti the most open economy in the region and tremendously increasing the country's imports of agricultural products. Trade liberalization removed protections for domestic commodities and encouraged an increase in imports, many of which directly or indirectly competed with domestic commodities.<sup>9</sup>

Although the trade embargo was lifted the next year (1996), local production continued to struggle. This struggle continues today. While locally produced agricultural commodities are abundant on markets immediately after harvest, domestic producers are unable to meet increasing demand from a growing population for relatively inexpensive cereals. This is especially true for rice, which has become an important staple in the local diet.

The Artibonite is regarded as Haiti's Bread Basket and Leogane regions' pertinent agricultural sectors (rice and sugar) have the potential for the creation of an estimated 132,000 agricultural jobs in the rice and sugar. Haiti went from being self-sufficient in the production of rice, sugar, poultry, and pork to becoming the fourth-largest importer of subsidized U.S. rice in the world and the largest importer of foodstuffs from the United States in the Caribbean.

In the 1970s, Haiti imported just 19 percent of its food. During that decade, the USG, World Bank, and International Monetary Fund began creating development plans designed to spur growth in the country's manufacturing sector and to move large parts of the workforce into urban communities. As part of the strategy, GOH lowered the country's tariffs for food imports to as low as 3 percent, while the United States raised barriers to exports from Haiti. (Note: the Caribbean average is 38 percent).

Even USAID's WINNER program which looks like a great use of U.S. taxpayers' money focuses on crops such as mangoes, lettuce, cabbage, and peppers. Accordingly, WINNER's 5-year Monsanto seed donation and distribution program to almost 400,000 Haitian farming families establishes further dependency on U.S. taxpayer-funded programs and ignore a problematic reality and obvious solutions.

But even if USAID wanted to invest money in helping Haiti to become self-sufficient in rice or sugar production, the agency is prohibited from doing so by the Bumpers amendment. The law prevents USG aid from being spent on programs that could benefit crops that might compete with American exports on the global market. As then-Senator Dale Bumpers, D-Ark., said in 1985, the law is designed to "prevent American tax dollars from being used to help foreign countries who are trying to take our export markets."

It is the reason why farmers are only eligible for USAID funding if they were growing lettuce or mangoes rather than rice or sugar. Mangoes, which barely accounted for US\$15 million exports in 2009 and cabbage are not going to change the negative balance of trade in favor of Haiti. It's not going to allow agriculture to become a mainstay for the majority of Haitian farmers. Mangoes and cabbage will not contribute to food security in Haiti.

The USG has taken steps to remediate the disparities in the banking sector with the introduction of Mobile Banking. This initiative, which was introduced in January 2011 is a viable provision of accessible and affordable banking to any Haitian with a cell phone—a technology which promises to be very popular, prevalent, and accessible to nearly all Haitians.

Likewise, the new GOH must also provide the leadership and focus necessary to the Haitian-American diaspora and the numerous NGO operating in Haiti to en-

<sup>9</sup>USAID Office Haiti Food for Peace, Haiti Market Analysis. August 2010.

courage collaboration, share expertise in priority sectors, including training/education, health care and agricultural industries.

#### HOW CAN PRIVATE INVESTMENT FACILITATE THE RECONSTRUCTION?

For Haiti's reconstruction aid to be effective and sustainable, however, Haitian entrepreneurs must also be included and empowered like never before to "buy-in" and participate in the rebuilding of their own country.

With the understanding that long-term social, political, and economic success lies with the creation of viable businesses that create jobs and contribute to bottom-up economic development models that are beneficial for all parties, substantive joint efforts must articulate, define, design, and map out a strategy with a specific focus toward the establishment of a Haitian Enterprise Economy.

To this end, U.S. aid should be effectively converted into U.S. investments to better focus on sectors that prioritize Haiti's actual needs and capacities—with an eye toward innovation and open competition—and with the unequivocal goal of Haitian economic self-sufficiency.

Mr. Boisson words are spelled out succinctly in Senator Lugar's July 2010 report "Without Reform, No Return on Investments in Haiti."<sup>10</sup> The report states "Promoting conditions that will catalyze indigenous job creation can empower the Haitian people to help themselves and is a sustainable approach to foreign assistance. It is in our national interest to see Haiti emerge as a commercial partner."

For this to occur, it will be necessary for the United States and the International Community to provide the pledged financial and technical support to rebuild Haiti better, including the strategic investment of U.S. aid packages to contribute toward Haitian economic self-sustainability for the success of donor assistance programs.

Mr. Iglode Anglade, a former police officer turned driver in Port-au-Prince, to better support his family which includes his three unemployed siblings, stated that "jobs are the key to rebuilding Haiti." Mr. Raymond Lerebours, a farmer and agroentrepreneur who runs a modest coffee and cacao triage company and who has worked for local agro-industrial companies and Mr. Marc-Antoine Acra, General Director of INMETAL SA/NABATCO SA whose company is heavily vested in the import of commodities and some minor local agricultural projects, all agree "Haiti needs a Development Bank."

Mr. Acra added that a means to jump-start the Haitian economy is to start by authorizing the existing "Centre de Facilitation D'investissement" (CFI) or Investment Facilitation Center to become a one-stop shop which would service all the requirements to establish a business in Haiti. Mr. Acra also strongly supports the need to regulate imports in order to protect local producers and investors by stopping contraband, dumping and to establish and enforce Haitian corporate and social responsibilities.

Even before the earthquake, Haiti had reached a cross-road and was bursting with a thirst for change. Haitians must forge a future with the goal toward economic independence which actively moves Haiti off U.S. and international aid toward implementation of balanced internal and international policies. Haitian leaders must understand that the status quo of wealth via international aid no longer applies.

Haiti is fortunate to have examples of proven economic development models and solutions as those used by Brazil and other developing countries. Such models can be customized to fit Haiti's actual realities, capacities, needs and growth potential.

Examples of internal Haitian solutions would be to work and to educate the miniscule number of large food importers in the Major Agricultural Impact Sectors (rice, sugar, and poultry) to invest in local production and/or to buy local products—thus, establishing vested agroindustrial partnerships by allowing farmers or members of the informal economy to actively contribute to the overall economy.

More importantly yet, would be initiatives that support micro and SME financing to small farmers increasing local production for local consumption, while creating viable agrobusinesses that also create local jobs.

This would significantly increase the informal sector's buying power—currently estimated at some US\$4 billion—and result in increased tax revenues to the State, increased GDP and improve the standard of living.

Haitian economic independence means direct U.S. adoption and implementation of viable and tangible goodwill toward Haitian farmers—which will positively affect Haitian food production and security. According to Dr. Phillip Auerswald's of the School of Public Policy at George Mason University, "It's unambiguous that when you dump agricultural produce in a country at a price that is well below what farm-

<sup>10</sup>lugar.senate.gov/issues/foreign/lac/haiti/pdf/investment.pdf.

ers can reasonably produce that same output, you're going to destroy economic incentives for that industry to exist."

But Haiti's dismal industry and infrastructure can now be capitalized upon, if as outlined in Senator Lugar's report "the reconstruction efforts are to be successful, Haiti must move decisively to address key political and business impediments, which are threatening the reconstruction effort and making Haiti an even less attractive place for foreign investment.

"For example: Ensuring transparent and modernizing the property titling system, and reducing barriers confronted when attempting to start and operate a business in Haiti should be among the key priorities. In this regard, the U.S. Government should expedite funding and technical assistance in response to and in support of such reforms. However, if reforms in this direction do not occur, American taxpayer investments in Haiti, beyond essential humanitarian aid, should be reassessed."

To progress, Haiti must be an active partner of the United States and the international community by also assuming its own responsibilities. To this end, Haiti must consciously aim to change much of its internal political culture—as well as renegotiate existing bilateral policies with international partners that strain and impede internal/domestic socioeconomic relations and negatively impact economic growth.

The example of the DR Development Bank which successfully raised funds in part by using the USDA's U.S. Export Credit Guarantee Programs (GSM-102 and GSM-103) can pump up to US\$2 billion into the Haitian economy (figures based on current imports). The capital raised can be invested in the public and private sector development.

A Development Bank and/or an Enterprise Fund can consolidate USG economic policies for Haiti and allow better control of the import market to Haiti. This would result in the gradual reduction of imports as local agricultural production increases. Haiti should also adopt the CARICOM tariff average of 38 percent to allow its own market to grow. These solutions would provide the opportunity to replicate the DR Development Bank model, whereby, the funds saved would create sustainable revenue streams that will ensure Haiti's progress long after foreign assistance diminishes.

Enterprise funds created in the 1990s for Eastern European countries are a tested model and have demonstrated examples of roadmaps for local SME development that can help to create robust economies fueled by a strong private sector.

#### *Establishing credit and financing: The Haiti Enterprise Fund*

Senator Lugar's Haiti Report cited a lack of Capital Investment as the primary impediment to Haitian economic Progress. The report also stated that preearthquake, Haiti's primary interest rate was the highest in the region. Though, rates have significantly been reduced in the aftermath of the earthquake as a result of the backing of international financing institution, the lack of capital investment continues to be a handicap to the private sector.

To meet this challenge to private sector development, the United States, the international financing institutions and Haiti should establish and implement a Development Bank and/or Haiti Enterprise Fund.

The Haiti Enterprise Fund can be underwritten by the USG, rolled over and provide increasing leverage beyond the amount initially invested. Through its activities at the microeconomic level, the Haiti Enterprise fund can contribute to an improved business climate and ecosystem for investing and lending also becoming a tool to promote Public-Private Partnerships (PPP) and to create the foundation for a stable economy in Haiti.

This demonstration effect would also provide assurances for the banks and contribute significantly to reduce and/or to lower the high interest rates. Because the majority of the fund will be repaid, the fund can be underwritten by the USG and rolled over, thereby increasing leverage beyond the amount of the rolling fund. The Haiti Enterprise Fund can be a tool to promote Public-Private Partnerships and to help create a stable economy in Haiti.

Mr. Francis J. Skrobiszewski is the former vice president of the Polish-American Enterprise Fund and vice president of the Hungarian-American Enterprise Fund and who assisted in that fund's restructuring, and is lending support for the Haiti Encouragement Act of 2010, noted in his March 2010 congressional hearing testimony that "Successful examples of enterprise and capacity-building are demonstrated by the transformational experiences in Central and Eastern Europe (CEE) and Southern Africa which indicate that motivating the indigenous private sector can best be accomplished on a business-to-business basis using the proven models of the Enterprise Funds.

“To build local businesses and to demonstrate the merits of a market economy, these innovative financial vehicles successfully provided developmental capital on a commercial basis under difficult conditions to many thousands of emergent entrepreneurs. Sustainable reconstruction can expand opportunity by investing in local entrepreneurs and supply chains that build Haitian industries.”

Programs and solutions can be adopted to create jobs for Haiti’s over 67 percent unemployed which includes Haiti’s rich pool of young, dynamic, and often trilingual human resource capital—while simultaneously addressing food and energy security in the short and long terms to maximize the country’s economic potential.

As stressed in a February 2010 *Forbes* op-ed “Priming the pump of private capital and promoting free market mechanisms so Haitians can create sustainable jobs for one another will help ensure a quick and sustainable recovery. Haiti needs business, not programs and bureaucracy. Haitians need to see they have a stake in their own future, not merely a place in line for hand-outs.”<sup>11</sup>

This very approach helped Central and Eastern Europe rise above the bankruptcy of communism to produce thriving societies with free markets and political pluralism. The challenges there, after 45 to 70 years of operating under Soviet Marxism, were daunting. And while opportunity in the CEE was unparalleled, there were no roadmaps. But there was innovative thinking, which could be replicated in Haiti today.

#### CONCLUSION

Nearly 18 months have passed since Haiti’s devastating earthquake, and thankfully, much humanitarian assistance has been provided by the United States, but also much time has been lost in putting in place mechanisms that do more than alleviate the symptoms, but also are needed to cure Haiti’s ailments at its roots.

Policy reforms and efforts to develop Haitian SMEs represent the essential “fuel” that is the catalyst to private business growth. “Capital” and not just money of any sort, but capital that is “professionally deployed” is critical. In 1989, the U.S. Congress recognized this was critical with the establishment of the Enterprise Funds to “jump-start” the Polish and Hungarian private sector fund and S. 954 is designed to do the same.

The examples shared in this report reiterate the need for solutions that have been successful and that will create jobs and meet the short- and long-term structural needs of Haiti. These solutions articulate and design a road map that can contribute to “the right organization and support needed by Haiti to effectively become a self-sustaining and very successful country” per President Clinton.

The very establishment of the National Fund for Education (FNE) by Haiti’s new President Michel Martelly is a first step toward Haitian economic self-sustainability.

The fund which is a multisectoral consortium which groups the GOH, the private sector, international financial institutions and nongovernmental organizations (NGOs) is chiefly composed of a 5 cents deduction on incoming international phone calls and \$1.50 on international money transfers.

The Fund will allow 350,000 children to go to school in the first year, according to UNESCO, and a total of 1.9 million children are expected to benefit overall.

The NFE is a clear example of innovative financing “independent of the traditional aid venues.”

President Michel Martelly along with the Haitian-American Chamber of Commerce (U.S.), Haitian business leaders and friends of Haiti—many of whom are present here today—have issued a collective invitation to the U.S. and the International Community with the call “Haiti is open for Business.”

In the aftermath of the earthquake, Haitian-Americans have seen the positive impact that “good” U.S. responsibility and leadership which can be had with SouthComs’ search and rescue efforts and subsequent restarting of Haiti’s manufacturing base, estimated at US\$350 million for 2010. The latter benefited from direct U.S. legislations such as HOPE I and II and the more recent Haiti Economic Lift Program (HELP) Act meant to enhance trade preferences for Haiti and providing Haitian apparel exports duty-free access to the U.S. market.

The Haitian economy will experience another boost with the Cap-Haitien Industrial Park to open in 2012 with the Korean apparel firm Sae-A Trading, providing fabrics to Gap, Walmart, Target, and others, set to become the largest private-sector employer in Haiti. The Cap-Haitien project, also includes transportation infrastruc-

<sup>11</sup>“Haiti Needs Business, Not Bureaucracy.” *Forbes*, February 17, 2010. <http://forbes.com/2010/02/17/Haiti-earthquake-private-sector-business-opinions-contributors-francis-skrobiszewski-roger-noriega-print.html>.

ture, construction and will create thousands of jobs and will make Haiti more attractive for investors.

We also have a Haitian, U.S., and international consensus on the solutions that will lead to Haitian economic prosperity. Let us then engender the political will to move forward and to support and assist Haiti's new President Martelly's call and that of all of the Haitian-Americans clamoring for change by placing—or better yet by “investing” our tax dollars on a business-to-business basis in sectors that will incrementally contribute to replace and to displace U.S. and international aid and create a “two-way” viable and new equitable commercial partner for the United States: Haiti.

Senator MENENDEZ. Thank you.  
Mr. Sassine.

**STATEMENT OF GEORGES BARAU SASSINE, PRESIDENT, ASSOCIATION OF HAITIAN INDUSTRIES, PORT-AU-PRINCE, HAITI**

Mr. SASSINE. Chairman Menendez, Chairman Cardin, Representative Hastings, I thank you for the opportunity to offer my perspective on rebuilding Haiti as we begin a new era under President Michel Martelly. Please allow me to briefly describe the particular responsibilities for the economic development efforts which reside with ADIH and CTMO–HOPE.

First, the Association des Industries d'Haiti, or ADIH, of which I am the president, represents the majority of the manufacturing sector in Haiti, including some of the largest employers in the country, particularly in the private sector.

Second, in 2007, the government established the Presidential Tripartite Commission on HOPE, or CTMO–HOPE, for which I am the executive director, and this commission is responsible for coordinating many aspects of trade with the United States, including the HOPE Act, which provides duty-free U.S. market access to many Haitian-made apparel products.

I will describe some of the key successes and the trajectory of the HOPE program, and then I will describe how the HOPE program is spurring a multistakeholder international effort to expand the infrastructure in Haiti necessary to encourage new direct investment in apparel and other sectors. Both the HOPE program and the extension of manufacturing infrastructure are key priorities of the new government of President Martelly.

As you know, the U.S. Congress accelerated and maximized the benefits of the 2006 HOPE Act through legislation in 2008 called HOPE II, and following the 2010 earthquake, Congress reacted swiftly to enact a second amendment to HOPE called the HELP Act.

The amended HOPE program has helped Haiti's apparel export industry to increase from approximately \$450 million to the United States in 2006 to approximately \$600 million currently, and we are now growing at an annual rate of 20 percent.

Employment in the apparel sector in Haiti has also shown strong growth. Prior to enactment of the HOPE I program in 2006, employment in the apparel sector stood at about 12,500 workers and this recovered to some 23,000 workers in 2008 when HOPE II program was enacted. Today the sector employs over 28,000 workers.

The HOPE program has also benefited the U.S. textile sector. U.S. textile exports to Haiti have increased 39 percent during the last year to nearly \$33 million.

As described, the HOPE program is an unquestionable success. However, we are only just beginning to capitalize on its potential. Every day I field phone calls from potential investors who want to begin new apparel production in Haiti. Unfortunately, I have to tell them that the sector is at capacity and that there is simply no additional manufacturing space to offer right now. I admit this is a good problem to have, but if this problem persists for too long, then buyers will begin to look elsewhere.

To address this issue, we are working to increase the capacity of Haiti's manufacturing sector through an international strategy coordinated with the United States and major international institutions. The focus of our combined efforts is the construction of two major industrial parks in Haiti, one in the north and a second outside of Port-au-Prince. Each park would be capable of more than doubling Haiti's existing manufacturing capacity and supporting 25,000 to 50,000 jobs. The northern industrial park project was launched in January and will be operational by the second quarter of 2012.

In addition, we expect this industrial park development and the associated infrastructure to catalyze developments in other sectors such as tourism and agriculture. For both parks, the U.S. Government has made a commitment to provide infrastructure support such as electricity and worker housing.

In the meantime, we are working with the Inter-American Development Bank to expand the existing industrial park in the Port-au-Prince area with the addition of five more factory shells that could be used to create a minimum of 2,500 jobs. The World Bank is supporting our efforts by funding CTMO-HOPE through trade missions to foreign countries, including Korea and Brazil, where we discuss opportunities to utilize the HOPE program. The trips have resulted in the commitments of foreign direct investment in Haiti's apparel sector that will occur upon completion of the industrial parks.

To address the need for more skilled workers, the Haitian Apparel Center is training new operators and managers. The Haitian Government donated the main building, and through a USAID grant, the center has already graduated 2,000 trainees, most of whom have been hired by existing factories.

In the very near future, the Haitian sector could expand at a rapid rate and fortunately we have a mechanism in place such as the ILO Better Works program to ensure the industry grows in a sustainable and socially compliant manner.

Let me offer a few concluding thoughts about our existing challenges and how we may build upon our partnership with the United States.

The majority of Haiti's economy remains in the informal sector. Strengthening Haiti's customs capacity could help bring more commerce into the formal economy. We believe also in the capacity of state institutions is a priority and is an area where U.S. assistance is needed and would be well invested. Haiti's trade and customs institutions were weak even before the 2010 earthquake, and today they are barely back online.

It would also be most appreciated if the U.S. Congress and the U.S. Government would relay the success stories of the HOPE

initiative to other regional trading partners, in particular to the Governments of Canada and Brazil, both of which are considering amendments to their trade preference laws to provide Haiti enhanced access to the apparel and textile markets. Such programs will not only benefit Haiti but could offer new alternatives for U.S. businesses that export textiles and other raw materials to Haiti.

In addition, as included in the HOPE II legislation in 2008, we believe that it would be a win-win opportunity if the U.S. Department of Commerce were to implement this year the recommendation of the Congress that a high-level trade mission be organized to Haiti.

We would also recommend that the U.S. Congress give favorable consideration to several other important pending proposals, including Senator Lugar's Haitian-American Enterprise Fund; Senator Durbin's Haiti Reforestation Act; and Senator Gillibrand's Haitian Emergency Life Protection Act.

Although our challenges are not behind us, we see a brighter future and greater opportunities coming every day. I cannot express enough appreciation to the U.S. Congress and to the U.S. Government for the assistance to Haitian reconstruction efforts and the outpouring of support following the 2010 earthquake.

Hopefully one day soon, I can return to Congress to report that the HOPE program has reached its capacity, and what we need is an extension of it. On that day, we will know Haiti's economic recovery will be a reality.

Thank you.

[The prepared statement of Mr. Sassine follows:]

PREPARED STATEMENT OF GEORGES BARAU SASSINE

Chairmen Cardin and Menendez, Ranking Members Corker and Rubio, and distinguished members of the Foreign Relations Committee, thank you for the opportunity to offer my perspective on rebuilding Haiti in the wake of the January 2010 earthquake in Port-au-Prince, and how the new government of President Michel Martelly can work with the United States and the international community to further our progress.

The Haitian public and private sectors are embracing what is described as the need for a Growth Revolution in Haiti, which is a national economic strategy driven by the Private Sector Economic Forum. Recently, Mr. F. Carl Braun, chairman and CEO of Unibank, spoke to the Inter-American Dialogue to outline the obstacles and opportunities in pursuing the Growth Revolution strategy. He outlined that the goal of the strategy is to create by 2020 a Haitian economy that is "diversified, environmentally sustainable, competitive, vibrant, decentralized within the country and integrated into the global economy."

The pursuit of the Growth Revolution strategy in Haiti is extremely difficult because it will require the support and coordination of not only the public and private sectors, but also of the NGO community, the international community, foreign direct investors, and the Haitian people themselves. To succeed, all parties need to engage with each other with common purpose and commitment.

As Mr. Braun explains, "the international community must deliver upon their financial promises, and not promise what they cannot deliver; they must provide more qualified human resources with a deep sense of commitment to, and a greater interest in and a greater respect for, the Haitian people."

"The Haitian private sector sees foreign direct investment as a sine qua non condition for the Growth Revolution, and welcomes it with open arms, but we wish to see a level playing field where all investors, domestic, foreign and Haitian diaspora are treated equally and fairly." While many of our efforts may seem to focus on luring foreign capital into Haiti, I must emphasize that a central tenant of our Growth Revolution strategy is to use Haitian resources, sustain and grow domestic investments, and increase national capital.



## ADIH &amp; CTMO–HOPE

At this time, please allow me to briefly describe the particular responsibilities for the economic development efforts which reside with ADIH and CTMO–HOPE.

First, the Association des Industries d’Haiti, or ADIH, of which I am the president, represents the majority of the manufacturing sector in Haiti, including some of the largest employers in the country, including in the apparel sector. We are consistently asked by my government to provide input and recommendations regarding needed policies, laws, and international assistance that would help spur economic activity, investment, and job growth in the private sector.

A single apparel factory can employ thousands of workers, and thereby support entire communities. New apparel orders from foreign buyers can add jobs almost immediately, and new foreign investments in brick-and-mortar apparel factories can be a catalyst to sustainable economic vitality. This dynamic explains why the Haitian Government and private sector are focused on making Haiti a more attractive market for international apparel buyers and investors through internal legal and regulatory reforms and external efforts to facilitate trade, including through the Haitian Hemispheric Opportunity through Partnership Encouragement Act, or HOPE Act, which provides duty-free U.S. market access to many Haitian-made apparel products.

Second, in 2007 the government established the Presidential Tripartite Commission on HOPE, or CTMO–HOPE<sup>1</sup>, for which I am the Executive Director, and the Commission is responsible for coordinating all aspects of implementation, operation, and international marketing of the HOPE trade program with the United States. In this capacity the Commission acts with the authority of the Haiti Government. The Commission is tripartite because it consists of representatives from the public sector, private sector and labor movement.

CTMO–HOPE helped facilitate the successful implementation of the HOPE program, which put the Haitian apparel sector back on the international production map. Part of the HOPE program implementation included a modern electronic export visa system called “ELVIS”, which was developed through a USAID grant. The ELVIS system is attractive to foreign investors because it streamlines the export process and assures against any possible transshipment allegations or other types of commercial fraud.

Then, from 2007 to 2010, CTMO–HOPE worked with U.S. congressional and government officials on targeted amendments to the program that helped to accelerate and maximize the benefits. In 2008 Congress enacted the first amendment, called HOPE 11<sup>2</sup>, and following the January 2010 earthquake, Congress reacted swiftly to enact a second amendment to HOPE, called the HELP Act<sup>3</sup>. Each amendment expanded the products eligible for duty-free benefits, and also enhanced the overall capacity and duration of the program to instill longer term investor confidence in the program.

The government of President Rene Preval prioritized the successful implementation and expansion of the HOPE Act from 2006 to 2010, and the apparel sector remains a cornerstone of the country’s economic revitalization strategy for the new government of President Martelly.

Now I will describe some of the key successes and trajectory of the HOPE program, and then I will describe how the HOPE program is spurring a multi-stakeholder international effort to expand the infrastructure in Haiti necessary to encourage new direct investment in apparel and other sectors, such as tourism and agriculture.

## SUCCESS OF HOPE

Special trade preferences have proven to be a highly successful method for supporting the Haitian economy, creating employment, and improving the lives of many Haitians. Beginning with the Caribbean Basin Trade Partnership Act reforms implemented in 2000, improved access for Haitian apparel in the U.S. market has provided opportunities and jobs for workers in Haiti. Both the CBTPA and HOPE trade preference programs have proven to be of great importance to Haiti and an illustration of effectively implementing “trade not aid.”

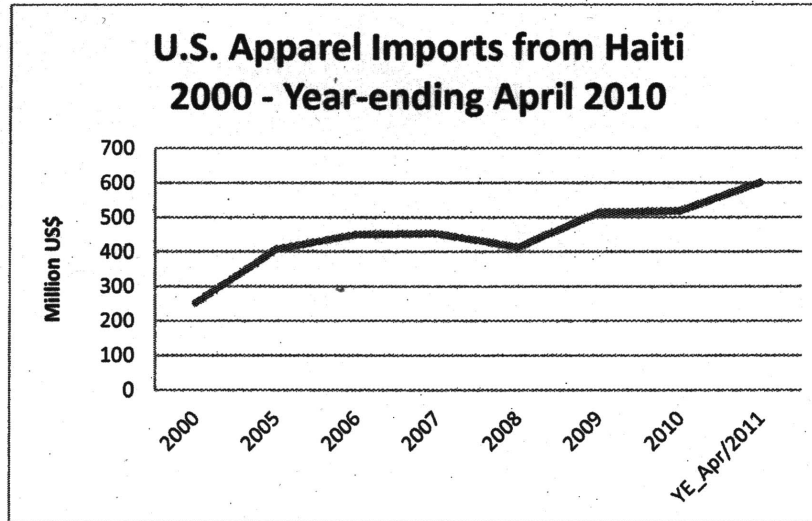
With each successive set of improvements to Haiti’s access to the U.S. market, Haiti has increased production and exports. Under CBTPA Haitian exports of apparel to the United States nearly doubled from \$250 million in 2000 to \$450 million in 2006. The HOPE program was a “game changer” for Haiti’s apparel sector, as

<sup>1</sup> Commission Presidentielle Tripartite de Mise en CEuvre de la Loi HOPE.

<sup>2</sup> Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2008.

<sup>3</sup> Haitian Economic Lift Program of 2010.

Haitian exports have surged to \$600 and continue to grow at more than 20 percent annually. Virtually all Haitian apparel trade is shipped under the special trade preferences provided by U.S. legislation.



As the Haitian apparel sector builds on the foundation first made possible under the CBTPA program, Haiti is now seeing the benefits from the HOPE modifications that have allowed Haiti to expand on the mix of products we are able to offer. In the past under the CBTPA program, the bulk of Haiti's production has been in lower cost, lower value added items such as T-shirts and underwear. Today, using the HOPE preferences Haitian businesses are making great strides in expanding production of better quality, higher fashion garments. During the past 2 years, and despite the devastating set back from the January 2010 earthquake, we have seen extraordinary growth in products such as men's woven manmade fiber shirts, up 43 percent; men's man-made fiber trousers, up 39 percent, and men's wool suits, which have more than doubled to more than \$4 million. These are much higher value added products and require more and higher skilled workers to produce.

#### Examples of Growth in High Value, Labor-Intensive Apparel Exports

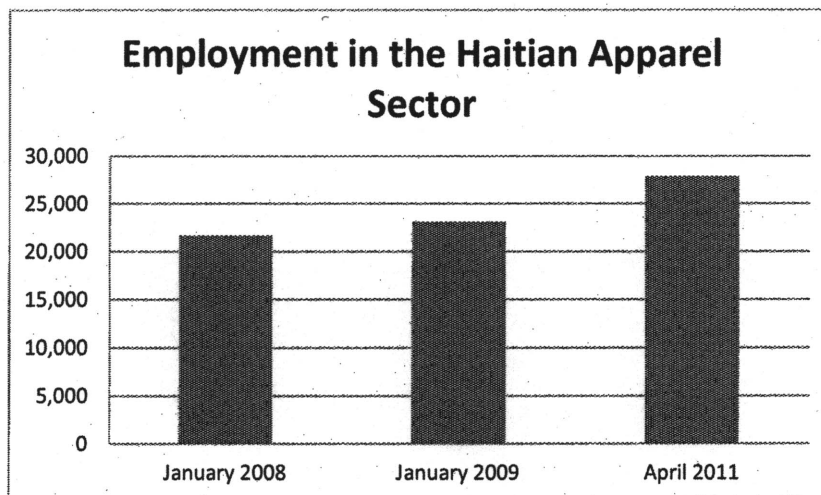
##### U.S. Imports from Haiti

2009 - Year-Ending April 2011 (Data in \$1,000)

Category	Description	2009	YE 4/11	% Change
433	Men's wool sport coats	4,370	5,397	23.5%
434	Men's wool coats	4,196	5,132	22.3%
443	Men's wool suits	1,997	4,190	109.8%
640	Men's MMF woven shirts	8,975	12,824	42.9%
647	Men's MMF trousers	15,483	21,524	39.0%
648	Women's MMF trousers	7,953	10,482	31.8%

Employment in the apparel sector in Haiti has shown remarkable growth. Prior to enactment of the HOPE I program in 2006, employment in the apparel sector stood at about 12,500 workers, and this recovered to some 23,000 workers in 2008 when the HOPE II program was enacted. Today, the sector now employs over 28,000 workers. Most of the additional jobs since 2006 are directly linked to the HOPE pro-

gram. As we rebuild from the devastating earthquake, these jobs are invaluable. As our production continues to grow, and there are now some 28 factories operating in Haiti, we will expand on this success and employment will grow concomitantly.



It is also important to note that the HOPE program and its amendments were also crafted to support the interests of the U.S textile sector—and that is happening. U.S. textile exports to Haiti have increased 39 percent during the past year to nearly \$33 million. U.S. textile exports to the Dominican Republic, a significant component of which ends up in fabrics that are sewn into apparel in Haiti under the various preference programs, have also increased 35 percent to an annual level of nearly \$600 million. The island now accounts for over 11 percent of U.S. textile exports and is the largest growth market for the U.S. industry. In short, the HOPE program has truly been a “win-win” for both Haiti and the United States.

#### FOREIGN INVESTMENT AND INDUSTRIAL CAPACITY

As described, the HOPE program is an unquestionable success. However, we are only just beginning to capitalize on its potential. Thanks to HOPE the sector is thriving near its maximum capacity given the current industrial capacity in Haiti. We could be producing more and creating more employment, but our largest constraint right now is a shortage of industrial factory space.

Every day I field phone calls from potential foreign investors who want to begin new apparel production runs in Haiti. Unfortunately, I have to tell them that the sector is at capacity, and there is simply no additional manufacturing space to offer right now. I admit, this is a good problem to have, but if this problem persists for too long then buyers will begin to move Haiti further down their list of potential sourcing locations.

This is why CTMO-HOPE has pursued a dual approach to revitalizing the apparel manufacturing sector: enhance trade benefits under HOPE and simultaneously expand Haiti’s capacity to utilize the benefits. In my capacity as Executive Director of CTMO-HOPE, I have been intimately involved in the efforts to increase the capacity of Haiti’s manufacturing sector through an international strategy coordinated with the United States and major international institutions such as the Inter-American Development Bank and the World Bank-IFC. The focus of our combined efforts is the construction of two major new industrial parks in Haiti, one in the north of the country, in the Cap-Hatien area, which will be driving development as part of an integrated strategy for the north, and a second industrial park outside of Port-au-Prince. Each park would be capable of more than doubling Haiti’s existing manufacturing capacity, and supporting 2550,000 jobs.

The construction of an industrial park is an enormous undertaking. It begins with financial feasibility and environmental impact studies, and then requires construction financing coordination, tenant lease commitments, power and water development, worker housing and training, and port and transit infrastructure development.

The U.S. State Department, through the Haiti Special Coordinator, Ms. Cheryl Mills, has provided invaluable support working with all stakeholders to follow through on their commitments during the process. I also want to express my sincere appreciation to other U.S. Government agencies and the U.S. Congress for the enormous support provided to Haiti in recent years.

It is not my role to outline for you the details of the specific programs that the United States is operating in Haiti, or the levels of funding that the U.S. Government is spending or has committed. These details are best presented by U.S. Government officials. However, I will describe some broad efforts that are underway in cooperation with the U.S. Government and the other international institutions.

#### *Northern Industrial Park*

This past January the Government of Haiti, the Inter-American Development Bank, the largest Korean apparel company Sae-A, and the U.S. Government signed a memorandum of understanding to launch the construction of the first new industrial park in the north. We are optimistic the project will be completed and operational by the second quarter of 2012. We already have commitments from other major foreign apparel producers to also begin operating in the park upon its completion.

The IDB is financing the main structure of the park, including the factory shells, roads, and other logistics and facilities. The U.S. Government stake in the northern industrial park will include projects in energy infrastructure and housing, as well as port capacity expansion. In addition, as mentioned, we expect this industrial park development and the associated infrastructure to also catalyze developments in other sectors, such as tourism and agriculture.

#### *Ganthier Industrial Park (Outside Port-au-Prince)*

We are also working with the U.S. Government on a second industrial park development project, which would be located outside of Port-au-Prince. The International Finance Corporation, which is part of the World Bank, has agreed to fund feasibility and impact studies for the industrial park development in Ganthier.

The U.S. Government has made a commitment to provide the same types of infrastructure support for the Ganthier industrial park as is being provided for the northern park, such as power supplies and worker housing. In the meantime, we are working with the support of the IDB to expand the existing industrial park in the Port-au-Prince area, SONAPI, with the addition of five more factory shells that could be used to create probably a minimum of 2,500 additional, badly needed jobs.

#### *Marketing Efforts*

Part of CTMO–HOPE’s mandate is to ensure that foreign apparel buyers are aware of the trade benefits available under the HOPE program. Over the past 4 years we have hosted several events, conference calls, and have been involved in other forums to present and promote the many advantages of doing business in Haiti.

The World Bank is supporting our efforts by funding CTMO–HOPE trade missions to foreign countries. My team and I have so far made several trips, including to Korea and Brazil, where we meet with both government and private sector officials to discuss potential synergies and opportunities to utilize the HOPE program. The trips have resulted in the commitments of long-term foreign direct investment in Haiti’s apparel sector that will occur upon completion of the industrial parks.

#### *Haitian Apparel Center*

The Government of Haiti has initiated efforts to establish an apparel manufacturing training center and has provided the main training building. The Haitian Apparel Center, or HAC as it is called, which is located in the SONAPI industrial park in Port-au-Prince, is training Haitians to be operators and managers in the growing apparel manufacturing sector. Through a grant from USAID, the HAC has graduated 2,000 trainees, and approximately 60 percent of those graduates have been hired by existing factories. It is my understanding that USAID will continue to support this program.

The success of the Port-au-Prince HAC demonstrates the need for a similar operation in the north of Haiti. The looming capacity of the new industrial parks will require thousands of additional trained Haitians workers.

#### *Special Economic Zones*

Haiti is also working with the IFC to develop a model for special economic development zones in the country that will facilitate private investment. The goal of the zones is to streamline the process of starting a business. Initially we envision five to six zones that would include industries such as tourism and light manufacturing.

*Social Compliance*

The HOPE trade program was novel because it included, at the request of CTMO–HOPE, a mechanism to ensure that worker rights would be protected in the apparel manufacturing sector. As implemented under HOPE, the International Labor Organization operates a Better Works program in Haiti’s apparel sector, which monitors international worker rights standards in factories, helps remediate any issues, and publishes public reports on the compliance record of all factories in Haiti. Haiti is the first country in the hemisphere to have a Better Works program—because we are well aware that compliance is an important issue for major U.S. buyers, and we are committed to building a world class apparel sector, not simply on the basis of inexpensive labor, but also on the basis of high quality and world class social compliance.

The Better Works program is well accepted by Haitian factories and U.S. buyers concerned about social compliance and brand protection. Just this month Better Works held a buyers forum in Haiti that was well attended by the industry.

## CONCLUDING REMARKS

Again, I cannot express enough thanks to the U.S. Congress and the U.S. Government for the proactive assistance and support for Haitian reconstruction. We are also greatly appreciative of the outpouring of support we received after the devastating earthquake last year. I also must mention that as Members of the U.S. Congress your personal visits to Haiti have a positive impact on driving policy, a positive impact on the lives of Haitians, and the visits strengthen the positive perception of the bilateral relationship.

The enhanced HOPE program gives our apparel manufacturing sector the potential to be a cornerstone of the country’s reconstruction, and the industrial park development process is well underway to providing needed capacity. In the very near future the Haitian sector could expand at a rapid rate, and fortunately we have mechanisms in place, such as the Better Works program, to ensure the industry grows in a sustainable and socially compliant manner.

Bolstering the integrity of state institutions is a priority of the Martelly government, and it is an area where U.S. assistance is needed and would be well invested. In order to attract foreign investment in Haiti, we must continue to work toward establishing a level playing field that will instill confidence for both domestic and foreign-owned businesses. As Haiti’s manufacturing industry grows, and as we experience corresponding growth in trade with the United States and the world, it is critical that our trade institutions have the capacity to ensure that critical international commercial priorities are safeguarded, such as transparency, facilitation, and enforcement. Haitian trade and customs institutions were weak even before the 2010 earthquake, and today we are barely back online. Nearly 70 percent of Haiti’s economy operates outside of formal institutions, and strengthening Haiti’s customs capacity could go a long way toward bringing more commerce into the formal economy.

It would be most appreciated if the U.S. Congress and U.S. Government would relay the success stories of the HOPE initiative to other regional trading partners. In particular, we have made requests to the governments of Canada and Brazil. It would be helpful if the Canadian Government could update their preferences program for Haiti to allow the use of U.S. inputs, which are currently not permitted. In the case of Brazil, we are looking forward to early passage in Brazil of a trade program that would provide Haiti preferential access to the Brazilian apparel and textile market. Such programs would not only benefit Haiti, but could offer new opportunities for U.S. businesses that export textiles and other raw materials to Haiti.

In addition, as included in the HOPE II legislation in 2008, we believe that it would be a win-win opportunity if the U.S. Department of Commerce were to implement this year the recommendation of the Congress that a high-level trade mission be organized to Haiti. For our part, we stand ready to offer every assistance for the success of such a trade mission.

We would also recommend that the U.S. Congress give favorable consideration to several other important pending proposals:

First, Senator Lugar’s Haitian-American Enterprise Fund<sup>4</sup> could facilitate the creation of many new small businesses in Haiti by providing access to financial services and other services that are currently difficult for Haitians to obtain, such as loans, insurance, and training.

<sup>4</sup>S. 954—112th Congress.

Second, Senator Durbin's Haiti Reforestation Act<sup>5</sup> could help reduce the alarming rate of deforestation in Haiti, and would take steps toward reforestation. Just this past week, 28 Haitians died in a mud slide that was attributed to deforestation.

Third, Senator Gillibrand's Haitian Emergency Life Protection Act<sup>6</sup> would allow Haitians whose petition for a family-sponsored immigrant visa that was approved on or before the January 2010 earthquake to live and work in the United States while waiting for the completion of the immigrant visa process.

Although our challenges are not behind us, we see a brighter future and greater opportunities coming every day. We would not be approaching the world with such a vision if it were not for the support of the American people.

Hopefully, one day soon I can return to Congress to report that the HOPE program has reached its capacity, and what we need is an expansion of it. On that day, we will know Haiti's economic recovery and the Growth Revolution will be a reality. Thank you.

Senator MENENDEZ. Mr. Shaye.

**STATEMENT OF GARY SHAYE, HAITI COUNTRY DIRECTOR,  
SAVE THE CHILDREN, PORT-AU-PRINCE, HAITI**

Mr. SHAYE. Senator Menendez, Senator Cardin, Congressman Hastings, thanks for the opportunity to be here.

This afternoon I want to provide a perspective of Save the Children and other NGO's about what we need to do as an international community to continue to respond to Haiti.

We have to continue to address the remaining impact of the earthquake, support stronger aid delivery mechanisms through improved coordination, and invest in key areas, including the capacity of the government as both Senators mentioned in their opening remarks.

In terms of the impact, the earthquake was widespread, left over 1.5 million people displaced, another 500,000 people scattered throughout the country, living with families and friends who already faced economic challenges. Save the Children provided support to over 1 million Haitians in terms of shelter, food and water, health and nutrition, child protection, education, and livelihoods.

NGO's on the ground do see some improvement. Rubble is cleared. Some families are rebuilding their homes. Schools are being rebuilt, opened, and children are resuming their education.

How do we address the remaining impact of the earthquake?

While many donors are eager to leave behind the relief phase to move to long-term development, as we all do, many Haitians are still displaced and living in tented camps. Women and girls are the most affected and most vulnerable population. Many camps lack comprehensive security plans and women sense their vulnerability. There are anecdotal reports of increases in transactional sex and other forms of sexual exploitation, as women who live in desperate conditions seek ways to earn income. It is likely that reported cases are well below the real numbers due to the fear of stigmatization, ignorance about support mechanisms that do exist, and a very real fear of reprisals. Numerous Haitian young girls have been pushed to sell their bodies to meet basic needs. We need as a community to invest more in both women and adolescent girls to, first of all, ensure their protection, and see to it they can play an active role in the leadership of Haiti.

<sup>5</sup> S. 1023—112th Congress.

<sup>6</sup> S. 480—112th Congress.

Health remains an ongoing concern. With the onset of the rainy season, cholera has spiked in parts of the country and is likely to increase as rains continue. This is happening as relief funding for NGO's is coming to an end or has ended, meaning some services will no longer be available. Some NGO's, including Save the Children, will probably have to close clinics in areas where cholera is increasing. Should these facilities close, there will be no service and deaths probably will not even be reported as the nearest facilities are not near enough for those that require emergency treatment. We require an agile decisionmaking mechanism to address the urgency of cholera.

As we go forward, some of the recommendations of the international NGO's are that we have to ensure basic humanitarian needs are met. The collective response of the Government of Haiti and the entire international community must address the economic security of the Haitian families. Permanent housing options, water and sanitation, livelihoods, and rebuilding health and education and effective protection systems are all required. At all times, we have to include disaster risk reduction approaches in our communications with the population.

Donors and other aid implementers will require strong coordination and a long-term vision that focuses on supporting the capacity of the Haitian Government and civil society. We have to make long-term investments in the government and people of Haiti. Donors need to make multiyear investments and set reasonable goals. These words are easy to use. Yet most funding is for 6 to 9 months. Solutions to Haiti's problems do not lend themselves to 6–9-month funding cycles.

NGO's want to serve as a partner to the Government of Haiti and use our on-the-ground presence by hosting government employees who could receive on-the-job technical training and later return to government service to build the long-term ministerial capacity required.

There are, as was stated before, many reasons for optimism. President Martelly's bold initiative on primary education and other investments to strengthen Haiti's education system resonates with Haitians. Two weeks ago, I had the opportunity to be with President Martelly at a school inauguration and it was gratifying to see how he connected with the population, the school children, the teachers, and the entire community. In his remarks he expressed his vision to see to it that all Haitian children have access to a free primary education.

We have to tap in and continue to tap in to the resourcefulness and demonstrated commitment of Haitians living abroad who want to ensure a better future for Haiti. Opportunities presented as a result of the earthquake bring resources and international partnerships to Haiti and there is a great interest to continue supporting Haiti.

So in conclusion, with coordinated and energetic leadership from the government and civil society of Haiti, support from the diaspora, sustained commitment from the international donor community, we believe we can improve the situation for Haitians.

[The prepared statement of Mr. Shaye follows:]

## PREPARED STATEMENT OF GARY SHAYE

Mr. Chairman, and members of the subcommittees, Save the Children welcomes this joint hearing by the Senate Foreign Relations Subcommittees on reconstruction in Haiti. Eighteen months after the January 2010 earthquake and 3 months after democratic elections, Haiti is at a crossroads, facing both challenges and opportunities. The choices made today by the people of Haiti, their government, and the international community that seeks to support them will be fundamental to rebuilding a better and stronger Haiti—a Haiti that is much stronger than it was before the earthquake.

The devastation wrought by the January 2010 earthquake is well known: 230,000 people killed; 300,000 injured; 2 million displaced from their homes and an estimated \$7.8 billion in damage—an amount greater than the country's 2009 GDP. The humanitarian response was also significant: as of April 2011, donors had provided \$2 billion in financial and other assistance and private donations equaled \$1.5 billion. The U.S. Government alone provided \$1.1 billion by the end of fiscal 2010.

Despite this, the humanitarian effort—much of it implemented by international nongovernmental organizations including Save the Children—was challenged not only by the scale of the disaster but by the reality of an already difficult and costly operating environment, made more complex after the earthquake. Government capacity, already limited prior to the earthquake, was devastated by the loss of lives and infrastructure in key ministries. With the massive destruction of life and infrastructure, material and human resources were brought in from the outside at higher cost. Humanitarian relief efforts were further challenged by the cholera epidemic of October 2010, which continues as we speak, and Hurricane Tomas in November 2010. Budget lines typically reserved for transitional funding at the end of a relief effort were allocated to meet new urgent needs.

And yet tragically, for many Haitians, the services provided in camps during this year of catastrophes—access to clean water and health services, for example—surpassed what they had before. In 2009, U.N. agencies reported that 50 percent of Haitians lacked access to potable water; nearly a quarter of the population was undernourished; and an estimated 500,000 children never attended school. As we look to support the reconstruction of Haiti, we need to think past reconstructing what was there before. A Haiti that looks like it did in 2009 would represent a failed opportunity, and we need to acknowledge this.

Building a better future for Haiti's children will require sustained U.S. engagement that, at a minimum, does three things:

- Addresses the remaining impact of the humanitarian crises;
- Supports stronger aid delivery through improved coordination and other best practice; and
- Invests in key areas, including the capacity of government and the voices of Haitian citizens.

## ADDRESSING THE REMAINING IMPACT OF THE HUMANITARIAN CRISES

While donors are eager to leave behind the relief phase and move to long-term development, many Haitians find themselves still living in camps, suffering from cholera outbreaks or facing the daily threat of gender-based violence. To date, over 600,000 Haitians are still living in camps or other types of transitional shelter. Many face forced evictions. Crowded and insecure conditions too often facilitate violence against women and children. A household survey conducted by the Center for Human Rights and Global Justice at the New York University School of Law in March of this year showed that 14 percent of respondents in four IDP camps indicated that at least one member of the household had been raped since the earthquake; 60 percent of respondents reported fear of sexual violence. It is likely that reported cases are well below the real numbers due to the fear of stigmatization, ignorance of existing support mechanisms, and fear of reprisal attacks. With the onset of the rainy season last month, cholera yet again spiked in certain parts of the country and is likely to increase again.

This is all happening just as relief funding for international nongovernmental organizations (INGOs) is coming to an end, in many cases without the possibility of renewal. Due to depleted funding, many INGOs have left or reduced their projects in camps, leaving services there limited, nonexistent or in disrepair. Some Cholera Treatment Units are scheduled to close in the next months, and in some areas of the country increased caseloads are likely just as they are downsizing operations. While overall the cholera response has been effective, we require more agile and quick decisions so that agencies addressing cholera treatment do not have to close operations and dismiss staff, only to reinitiate operations a few months later.



The desire to avoid a culture of dependency and transition to a longer term development approach is the right one. A holistic resettlement strategy accompanied by a strong livelihoods plan is imperative; solutions to land rights and housing will need to be found to end temporary shelter; investments will need to be made in the health system and in water and sanitation to address cholera; and an economy that guarantees jobs will do more for families and communities than a temporary cash for work program. But the transition from relief to recovery does not follow the deadlines of when we need to move money from one budget line to another. Relief and recovery must go hand in hand and often need to happen simultaneously in order to be effective.

Even as they support the Haitian Government and civil society in addressing the longer term issues, donors need to:

- Work with the Haitian Government, U.N. system, nongovernmental organizations (NGOs), Haitian citizens and others involved in relief to identify transition gaps that require more effective transitional funding mechanisms and, based on this assessment, design adequate funding channels to respond to continued needs.
- In response to cholera, which is unpredictable, maintain funding for emergency response, until alternatives are in place to meet health needs and ensure access to water. Funding channels should be established that are sufficient and agile, able to be accessed quickly when spikes emerge.
- Improve the coordination between emergency and development funding and ensure integrated approaches to shelter that include funding to livelihoods, water, sanitation and hygiene (WASH) and other basic services.
- Continue investing in security, support and protection mechanisms as well as basic health and psychosocial services to ensure the protection of women, children, and other vulnerable populations. Working with local women's groups should be a key component of this.
- As part of the reconstruction plan, invest significantly in hurricane preparedness and disaster risk reduction.

None of this negates the need to invest in long-term development, but recognizes that reconstruction will take time, and immediate needs will have to be addressed both for humanitarian reasons and to avert further crises that may impair recovery. It recognizes as well that meeting these needs requires more of an integrated relief and development approach.

#### IMPROVING AID DELIVERY

Much attention has been given to the shortcomings of the aid effort in Haiti and in particular to the challenges faced in coordination. While all of us would agree that coordination could be improved, it DOES take place and Haiti has benefited as a result of the existing coordination between the various humanitarian actors. With a government that faced monumental challenges, the international community did step up and provide needed humanitarian assistance to save the lives of the victims and the most vulnerable. In the year following the earthquake, for example, international relief activities helped feed more than 4 million people.

Nevertheless, building back better will require strong coordination among donors, the Haitian Government, the U.N. system, NGOs, and other Haitian stakeholders and implementers. Thus far coordination has been challenging. On the ground, the scale of the response has actually meant more new actors in Haiti that are providing far more services than ever before often with short-term funding matched to specific sector priorities. Short-term and sector-specific funding inevitably leaves gaps. The challenges and requirements of Haiti require NGOs and other implementers to make a multiyear commitment, which in turn requires long-term funding commitments and resources that are not yet secured. In Haiti, basic principles of aid effectiveness and smart development need to be applied.

The U.S. Government and others should:

- *Ensure reconstruction is Haitian-led and Haitian-owned.* A plan that will endure when donor attention goes elsewhere is one that reflects the priorities and involvement of the Haitian Government and people. Donors should support the Haitian Government's efforts to consult its citizens and fund the areas they define.
- *Provide long term and predictable support.* As already described, the task ahead will require a long-term commitment from all stakeholders.
- *Raise the role, voice and concerns of women* in reconstruction and integrate gender across all programs and strategies. About 43 percent of families are headed by women, and yet their contributions and status are too often undervalued. Maternal mortality rates remain high. Reconstruction is an opportunity to ad-

dress historic imbalances and support a significant part of the Haitian population.

- *Coordinate aid with other actors.* A positive first step has been taken by the Haitian Government in the development of a Haitian reconstruction plan that sets out priorities. Donors need to support these and coordinate with one another to ensure areas are adequately covered. The Haiti NGO Coordination Committee (CCO) has set out a number of recommendations to ensure proper coordination among the Haitian Government, U.N. clusters, INGO community, and others.

The CCO calls on donors specifically to provide financial support to integrated development and emergency funding that supports relevant Haitian Government institutions; support the functioning of the Tables Sectorielles' Secretariat, based on the government's assessment of needs; and to more systematically include NGOs in their aid coordination, so they are in a better place to align with government priorities, and engage in a meaningful policy dialogue with the Haitian Government and civil society.

#### MAKING LONG-TERM INVESTMENTS IN THE GOVERNMENT AND PEOPLE OF HAITI

Building back better will require long-term investment in key areas. Haiti's ability to advance and respond to future crises will require investments that address recurrent problems and build the country's economic prosperity, human capital, and good governance. The Haiti Government's 10-year action plan prioritizes a number of sectors that the international community should support. Territorial rebuilding in targeted areas; economic rebuilding in sectors that include construction, agriculture, and tourism; social rebuilding in health, education, food security, and other sectors; and institutional rebuilding are all key areas for a comprehensive reconstruction plan. But fundamental to achieving all of these is building the capacity of the Haitian Government and of the Haitian people.

The U.S. Government should:

- *Invest in the long-term capacity of the Haitian Government.* Sustained engagement with the Government of Haiti to support its capacity to govern, deliver services, apply the rule of law, and consult its citizens will be necessary to ensure both stability and the basic rights of the Haitian people. The U.S. Government should consider working with other donors and NGOs in a capacity-building project for Haitian civil servants. Building national and local capacity can ensure sustainable solutions.
- *Support the Haitian people by investing in the social sectors.* The U.S. Government and other donors must invest in the Haitian people by investing in their health and education.

*Addressing cholera:* Cholera requires a long-term investment in a comprehensive national water and sanitation program that brings safe drinking water and waste disposal to every community. Infrastructure development needs to be accompanied by a behavior change campaign so that every citizen knows how to reduce his/her risk.

*Strengthening the health system:* Broader than cholera, investments are needed to build a strong and effective Haitian health ministry and system that is led by the Government of Haiti and able to reach Haitians throughout the country with affordable treatment and care. Harmonizing standards and norms for both public and private providers will be key.

*Strengthening the Ministry of Education:* President Martelly has expressed his vision for children by announcing a primary education initiative that would guarantee free primary education. We should allow Haitian children to have what every child in North America takes for granted. The education system should be strengthened with regular teacher training, and standards in education that meet that of other countries in the region. Education not only is fundamental for participating in today's economy but provides a valuable tool for Haitian children to meet their potential.

- *Support a development model that includes and benefits the poor people of Haiti,* ensuring their livelihoods and food security. Economic growth is a necessary but insufficient condition for poverty reduction. The economic model that is pursued in Haiti must empower Haitians and private sector investment must be geared toward that aim.

In all of this, we must invest in women and youth. Roughly half of Haiti's population is under 18 years of age. Supporting their rights, investing in their potential, and providing a space for their voice will be key to successful reconstruction.

Those that believe there is a "quick fix" to the issues in Haiti are mistaken. Anytime we think progress is not fast enough in Haiti, we should remind ourselves of

our own experience with Hurricane Katrina, and how challenging it is to rebuild communities and infrastructure.

But there are many reasons for optimism:

- The resilience of the Haitian people and the potential of Haiti's children;
- The resourcefulness of Haitians living abroad who are committed to Haiti's future;
- Haiti's proximity to the United States with our strong national interest in seeing the country succeed;
- The opportunities presented by unprecedented attention, resources, and international partnerships focused on Haiti; and
- The inauguration of President Martelly's new government with an expectation of concerted action.

Long-term engagement by the administration and Congress will be required to ensure Haiti's Government and people receive the support they need. With coordinated and energetic leadership from the government and civil society of Haiti, perseverance and sustained commitment from the Haitian people, and long-term-wise engagement from the United States and international community, we can support Haitians as they realize their full potential and prosper.

Thank you for the opportunity to speak today, and I welcome any questions you may have.

Senator MENENDEZ. Well, thank you all for your very insightful presentations.

I think we will start a series of 7-minute rounds based on the number of our colleagues who are here, and I will start off.

I am concerned, and I would just like to hear from you. I see that President Martelly's nominee for Prime Minister was rejected by the Haitian Parliament. I hope the Haitian Parliament understands that for us to move forward, we need not the politics of the past but the opportunity to move into the future. There are some press reports that suggested the rejection is far less on the qualifications of the Prime Minister nominee versus the politics of it. And that does not bode well for investment.

So I would like to hear about prospects for investment. I know that in the 1980s, there was a significant influx of investment to create an opportunity to use the entrepreneurship and the strong work ethics of the Haitians and that created a lot of investments in the production of clothing and sporting goods and electronic parts for markets in North America and beyond. But then political turmoil of the 1980s and 1990s came along after that, and foreign investment declined.

As members of the diaspora, what do you see in terms of the political climate? Do you think that there will still be a commitment to invest based upon the promise of the new President, or will the current circumstances, if they continue, be obstacles?

Mr. BERNADEL. Thank you, Chairman Menendez. We are meeting with President Martelly in Miami on Saturday, and members of the Haitian diaspora want to convey the same anxieties that you just described in terms of seeing what his answer is going to be.

We have just gone through a significant period with the Haitian Parliament. They had just voted an amendment to the Constitution of 1987 allowing the diaspora to have dual nationality so they could come and rejoin the community of Haitians. And that particular amendment at the last minute was somewhat withdrawn due to technical issues. And this is one of the dimensions of the discussion that we plan to have with President Martelly on Saturday, to tell him that we need this kind of certainty in order for us as members of the diaspora to speak on his behalf not only to people from the

diaspora but to government officials within the United States to give them a sense that there is a need to reinvest in Haiti. There is a need and there is a true sense that Haiti is open for business. We are concerned about the similar aspect in what is happening with Haiti.

We know that there has been government in Haiti that have submitted one or two Prime Ministers sometime, and we think that this may be more politically determined than just the quality of the Prime Minister. So we are going to wait to see what exactly the next step for President Martelly is going to be taken because we need some sense from him that the diaspora and the international community can have some sense that there is going to be stability because this is one of the things that we need.

Senator MENENDEZ. Let me ask if any of you have a comment on that.

Mrs. SIMON-BARJON. If I may. Actually that reiterates the fact that we need to invest money in the private sector because if we look at it in the United States, 85 percent of our workforce works for small and medium businesses. In Haiti we do not have that. So the more we invest in the private sector, the more we empower people, the more money people earn, the more educated people are. Then they will actually be able to fight not violently, fight back against those kind of parliamentary shenanigans.

Senator MENENDEZ. My concern was does that create a bar to getting the private sector investment that we want to see, or can that be overlooked and still not be a bar?

And in addition to that, I would ask you all, if I gave you a magic wand and I told you give me the three singular—not four, not five—the three singular most important things that could be done to achieve private investment inside of Haiti, what would those three things be?

Mr. SASSINE. If I had a magic wand, I would hit on Daniel Rouzier being accepted as Prime Minister. The second would be the passage of two very important constitutional amendments that did not happen. These are the three things that if they happen—

Senator MENENDEZ. And those two are the citizen—

Mr. SASSINE. The dual citizenship which permits people to be able to work for the government and unfortunately who have a U.S. passport and they cannot.

Senator MENENDEZ. And the other amendment?

Mr. SASSINE. The other amendment is one that has to do with regulatory reforms on real estate ownership.

Senator MENENDEZ. Any other suggestions?

Mr. BERNADEL. For my part, there would be an enforcement of property rights. As you all know, there are a lot of people that do not want to invest in Haiti into the diaspora, and we are trying to overcome the resistance. It is because they are not sure on any given day what particularly the land tenure is going to be.

The second investment will have to be in education. I know that there is a massive plan from IDB to invest in education in Haiti, but that education has to be a modern type of education not just simply palliative or some kind of lip service. The government has to have a national curriculum. They have to have qualified

teachers, and they have to have buildings that are adequate in order to have that.

And then the third one is a health issue because in Haiti there are a lot of tourists that may not want to come into Haiti, people from the Haitian diaspora, because of the fear that there may be a widespread possibility of contamination.

So those are the kind of things that I would address because all of them stem directly to create a condition in the mind of the people we are trying to influence that Haiti is, in fact, open and set for business.

Senator MENENDEZ. Very good. Thank you.

Mrs. SIMON-BARJON. Well, can I say something, Senator?

Senator MENENDEZ. Sure.

Mrs. SIMON-BARJON. I think basically that is constantly looking for other people to come and fix Haiti's problems. Haitian people have the capacity. Illiteracy, I constantly say, does not mean stupidity. The people of Haiti know what they want.

This is an agricultural country. Again, we say two-thirds of these people are agricultural people. They work the land. Time and time again, I think an Oxfam-Quebec survey asked them what did they want, what was the most important thing to them, and this to the masses, and they said it was local food production because they do not want to be subjected to global price fluctuations, et cetera.

So I think to me not addressing that issue is extremely important because if these people are, again, able to work, create jobs, et cetera, then this is a country that is going to be OK because they are going to demand it of their leaders, just like we demand it of our leaders.

Senator MENENDEZ. Senator Cardin.

Senator CARDIN. Well, again, thank you all for your testimony. I appreciate it very much.

I want to start off with a general question as to how effective the international aid has been to date. And I particularly want to focus on a significant problem within Haiti on the division between the wealthy and the poor. There are a lot more poor than there are wealthy. I understand that. But the income distribution from the economy is very skewed, and we would hope that as part of our international assistance that we are building a class that will benefit from the economy of Haiti.

So as you respond to the question as to how effective our aid has been, I would like to get your prognosis as to whether we are assisting in the development of an economy that will be sustainable for the majority of the people. Whoever would like to start.

Mr. BERNADEL. Yes. I am a member of the IHRC. The IHRC is the Interim Haiti Recovery Commission, which is the organ that was charged right after the earthquake to be a conduit and a facilitator of the aid that was coming from the bilateral commissions, bilateral with Haiti. And this particular organ was expected to be the one organization which all kind of aid will come through and then it would be facilitated and to address the gaps that were based upon the national plan of the government, something similar to the response that we had with the tsunami on Banda Aceh.

Senator CARDIN. And how well are we doing?

Mr. BERNADEL. Right now there are some issues. First of all, there is a public relations aspect that from the IHRC is suffering because they have not done a great job to go forward to explain what it is. And there is the issue of time because this is not something that is going to happen in the time that the people thought that is allocated. I just came from Louisiana, and there are things that are still being fixed.

Senator CARDIN. I understand that. But my question is the aid that has been made available to date—are we moving in the right direction or are we just institutionalizing the problems that were in Haiti prior to the earthquake?

Mrs. SIMON-BARJON. You are institutionalizing the problems and reiterating the problems that are in Haiti today. If you look at it, sir—let us look at the Bumpers amendments where we are basically—Haiti at some point cannot even buy fertilizer. They have to buy limited fertilizer. We have actually cut down the vast majority of the people, the very bottom of the pyramid. These people have to—this is what I said earlier—they have to actually buy U.S. goods. They do not have a choice. These people cannot afford it. They are earning \$1 or \$2 per day.

We have not done anything toward capacity-building. Of the \$4 billion that we have sent to Haiti in the past 20 or so years, only \$163 million has gone toward private sector development. And every time I go to Haiti, I hear the same thing over and over again from the people, is that we are catering to the same small group of people and not addressing the needs of the masses.

Senator CARDIN. Let me get the other two responses, and then the question will be for those that think we are not getting there, what do we need to change.

Mr. Shaye.

Mr. SHAYE. One thing that you learn very quickly in Haiti is that there is more to do than all of the actors there together can address. The need is beyond comprehension. The agencies, the members of the international community that tend to focus more, specialize in specific sectoral areas, and, focus geographically will have more effectiveness. Many NGO's, even when they are offered money, say no because we do not have the bandwidth, the management capacity to take on more of a response.

USAID and its strategy of working in Cap-Haitien, Saint-Marc, and Port-au-Prince has focused on three economic corridors. Some of us would like them to work where we work, but the experience in Haiti tells you that by focusing you will be more effective. In Haiti, it is almost like working one by one, working to put kids back in school, and offering health services to more people. The pace at which you can accomplish things is very slow.

NGO's have a large presence. We would like to have a smaller presence and have the Haitian Government take on more and more of this responsibility. But when you have 80 percent of the schools that are private, not private schools like we know them in North America, but privately operated by community members trying to make sure that children there can receive an education, when you have the health service—for example, in cholera, the government health service does not have the reach to address the need in all communities. So gradually we, the international community, have

to think of geographic areas and ministries where we can help rebuild that capacity.

Senator CARDIN. Well, here is the challenge. We have two roles. One was humanitarian to deal with the immediate disasters of the people who were displaced. It is my observation we have not completed that role yet because there are still people in camps and very vulnerable. And then to help rebuild an economy that we hope would be able for sustainable growth in Haiti, and that means where working people have a decent opportunity.

Mr. SHAYE. They are interrelated. Many of the people who are in the camps do not want to move until they have a viable income source. They need to know that they are going to have an income source. They are not going to travel longer distances to uncertain jobs. Their kids are going to have to go to school. There has to be a health service where they move, and there must be security in place. So we know in general why things happen slowly, but you need to think about all the moving parts that have to be in place. There are complex issues around land titles. We have people who know how to build shelters and who have the designs to build shelters, but they need a place to do it, and the families have to see an economic advantage to move.

At the same time, just as you said, the entire international community, the Haitian civil protection authorities, the U.N. are all very concerned about the large population living in tents and we know a strong hurricane will be catastrophic. But where are they going to go?

Mr. SASSINE. If I may?

Senator CARDIN. Mr. Sassine.

Mr. SASSINE. Everything that has been said is true, especially my two colleagues here on my left. But there are good things that are happening with the foreign assistance, especially with the U.S. assistance especially in the health sector. The cholera outbreak was a very big demonstration of, when the foreign aid is focused on something, how well it can be managed. HIV/AIDS—Haiti is the only underdeveloped country where HIV/AIDS is in regression. So this particular aspect has received the necessary focus.

As one who lives in Haiti, I can see that there is a shift the last 2 years, even before the earthquake started, especially with the HOPE legislation passing and the kind of assistance that we are receiving directly for the private sector. The Clinton-Bush Fund, for instance, which is looking at investing in profitable business ventures, just like a regular banking situation. And this is creating more and more types of direct—like Regine was saying—direct investment and creating wealth with small businesses. They are now being regarded as the vehicle that she was mentioning. But the machine, of course, like an aircraft carrier turning, is taking a little time, but at least today they are looking in the right direction.

Mr. BERNADEL. Chairman, if I may.

Senator CARDIN. Briefly.

Mr. BERNADEL. Again, this is one of the reasons why we said that there has to be some incentive to attract the diaspora into coming back into Haiti. To every milieu that you go to, they will tell you the diaspora is going to be the one key element. Yet, there is very little that is being done in Haiti within the international

community to make this come to pass. So we recognize the need of the diaspora to be an actor, but no one wants to make whatever the condition for that to happen. And then we keep postponing the same issue when part of the solution is right in front of us.

Senator CARDIN. Thank you. I found that very helpful.

Senator MENEDEZ. I just have one or two other questions. I do not know if Senator Cardin has any more. We will come to a conclusion.

Going back to the educational challenge, Mr. Shaye, I have heard what the President wants to do. It is certainly one of his top priorities. And I am wondering how he will turn the educational effort into a free public education system for children in Haiti. Is his plan viable? What needs to happen in order to make it so? What is the role of the Inter-American Development Bank in helping him achieve it?

Mr. SHAYE. First of all, it is a goal that, as I said before, resonates with the Haitian people. The aspiration to keep children in school is probably the highest when you do focus groups and talk with people in communities or you talk with those who are displaced. It is an extremely ambitious goal. To make this happen, you have to basically create an educational infrastructure. You have to work with the private sector that is providing the bulk of education, and conduct massive teacher education programs. With the cooperation of institutions like the IDB, and the many international NGOs who on a regular basis raise resources for education, for areas within and outside of the earthquake there is great support for education. Most NGOs worked in education before and will work in education in the future.

I think having a goal like this is the right type of goal, but we have a long-term plan. What can we do? First of all, we need to get a Prime Minister appointed and we have to get the government in place. So right now we have the idea but we do not have the personnel. But in the first week after President Martelly was elected, he convened a meeting with his staff and all of the actors that are active in what is called the Education Donor Group. He shared his goal. People said the same thing I am saying. It is ambitious. But it is the direction that Haiti needs to go to develop this in-country capacity which can be combined with the capacity of the diaspora. But it is a very long-term goal as we know. We work with hundreds of schools in Haiti. Other NGO's do the same. It is day-by-day work improving the training of teachers, involving the community, and now making sure that in every school there is an active water and sanitation program so we can do cholera prevention right from the get-go because the cholera treatment, as I mentioned before, is extremely expensive. We need to change behaviors. We need to put in the water and infrastructure. A school is a very good place to do that. But we have to pace out what we can do and what can be accomplished, and it would have to be supported by future governments and other donors would also have to provide support.

Senator MENEDEZ. Ms. Barjon, I admire the spirit with which you have kept the last remaining sugar mill, as I understand it, alive.

Mrs. SIMON-BARJON. Thank you, sir.



Senator MENENDEZ. I have listened to your comments about agriculture development. Is there continued resistance to agricultural development by large landowners in Haiti?

Mrs. SIMON-BARJON. Actually not. We have not met any resistance at all in the Leogane region because we pay our farmers quite simply. As a matter of fact, one of the first things we did when we partnered with the Government of Haiti for the sugar mill was we increased the revenues of our farmers by 50 percent. They went from \$8. The government was paying them \$8 per metric ton, and we now pay them \$12 plus all sorts of other things like food and supplies, et cetera. So this actually shows that a private sector company can actually be successful and not only that, make everybody in the region successful. We also give them back 10 percent of our net profits which is something that, from what I understand, was a little bit innovative for Haiti. So they are more or less like profit—how do you say that—shareholders. So it can work and it can be successful.

But the beauty of it is that this one sugar mill has the capacity to displace about 50 percent of Haiti's imports, and that represents about 10 percent of Haiti's annual trade deficits. So that's tremendous.

In addition to that, if you look at the fact that Haiti has a consistent energy deficit, the sugar mill can actually produce 12 to 15 megawatts of renewable electricity to Haiti. And if you have ever been to Haiti, you know electricity is a very precious commodity. You do not take it for granted.

One sugar mill. Imagine if we had two sugar mills like that. You were talking about, let us say, the northern industrial park that the United States and the IDB are doing. If you had two such sugar mills, another one in the north, you would be able to displace 100 percent of sugar imports. You would be producing 60 megawatts—let us say 30 megawatts of electricity. And you would be employing over 60,000 farmers.

That one sugar mill in Leogane that we are doing—because each worker in Haiti pays or cares for eight others. We are talking about positively impacting 240,000 people or more.

Senator MENENDEZ. So what is necessary for agricultural expansion to take place?

Mrs. SIMON-BARJON. Money, sir.

Senator MENENDEZ. That is the answer.

Mrs. SIMON-BARJON. Quite simply. That is why credit is the most important thing. I keep repeating myself again. But it is so important that we invest in the private sector not just in the garment sector but also in agriculture. And I understand. I think we also need to look at ourselves. The Bumpers amendment is a huge handicap to Haiti, and that is something that, if you guys want, you might want to repeal.

Senator MENENDEZ. And one last question. What is the progress in this northern industrial park which I understand is a facility for textile manufacturing? I understand it is somewhat at a standstill. What needs to be done to remove the obstacles that are holding up its development?

Mr. SASSINE. I am not aware of any more obstacles. Right now the bids have been picked up by over 21 companies. The bids will

be open until mid-July and construction should start in September. So today the compensation that was holding it back, because there were some people exploiting the land—so the compensation aspect of it was kind of slow, but that has been taken care of.

Senator MENENDEZ. Good.

Mr. SASSINE. Over 1,200 families have been taken care of.

Mr. BERNADEL. Mr. Chairman, I just want to quickly make a point on the education part. First of all, the education in Haiti is going to be a 20-year plan, and it is not just President Martelly's plan. It was already initiated to 20 years in 5-year increments. Twenty years ago, when we did not start education in Haiti, we are back to today saying that it is going to take us 20 years. At some point we need to get it started in 5-year increments.

The second thing. I run a charter school in the State of Florida. And Paul Vallas, who is one of the leaders of education in the United States after the Katrina incident, has said the same thing, and he is part of the team that is looking at rebuilding the education. We need to start investing into it just almost similar than the charter school where the government subsidizes some schools, but you have to have performance building, teacher training, and yes, it is going to take time, but it will take money. But ultimately Haiti cannot continue to develop with 80 percent of the population to be not literate.

Senator MENENDEZ. Thank you.

Senator Cardin.

Senator CARDIN. I want to talk a little bit about the agriculture and women.

First, let me say that I plan to contact our people that are working in Haiti to do everything we can to impress upon the authorities in Haiti to protect the people that are in camps who are vulnerable, particularly women and girls. Those that have been victimized are victims, and the Haitian authorities need to understand that and need to protect the vulnerable. I assure you that I will take steps from today's hearing to do what we can to protect the women and girls that are vulnerable in these circumstances.

But I want to challenge a little bit your comment, Ms. Simon-Barjon, about the agricultural needs being down to money because, as I understand Haiti, it is very much dependent upon agriculture and women. And women are not fairly treated within the country itself. Land rights are not what they should be as it relates to women. And fundamental changes are needed. Women's rights are human rights, and when we have a chance to make some significant changes in a country, gender issues need to be on the front burner.

So I know you did not mean to imply anything other than that, believe me. But I wanted to at least put that on the table and get your response or others as to what is the current status in Haiti as far as the appropriate rights for women and their aspirations and their land opportunities and their role in agriculture and whether the redevelopment aid that is currently being targeted is moving us in the right direction to empowering women in Haiti.

Mrs. SIMON-BARJON. We are probably not doing as much as we possibly can, just like in any other sector. I can basically only speak for what I am basically most familiar with which is the

Leogane region where both women and men are sugar cane cutters, which is a really hard job. But we do notice that most of the men head the association. So you are totally right on the fact that men are leaders in, let us say, the regional sugar cane planters associations, et cetera.

What we have done is to actually start a smaller group to invite women in. But I am in a bit of a conundrum because I do not really want to head those groups or those associations because I already am running the sugar mill. So there is a conflict of interest there. But they do see me and I am a girl and I am their boss. So that is a pretty good example.

Senator CARDIN. That is. My guess is that is not the norm.

Mrs. SIMON-BARJON. No; it is not.

Senator CARDIN. My understanding, particularly in the agricultural sector in Haiti, is as you go up the chain it is hard to find women.

Mrs. SIMON-BARJON. You are absolutely right, but I go to the sugarcane fields. I talk to them and I learn a great deal and they see me. I am there.

Senator CARDIN. Yes, sir.

Mr. SHAYE. If I could add just one other thing. A few months ago, USAID did issue a competitive process on protection which would address some of the issues that I touched on earlier. Numerous NGOs, consortiums of NGOs, other donors have submitted proposals. We do not know who will be awarded the proposal, but some of the issues I touched on would be addressed by whoever the winning NGO or consortium is. So that is part of AID's current proposal process.

Senator CARDIN. And we will follow up on that to make sure that is being acted on.

Yes.

Mrs. SIMON-BARJON. Senator Cardin, I just remembered something. We just actually just started a program with Sysco, the large food company, in the Plateau de Rochelois which is in the mountains in Haiti. And we have actually done the same thing. And we have invited women, and we are inviting more and more women. We tell them that they are allowed to speak. But it is actually a work in progress. I cannot fight tradition. But you can basically just show them the way and just be an example. But we are making quite a bit of progress because before I started, there were no women at all, and I have actually invited the men, the planters, and their wives, and the people that I—you know, you are allowed to come to meetings. So we have done it, but a lot of women do not feel it is their place. You cannot force them.

Senator CARDIN. No. You cannot force them. Your example is certainly a very visible sign of progress. But there is also something about changing the culture of a country for opportunity.

Yes, sir.

Mr. SASSINE. There is something I just want to remind everyone. The major problem in Haiti is land tenure. The last time we had a disaster was 1762. We were not even Haiti. We were a French colony. And today I am hearing a conversation from the U.S. Embassy, USAID, and other organizations who are now talking

about this particular problem, that the land tenure and land titling situation—that is one of the major things that has to be resolved.

Senator CARDIN. Thank you. I appreciate that.

Mr. BERNADEL. I can say, Senator Cardin, that one of our partners in the Haitian diaspora is a lady that runs one of the micro-lending operations in Haiti. And this is an area where members of the diaspora, which are filled with women business people, that if they were given the opportunity, will for certain look at the plight and the condition of women in Haiti. But I know they will make an extensive effort to reach out to women business people in order to make credit available to them. Yes, very small amount of money, but many of those people that have access to those loans, if it had not been for those microcredit agencies, they probably would not have been able to take care of their family. So that is one aspect of reaching out to the women that we have.

Senator CARDIN. One of the things these two committees will look at—you mentioned somewhere around 1,000 loans that have been given out. We will take a look at those, see how many of those went to women businesses. I would be interested to see that because there is the opportunity to really make some advancements. If we find it is just a small percentage, then it is disappointing. My guess is that women are approximately 50 percent of the population.

Mrs. SIMON-BARJON. 52, sir.

Senator CARDIN. 52?

Mrs. SIMON-BARJON. Yes.

Senator CARDIN. 52 percent of the population, similar to the United States.

So we will look to see what type of record is being done there, and I will ask my staff to look into those records.

Thank you, Mr. Chairman.

Senator MENENDEZ. Thank you.

Well, with that, on behalf of both of us, let me thank you all for your presentations. Your insights were very helpful. This hearing is one dimension of our challenges and opportunities as they relate to Haiti. So we look forward to a future opportunity to discuss additional elements.

The record will be kept open for 3 days for members to ask any questions. If you do get a question, we would urge you to respond to it as quickly as possible to help us in our deliberations.

And with that, this hearing is adjourned.

[Whereupon, at 3:27 p.m., the hearing was adjourned.]

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#### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

##### PREPARED STATEMENT OF CATHOLIC RELIEF SERVICES (CRS)

Catholic Relief Services wishes to thank you very much for your ongoing work and personal attention to aid Haitians in rebuilding their country, the poorest in the Western Hemisphere, after the devastating earthquake that struck on January 12, 2010. Moreover, thank you for calling this important hearing on “Rebuilding Haiti During the Martelly Era.” We want to especially thank Mr. Cardin of Maryland, Mr. Menendez of New Jersey, subcommittee chairs on Western Hemisphere, the Peace Corps, and the Subcommittee on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection, respectively.

As one of the largest American aid organizations in Haiti, Catholic Relief Services is working hand in hand with Haitians to help rebuild their country better and stronger. CRS believes that aid agencies must strengthen local capacity and foster local leadership so that Haitians drive their own recovery and development. CRS works in partnership with numerous local organizations, including the Catholic Church in Haiti. Some highlights of our programs in Haiti include:

- **Transitional Shelter Program:** CRS and partners (including subgrantees Cordaid and Habitat for Humanity) are producing between 300–400 shelters per week. To date, a total of 6,485 shelters have been constructed.
- **Rubble to Reconstruction:** More than 2,500 metric tons of rubble has been recycled through the use of rubble crushing machines supplied by CRS to 14 beneficiary entrepreneurs. These small businesses are employing other earthquake-affected Haitians and, through their efforts, are supplying CRS and others with sand, gravel, and concrete blocks for construction.
- **Neighborhood Water and Sanitation:** CRS staff carried out formative research in target neighborhoods to explore community members' knowledge, beliefs, perceptions, and practices related to water and sanitation. The results are being used to develop strategies for assisting communities to make improvements in their living conditions that will positively affect their health and well-being.
- **Protection:** A total of 1,049 separated or unaccompanied children have been registered and are receiving some form of assistance. Of these children, 400 have been reunited with their families.
- **Institutional Strengthening Program:** As part of this program supported by CRS and the University of Maryland, the University of Notre Dame of Haiti selected six nurses and six doctors to become future faculty members. These health care professionals recently completed training sessions at the University of Maryland. They are continuing their clinical training at selected partner medical training sites in Haiti.

We request your immediate help with the unresolved problems of shelter and emergency and long-term funding for Haiti. It is estimated that 680,000 Haitians are currently living in displacement camps. Vulnerable people living in overcrowded areas with inadequate shelter and surrounded by strangers are at a higher risk of suffering from poor health and violence. These populations also have a much harder time supporting themselves and providing for their families. Before the earthquake, there was a lack of basic primary education and health resources for most Haitian people. To further exacerbate these conditions, only 50 percent of Haitians had access to clean water. Government and civil society institutions are weak and under-resourced and, absent a shelter strategy, vulnerable populations, many of who are women and young girls, are at risk.

- We urge that the U.S. Government's support to Haiti prioritize the needs of the most vulnerable, focus on strengthening Haitian capacity and leadership, and support improved governance of Haitian institutions.
- We would like to request that the Office of Foreign Disaster Assistance (OFDA) be supported to carry out life saving support to the people of Haiti, especially in the areas of water, sanitation, and shelter. OFDA was cut by 33 percent in the FY 2011 Continuing Resolution. Further cuts severely undermine the people and the programs that many NGOs are trying to implement in support of the Haitian people. We would like to encourage full funding of OFDA's programs in the fiscal year 2012 annual budget. We ask that you protect this humanitarian and poverty focused account that functions to protect thousands of lives in Haiti.
- Furthermore, we believe that the support of the United States Government can and should be targeted at some specific priorities for Haiti, including customs clearance delays: the United States and other international Non-Governmental Organizations (NGOs) continue to experience delays of many months to clear imported items that cannot be found on the local market. This includes lumber for the construction and repair of shelters and other infrastructure, medical supplies, communications equipment, and other essential items. Right now, activities are hampered by such delays which make it difficult to implement the programs that are designed to protect lives and livelihoods. We recommend immediate and sustained intervention to help the Government of Haiti resolve the above issues.

Thank you.

RESPONSES OF REGINE SIMON-BARJON TO QUESTIONS SUBMITTED  
BY SENATOR MARCO RUBIO

*Question.* What is your assessment of the U.S. Government's strategy to engage with and strengthen the Haitian private sector as part of our reconstruction assistance?

*Answer.* The real secret to removing Haiti from its aid and poverty-dependency trap is by building and establishing a sizable fiscal base via massive productive investments in Haitian private sector. This will contribute more to "helping the Haitian people, help themselves" on a sustainable basis than merely the traditional aid programs.

The focus should be on four primary sectors: (1) Technical Support to the Government of Haiti and its pertinent branches, (2) Agriculture, (3) Renewal Energy, (4) Credit Access, which are interrelated.

These priority sectors can support Haitian productive sectors by addressing specific existing indigenous potentials which have the ability/capacity to simultaneously impact, in the immediate and the long term, more people, as well as the Haitian market economy.

Many of the project examples in this complementary report to the June 23 testimony can also be implemented in conjunction with the Inter-American Development Bank (IADB) and/or the International Finance Corporation (IFC) or other such institutions. Most projects should be able to offer financial sustainability and viability.

(1) TECHNICAL SUPPORT

Technical Support, training and assistance in good governance and organizational skills at the Haitian executive, parliamentary and municipal levels to establish a workable organizational system with the requisite expertise and access to information needed within the Government of Haiti (GOH).

This proposed program will include the experienced U.S. and Haitian-Americans to serve as technical agents to train and engage Haitian civil servants on best governance policies, share expertise and organizational skills as well as establish priorities, provide the necessary focus to improve United States/Haiti bilateral relations and to establish common and practical ground, especially on the political and economic fronts.

This program will also seek to focus, organize, and leverage both local and Non-Governmental Organizations' (NGO) assets to better contribute to economic development, Haitian economic sustainability. The program may also present an instrumental venue in working and engaging the Haitian parliament to build bridges and establish vested interests and goals.

—U.S. jobs created: 10 to 15

—Haiti jobs created: 150

—Estimated annual costs and operations: US\$5,000,000

(2) AGRICULTURE

The Haitian Agricultural Sector represents 25 percent of Haiti's GDP and employs two-thirds of its workforce. Haiti has 700,000 hectares of unused/underutilized lands which can service this sector, contribute to food, energy security, and create thousands of jobs. The needs of the agricultural sector are:

*i. Irrigation and drainage*

The rehabilitation of Haiti's watersheds and rivers, canals and drainages systems will reduce the risks of floods which cause annual loss of life, crops, and livestock, and will in turn result in improved crops' yields and thereby, farmers' income and contribute to improved food security.

This program can easily accompany the ongoing "Cash for Work" program by: (a) Partnering with NGOs and the GOH, and (b) employing workers to rebuild and/or build existing or new canals and repair antiquated drainage systems.

Example: The Province of Leogane, the traditional sugar cane region of the country suffers from massive flooding every year. There is important ongoing irrigation work being done by an estimated 12 different NGOs expected to be completed in December 2011. The result in theory will be that by the aforementioned date, irrigation (water) will be available to 4,000 hectares (ha) of the province of Leogane. However, there is still secondary irrigation and drainage work that is needed to both secondary canals and to the province's additional 3,000 ha.

Leogane's total irrigation canals' length is 90 kilometers (KM) of which only 20 km have already been done with concrete. This leaves 70 km of mud-made canals which need to be rebuilt in order to ensure sustainable agriculture.

In addition, because the cleaning of both the irrigation and drainage canals must be done annually, it is imperative to establish viable partnerships between the regional farmers and an agroindustrial company—in this case BioTek Solutions, Inc./BioTek Haiti—to ensure a market for feedstock/sugar cane and the State (via its Ministry of Public Works) to ensure infrastructure maintenance and continuance.

- Estimated job creation: 32,000
- Province of Leogane irrigation/drainage cost: US\$25,000,000
- Estimated annual maintenance and operations: US\$465,000
- Estimated annual return on investment: +US\$42,000,000

The rehabilitation and optimization of Haiti's only operating sugar mill, the Darbonne Sugar Mill (at an estimated cost of US\$50 million) to complement Leogane's existing agricultural/sugar cane acreage will provide a return on investment as follows:

- The reduction of Haiti's annual sugar imports by a minimum of 26 percent, representing US\$30 million depending on fluctuating sugar import price;
- The reduction of Haiti's estimated annual trade deficit;
- The provision of up to 15 megawatts (MW) of more consistent affordable and accessible electricity provisions to more people;
- The potential for new entrepreneurial development as a result of electricity provisions of compost and fertilizer (which in turn increase crops' yields and farmers' income).

*ii. Agricultural research and development to include seed bank/nurseries*

To select, multiply, and initially distribute at no cost to farmers improved, disease resistant seeds and plants which will ensure higher yields and result in higher income for farmers. This will also contribute to greater food and energy security.

This project should become economically self-sufficient within 5 years with farmers earning enough from previous years' crops and earnings increase to be able to afford to buy their own seeds to ensure profitable crops.

The program should initially be a partnership between farmers, pertinent agroindustrial company(ies) and the Haitian Ministry of Agriculture. Initial financial investment to establish an Agricultural Research and Development Center to include a seed banks and nursery component should be supported financially and technically by the pertinent agroindustrial companies and the Haitian Ministry of Agriculture with U.S. and/or international support.

There are currently 20 ill-equipped public Agricultural Research and Development Centers in Haiti and an estimated 3 private ones and 2 new ones in specific agricultural sectors (sugar cane and winter vegetables). The United States and/or the international community should optimize the capacity of these centers to facilitate and expedite agricultural rehabilitation and reforestation.

It is suggested that U.S. investment in this sector compress the above number to 10 AgCenters; and begin with Haiti's Primary Agricultural industries (sugar, rice, poultry/egg [for livestock] and such as coffee, mangoes, plantains, maize and winter vegetables which can serve the U.S. markets as well as contribute to food security locally. Dual/multipurpose crops such as jatropha, vertiver will also serve to expand existing agroindustrial and agroenergy potential—while also contributing to soil conservation, erosion mitigation, and reduce the risk of floods if planted along river banks.

- Estimated job creation: 250 Ag professionals
- Estimated cost of rehabilitating 10 Ag Centers and financing private centers: US\$5,000,000
- Estimated annual operation costs: US\$2,500,000
- Estimated return on investment: increased yields and farmers income, and contribute to food security

*iii. Access to fertilizer*

After a brief and unscientific research in this field, the Haitian-American Chamber of Commerce (U.S.) and BioTek Solutions, Inc./BioTek Haiti SA called on three fertilizer/compost and waste to energy companies which corroborate the great potential of recycling waste into fertilizer, compost, and energy.

The companies all demonstrated an interest in working in Haiti—DCK Worldwide (U.S.), Sequel IRM of Canada and Global Ecology Corporation (GECO) all agree that the use of Haiti's capital of Port-au-Prince's existing 1,600 metric tons (MT) of waste—which contains 75 percent agricultural waste can be made into a viable and profitable business with the production of fertilizer, compost, and energy.

Preliminary studies indicate that Port-au-Prince 1,600 MT of Municipal Solid Waste (MSW) stream can produce upward of 12 MW of electricity (conservative esti-

mate) as well as compost and fertilizer. The conversion and/or the recycling of waste into fertilizer, compost, and and/or energy would serve multiple sectors.

Currently, the Port-au-Prince MSW department is subsidized by the State at US\$200,000 per month (US\$2.4 MM) to collect waste for an estimated +3 million people and operates at a US\$1.6 million deficit annually.

- Estimated job creation: 3,000
- Annual waste collection costs: US\$4,000,000
- Estimated waste to energy plant building: US\$75,000,000
- Estimated waste to compost/fertilizer plant: US\$1,200,000
- Estimated annual return on investment: US\$16 to 20 million (depending on retail cost of fertilizer and compost)

This sector presents an ideal opportunity for the establishment of Public-Private Partnerships and the inclusion of Port-au-Prince's 10 private waste collection companies to better work and collaborate with the MSW Department—which does not provide the incentive of tipping fees as is the norm in the United States. Addressing this sector would ensure a return on investment which establish a financially self-sufficient MSW department, as well as include the following:

- The ability of the Port-au-Prince MSW department to pay for waste collection services (estimated at US\$4MM);
- The provision of adequate municipal solid waste (MSW) collection services for all of Port-au-Prince's citizens and visitors;
- Reduced potential for the spread of disease with a cleaner environment;
- Potential creation for an estimated 3,000 jobs;
- The increase of more consistent accessible and affordable energy provisions.

### (3) RENEWABLE ENERGY

Renewable energy production is feasible by making use of existing indigenous products and assets such as sugar cane and other dual purpose crops such as jatropha, moringa, and vertiver—can serve as capacity-building for existing industries. These crops can create both agricultural and industrial jobs.

The conversion of Port-au-Prince's 1,600 metric tons of municipal solid waste into energy can contribute to job creation and toward establishing viable entrepreneurship opportunities in Haiti—makes use of indigenous or existing assets such as waste, including Municipal Solid Waste to produce and yield a natural fertilizer with 10 times the nutrient content of composting, according to Sequel IRM of Canada. This results in the reduction of the use of fossil fuel fertilizers (which Haitians can ill afford). The expansion of this existing sector will serve multipurposes:

- i. Reforestation;
- ii. Soil conservation and flood mitigation with the planting of specific crops on river banks (i.e., jatropha, moringa, vertiver which can also produce bio-fuel);
- iii. New entrepreneurial initiatives and job creation.

### (4) CREDIT ACCESS SHOULD BE AFFORDABLE AND INCLUDE AN AGRICULTURAL CREDIT BANK

To meet this challenge to private sector development, the United States and Haiti can establish and implement a Development Bank and/or Haiti Enterprise Fund.

The Haiti Enterprise Fund can be underwritten by a capital commitment from the USG, its investments and loans rolled over and provide increasing leverage beyond the amount initially invested. Through its activities at the microeconomic level, the Haiti Enterprise Fund can contribute to an improved business climate and create an improved ecosystem for investing and lending. This demonstration effect would also provide assurances for the local banks of the risks and opportunities in SME lending and attract foreign strategic and financial investors, all of which would contribute significantly to reducing the high local interest rates.

The Dominican Republic's Development Bank successfully raised funds in part by using the USDA's U.S. Export Credit Guarantee Programs (GSM-102 and GSM-103). A similar initiative in Haiti could pump up to US\$2 billion into the Haitian economy (figures based on current imports). The capital raised could then be invested in the public and private sector development by such Bank's professional management, who should operate independently of government control, but subject to public oversight and sound corporate governance.

- Estimated program startup: US\$250 million (in authorization)

*Question.* From the private sectors' perspective, can you identify three initiatives that the Martelly administration can realistically take at relatively low cost and in



a short period of time to significantly improve the business and investment climate in Haiti?

The listed sectors/programs below would immediately serve the Haitian private sector as well as SMEs and contribute toward building the foundation for economic development with the implementation of:

(1) The Darbonne Sugar Mill Project, to include the rehabilitation of the Leogane regional watershed, irrigation and drainage systems;

(2) Suggested expansion of the Cash for Work Program for the provision of improved waste collection services in the Port-au-Prince metropolitan regions resulting in Public-Private Partnerships and a self-sufficient waste collection department via the conversion of waste to compost, fertilizer, energy;

(3) Improved Access to Private Sector Capital via an Enterprise Fund and/or a Development Bank which should include an agricultural credit component.

—Estimated program costs: US\$250 million

*Question.* How would you quantify the job creating impact of these measures?

(1) AGRO-ENERGY SECTOR

i. The Darbonne Sugar Mill Project will create an estimated up to 32,000 jobs. Another potential project should include the building of another sugar mill in the North Cap-Haitien region for both sugar and energy production to service that region's planned Industrial Park and tourism developments. The planned US\$300 million Cap-Haitien Industrial Park will host a 25 megawatt electricity plant.

A sugar mill as opposed to the planned/suggested diesel plant will better serve the community and Haiti as a whole by completely eliminating sugar imports (in conjunction with the Darbonne Sugar Mill) and employ an additional 32,000 farmers in that industry.

ii. Waste collection—which is a great challenge in Haiti especially in the metropolitan regions of Port-au-Prince and Cap-Haitien—can create 5,000 to 6,000 jobs. An estimated 3,000 jobs waste collection jobs can be created in the Port-au-Prince region alone, and additional jobs in entrepreneurial activities such as recycling, waste conversion into compost, fertilizer and waste to energy, thereby producing needed electricity and other fuels while also making the pertinent departments financially viable as opposed to the current status which registers consistent deficits.

(2) IMPROVED ACCESS TO CAPITAL AND DEBT FINANCING

i. The Enterprise Fund would provide a “holistic” approach to rebuilding Haiti's private sector and policies and practices conducive to Haitian private sector development. Its Board and Management of seasoned investment professionals would develop and implement strategy to jump-start Haitian private business development through equity investments, loans, and technical assistance directly to Haitian SMEs.

If the experiences of the Enterprise Funds in Central and Eastern Europe (CEE) are any guide, the Haiti Enterprise Fund would likely create viable, sustainable micro- and small-business lending facilities, commercial banks, mortgage lenders, leasing companies and the like as well as make direct equity investments strategically in catalytic businesses. In doing so, these precursor funds financed well over 100,000 local businesses and created many more jobs. The Haiti Enterprise Fund could be expected to create in the range of 50,000–100,000 jobs in viable private businesses financed by the Fund.

*Question.* Regarding the Darbonne Project, have you sought support from the IHRC?

Answer. Yes.

*Question.* If so, what factors are impacting or would impact prompt response from the IHRC?

Answer. The lack of capital or funding greatly impacts projects' implementation. The fact remains that the IHRC does not have ready funding and funding can only be dispersed when available or when donors have met or honored their pledges.

In addition, Haitian entrepreneurs are greatly limited by the overall lack of access to investment capital investments. Large projects with large budgets must seek additional seed and/or investment funding from the Inter-American Development Bank and/or the International Finance Corporation (IFC) or other Institutions in order to meet the criteria for the minimum [investor/entrepreneur] seed funding requirements.

*Question.* What has been your experience as an entrepreneur in working with the IHRC?

*Answer.* The IHRC has been helpful and its staff has shared much of its time and expertise.

*Question.* How emblematic are these experiences of the situation affecting the larger business community in Haiti?

*Answer.* Most Haitian entrepreneurs and business people do not have access to the IHRC and therefore cannot benefit from advice from that body.

This is one of the primary reasons why the Haitian-American Chamber of Commerce (U.S.) initiated the U.S./Haiti Technical Team to better serve and liaise with the IHRC and other such organizations to promote pertinent programs and share information, leverage assets, and meet and match potential partners who can build and/or expand business capacity that will contribute to job creation and economic development.

*Question.* How well do U.S. foreign assistance programs work in reinvigorating private sector interest in Haiti?

*Answer.* There are 2 separate issues to be addressed in this regard:

(1) U.S. Foreign Assistance does not address nor invest in the sectors which can present the most benefit and greatest impact to the Haitian economy. U.S. assistance tends to reinforce AID dependency rather than promote Haitian economic self-sufficiency.

(2) Though, the Martelly administration has signaled its intention of leading the transition from the country's traditional commerce to production, including attracting foreign investment necessary for such needed development—such initiatives must include and reach out to potential Haitian-American diaspora investors and Haiti's entrepreneurial class or SMEs which represent 80 to 95 percent of Haitian businesses.

In addition, programs and incentives must be accompanied by tangibles such as a available credit and equity capital from an Enterprise Fund and/or a Development Bank to assist in funding entrepreneurial development and to build capacity—thus multiplying businesses and creating jobs as well as result in increasing tax revenues for the State. This cannot be easily accomplished through traditional assistance programs, but requires the independently managed approach of seasoned investment professionals, free of bureaucratic constraints, but subject to public oversight, as is illustrated in the proven model employed by the highly successful Enterprise Funds in the CEE region.

(3) An exclusion of the Bumpers Act for Haiti only.

(4) Continued support and incentives for the expansion of the Apparel/Garment sector.

(5) The inclusion for aid, assistance and funding to Haiti's Agricultural Breadbaskets: the Artibonite Valley and the Plains of the Province of Leogane for agricultural cultivation and production for food and energy security—as well as incentives and programs to encourage U.S. agricultural companies to expand and replicate operations in Haiti. This will create both U.S. and Haitian jobs, expand and secure U.S. and Haitian markets.

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RESPONSES OF GARY SHAYE TO QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

*Question.* In your view, what are Haiti's most pressing humanitarian needs at the moment, and to the extent that you can tell, in the next 6 months?

*Answer.* In terms of the most pressing humanitarian issues, I would like to put forward the following issues, all of which have been discussed among the international nongovernmental (INGO) community. It is important to say that all of these are complex issues, and the ability to resolve them may well depend on how quickly the new government takes over leadership of the government ministries.

The purpose of raising these issues is to focus the response on those areas that are viewed most critical by the many NGOs that are working at the community level. While Save the Children addresses many of these issues in our own programs, our knowledge of the context and—more importantly—regular communications and information from other NGOs, including the 15 members of the International NGO Steering Committee, made it possible for us to respond to this question.

*(1) Resettlement and forced evictions*

Forced evictions have taken place over the last year and continue taking place with no clear action to prevent and respond to them.

A new relocation plan for six camps has been designed by the Haitian Government. This is a very positive step, but articulation between this and the other 1,000 camps is unclear.

Timelines and availability of alternative solutions also need to be defined. There needs to be greater clarity on the funding that will be required to support a holistic resettlement strategy.

Discussions need to take place with partners on how the relocation plan will be implemented.

As resettlement is directly related to the potential for livelihoods there needs to be greater clarity about the livelihoods options for those that will be relocating.

*(2) Water, Sanitation, and Hygiene (WASH) and cholera*

There has been an increase in the number of localized cholera outbreaks (e.g., Carrefour, Leogane, Petit Goave/Grand Goave), which is likely related to the start of the rainy season, and flooding in a number of areas with poor sanitation. In other communities where prevention activities have decreased there are concerns that we could see another spike in cases.

In some cases the planned closure of cholera treatment clinics and units (CTCs and CTUs) will limit the capacity for response, especially in remote areas where the next nearest facility could be hours away, often not enough time for a patient to receive the necessary treatment and care.

Funding for shelter construction does not systematically allow for an integrated approach to WASH and shelter and that is just what is required to reduce the spread of cholera.

The absence of safe waste management and treatment systems impacts the ability to control cholera and more generally to ensure proper treatment of waste.

There are also challenges in the timely coordination of collection of epidemiological data between local and national levels.

Distributions of hygiene materials have yet to take place within a context where actors are downsizing their operations. As a result of the downsizing there are potential shortages in staff available for distributions.

*(3) Protection / child protection / social protection*

Coordination of Sexual- and Gender-Based-Violence (SGBV) interventions amongst humanitarian actors and between humanitarian and government structures remains patchy.

There are financial barriers to access to health care for the whole population, in a context where increased prices translate into decreased expenditures on health care.

The displaced situation impacts the likelihood of children being abandoned, separated, economically or sexually exploited and potentially trafficked.

*(4) Prices increase / food crisis*

Increased food prices result in decreased expenditures related to food, health, education, and increased debt in a context of the conclusion of Cash for Work interventions and an increase in global and national oil prices.

For vulnerable households, further price increases are likely to result in further decreased expenditures dedicated to food, both in quality and in quantity.

*Question.* Could you share your experience in engaging the Ministries of Commerce and Education and the Central Bank in the implementation of your Business Development Services and Micro finance Grant program for Haitian small businesses?

*Answer.* Save the Children has not had sufficient dealings with these entities to provide a useful answer to this question and would refer the Senator to our colleague organization, Oxfam, which has had more experience with these bureaus. A contact name at Oxfam will be provided by our office in Washington.

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RESPONSES OF MAJ. JOSEPH BERNADEL TO QUESTIONS SUBMITTED BY  
SENATOR MARCO RUBIO

*Question.* Can you describe two diaspora-led or supported projects that you have advocated for at the Interim Haiti Reconstruction Commission?

*Answer.* Vilaj Vilaj is a very well-designed project and very responsive to the diverse needs of the Haitian community. I met a few times Mr. Mervil to advise and support them in the different stages of submission and review with the relevant authorities. Vilaj Vilaj intend to rebuild villages in Haiti. The first one is planned to be built in Paillant, in the Nippes department. This first village should accommo-

date around 5,000 people, while its infrastructure should allow it to provide enough energy, services, and agriculture to be self-sufficient. The success of this project lays on citizen participation and democratic life, that are essential notions as well as sustainable development and self-determination.

Project Grace is a comprehensive plan for sanitation and potable water for Haiti, based on a unique kiosk-based technology and would reach 2,000,000 residents outside the Port-au-Prince zone. The kiosks could be rapidly deployed and have a life span of 15 years. This plan will serve to provide sanitation and potable water while providing jobs and contributing to the local economy and will also be a clear and concrete demonstration to the world that Haiti is in the process of bettering the living conditions of its populace. The project is based on science (assuring protection against *Giardia lamblia* and *Cryptosporidium*, two parasites prevalent in Haiti as well as bacterial contamination), can readily be deployed, is aligned with cultural sensibilities, and is a cost-effective way to provide a solution for extremely pressing needs.

Other projects that I have advocated for/discussed/provided context and administrative direction include Ville D'Espoir (a new development at Saint Marc), The Haitian League Lakou Network, Association des Cultivateurs du Nord et du Nord'Est (Nonprofit Farmers' Association), FurnitureOrigins-Ayiti, Coalition for Sustainable Trade in Haiti, and Art Creation Foundation For Children expansion. In addition, countless number of other organization both diaspora led and supported have been provided innumerable hours of advice and counsel in their quest for Project Submission to the IHRC.

*Question.* How effective is the IHRC in coordinating and responding to private sector projects for reconstruction?

*Answer.* IHRC has various systems in place including an entire project review process that is undertaken by the director of projects in consultation with the team and the GOH. IHRC has also a donor liaison officer who works closely with the key donors and the private sector to make sure that the IHRC gives private sector projects the necessary attention.

*Question.* Can you describe your experiences engaging with the donor community to secure funding for and approval of projects?

*Answer.* IHRC has a process in place and as a Board member, my function is to deliberate and provide advice on projects over \$10 million reviewed by the Team and the GOH. Board members do not engage with the donor community to secure funding for an approval of any specific projects. As the Representative of the Haitian diaspora, I am a nonvoting member of the Board.

*Question.* One of the IHRC's goals was to serve as a strong accountability model to future Haitian governments.

- How would you rate the work of the Performance and Accountability Office in tracking project benchmarks?

*Answer.* The PAO has already put in place reports on all existing projects, this reporting being RBM (results based management) oriented, hence clearly presenting results and related achievements and challenges to project implementation. The reporting also provides for comprehensive financial information, thus enabling transparent and proper evaluation of projects by stakeholders, third parties and the public. The PAO has put in place a progressive approach to project monitoring.

- How effective is the online system for Haitian organizations to monitor foreign assistance donations and distribution?

*Answer.* At the onset, many complained constantly about the difficulties of interacting with the system. Over time, the system has improved although it continues to have a number of areas needing technical review.