

# HAITI RECONSTRUCTION: SMART PLANNING MOVING FORWARD

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## HEARING

BEFORE THE

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

OF THE

COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

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## **HAITI RECONSTRUCTION: SMART PLANNING MOVING FORWARD**

**THURSDAY, FEBRUARY 4, 2010**

U.S. SENATE,  
SUBCOMMITTEE ON INTERNATIONAL DEVELOPMENT AND  
FOREIGN ASSISTANCE, ECONOMIC AFFAIRS, AND INTER-  
NATIONAL ENVIRONMENTAL PROTECTION, COMMITTEE  
ON FOREIGN RELATIONS,

*Washington, DC.*

The subcommittee met, pursuant to notice, at 3:25 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Robert Menendez (chairman of the subcommittee) presiding.

Present: Senators Menendez and Corker.

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

Senator MENENDEZ. This hearing, come to order.

Let me, first, apologize to our witnesses and to the public who's here. We have a vote that's going on as we speak, and there were two votes, actually, so I'm sure many of you have been here before and understand the nature of that—so instead of interrupting the hearing, we're just starting a little later, so we appreciate your forbearance. And I know that the ranking member will be here shortly.

So, let me start with a statement. We're here today to look at the extraordinary reconstruction challenges in the months ahead for Haiti and to put forward ideas that should be part of a broader discussion, moving forward.

Of course, first of all, let me say that our thoughts and prayers are with the people of Haiti, to all who have lost family and loved ones in this tragedy, including to some who have lost loved ones, from the United States, and even from my State.

The United States and Haiti are historically tied together in important ways, ties that have become clear in the aftermath of the earthquake's devastation. The response for aid and assistance has reverberated in towns and cities across the United States. I can speak to the response in my home State of New Jersey, which has the fourth-largest Haitian population in the country. In Essex or Union County, I'm hard-pressed to find a Haitian-American that doesn't know someone who is lost in this catastrophe.

Today, we meet as the initial response is transitioning to a more sustained one. But, even as we transition, we continue to work in an acute environment, where life or death hangs in the balance for those who remain critically injured. We continue to battle logistical

constraints to get assistance to those in need, and we have only begun the operation to recover the remains of tens of thousands who perished under the rubble.

So, recognizing the immediate needs that still exist, we meet today to look forward, to pay particular attention to decisions that are being made today, tomorrow, and next week and beyond, and how those decisions will impact the long-term recovery operation in Haiti. In particular, we will discuss issues that should be resolved with the March donors meeting at the United Nations in New York.

Immediately following the earthquake, President Obama appointed Dr. Shah, the Administrator of USAID, to lead the response. I'm pleased that President Obama chose to have a civilian lead this effort, and, in—particularly that he chose USAID.

In terms of disaster response, the United States, through the USAID Department and its Disaster Assistance Response Teams, actually have very strong systems in place to respond to disasters overseas. The DAR Team is often the first team on the ground to help assess needs and call in support, but clearly the scale and scope of the earthquake in Haiti has overwhelmed everyone. But, the United States did not wait to act. So, we appreciate Dr. Shah's ongoing work on this, and we look forward to his testimony to this committee at some point in the near future.

We've all seen the outpouring of support for Haiti from countries around the region and around the world. From large corporate donations to private individuals who texted \$10 from their cell phones, this has truly been a broad-based response.

With a broad response come big resources. And with big resources comes big ideas. And with big ideas comes pressure to spend those resources and make those ideas a reality. Soon concrete will be poured, bricks will be laid, schools will be built, and land rights will take on a new urgency. As we know, decisions that are made after any disaster, decisions that are being made even today in Haiti, have a tendency to gel. So, before all the needs assessments are done, before the long-term plans are complete, before decisions that are made on the fly end up being the basis for policy, moving forward, we need to make sure that these decisions are taken by choice rather than by chance. For example, who will sift through and prioritize the wellspring of ideas that well-meaning governments, international agencies, and private organizations have for the future of Haiti? And, of course, the importance of Haiti, its government, and its people to be an intricate part of this. I think we all agree with President Clinton when he says we should help Haiti build back better. But, how do we organize our response to do this? How will reforestation or city planning be prioritized against water or roads? How can we prevent a new earthquake-resistant school from being built right next door to another new earthquake-resistant school? Few in this process are bad actors; we all want the best for the Haitian people. But, we should not underestimate the pressures from donors, governments, and private organizations to show results back at home, wherever "back home" happens to be for them.

Of course, the Haitians should be in the lead. But, the question remains, Who plays the supporting role, and how do we organize

our efforts? How should the United States and the rest of the international community work with the United Nations? How do we balance a separation between military and civilian efforts, but, at the same time, make sure they are well coordinated? What is the role of the Organization of American States, the World Bank, the Inter-American Development Bank, and other regional organizations? And while we all recognize, again, that Haitians should be in the lead, we also recognize that the institutions and leadership in Haiti, fragile before the earthquake, are maybe even more fragile today.

Now, with government structures so devastated and the immediate needs so acute, the international community may be tempted to do for them instead of doing it with them. Such tradeoffs will not be easy, but the long-term goal is Haitian ownership of both the challenge and the solutions. This is the foreign policy interests of the United States and in the greater humanitarian interests of all of us who have been affected by this tragedy.

We have three expert witnesses with us today to offer their views. First, we have Robert Maguire, the director of programs and international affairs at Trinity Washington University; Mark Schneider, who is a senior vice president at the International Crisis Group; and Charles MacCormack, president and CEO of Save the Children.

I want to thank you all for your participation today. We look forward to a frank and provocative discussion, as well as a productive one.

Before I turn to you for your testimony, let me recognize the distinguished ranking member of the committee, Senator Corker, for any remarks he may have.

**OPENING STATEMENT OF HON. BOB CORKER,  
U.S. SENATOR FROM TENNESSEE**

Senator CORKER. Mr. Chairman, thank you. And I hope, always, if there's ever a delay after a vote, you always start without me, and I thank you for doing that today without—so that I don't feel badly being late and keeping our witnesses here.

Thank you for your testimony. I'm going to listen to each of you, and not make any opening comments. I am catching a flight shortly thereafter, so, after you finish making your testimony, I probably will leave. We have some questions that we'll probably give you, if it's OK, for the record. But, I thank you very much for being here, for your efforts, and certainly for your testimony.

Senator MENENDEZ. Thank you, Senator.

And with that, let me recognize each of you for 5 minutes or so. I'd ask you to summarize the essence of your written testimony. Your full written testimony will be included in the record.

And we will begin with you, Mr. Maguire.

**STATEMENT OF ROBERT MAGUIRE, ASSOCIATE PROFESSOR  
OF INTERNATIONAL AFFAIRS, TRINITY WASHINGTON UNIVERSITY,  
AND CHAIR OF THE HAITI WORKING GROUP OF  
THE U.S. INSTITUTE OF PEACE, WASHINGTON, DC**

Mr. MAGUIRE. Thank you. And thank you for inviting me to testify today. I appreciate this opportunity to share my thoughts.

My testimony is called “Reconstruct to Rebalance Haiti.” And I should say that, in the five decades that I’ve traveled to Haiti, I’ve seen the country become terribly out of balance. Much of this revolves around the unnatural growth of Haiti’s cities, especially what Haitians call the Republic of Port-au-Prince, and a parallel ferocious neglect of the rest of Haiti, particularly its rural economy and people. I have outlined the progression and results of this in my written testimony.

Because of unmitigated off-the-land migration with poor people piling on top of each other on steep hillsides and in dangerous ravines, river flood plains, and coastal mudflats, seeking opportunities that were mostly a mirage, Port-au-Prince had become a disaster waiting to happen. Those who perished on January 12 were mostly poor people crowded on marginal land and into substandard housing devastated by the quake.

The vast majority of the thousands who died in the floods in Gonaives in 2004 and 2008 were poor people crowded on alluvial coastal mudflats in the river flood plains.

Haiti had lost its balance in social and economic equity and in the ability of the state to care for its citizens. By 2007, 68 percent of the total national income went to the wealthiest 20 percent of the population, Haitian state institutions had virtually collapsed under the weight of bad governance since the Duvalier era.

International balance was off, too. In recent times, donors have chosen mostly to bypass even democratically elected governments and funnel aid funds through foreign-based NGOs and enact projects drawn up outside of Haiti and that lasted only as long as the money did. By the 1990s, Haitians were derisively calling their country a Republic of NGOs, and by 2008, none other than the president of the World Bank lamented the cacophony of feel-good flag-draped projects that had proven a vastly inadequate substitute for a coherent national development strategy.

Now is an opportunity to help Haitians restore balance to their country. I have five recommendations, based upon my experience in Haiti and years of discussions and conversations with Haitian counterparts.

One, encourage decentralization by welcoming dislocated persons. At least 500,000 people have now fled Port-au-Prince, returning to towns and villages from which they had migrated and where they have family. This flight can be a silver lining in today’s very dark cloud, but we must catch up with and get ahead of this movement. If conditions in the countryside, already poor, are not improved, the displaced will ultimately return to Port-au-Prince to replicate the dangerous dynamics of earlier decades.

To catch up and reverse this migration, we should support the idea proffered by the Haitian Government in Montreal last week: reinforce 200 decentralized communities. And these communities’ welcome centers can offer multiple services, including relief in the short term, with education and health facilities attached.

The reverse migration we are seeing today offers a golden opportunity to rebalance the education and health system of Haiti and to help the rural economy grow. In that regard, the centers can coordinate investment and employment opportunities, as well as state services, including robust agronomic assistance to farmers.

No. 2, support the creation of a national civic service corps. The institutional piece of this decentralization can be a national civic service corps. Since 2007, Haitian authorities have been working on the prospect of creating such an entity. Now's the time for it to take off.

A 700,000-strong corps will rapidly harness untapped labor in rural and urban settings to rebuild Haiti's infrastructure, undertake environmental rehabilitation, increase productivity, and restore dignity and pride through meaningful work. It will also form a natural disaster response mechanism. If this all sounds familiar, it should. This thinking parallels the thinking that went into the creation of such New Deal programs as the WPA and the CCC.

No. 3, strengthen Haitian state institutions through accompaniment, cooperation, and partnership. At the hearing on Haiti last week, witnesses spoke of the need to rebuild the Haitian state from the bottom up and of working with Haitian officials, not pushing them aside. I agree wholeheartedly. This is an opportunity to strengthen Haiti's public institutions.

The capacity of the Haitian state has deteriorated progressively over the past 50 years. We've seen that in past weeks with the already weak state that can hardly respond to this calamity.

It's easier to kick someone in the teeth when he or she is already on the mat. Rather than swinging our foot at the Government of Haiti, however, we should offer our hand. This is the time of the government's greatest need. Over the past 4 years, Preval has won praise internationally, and among most in Haiti, over improved management of the affairs of the state. We were looking for a new paradigm at the donor's conference of partnership. Let's stay that course. Generations of bad government and zero-sum political culture are not turned around overnight.

No. 4 of my five, get money into the hands of poor people. Two recommendations. Let's stimulate Haiti's bottom-up capitalism to rebuild the country through small loans to entrepreneurs, especially those who produce something, including farmers. The government studies indicate that a 10-percent increase in man hours on farms will create 40,000 jobs. Implement a conditional cash transfer program for Haiti. These programs transfer cash to poor, conditioned upon their children attending schools and clinics. Mexico and Brazil have succeeded in assisting millions of poor families improve standards of living, while sending their children to schools and clinics.

Importantly, CCT programs provide the government with the challenge and opportunity of being a positive presence in the lives of citizens. This is essential in Haiti as a means of enabling the government to demonstrate, therefore, that there are tangible fruits of democratic governance. You vote, you get something back for it.

The last recommendation is to seek out and support institutions, businesses, leaders who work toward greater inclusion, lesser inequality, and enact socially responsible investment strategies.

So, what about hope and its potential benefits? Beyond doubt, factory jobs should be a part of Haiti's future. Three important points must be kept in mind, however, if this job creation strategy is to be a plus in helping Haiti to rebalance and build back better.

First, universal free education and rural investment must robustly parallel factory investments. Decentralized agrobusiness possibilities, and the jobs and infusion of cash they bring to the Haitian economy, cannot be ignored.

Second, assembly plants cannot be concentrated in Port-au-Prince. Haiti has at least a dozen coastal cities with already functioning, albeit rudimentary, infrastructures where ports can be built. Decentralization into these towns and cities will rebalance prospects for economic growth and infrastructure development to all of Haiti.

And third, investors, owners, and managers must be mindful of the fact that Haitian workers are more than plentiful cheap labor. As Secretary of State Clinton said at the April donor's conference, "Talent is universal, opportunity is not." A key to Haiti's renaissance is to improve the opportunity environment for all. Haiti's diaspora offers bountiful evidence of what can be achieved when opportunities are twinned with talent.

In conclusion, if there is a silver lining in the deep, dark cloud of Haiti's recent catastrophe, it is that this may offer all of us—Haitians, friends of Haiti, and those whose connection with Haiti may simply be as a bureaucrat or an investor—an opportunity to learn from mistakes and take steps that will rebalance the country. If rebalanced, Haiti can move forward unequivocally toward less poverty and inequity, diminished social and economic exclusion, and greater human dignity, a rehabilitated environment, stronger public institutions, and a national infrastructure for economic growth and investment.

Thank you.

[The prepared statement of Mr. Maguire follows:]

PREPARED STATEMENT OF ROBERT MAGUIRE, PH.D., DIRECTOR OF PROGRAMS IN INTERNATIONAL AFFAIRS, TRINITY WASHINGTON UNIVERSITY, WASHINGTON, DC

Thank you for inviting me to testify today.

My first visit to Haiti was in 1974. My first full day in Haiti was the day that Haiti's National Soccer Team scored the incredible goal against Italy in the World Cup. That may not mean much to Americans, but to Haitians it means everything. I have come to take this coincidence as a sign that there was bound to be some kind of unbreakable bond between Haiti and me. And that came to pass.

My most recent visit ended on January 10, 2010, two days before the earthquake. In between, I have visited Haiti more than 100 times, as a U.S. Government official working with the Inter-American Foundation and the Department of State; as a scholar and researcher, and as a friend of Haiti and its people. I have traveled throughout that beautiful, if benighted, land. I have met and broken bread with Haitians of all walks of life. I have stayed at the now-destroyed Montana Hotel. I had dinner there 5 days before the quake, chatting with waiters and barmen I had befriended over the years. I speak Creole. I have lost friends and colleagues in the tragedy. I am anxious to share my views and ideas with you.

In the deep darkness of the cloud cast over Haiti by the terrible tragedy of January 12 there is an opportunity for the country and its people to score another incredible goal, not so much by reconstructing or rebuilding, but by restoring a balance to achieve a nation with less poverty and inequity, improved social and economic inclusion, greater human dignity, a rehabilitated environment, stronger public institutions, and a national infrastructure for economic growth and investment. And, if that goal is to be scored, relationships between Haitians and outsiders also will have to be rebalanced toward partnership and respect of the value and aspirations of all Haiti's people.

## A COUNTRY OUT OF BALANCE

In the five decades that I have traveled to Haiti, I have seen the country become terribly out of balance. Much of this revolves around the unnatural growth of Haiti's cities, especially in what Haitians call "the Republic of Port-au-Prince." In the late 1970s, Haiti's rural to urban demographic ratio was 80 percent to 20 percent. Today it is 55 percent to 45 percent. The earlier ratio reflected what had been chiefly an agrarian society since independence. The population of Port-au-Prince in the late 1970s was a little over 500,000—already too many people to be adequately supported by the city's physical infrastructure. By then Haitians from the countryside had already begun trickling into the capital city, as a result Dictator Francois "Papa Doc" Duvalier's (1957–1972) quest to centralize his grip on power. Under Papa Doc, a ferocious neglect beyond PAP took place, as ports in secondary cities languished, asphalted roads disintegrated and, in some cases, were actually ripped up, and swatches of the countryside were systematically deforested under the guise of national security or by way of timber extraction monopolies granted to Duvalier's cronies. Small farmers were ignored as state-supported agronomists sought office jobs in the capital.

The only state institutions present in the countryside were army and paramilitary (Tonton Makout) posts and tax offices—which enforced what rural dwellers told me was a 'squeeze—suck' (pese—souse) system of state predation. With wealth, work, and what passed for an education and health infrastructure increasingly concentrated in Port-au-Prince (PAP), it was no wonder that poor rural Haitians had begun to trickle off the land into coastal slums with names like "Boston" and "Cite Simon" (named after Papa Doc's wife), and onto unoccupied hillsides and ravines within and surrounding the city.

The trickle turned into a flood in the early 1980s when the rapacious regime of Jean-Claude "Baby Doc" Duvalier (1972–1986) yielded to Haiti's international "partners"—governments, international financial institutions, and private investors—who had set their sights on transforming Haiti into the "Taiwan of the Caribbean." Political stability under the dictatorship combined with ample cheap labor and location near the United States formed a triumvirate that shored up this idea, and the "Tawanization" of Haiti proceeded, creating by the mid-1980s somewhere between 60K and 100K jobs in assembly factories, all located within PAP. Fueled by a parallel neglect of Haiti's rural economy and people, the prospect of a job in a factory altered the off-the-land trickle into a flood, as desperate families crowded the capital in search of work and the amenities—education, especially—that the city offered. Between 1982 and 2008, Port-au-Prince grew from 763,000 to between 2.5 and 3 million, with an estimated 75,000 newcomers flooding the city each year.<sup>1</sup>

As immigrants piled up in slums, on deforested and unstable hillsides, and in urban ravines, the opportunity offered by the city became a mirage. Following the ouster of Duvalier in 1986 when, as Haitians say, "the muzzle had fallen" (baboukete la tonbe) and freedom of speech and assembly returned, factory jobs began to dry up as nervous investors sought quieter, more stable locations. By the 1990s, only a fraction of those jobs remained. Yet the poor continued to flow into the city.

Papa Doc's centralization, combined, under the rule of Baby Doc, with the urban-centric/Tawanization policies of key donor countries (including the U.S.) and international banks had a devastating impact on Haiti. Enacted by a government and business elite who saw these policies as a golden opportunity to make money, the internationally driven Tawanization of Haiti neglected what Francis Fukuyama has pointed out as the key to Taiwan's own success: a necessary investment in universal education and agrarian improvement before investing in factories.<sup>2</sup> Haiti's people were viewed internationally and by local elites strictly as pliant and ample cheap labor. Education might make them ornery. Avoid it. Why invest in agriculture when cheaper food—heavily subsidized imported flour and rice—could feed Haiti's growing urban masses? In the late 1970s Haiti did not need to import food. Today, it imports some 55 percent of its foodstuff, including 360,000 metric tons of rice annually from the United States.<sup>3</sup>

The folly of these policies was seen in early 2008, during the global crisis of rapid and uncontrolled commodity price increase, when that rice, still readily available, was no longer cheap and the urban poor took to eating mud cookies to survive. Another spinoff of these fallacious policies of the 1980s was political instability. Poor

<sup>1</sup> Robert Maguire, "Haiti After the Donors' Conference: A Way Forward," United States Institute of Peace, Washington DC, Special Report 232, September 2009.

<sup>2</sup> Francis Fukuyama, "Poverty, Inequality and Democracy: The Latin American Experience," *Journal of Democracy* 19, no. 4 (October 2008).

<sup>3</sup> Op.cit, Maguire, "Haiti After the Donor's Conference."

Haitians took to the streets in early 2008 to protest “lavi chè” (the high cost of living), with the result being the ouster of the government headed by Prime Minister Jacques Edouard Alexis who, coincidentally, had just won praise from the United States and the International Financial Institutions (IFIs) for the creation of a national poverty reduction and economic growth strategy that would serve as a blueprint for developing all of Haiti, and reversing the long history of rural neglect.

Rural neglect combined with migration to cities, moreover, placed considerable pressure on those still in the countryside to provide the wood and charcoal the burgeoning urban population required. Here was a recipe for desperately poor people to further ravish the environment. Today, 25 of Haiti’s 30 watersheds are practically devoid of vegetative cover.

Port-au-Prince, and other cities, particularly Gonaïves, had become disasters waiting to happen as a result of these developments. The vast majority of the 200,000 who perished on January 12 were poor people crowded on marginal land and into substandard housing devastated by the quake. The vast majority of the thousands who died in the floods in Gonaïves in 2004 and 2008 were poor people crowded on alluvial coastal mud flats and in river flood plains. For Haiti’s poor, their country has become a dangerous place and a dead end. Is it surprising that Haitians seek any opportunity to look for life (chèche lavi) elsewhere? As one peasant told me in the 1990s, “we have only two choices: die slow or die fast. That’s why we take the chance of taking the boats (to go to Miami)” (pwan kantè).

Haiti had lost its balance in other ways, particularly in social and economic equity, and in the ability of the state to care for its citizens. By 2007, 78 percent of all Haitians—urban and rural—survived on \$2 a day or less, while 68 percent of the total national income went to the wealthiest 20 percent of the population.<sup>4</sup> During the 29-year Duvalier dictatorship, Haitian state institutions virtually collapsed under the weight of bad governance. Following the 1986 ouster of Baby Doc, who, ironically, was lorded with foreign funds that went principally to Swiss bank accounts, donors were loathe to work with successor governments—including those democratically elected. Instead, they chose to funnel hundreds of millions annually through foreign-based NGOs that enacted “projects” drawn up in Washington, New York, Ottawa, etc., and that lasted only as long as the money did. Haitians, by the early 1990s, were derisively calling their country a “Republic of NGOs” and by 2008, none other than the President of the World Bank, Robert Zoellick, lamented the cacophony of “feel good, flag-draped projects” that had proven a vastly inadequate substitute for a coherent national development strategy.<sup>5</sup>

Without doubt, Haiti was seriously out of balance before the earthquake and Port-au-Prince was a disaster waiting to happen. Many had feared that it would come by way of a hurricane; rather the earth shook. Now, let us see how we might make a positive contribution in restoring balance to Haiti so that when, inevitably, the country is struck by another natural disaster—be it seismic or meteorological—it is less vulnerable and better able to confront and cope with the disaster.

#### REBALANCING TO “BUILD BACK BETTER”

Allow me to stress two points: We must be fully cognizant of past mistakes, such as those outlined above; and the key to “building Haiti back better” is to work toward a more balanced nation with less poverty and inequities, less social and economic exclusion, greater human dignity, and a commitment of Haitians and non-Haitians toward these essential humanistic goals. With this, Haiti can also achieve and sustain a rehabilitated natural environment, stronger public institutions, a national infrastructure for growth and investment, and relationships between Haitians and outsiders that are based on partnership, mutual respect, and respect of the value and aspirations of all Haiti’s people.

What follows are ideas and recommendations based on not only my experience in Haiti, but on endless discussions/conversations with Haitian interlocutors. In this regard, I should add that the principal reason for my visit to Port-au-Prince in early January was to deliver an address on prospects for rebalancing Haiti. That presentation was made to an audience of 50 or so Haitian civil servants and policy analysts—some of whom I fear are no longer with us—who gathered in Port-au-Prince at a Haitian think tank. My ideas were received by them with great, and at times animated, interest.

<sup>4</sup>Maureen Taft-Morales, “Haiti: Current Conditions and Congressional Concerns,” Congressional Research Service Report for Congress, May 5, 2009.

<sup>5</sup>Robert Zoellick, “Securing Development” (remarks at the United States Institute of Peace conference titled “Passing the Baton,” Washington, DC, January 8, 2009).

### 1. *Welcoming dislocated persons: A de facto decentralization*

Since the quake, some 250,000 Port-au-Prince residents have fled the city, returning to towns and villages from which they had migrated or where they have family. An estimated 55,000 have shown up in Hinche in Haiti's Central Plateau; the population of Petite Riviere de l'Artibonite has swelled from 37,000 to 62,000; St. Marc's 60,000, has swollen to 100,000.<sup>6</sup> The flight of Haitians away from a city that now represents death, destruction, and loss might become a silver lining in today's very dark cloud. If that is to be the case, however, we—both the Government of Haiti and its international partners—must catch up with and get ahead of this movement. Already underdeveloped rural infrastructures and the resources of already impoverished rural families are being stretched. The provision of basic services to these displaced populations is an urgent priority. If conditions in the countryside are not improved, the displaced will ultimately return to Port-au-Prince, to replicate the dangerous dynamics of earlier decades.

To catch up and get ahead of this reverse migration, we should support an idea proffered by the Government of Haiti in Montreal last week: the reinforcement of 200 decentralized communities. As soon as possible, "Welcome Centers" might be stood up in towns and villages. They can be temporary, to be made permanent later. They can serve as decentralized "growth poles" that offer multiple services, including relief in the short term, with health and education facilities attached. Let us not forget that Haiti has lost many of its schools and among those fleeing the devastated city are tens of thousands of students. Twenty five percent of Haitian rural districts do not have schools. And schools that exist outside Port-au-Prince are usually seriously deficient. The reverse migration we are seeing today offers a golden opportunity to rebalance the education and health system of Haiti.

The centers can coordinate investment and employment opportunities, as well as state services including robust agronomic assistance to farmers. Haiti's planting season is almost here and now more than ever the country needs a bountiful harvest. Displaced people working as paid labor can reinforce Haiti's farmers. Infrastructure needs to be rebuilt—or built for the first time—including schools, health clinics, community centers, roads, bridges and drainage canals. Hillsides need rehabilitation, particularly with vegetative cover and perhaps even stone terraces. Providing work for not just the displaced, but to those they are joining in towns and villages throughout Haiti, will go a long way toward rebalancing Haitian economy and society, and toward repairing a social fabric ripped to shreds by decades of neglect and subsequent migration. This is an opportunity that must be seized.

### 2. *Support the creation of a National Civic Service Corps*

Since 2007, various Haitian Government officials and others have been working quietly on the prospect of creating a Haitian National Civic Service Corps. Citizen civic service is mandated in Article 52–3 of the Haitian Constitution and, even before the quake, the idea of a civic service corps to mobilize unemployed and disaffected youth seemed attractive. Now is the time for this idea to take off. As I have recently written, a 700,000-strong national civic service corps will rapidly harness untapped labor in both rural and urban settings, especially among Haiti's large youthful population, to rebuild Haiti's public infrastructure required for economic growth and environmental rehabilitation and protection; increase productivity, particularly of farm products; restore dignity and pride through meaningful work; and give Haitian men and women a stake in their country's future. It will also form the basis of a natural disaster response mechanism.<sup>7</sup>

If this all sounds familiar, it should: The idea of a Haitian National Civic Service Corps parallels the same thinking that went into the creation of such New Deal programs as the Works Progress Administration (WPA) and the Civilian Conservation Corps (CCC). We have seen what these programs did to help the United States and its people stand up during a difficult time.

In the aftermath of the storms that devastated Haiti in 2008, Haitian President Preval asked not for charity, but for a helping hand to allow Haitians to rebuild their country. Today he is making a similar point. Here is more symmetry between the Haiti and the United States. As Harry Hopkins, the legendary administrator of the Works Progress Administration, pointed out: "most people would rather work than take handouts. A paycheck from work didn't feel like charity, with the shame that it conferred. It was better if the work actually built something. Then workers

<sup>6</sup>Trenton Daniel, "Thousands Flee Capital To Start Anew," Miami Herald, January 23, 2010; Mitchell Landsberg, "The Displaced Flow Into a Small Haitian Town," Los Angeles Times, February 1, 2010; data from MINISTAH headquarters in Hinche.

<sup>7</sup>Robert Maguire and Robert Muggah, "A New Deal-Style Corps Could Rebuild Haiti," Los Angeles Times, January 31, 2010.

could retain their old skills or develop new ones, and add improvements to the public infrastructure like roads and parks and playgrounds.”<sup>8</sup> Let’s help Haiti restore its balance by supporting a national civic service corps that can accomplish the same for Haiti and its people as our New Deal programs did in the United States decades ago.

To reiterate, as was the case with our New Deal, Haiti’s civic service corps must be a “cash-for-work” initiative. Cash for work will inject serious liquidity into the Haitian economy and stimulate recovery from the bottom up. Already there are various entities employing Haitians in a variety of cash-for-work programs. This Monday, for example, the UNDP announced that it has enrolled 32,000 in a cash-for-work rubble removing program; a number expected to double by tomorrow.<sup>9</sup> Coordination of existing efforts within an envisaged national program will be essential to maximizing how Haiti can be built back better—by its own people, with everyone wearing the same uniform.

A special commission, similar to those established by President Preval in 2007 to engage Haitians from diverse sectors to study and make recommendations on key issues confronting his government, might be established to oversee this coordination. (Other special commissions could be mounted to tackle other topics or needs and as a means of expanding the Haitian Government’s human resource circle.) Such a commission could be enlarged to include representatives of key donors. A central figure like Harry Hopkins will have to lead the endeavor. Perhaps such a figure could emerge from Haiti’s vaunted private sector. In any case, let’s avoid a repetition of the cacophony of feel good, flag-draped projects.

### *3. Strengthen Haitian state institutions through accompaniment, cooperation and partnership*

At the Senate Foreign Affairs Committee hearing on Haiti held last week, witnesses spoke of the need to rebuild the Haitian state from the bottom up, and of working with Haitian officials—not pushing them aside. I agree with these points whole-heartedly. This is not the time to impose governance on Haiti—that is a 19th century idea unfit for the 21st century. This is an opportunity to help strengthen Haiti’s public institutions, not to replace them.

As pointed out above, the capacity of the Haitian state, never strong to begin with, has deteriorated progressively over the past 50 years. In recent years that was due in part to international policies that circumvented state institutions in favor of private ones—both within Haiti and from beyond, and left the resource-strapped government virtually absent in the lives of its citizens. In the aftermath of the quake, we see starkly the results of the decimation of the Haiti state. The already weak state has been further set back by the death of civil servants and the loss of state facilities and physical resources. In this context, the government of President Rene Preval and Prime Minister Jean Max Bellerive has taken much criticism for its response—or lack thereof—in the past few weeks.

It is easy to kick someone in the teeth when he or she is already on the mat. Rather than swinging our foot, however, we should offer our hand. This is the time of the Haitian Government’s greatest need. Achieving cooperation and partnership, as pointed out by Canadian Prime Minister Harper at the recently held Montreal Conference, is the biggest concern.<sup>10</sup> Over the past 4 years, the Preval government has won praise internationally—and among most in Haiti—over its improved management of the affairs of the state. Political conflict, though still extant, has diminished considerably. Haiti’s terribly polarized society is a little less polarized today. Moderation and greater inclusion—not demagoguery and a winner-takes-all attitude—have worked their way into the ethos of the Haitian political culture. Partnership to strengthen the Haitian state was on the horizon following the “new paradigm for partnership” agreed to at the April 2009 Donors Conference.<sup>11</sup> Let’s stay that course. Generations of bad governance and a zero sum political culture are not turned around overnight.

Quietly, but steadily in the post-quake period, the Haitian Government has been picking itself up by its bootstraps beyond the photo-ops and glare of the cameras

<sup>8</sup>Nick Taylor, “American Made: The Enduring Legacy of the WPA,” (New York: Bantam Books, 2008), p.99.

<sup>9</sup>UNDP, “Fast Fact of the Week,” accessed on February 2, 2010 at [undp.washington@undp.org](http://undp.washington@undp.org).

<sup>10</sup>CTV.ca News Staff, “Foreign Ministers Vow To Be ‘partners’ with Haiti,” accessed on January 30, 2010, at [www.http://ottawa.ctv.ca/servlet/an/plocal/CTVNews/20100125/Haiti\\_conference\\_100125/2010](http://ottawa.ctv.ca/servlet/an/plocal/CTVNews/20100125/Haiti_conference_100125/2010).

<sup>11</sup>Government of Haiti, “Vers un Nouveau Paradigme de Cooperation,” April 2009.

to reassemble, and then to reassert, itself.<sup>12</sup> Still, given the magnitude of this catastrophe, the government is overmatched. Any government would be. This is not the time to cast aspersions. It is the time to work in partnership and to accompany Haitian leaders through their time of loss and sorrow, into a more balanced and better future.

#### 4. *Get money into the hands of poor people*

In 1999, Peruvian economist Hernando de Soto estimated that there was \$5.2 billion in “dead capital” in Haiti, shared among 82 percent of the population. Of this sum, \$3.2 billion was located in rural Haiti. This amount dwarfed by four times the total assets of Haiti’s 123 largest formal enterprises.<sup>13</sup> This capital, principally in the hands of poor people in the form of property, land, and goods, is considered “dead” because it cannot be used to leverage further capital for investment and growth. To free it up, clear titling would be required along with a reduction of red-tape and corruption, and a brand new attitude toward Haiti’s most vibrant form of capitalism—its informal economy—and the poor entrepreneurs who make it work. Doubtless, you have seen post-quake stories of how Haiti’s grassroots entrepreneurs began rebounding within days.

A key to Haiti’s recovery—and, yes, to its rebalancing—is to get capital into the hands of grassroots entrepreneurs—be they still in Port-au-Prince or elsewhere in the country. Formalizing dead capital—which will be a long, tedious and conflictive path, but one that perhaps can be facilitated now through such steps as the issuance of provisional land and property titles that subsequently are fully formalized—is but one way of getting liquid assets into poor people’s hands. Others, more expeditious, include:

- More small loans (microcredit) to entrepreneurs, particularly those who produce something, including farmers. Farmers with capital will not just produce more food, but will increase employment. Government studies indicate that a 10 percent increase in man-hours on farms will create 40,000 new jobs.<sup>14</sup> One strong candidate to improve microcredit throughout Haiti is an organization called FONKOZE. With more than 33 branches countrywide, it serves some 175,000 members, mostly among those who make—or made prior to their engagement with microcredit—\$2 a day or less. FONKOZE also facilitates the efficient and lower cost decentralizing of the flow of funds sent to Haiti from family abroad.
  - Haiti must now benefit from a conditional cash transfer (CCT) program. Brilliantly popular in such places as Mexico and Brazil, CCT programs serve as a means of transferring cash to the poorest of the poor, conditioned upon the children of poor families attending quality schools and fully operational clinics. Mexico’s program is largely rural; Brazil’s more urban-oriented. In both cases, they have succeeded in assisting millions of poor families improve living standards while sending their children to schools and clinics. As such, CCTs have invested in future human resources. Such a program in Haiti could accomplish these goals, but only if Haiti’s educational and health systems are extended into rural areas (helping to rebalance) and upgraded in existing locations (helping to rebuild). Importantly, CCT programs provide the government with the challenge/opportunity of being a positive presence in the lives of citizens. In Haiti, this is essential as a means of enabling the government to move from being largely absent to being positively present in the lives of citizens, and to demonstrate therefore that there are tangible fruits of democratic governance.
5. *Seek-out and support institutions, businesses, and leaders who work toward greater inclusion, less inequality, and enact socially responsible strategies for investing in Haiti*

One cannot discuss the future of Haiti without considering the prospect of external investment to create factory jobs, particularly in view of the HOPE II legislation and its potential benefits. Beyond any doubt, factory jobs should be a part of Haiti’s future. Already, some of the assembly plants in Port-au-Prince are back in operation, to the satisfaction of both owners and workers.<sup>15</sup> In this regard, support should be given to the “Renewing Hope for Haitian Trade and Investment Act for 2010” introduced by Senators Wyden and Nelson. But, as this legislation is consid-

<sup>12</sup> Jacqueline Charles, “Haiti President Rene Preval Quietly Focuses on Managing Country,” *Miami Herald*, February 2, 2010.

<sup>13</sup> Hernando de Soto, *The Mystery of Capital* (New York: Basic Books, 2000).

<sup>14</sup> Government of Haiti, “Rapport d’évaluation des besoins après désastre Cyclones Fay, Gustav, Hanna et Ike,” November 2008.

<sup>15</sup> Jim Wyss and Jacqueline Charles, “Workers Flock to Clothing Factories as Industrial Park Reopens,” *Miami Herald*, January 27, 2010.

ered, three important points must be kept in mind if this job creation strategy is to be a plus in helping Haiti to rebalance, “build back better” and avoid mistakes of the past.

First, the fiasco of the 1980s “Taiwanization” period must not be repeated. Universal free education and rural investment are important, and though they will not precede assembly investment, they must robustly parallel it and eventually get ahead of it. Investment in Haiti should not ignore decentralized agribusiness possibilities and the economic growth and development it can bring through jobs and the infusion of cash into the Haitian economy.

Second, assembly plants cannot be concentrated largely in Port-au-Prince. If nothing else, the shattered infrastructure of the city should serve as an incentive for decentralization. Haiti has at least a dozen coastal cities that either already have a functioning, albeit usually rudimentary, infrastructure or where a port and support infrastructure can be built—perhaps at a lower cost than Port-au-Prince. Decentralization to coastal cities and towns offers Haiti and investors an opportunity to undo the damage begun 50 years ago by Papa Doc’s insidious centralization in Port-au-Prince and to rebalance the prospects for economic growth and infrastructure development (including electricity) to all of Haiti.

Third, investors, owners and managers must be mindful of the fact that Haitian workers are more than plentiful cheap labor. As Secretary of State Clinton said at the April Donors’ Conference, “talent is universal; opportunity is not.”<sup>16</sup> A key to Haiti’s renaissance is to improve the opportunity environment for all of its people. Haiti’s diaspora offers bountiful evidence of what can be achieved when opportunities are twinned with talent.

Jeffrey Sachs has equated factory jobs in Bangladesh with the first rung on a ladder toward greater opportunity and development.<sup>17</sup> In Haiti, however, the ladder for most factory workers, in view of their survival wages juxtaposed with a constantly increasing cost of living and the absence of any public social safety net, has a single rung. Haiti’s opportunity environment will be improved considerably:

- If investors, owners, and managers recognize that Haiti’s workers have legitimate aspirations to improve their lives, and their honest days’ work should be means for that, and;
- If investors, owners and managers follow that recognition with actions that demonstrate socially responsible investing and public-private partnerships that improve workers status and conditions, and;
- If the Haitian state has the strength and resources to become and remain a positive presence in workers lives by providing services to them and their children, particularly in education, health, and safety from gangs and other criminal elements whose activities are often financed by narcotics trafficking.

If there is a silver lining in the deep dark cloud of Haiti’s recent catastrophe, it is that this offers all of us—Haitians, “friends of Haiti” and those whose connection with Haiti may simply be as a bureaucrat or investor—an opportunity to learn from mistakes made in the relatively recent past and take steps that will rebalance that country so that it will move forward unequivocally toward less poverty and inequity, diminished social and economic exclusion, greater human dignity, a rehabilitated environment, stronger public institutions, and a national infrastructure for economic growth and investment.

Senator MENENDEZ. Thank you.  
Mr. Schneider.

**STATEMENT OF MARK SCHNEIDER, SENIOR VICE PRESIDENT,  
INTERNATIONAL CRISIS GROUP, WASHINGTON, DC**

Mr. SCHNEIDER. Thank you, Mr. Chairman, Senator Corker, particularly for holding these hearings on Haiti after much of its capital and other cities were destroyed. And I think it’s important to recognize that this is the worst natural disaster that’s ever occurred in the Western Hemisphere, in terms of the number of lives lost. And in terms of percentage of population, I suspect, in the end, it may well be one of the worst worldwide.

<sup>16</sup>Hillary Rodham Clinton, “Remarks at the Haiti Donors Conference,” April 14, 2009, accessed on February 2 at <http://www.state.gov/secretary/rm/2009a/04/121674.htm>.

<sup>17</sup>Jeffrey Sachs, “The End to Poverty: Economic Possibilities for Our Times,” (New York: Penguin Press, 2005).

Let me join the chairman in expressing, on behalf of the Crisis Group, our deep condolences for those who lost their lives in Haiti. I've been going back and forth to Haiti since 1978, and all I can say is that there are many faces that I will miss when I go back again.

And let me also express the same sympathy for members of the international community, particularly the United Nations, which was hit so hard by the earthquake. It lost its chief, Hedi Annabi. Ironically, just before Christmas, I met with Hedi and the other members of his staff to analyze what 2010 would bring to Haiti.

The important questions that you raised at the outset, in terms of planning and managing and implementing the reconstruction, have to be a primary focus for decisionmakers throughout the world. This, it seems to me, is a time to examine the lessons learned from past efforts at reconstruction, both with respect to natural disaster, as you mentioned, the tsunami in Asia as well as Hurricane Mitch here in Central America, as well as post-conflict experiences with reconstruction. It seems to me that we know, now, victims never believe that relief is coming as fast as it's needed. And they're right. Transition from relief to reconstruction is rarely smooth. Maintaining international engagement beyond the relief phase and assuring that international coordination occurs effectively are constant struggles.

And one of the most important—and it's been mentioned in the discussion already—is seeing as a goal the strengthening of the host government at the end of the reconstruction process. And we frequently don't achieve that.

The mantra, which still bears repeating, is that one must help Haiti build back better to leave it less vulnerable to the next disaster. The Crisis Group's last report was "Saving the Environment, Preventing Instability and Conflict," and it dealt with several of these issues. And it also saw Haiti's vulnerability, not merely in terms of the physical vulnerability, but also in terms of the vulnerability of its institutions, given two centuries of bad government, highly centralized economic and political power structures, and less than benign foreign interventions.

And one point that I would emphasize is that, contrary to those who say nothing ever works in Haiti, aid does not work at all, the fact is, over the last 4 years, we have seen progress. With the United Nations peacekeeping force in Haiti and with the decisions of the Preval administration, in terms of reforms, we really were seeing progress in several areas. Police, justice, prison reforms had begun. Lots of problems, but there was a beginning.

Politically, you had the full Parliament. Relatively few times in the past decade and a half did you have both of the major sectors of the Haitian Government functioning. You had, as a result of HOPE and HOPE-II, an increase of jobs to somewhere like 25 or 30,000 over the last 2 years. And I should add, between 2004 and 2009, Haiti's GDP rose from about \$4 billion to \$7 billion. Things can happen positively in Haiti. The tragedy, of course, is that it was hit first by four hurricanes in 2008, and now by this earthquake.

And in terms of responding to it, it seems to me that you have to think in long terms. The first phase is a decade. It's not 2 years

or 5 years. And the second phase is a generation. And we have to be prepared to stay with Haiti for at least that time period.

Now, I would say we also don't start from zero. The Haitians did prepare, with full consensus in the country, a poverty reduction strategy. It was agreed to by the donors. Then they prepared a post-hurricane plan, which was agreed to by the donors, that was aimed, last year, as you remember, after the meeting to achieve 150,000 jobs in 2 years. And it seems to me, now, that those plans have to be the basis, adjusted for the magnitude of the earthquake, of moving forward to help Haiti be less vulnerable physically and politically at the end.

And here, there are certain principles, five of them. First, there has to be a Haitian social compact for reconstruction that incorporates across the Haitian social classes and political classes. It has to aim at achieving a consensus about where to go and who's going to participate.

Second, it has to aim at building a modern Haitian state. It's clear that strengthening Haitians' institutions has to be a fundamental goal of reconstruction. And I mean modern institutions, logistics, information systems, communication systems, and management systems. And here, I would agree that it seems to me that the Haitian diaspora has a role to play in that process.

Third, as you've already heard, ensuring economic and political decentralization is fundamental. Taking advantage of the 480,000 IDPs who have fled the city, going back to their communities, the reconstruction plan, in a sense, has to start there, because you can start there; you don't have to remove rubble, you can begin to implement reconstruction plans in those departments now. There are eight functioning ports in Haiti around the country. There is the capacity to build regional development poles around them. As part of the reconstruction plan agreed to last year, there was going to be an industrial park built in Cap-Haïtien. The Royal Caribbean Cruise Company is expanding its pier and other assets in Labadee. All of those things, it seems to me, can be done now.

Fourth, obviously there has to be an environmental-protection disaster-preparedness lens for every reconstruction process or project in terms of where they're going to be located rather than in terms of the construction standards.

Finally, it has to be long-term, massive, coordinated assistance from the U.S. Government and the international community. I've made some suggestions in the written testimony, with respect to how to coordinate, and I'd be happy to deal with that in the questions.

Priority areas. If you don't have security, it is going to be very difficult to do anything. And so, I would strongly urge that, as we look forward, we look at what's being done in order to ensure security and move forward on the reforms with respect to the rule of law, police, justice, and prisons.

And I would add that having the U.N. peacekeeping mission there for a significant period of time, going forward, is absolutely essential.

You've already seen problems, in Cite Soleil, from some of the criminals that escaped when the national penitentiary collapsed.

The second area to focus on is education. Haiti has never had a free public education system. Without education, I don't see how long-term development can take place. And I think there are ways that that can be done.

Third, agriculture. We have to shift from a situation where Haiti is importing 70 percent of its rice to a situation that goes back 30 years, when it produced most of its own rice for its consumption internally.

Fourth, energy. Energy requirements, and particularly changing from using charcoal, which undermines every effort at reforestation, as your major cooking fuel. Your major fuel for small business is charcoal-burning. That needs to be changed. And it's been changed in several places around the world, by the World Bank subsidizing the shift.

And finally, I would say, with respect to the diaspora, the diaspora can be a fundamental part of this effort. And I also would suggest that we think about both AmeriCorps and the old CCC as mechanisms now for employing many of the people who have lost their homes as well as their jobs.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Schneider follows:]

PREPARED STATEMENT OF MARK L. SCHNEIDER, SENIOR VICE PRESIDENT,  
INTERNATIONAL CRISIS GROUP, WASHINGTON, DC

Mr. Chairman, members of the subcommittee, let me express my appreciation for the opportunity to offer testimony today on the immediate and long-term consequences of the earthquake in Haiti—for its people, its democracy, and its neighbors.

First, I want to express my condolences to the people of Haiti for the enormous loss of human life—far more victims than in any other natural disaster in the history of this hemisphere—ever. We already know that some 150,000 people were killed, 200,000 were injured and 1 million more lost their homes. After all the collapsed buildings are finally removed, this earthquake may be among the three or four worst disasters ever recorded anywhere on earth in terms of loss of life and injury.

For many of us, there are faces and names we recall with a deep sense of loss. I first went to Haiti in 1978 with then-Ambassador Andrew Young to raise concerns about human rights abuses under the Duvalier dictatorship. With PAHO/WHO, USAID, Peace Corps, and now the Crisis Group, I have worked with Haitians desperately trying to achieve a better future for their families.

Second, let me express my deep sadness at the deaths of men and women from the U.N. peacekeeping mission (MINUSTAH) including its leaders Hedi Annabi, Luis da Costa, and Gerardo LeChevallier, along with Philippe Dewez from the IDB, and all of the others who were working with the government of President Rene Preval to improve conditions in Haiti.

Finally, let me express my own enormous pride in the generous response of citizens from this and other countries—the volunteer doctors, nurses, NGOs and search and rescue teams, as well as the rapid and robust response from the Obama administration, particularly USAID, State and the U.S. military, but also from Canada, Brazil, Mexico, Cuba, and others in this hemisphere, and France, the EU, Spain, China, and other countries outside the hemisphere.

Mr. Chairman, the important questions that you posed with respect to planning, managing and implementing Haiti's reconstruction have been the subject of much discussion in Port-au-Prince, at the Montreal donors preparatory session last week, at the World Economic Forum in Davos, at the U.N., the EU, and the OAS. Many have looked at examples from the past—the tsunami in Southeast Asia, Hurricane Mitch in Central America, post conflict reconstruction measures in Kosovo, El Salvador, and Liberia. Each of those experiences offers lessons about relief and reconstruction, which have already helped improve the relief measures in Haiti. For just one example, Mitch taught USAID's OFDA that prepositioning basic supplies in Florida and the Caribbean could alleviate the need for lengthy procurement proce-

dures, and that preapproved agreements with the Southern Command could speed transportation logistics.

All of those cases had several things in common:

The victims never felt that relief was coming as fast as they needed it;

The transition from relief to reconstruction was neither smooth nor untroubled;

Maintaining international engagement and international coordination was a constant struggle; and

The challenge of ensuring that the host government was strengthened rather than weakened was not fully met.

Given the magnitude of Haiti's destruction, the fragility of its institutions before the quake and the depth of its poverty, overcoming these challenges to effective reconstruction will pose an even more daunting challenge to Haiti and to the international community.

Mr. Chairman, the International Crisis Group has issued 15 reports about Haiti over the past 5 years. The most recent, "Saving the Environment, Preventing Instability and Conflict" (April 2009) was unfortunately all too prescient in identifying the additional risks to stability and complications in urban planning, construction, and infrastructure design posed by Haiti's historical disregard for the environment and vulnerability to natural disasters.

There is a mantra now that we must help Haiti to build back better, to ensure that recovery and reconstruction leave Haiti less vulnerable to the consequences of natural disasters. That should be done. But it is also impossible to completely eliminate Haiti's vulnerability given its incredibly hazardous geologic and geographic location precariously positioned along a ghastly seismic faultline, in the annual hurricane path from Africa, and caught between the small plane and fast boat cocaine routes from Colombia and Venezuela.

However, Haiti's vulnerability also stems from its failure to overcome two centuries of bad governments, inequitable and centralized political and economic power structures in Port-au-Prince, and not-always-benign foreign interventions. Many point to the billions in aid that Haiti received over the last five decades and say it was all for naught, that there is no hope today.

I argue the contrary. In June, I met with several government representatives, including President Preval, and the former and current Prime Minister. In December, I held discussions with the late Hedi Annabi and others from the U.N., IDB, WB and the representatives from President Clinton's envoy office to assess progress and examine the challenges for 2010. There were concerns, of course, but there also was a degree of optimism:

- Reforms were taking hold within the civilian police; in fact a 2009 poll showed over 70 percent of the population approved of their performance, a far cry from the past.
- The first glimmers of judicial reform in 50 years were seen with the opening of an academy to train judges, and passage of key laws to set merit-based standards and salaries for judges and to establish a monitoring commission to vet existing judges and provide professional assessment of their performance.
- The first class of trained corrections officers had graduated and a plan to build new and restructure older jails was underway.
- The HOPE II legislation had boosted employment by close to 25,000 and recruitment by former President Clinton had brought investors to Haiti. The transition from showy pledges to actual capital investment projects underway, including on a \$55 m. Royal Caribbean Cruise expansion of the Labadee resort and a new industrial park on the outskirts of Port-au-Prince, thanks to a \$25 m. commitment from George Soros, a member of Crisis Group board of trustees.
- Haiti had a fully functioning legislature, which after risking stability by ousting a competent Prime Minister, Michele Pierre Louis, at least demonstrated a marked readiness to act by approving the new Prime, Minister, Jean-Max Bellerives, his slate of ministers and their program in record time, when the same process last spring took months.
- Haiti's budget for the current fiscal year—contrary to that of the United States—was actually passed on time; the previous budget had not been approved until 8 months into the fiscal year.
- In October, the United Nations extended its mandate for another year and Latin American nations swiftly reaffirmed its leadership, contributing some 4,000 of MINUSTAH's 7,000 formal military members.
- For 3 years, the Preval administration had met its fiscal targets, reduced inflation, and maintained a stable monetary structure. Despite the devastation caused by four consecutive storms in 2008 and the global economic crisis, Haiti was one of two countries in the region to post positive economic growth (2.4 percent) in

2009. The progress prompted the IMF and World Bank to endorse the cancellation of \$1.2 billion of Haiti's multilateral debt, more than half. The earthquake not only justifies—but truly demands—that the last half of Haiti's debt be written off.

Despite myriad problems—some self-inflicted—the Preval administration advanced these reforms in concert with MINUSTAH. The administration sought to engage the business community, opposing parties and civil society in developing a common vision of the future. Preval had named five ad hoc commissions, including some of his opponents and independent scholars, to identify and develop recommendations on critical issues, including the politically contentious issue of constitutional reform.

With the leadership of the current Prime Minister Jean-Max Bellerives, who was then Minister of Planning, the Preval administration had also partnered with local communities and multiple sectors with the support of the World Bank and U.N. to formulate a national consensus for poverty reduction. The result was a Haitian National Poverty Reduction Strategy Paper, which was also endorsed by donors. After the 2008 hurricanes, the strategy was developed to include a job creation plan with a primary focus on jobs in rural agriculture, decentralized tourism, and the factory apparel industry. Donors gave their blessing to that program last April.

Those plans and strategies give Haiti a huge advantage today because they can serve as a foundation for reconstruction. In addition, some of the ideas that could not be put forward before the earthquake now can and must be considered for Haiti to transform its future.

Starting with the premise that the first phase of Haiti's reconstruction will require a decade, and the second, a generation, I offer these suggestions for five principles of successful reconstruction that could transform Haiti's political institutions and economic options.

- Forge a new Haitian Social Compact for reconstruction. A unified Haiti under its currently elected government—not any superimposed protectorate—has to be in the lead on Haiti's recovery if the effort is to be successful. Haiti's history has been defined by a small economic elite who dominated economic and political power until the 1990s, opposed tax levels needed to finance adequate state services and, in many cases, eluded their personal tax obligations as well. For Haiti's recovery to succeed, the elite must share in the sacrifice, especially since they will inevitably benefit from any success. Changing that equation will require the kind of inclusion that created the PRSP and drove a successful national advocacy campaign for Hope and HOPE II. Reconstruction has to be led by Haiti's elected government and represent all of Haiti and have the participation of the private sector. The full engagement of Haitian civil society—like the process that underpinned the PRSP—also must be generated. Communal leaders like those in NDI's Initiative committees are also potential allies in this process. Upcoming parliamentary elections have been postponed. The social compact hopefully will find a way, endorsed by all, to agree to hold the Presidential, parliamentary, and local elections together next November, if humanly possible, with the constitutionally mandated Parliament remaining in office until the newly elected members take office next January.
- Build a modern Haitian state. Haitian Government has always been starved for resources and its ministries have never been able to keep up with growing public needs. The reconstruction of Haiti must be aimed at transforming the country in a way that leaves a modern functioning state able to sustain public services and guarantee the rule of law. Modern communications, information technology and management systems have bypassed government ministries to some degree and denied them the capacity to actually deliver fundamental services to regional departments and municipalities. Modern data information, communications systems, and planning and evaluation capacity were all lacking in the ministries before their buildings were destroyed. Rebuilding those ministries on modern terms is essential to avoid Haiti becoming a failed state.
- Ensure economic and political decentralization. Ending centralization of virtually all economic investment in the capital is essential to reducing extreme poverty in its rural departments, and to rebuilding Port-au-Prince. A growing percentage of the capital's population, now estimated at close to 400,000, has returned to families in their original villages and towns, a third going to the Artibonite, originally the heart of Haiti's rice farming. Now may be the first time that Haiti's constitutional call for decentralization can actually be attempted. If regional economic development poles can be generated around the country—for instance by implementing HOPE II in a way that encourages the construction of industrial sites in other departments with access to ports, such as Cape Haitien in the North, Port-de-Paix in the North West and St. Marc in

the Artibonite—it will also help to stem the flow of migrants to Port-au-Prince. That also will give the capital a better chance for more rational reconstruction and avoid a replication of the slum communities of the past.

- Use environmental protection and disaster preparedness standards for all reconstruction projects. Haiti has gone from a country with 80 percent forest cover centuries ago, to about 20 percent in the 1940s, to 2 percent today. Its hillsides are mudslides waiting to happen. Every reconstruction project should be judged in part by whether it advances environmental protection, and every construction project should be judged on whether it incorporates both hurricane and earthquake resistance elements.
- Guarantee massive, coordinated assistance. The United States and international response must be bigger and better coordinated than ever before. The United States has already committed nearly \$400 million to relief, and hopefully it will show leadership in formally committing to a decade-long reconstruction and development plan at the upcoming March pledging conference at the U.N. While the detailed assessment of damage and reconstruction costs have yet to be completed, early estimates suggest the damage could go well beyond \$10 billion. A broad group of NGOs—including the International Crisis Group—has recommended an early emergency supplemental of \$3 billion as essential to Haiti's recovery. The sooner it is approved, the more likely other countries and institutions will seek a matching commitment. To put this in some perspective, in this hemisphere, the United States has pledged between 30–65 percent of the reconstruction aid totals following natural disasters like Hurricane Mitch or peace accords in Nicaragua and El Salvador.

For that effort to be successful, each key U.S. agency, particularly USAID, State, and DOD, must designate full-time Haiti Reconstruction Coordinators. Ideally, the President should name a single Haiti Reconstruction Coordinator to serve as an overall U.S. government policy czar for Haiti reconstruction and empower him or her with the necessary authority to ensure an all-of-government response. That would ensure a greater degree of overall strategic coordination, guarantee interagency coherence and reduce potentially counterproductive delays.

However, the United States also must commit by example to a similar international coordinating reconstruction effort. There is already a U.N. peacekeeping mission on the ground. Even before the earthquake, the Secretary General's Special Representative was unable to ensure that independent U.N. agencies, within their competence, responded to the priorities defined by the Security Council. That needed to be changed earlier. Now it is absolutely essential. The UNSRSG also should be the interlocutor with the Government of Haiti with respect to security, rule of law, and political reform and coordinate all international reconstruction assistance. In other areas, he or she should still co-chair along with the Haitian Prime Minister or the designee of the President and the Prime Minister, a technical and financial reconstruction committee, that will have the authority to review projects deemed contrary to the major objectives of the U.N. mandate and the goals of the Haiti reconstruction and transformation plan. Obviously the World Bank, IDB, U.S., EU, and others would sit on the committee with the SRSG and the Haiti government. The committee should be the mechanism of international coordination and oversee progress toward implementing the reconstruction plan and hopefully pressure each other to make good on donor pledges.

In addition, a critical Haitian governmentwide procurement mechanism should be considered, in partnership with the international community, to oversee large-scale infrastructure projects proposed by Haiti for its transformation—from planning to procurement to construction to completion. Inclusion of measures of transparency and accountability in that agency will be vital not only for donor satisfaction but to avoid inevitable suspicion from Haitian constituencies as well.

Let me suggest five priority areas where many of those principles should be applied.

First, for reconstruction to succeed, both security and the rule of law are required. Reconstruction planning must incorporate a clear and critical path toward the completion of police, justice, and prison reforms that were initiated before the earthquake, and deploy them across the country.

Fortunately the presence of the U.N. peacekeeping mission—and temporary U.S. military forces—guarantees the physical stability of the state. The past has shown us that gangs in Port-au-Prince are capable of quickly reorganizing. It appears that is what is happening now in Cite Soleil and other areas, where there are reports that criminals—many from among the 5,000 prisoners who escaped the crumbled

penitentiary—are resuming their criminal armed activities. The U.N. peacekeeping mission has been authorized for a reinforcement of 2,000 more troops and 1,500 more police. They will need more police, to be sure, well beyond 2011, while police stations are rebuilt and equipped and the training of new police continues. To put it in perspective—about 1,000 of the 4,000 police who worked in Port-au-Prince have not shown up for work or are believed to have died, although the large majority, despite their own losses in many cases, are back on the streets.

The United States can also respond to President Preval's pleas for help in fighting drug trafficking by boosting the interdiction capability of the Haitian Coast Guard and the Haiti National Police (HNP) on an on-going basis. The United States could also second more Haitian-American police, prosecutors and judges to the U.N. to assist Haiti in building its own justice infrastructure.

Second, for reconstruction to succeed, Haiti must be supported in building a nationwide system of free public elementary and secondary education—not just in Port-au-Prince but across every department. Before the quake, nearly 40 percent of Haiti's children were not in school. Of those in school, an estimated 80 percent were in private schools, most of which were unregulated, offered poor quality education, and charged exorbitant fees. The Haitian diaspora can offer unique support, particularly with teacher training. Creole-speaking former Peace Corps volunteers can play a role, and the Peace Corps already is gathering a skills-data base to link into the reconstruction effort. Supplemental funding to fund this effort should be provided.

This is also an opportunity to offer Haiti's young people a chance to participate in their country's own recovery. The concepts of AmeriCorps and the Civilian Conservation Corps should be introduced to produce jobs for the unemployed that contribute to Haiti's reconstruction.

Third, renewing Haitian agriculture may be the best way to keep the migrants from Port-au-Prince in their communities of refugee. They must have access to credit and fertilizer, assistance with marketing and perhaps even guaranteed prices for their first harvest. If that occurs, the capacity of Haitian farmers to once again be the major source of food for the population, as it was before the 1970s, would be enhanced, particularly with respect to rice. Before the 1970s, Haiti produced nearly all of its rice. Once tariffs were removed, its farmers could not compete with subsidized and large-scale rice farmers in the United States and they nearly disappeared, as 70 percent of Haiti's rice is now imported. Haiti has shown that it has the potential to meet modern marketing demands with mango and coffee crops. When agriculture is linked to environmental protection with protection of watersheds, terracing, and reforestation, there is a win-win outcome.

Fourth, meeting Haiti's energy requirement will be essential in any reconstruction environment and now may be the moment when an historic shift away from charcoal—as fuel for cooking and for small business energy generation—can be achieved. It would not only remove the constant threat to the nation's remaining forest cover, including in its national parks, but also enable reforestation to have some chance for success. This will require Haitian leadership with international technical and financial support in a single, unified program that subsidizes impoverished Haitians in making the transfer. This is essential along with continued reform of Haiti's electric utility, EDH.

Finally, the Haitian Social Compact should clearly engage the Haitian diaspora in the reconstruction effort. This could include providing avenues for remittances for development, with matching contributions by donors for community projects. In addition, the same concept of direct transfer of resources from a diaspora Haitian-American or Haitian-Canadian to a family member—which now surpasses official development assistance—should be used as a model for accelerating the use of conditional cash transfers to the poor, with the sole condition being that their children are immunized and attend school. Using the Brazilian, Mexican, and other models, an income supplement can reach impoverished Haitian families when they need it the most.

Helping Haiti recovery from this natural disaster constitutes an obligation for every nation of this hemisphere and beyond. It is not only the right thing to do in helping neighbours, it is the only thing to do.

Senator MENENDEZ. Thank you.

Mr. MacCormack.

**STATEMENT OF CHARLES MACCORMACK, PRESIDENT AND  
CEO, SAVE THE CHILDREN, WESTPORT, CT**

Mr. MACCORMACK. Thank you, Mr. Chairman and Senator Corker.

I've been twice to Haiti since the earthquake. First, I went with U.N. Secretary General Ban Ki-moon and U.N. officials, and then with the CEO of Citicorp, both of whom were going for memorial services for their key employees. I've been doing this kind of work for a long time. What is really unique about the situation in Haiti is how the policy community, the relief community, the management community have been equally as devastated as the population as a whole. So, that is going to make the building-back challenge that much greater. We have to realize that the government, the U.S. Embassy, the USAID mission, the U.N., and the NGOs have all lost their own people, and their own facilities.

Having said that, I would emphasize four principles that are interrelated and, I think, key.

The first is that this is going to be a 5- or 10-year process. And I realize, here in the Congress, you can't necessarily commit for that period of time, but a framework would be key, because the priorities that you mentioned, Senator Menendez, are all key, but they can't all be done in 6 months or 1 year. They've got to be sequenced over a 10-year period. When we talk about rebuilding—or building—the Haitian Government and the education system, that's going to be a 10-year process.

Save the Children has been in Haiti for 30 years. We've been in Indonesia for 30 years. We were in Aceh, after the tsunami, with a 5-year plan. We have a 5-year plan for Haiti now, and a 10-year framework for that.

So, the only way to move forward is within a long-term framework; otherwise, we'll be back again in 3 or 4 years, after the next set of hurricanes, and people will be wondering, Where did we go wrong?

And that's a second point. That is, to make sure that there are adequate resources to get the job done, not just from the United States, but from around the world, and that it is in the frame of a public-private partnership. The American people have already given \$500 million of their own hard-earned cash for Haiti. Individual citizens around the rest of the world have also given a half-billion. So, that's a billion dollars of private philanthropy that's already been committed to Haiti.

I mentioned CitiCorp. The private sector is going to have to have a framework to be involved in helping to move Haiti forward. We can't create a situation where endless subsidies are the only way to maintain a health and education and infrastructure system.

So, there has to be adequate resources, but we have to have incentives for the private sector and for philanthropy to be involved for the longer haul.

That's the third issue, which is, put Haitians to work, and back to work. In Aceh, we employ between 1,000 and 2,000 Acehnese. It was the poorest province in Indonesia before the tsunami. There were rebel groups, the GAM, in the hillsides, because there was no employment for them. They now have adequate employment and an economy that's self-sustaining. That can happen in Haiti, but we've got to, again, through CCC kinds of operations, through policy incentives and tax incentives and so on, so forth, put Haitian employment at the fore of the strategy. It's tempting to go in with outside help and large-scale technology, but put the Haitian people

to work. And the diaspora has been mentioned consistently, all kinds of talent and education, but there have to be incentives for these individuals to return and get involved, which they would like to do.

Finally, the organization is going to have to be a team sport. Not the U.N., not the Government of Haiti, not the NGOs, not the United States Government alone, can do this. There's going to have to be some kind of joint operation that brings together these different parties—the Government of Haiti, the U.N. system, the bilaterals, particularly the United States Government and the non-governmental organizations, such as Save the Children, CARE, and others—that work together to build a better future for Haiti.

Thank you.

[The prepared statement of Mr. MacCormack follows:]

PREPARED STATEMENT OF CHARLES MACCORMACK, PRESIDENT AND CEO,  
SAVE THE CHILDREN, WESTPORT, CT

Mr. Chairman, Save the Children welcomes this hearing by the Senate Foreign Relations Subcommittee on Haiti. It raises important issues that deserve full discussion because the choices will affect lives and the future of a nation.

I have traveled to Port-au-Prince twice since the January 12 earthquake and saw firsthand its catastrophic impact. The devastation of the capital, with its highly centralized government infrastructure and institutions, is reverberating across the entire country. No part of Haiti is unaffected, as thousands of displaced families and children leave the earthquake zone, and as insufficient government services and infrastructure falter or collapse.

Children are always among the most vulnerable during emergencies. Sadly, the damage wrought by this earthquake only compounds the challenges that Haiti's children and families already faced each day. Their needs are enormous: medical care, food and water, shelter, basic supplies, protection and education. The threat of disease and illness is constant and cases of tetanus and suspected cases of measles have already been reported. Children are separated from their families, and are at risk for abuse and exploitation, as well as psychosocial distress. While the Haitian people are extremely resilient and have exhibited much patience, their challenges are daunting.

The earthquake caused severe damage, but also created the need for visionary thinking toward recovery and reconstruction so Haiti can start a new chapter and proceed on a new path forward. Save the Children hopes to work with Haitians to turn that page, based on our experience and expertise from over three decades in the country working in a complex environment characterized by frequent humanitarian crises. We have launched in Haiti one of our largest international responses ever. Save the Children is now engaged both in an immediate response to a disaster of unprecedented scale as well as in development of a bold and ambitious vision that is both long term and comprehensive, incorporating principles of supporting Haitians "building back better for children" at every step.

Our goal is to provide emergency assistance to save lives, alleviate suffering and support the recovery of 800,000 people including 470,000 children. This effort is focused on the entire country. There are no unaffected areas, so we all need to develop solutions both for those in the earthquake zone as well as those elsewhere, such as enhancing secondary city habitability and improving rural agricultural zones. We are working together with the Government of Haiti and other international and local organizations to assess and respond to the needs of children without parental care and to identify, register, and reunite separated children with their families. We have also accepted the United Nations request to help coordinate efforts to reunite separated children and colead the international response on education. In addition, we are delivering medical supplies to hospitals, distributing food, opening mobile health clinics and creating child-friendly spaces for children.

Our vision is a Haiti where all children realize their rights every day to a basic education, a healthy life, freedom from abuse and benefit from the support of families who recognize the fundamental needs of their children. In order to make lasting, positive change in the lives of children, Save the Children calls on the U.S. Government to sustain robust support for meeting Haiti's immediate and long-term development needs in cooperation with the Haitian Government and a wide variety of partners, including local civil society and children themselves.

During all stages from early recovery through reconstruction, the international community and Haitian authorities must demonstrate a serious commitment to disaster risk reduction in all spheres of activity. Hurricane season is just around the corner and we know these kinds of investments up front can avoid much greater costs incurred later through humanitarian responses.

Haiti's rebuilding will require substantial investment. The international community must fulfill the United Nations flash appeal for \$576 million, and then sustain significant investments for the next 10 years. We need to ensure the international community stays the course and that, unlike in past humanitarian crises, attention does not erode as other challenges arise. The government of President Preval has shown for the past 2 years that it is a government that the international community can work with—we must make our commitments longterm, predictable, and transparent.

In 2008 Congress passed HOPE II (the Haitian Hemispheric Opportunity through Partnership Encouragement (HOPE) Act), which extended trade preferences to Haiti for 10 years. As others have recommended, Congress should consider broadening these preferences to include even more of Haiti's exports. Finally, instead of issuing new loans to the Haitian Government, post-earthquake assistance should be in the form of grants. Outstanding bilateral and multilateral debt of nearly \$1 billion should be cancelled. Future funds must go to rebuild Haiti and ensure its children have a future to look forward to.

Haiti's rebuilding will take time. The recent ministerial planning conference in Montreal should be the first step of a 10-year commitment by the international community to walk with Haitians toward a new future and to meet their immediate and long-term development needs in cooperation with a wide variety of partners, including local civil society and the government of Haiti. Save the Children has been in Haiti for over 30 years. Today when we start working with a community, we want to make a commitment to them—to work with them for 10 years and build their capacity during that time to take over from us. We work with the government, with local nongovernmental organizations (NGOs) and with the community. We can only make such a commitment with support from our private donors because few institutional donors have a 10-year timeline. But Haiti needs such a long-term commitment from all of us.

Enhanced coordination is also necessary. We all need to do better at coordinating our efforts, especially given the thinly stretched capacity of the Haitian Government. Even before the earthquake, coordination among the major donors, NGOs and others was more a case of information-sharing than thoughtful division of labor. With more to accomplish and more actors engaged, the importance of strategic coordination cannot be understated.

To do our part, Save the Children is playing a leading role in the U.N. cluster system, which seeks to coordinate the international humanitarian response by sector. Previous experience suggests, however, that in working alongside and through the U.N. system, the United States should empower one concerned agency to oversee the overall response. President Obama wisely empowered Dr. Rajiv Shah, the new Administrator of the U.S. Agency for International Development (USAID), to oversee the U.S. relief response in Haiti. USAID should be empowered as well to lead the U.S. development effort, so that the dozens of U.S. agencies engaged with Haiti respond in a coordinated and cohesive way to support Haiti's long-term development needs.

Some are questioning whether longer term aid will be well spent given the political instability and corruption that were wide spread prior to the earthquake. The answer, of course, depends on the Haitian people, but the U.S. Government can do its part to move in the right direction. As the largest donor to Haiti in the past, the effectiveness of the U.S. Government programs impacts the entire development enterprise in Haiti. Just a few donors, the United States, Canada, France, the EC and the World Bank, contributed over 90 percent of the official development assistance in 2006 and 2007 with the United States and Canada alone providing almost half. Better and more strategic coordination amongst the international community is both possible and necessary.

Working with the Haitian Government and civil society, the United States can make significant progress toward more effective reconstruction and development. The United States, with NGO partners and other donors, should intensify its commitment to building the capacity and systems of the Haitian Government and Haitian civil society to lead and manage their own development.

Rebuilding infrastructure is important; building institutions, as former USAID Administrator Natsios argued in a recent essay, is of even greater importance. In Haiti, Save the Children will continue to work with Haitian institutions and build Haitian systems. For instance, prior to the earthquake we were supporting 250

schools in Haiti—government, religious and private schools. Schools supported by the government are apparently the strongest, but the government did not, and certainly now does not, have the capacity to spend even the few funds that the international community provides to it. As schools reopen, we will continue to support school health and nutrition, and teacher training at these schools, and work with these schools to go through the government certification process which ensures that the schools are aligned with government protocols. The United States and international partners must strengthen both government institutions to oversee and provide education, and the private and nonprofit Haitian institutions to link with this system.

Drawing on Save the Children's previous experience, including lessons learned by the 2004–05 tsunami response in Southeast Asia, we know that Haiti's effective long-term development will require putting Haitians at the center of their own development and recognizing the critical role of women and youth in the decision-making process. In this regard, we believe the administration and Congress should consider the following:

- Invest in participatory initiatives that engage women and children in the decisionmaking, implementation and monitoring of reconstruction and development initiatives;
- Focus on rebuilding Haitian institutions and systems. Infrastructure matters a great deal, but promoting human development by equipping Haitians to deliver quality education, health care and other services themselves matters even more;
- Explore models for attracting back the Haitian diaspora into the government at reasonable salaries, as Liberia and Afghanistan have done with some success;
- View the Haitian Government's recently completed development plan as the primary plan for Haiti's reconstruction and development;
- Strengthen USAID with more staff to properly plan, engage, leverage with others and monitor our assistance. Currently there too few staff and they spending 30 percent of their time on reports and planning documents for Washington DC.

Business as usual is not enough for Haiti. The international community, the United States and the NGOs must sharply expand our focus on human development, both skills and institutions. Governments, NGOs, foundations and other stakeholders must help build the capacity of Haiti's civil society, private sector, and national government from the very local to the national level to enable Haitians to lead their country into a brighter future.

Senator CORKER. I really—

Senator MENENDEZ. Senator Corker.

Senator CORKER. I'm looking at the clock, and I've got to bolt out of here. And I apologize. But, I want to thank each of you for your testimony and what you do on a daily basis, both you and your organizations.

And Stacy Oliver, behind me, will follow up with some questions, and we'll have communications, I'm sure, with your staff.

But, I want to thank you. I know all of us have—I'm sure Senator Menendez, but—have spent time in Haiti, and met with Preval recently, and saw that there was progress being made. But, we all realize tremendous devastation of managerial infrastructure there. And I do think that, for years, we have worked around—we have worked around governments in the past. Again, I realize there was a glimmer of hope over these last several years, but I do think that what has happened is going to cause us to need to respond in a way that certainly respects—and realize it's a sovereign country, but, at the same time, we're probably going to need to be a little tick stronger in helping make—this is an opportunity, with all the devastation and sorrow and unbelievable agony that's occurred, it is an opportunity for us to work even more closely with them. And I know that your organizations will be involved, and your efforts will be involved, and I thank you very much for your testimony.

Senator MENENDEZ. Thank you, Senator.

Let me ask a few questions. I appreciate all of your testimony. I think it was insightful. I clearly hear the long term. And that's one of my concerns. I know there is a passion right now, by average people in this country, our government, and other governments throughout the world, but I've also seen this play before in different parts of the world, where that passion ultimately subsides and the challenge—the long-term challenge is forgotten.

So, I think a lot of what gets done right now is going to be critically important to laying the foundation as to whether we can keep the commitment that is necessary.

So, we're going to be looking at a multidonor trust fund. And given the scope of the disaster and the extremely complex reconstruction effort, in all of its dimensions, several of which you've mentioned here in your collective testimony, you know, there are clearly there, we're talking about billions of dollars, over time, which will be required to finance it. And some have suggested that those reconstruction funds be managed via a multidonor trust fund.

Keeping in mind the need to ensure that the Haitian Government takes the lead in crafting—I strongly believe that its own reconstruction plan, maybe working off the ones, Mark, that you mentioned, that are already in place as a result of the hurricane—accountability is going to be a key concern of donors. And based on previous experiences and lessons learned, such as in the tsunami, what would be the best mechanisms for coordinating and managing the billions of dollars that will be pledged by donors and spent for this effort? How—and I open this up to any one of you who want to answer this—how should—particularly, Mr. MacCormack, with your experience—how should NGO efforts fit into such a coordination mechanism? And how would local NGOs and civil society make sure that their voices are heard? And should we be encouraging this at the U.N. meeting in March in New York?

So, why don't we start with you, Mr. Schneider.

Mr. SCHNEIDER. Let me try. I would start where you just left off. You have at this point, about a 12,000-member United Nations peacekeeping mission there with the responsibility, under the Security Council mandate, of ensuring security stability. And that's the basis for reconstruction.

I would argue that the Secretary General's Special Representative should be the major international interlocutor with the Government of Haiti in ensuring that the security and political stability issues are dealt with effectively. I think, at the same time that this should be the core of your overall coordination of reconstruction. That's different from management of a multidonor fund. But, I do think that the United Nations is the right place to have the central coordination. And then, within that, you would have, as you say, a specific multidonor fund that would be managed with a cochair. My view would be to have a cochair from the United Nations and the Haitian Government's representative, probably the Prime Minister or the Minister of Planning, or a reconstruction chair. And then on it—a board of directors—would be your major donors and representatives of the Haitian society in order to ensure accountability.

There will be lots of people challenging the way those funds are spent, alleging misuse, et cetera. And I think the only way that you

can do it is to have that be very transparent at the outset. And I think that, in that process, each sector would have its own plan for reconstruction, and that plan would be developed with Haitians first and then with the participation of local and international NGOs in the donor community.

Remember not all, but most of the NGOs depend on donor finance to carry out their activities. And it seems to me that you want to ensure that they're carrying out those activities under a coordinated plan that begins with the Haitian Government and the Haitian people. And I think you can achieve that by taking the plans that have already been put together and then reaching agreement on a long-term reconstruction plan that meets some of the issues that we've talked about.

But, I would put, first, the United Nations coordination, and then I would have a multidonor fund under that, with a broad representation. And for the U.S. Government, I think you also need to have a single all-of-government coordinator for Haiti reconstruction, and then have each of the major agencies have their own full-time Haitian reconstruction coordinator.

And if I could, Mr. Chairman, about the "long term," we've done—you've done, on the Hill, several different long-term authorization bills; the Freedom Support Act, the Afghanistan Support Act, the Nunn-Lugar bill, which was 10 years; the others were 4 to 6 years. It seems to me that you could have a long-term authorization for Haitian reconstruction and transformation that would provide a framework for moving forward, and then, within that, have an emergency supplemental that would start things off. And, as you say, I would argue that the emergency supplemental—and several groups have sent a letter—with respect for \$3 billion. My suspicion is that the estimate of needs is going to be well over \$10 billion. And I would say that, in the past, the United States has generally provided between 30 and 60 percent of the grant assistance in those reconstruction plans for Hurricane Mitch, et cetera.

Senator MENENDEZ. Mr. MacCormack, any views?

Mr. MACCORMACK. I would second Mark Schneider's principles. I think there needs to be a senior U.N. envoy on the ground. I think there needs to be a senior U.S. envoy on the ground. We have President Preval. And I think there needs to be an NGO consortium. We're all talking to each other—Red Cross, CARE, Save the Children, World Vision—as we speak. And out of that group can come a chair. And those four individuals should be working together. The reality is that the funds and the capacity and the responsibilities are distributed amongst these four different parties. There's no way of changing that.

So, right now, by and large, they are each fairly modestly represented, in terms of leadership. I think the leadership needs to be elevated, there needs to be a clear individual who speaks for the coalitions underneath each one of them.

Mr. MAGUIRE. Yes, Mr. Chair. I second the idea that we need to have a point person and collaboration and coordination. I would—I was certainly heartened yesterday when I saw that President Clinton would be having an expanded role in that regard. He is trusted in Haiti, and he's trusted outside of Haiti.

It has struck me, in my years of working in Haiti, that I often wonder how government officials in Haiti ever get any work done outside of the meetings they have with the various delegations coming in, and the reporting procedures they have to the different agencies that are different. And now we've got a government that's even weaker than before, at this moment. So, I think we also have to keep in mind the fact that streamlined procedures that have the Haitian authorities only writing one report, not having to deal with multidelegations, so that they can do their work, is a very important factor to consider, as well. And again, that's why I would think that President Clinton would be a very good kind of funnel to focus all of that through.

On the Haiti side, I wanted to mention one thing that has struck me that President Preval has done over the past 4 years that we might want to think about and discuss a little more with him. He has established a number of what he calls "Presidential commissions" to look at key issues in Haiti—judicial reform, constitutional reform, making Haiti more competitive internationally, and so on. And these commissions have actually been rather remarkable, in the sense that, not only have they come up with tangible and concrete recommendations, including for revising or amending the constitution, but they've done so by bringing people of all Haitian walks of life together, even some people who are in opposition political parties, to work on these commissions. It's something that Preval owns, it's something I applaud that he's done. And I would think that this might be a mechanism, in two ways. One would be to—from the Haitian Government side, to establish commissions to look at this extraordinary situation now, but to broaden those commissions and maybe even make them a mixed commission, where international actors could actually sit on, and be members of, the commission. I think that that might be a worthy idea to try to pursue with the—

Senator MENENDEZ. You, maybe, precipitated my next question that I had in mind. As all your testimonies talk about looking at this opportunity—out of tragedy, an opportunity to help Haiti with its institutions, because, if not, we—and the Haitian people, most importantly—will have, maybe, lost a long-term opportunity.

You mentioned these Presidential commissions. I mean, I wonder, How do we best partner with Haiti to build its own capacity effectively out of this challenge? And how is that different than what we've done? Because obviously what we've done—I mean, I look at a report on a USAID mission in Haiti in 1998, and I read it, and among the things it says is, "Most of Haiti's public institutions are too weak, ineffective to provide the level of partnership needed with USAID or other donors to promote development. These institutions are characterized by a lack of trained personnel, no performance, a base incentive system, no accepted hiring, firing, and promotion procedures, heavy top-down management, and a decided lack of direction."

Now, I don't know what—how much have we progressed from there? And it seems to me that we have to find a different paradigm in which we work with the Haitian Government and the Haitian people on its institution-building capacity and its ultimate ability to achieve greater governance for its own people.

Now, these Presidential commissions, which I'm—wasn't particularly aware of—may be the start of that, but how do we work with them in a way that's more productive? I'll open it up.

Mr. MAGUIRE. I'll—let me start off. You know, we—Haiti's Government has been kind of like—some people have called it a hollow state; it looks good on the outside, there's not much on the inside. And I've come to learn that Haiti's civil service is very demoralized. And one of the reasons it's demoralized, I think, is because of our development strategy, not just that we don't support state institutions and provide them with resources that make them competitive on the market for personnel, but that a Haitian technician with any sense, even if he has a government job, is probably going to spend more time working on the staff of an NGO and make a lot more money and be more secure, so the government is actually this kind of phantom entity.

So, I think one of the things I would like to see—and certainly I'm a big supporter of NGOs. In all my years with the Inter-American Foundation, I supported Haitian NGOs exclusively; they can get the job done. But, there needs to be greater coordination. And I would like to see the NGOs from the outside responding more to the needs of the Government of Haiti rather than to the RFPs of the donors, so that, therefore, perhaps you can find a way of having the talent in the NGOs to be working side by side with Haitian officials, and you wouldn't have this discrepancy and the need for Haitian officials to have to go out and get a second job because their government doesn't have much money to pay them. And so, it's just a dynamic I think we have to rethink and look at a little better.

I recall, about a year and a half ago, there was this short article in the Haitian press about the new USAID education program in Haiti. And the article pointed out that the U.S. Ambassador and the Haitian Education Minister sat down and signed the papers. But, it also pointed out that, at the signature ceremony, the Education Minister for Haiti mentioned to the U.S. Ambassador that, indeed—he reminded her that Haiti does have an education strategy. And the message there being that, “Well, thank you very much for these programs and projects, but we want to make sure they're more in harmony with ours.” So, I think if we can get some of our technical personnel and NGO personnel more in harmony with the government, too, that's going to help to strengthen the state and help it to be able to really shoulder this burden better.

Mr. SCHNEIDER. Couple of things. It seems to me that, if we're serious, we probably need to ensure that all donors change their strategy. For a variety of political reasons, we bypassed the Haitian Government, at different stages in the past, and denied funds going either through the central budget or through specific ministries. And I think we have to shift, if we really want to build those government agencies, and, at the very least, require, if a grant goes to an NGO, that the NGO is required, by the donor, to follow the Haitian strategy in that sector; in this case, the reconstruction plan. And, second, that if it's not going to go through the government ministry because the government ministry, at that point, may not be capable, that an increasing portion of the grant go to the objective of strengthening the government ministry officials and tech-

nicians during the course of the grant, so that, after the grant period, each ministry is far more capable of carrying out the function rather than continuing to have it have to be done by NGOs.

And the second is that, again, in each of these issues, we need to be saying, how are we strengthening the institution, not just in Port-au-Prince, but across the departments? And so, I would urge, as part of the reconstruction strategy, that institutional strengthening be decentralized from the outset. And so, if you're going to put people into the Ministry of Education, they should be going into the Ministry of Education in Port-au-Prince, but also in Gonaives, in Cap Haïtien, in Port-de-Paix, in order to ensure that the ministries have the capability to provide services out into the departments.

And finally, it seems to me that we have, for the first time, because of the magnitude of this tragedy, the ability to go to the diaspora, with the support of each Haitian minister, and say, "We need a mid-level technician with this kind of experience, and we're going to fund you for 2 years, or for at least a year, but ideally for several years," to play that role in Haiti and do two things—carry out some of the functions, but also train a colleague in the Haitian ministry to replace you at the end of the period.

Senator MENENDEZ. Andrew Natsios has a piece that he put out that suggests finding qualified Haitian diaspora to go back for a period of time to help build the institutions and simultaneously creating a scholarship program here for graduate students, to help build that capacity.

Mr. SCHNEIDER. I should say, we've tried that, and I'm sure he tried that. And the problem was, in the past, there was resistance both to bring in higher paid diaspora people and resistance, from inside the ministries, that they were going to be, in a sense, overlooked or superseded by these individuals. And at this stage, there are so many gaps in the ministry that I think that that problem is no longer there and this kind of program can be an integral part of each of the sectoral—

Senator MENENDEZ. So, instead of a threat, it would be welcomed.

Mr. SCHNEIDER. Exactly.

Mr. MACCORMACK. In terms of this question of how we should relate—best relate to the people and Government of Haiti, it does seem to me it's got to at least be a two-track system; there has to be the work with the Government of Haiti, but there also has to be the bottom-up side of the process and working with the Haitian people and Haitian nongovernmental organizations and entities on the ground, in the neighborhoods and communities of Haiti, where an awful lot of strength really is. And I do think that's also the role of their international NGO partners.

But, I would say, we have not been outstanding in our building of Haitian NGOs, and I would recommend that get built into the process, to the extent we can do it. The challenge is, it takes longer. It's easier for Save the Children to deliver the services, build the schools, train the teachers ourselves, with our well-trained Haitian staff and our systems and so on, so forth, than to take the extra time to build a Haitian institution as well as get the job done. And so, there's a bit of an accountability tradeoff here,

in terms of timeframes. Ideally, we'd allow AID and others to build this into their procurements, and so on, so forth, and recognize it may take a bit longer to do it, in this twofer process of both building Haitian institutions and getting the job done, than it would if the international NGO just did it itself, but, in the end, if we don't do that, we're going to be right back in the same hollowed-out situation that we find ourselves today.

Senator MENENDEZ. Your comment raises the last question that I have. Well, not the last question, but the last question I'll ask. We're still going to pick your brains, moving forward. You know, and it's the question of long-term thinking. You know, in the 2004 Asian tsunami, we didn't do long-term thinking; we rushed, I think it was, 30 million—30,000 metric tons of food aid, despite the fact that southern India and Sri Lanka had bumper rice crops. And, as a result, we created a second crisis, where we artificially depressed commodity prices and, hence, incomes for local farmers.

Then, in El Salvador in 2001, you know, we had a different response, where the local USAID mission staff spoke to mayors and local leaders in affected municipalities to frame the essence of how their reconstruction would result in that. It created, you know, a focus on rural incomes and jobs by trying to improve farmers' access to markets, disseminating lessons through public institutions, and incomes, jobs, markets, and institutions that ultimately got reestablished and helped build the long-term effort there.

So, my question is, as we, right now, have, obviously, an immediate response, is this—as you know, this subcommittee has jurisdiction of all of our foreign assistance abroad. I'm looking at—and I'm sure other members are interested in—are we including enough long-term thinking here? You've—Mark, you've been the head of this entity. In the—

Mr. SCHNEIDER. I think there are two parts to it. In the rush to help—

Senator MENENDEZ. Let me get the final part of my—

Mr. SCHNEIDER. All right.

Senator MENENDEZ [continuing]. So you can answer it all.

In the rush to help, are we missing lessons from past disasters, and that sometimes moving—you know, there's such a desire to be so responsive, as we should be; by the same time, are we moving so fast that we cause bigger problems and miss big opportunities?

Mr. SCHNEIDER. You phrased the challenge, it seems to me, which is that the massive desire to move quickly and respond, both in terms of relief and in terms of rebuilding, at times undermines the capacity, particularly on institution-building in the long term. And I guess one of the lessons that we learned from Hurricane Mitch was that you needed to have some of the voices from the countries in the process of defining our own strategy to help them, in terms of reconstruction.

And one of the things that I've urged, and I would continue to urge, is that we find ways, as the reconstruction plan is being put together in Haiti and as the donors are attempting to respond, that the Haitian NGOs, Haitian civil society, Haitian private sector, be incorporated in that process.

The donor meeting is in March or April in New York, and I would strongly urge that there be, at the very least, a premeeting

that includes them and gets their ideas for some of these issues, going forward.

And the second is in terms of specifically what you mentioned in El Salvador on agriculture and in Aceh. One of the fundamental failures in Haiti was that many of the policies we took here undermined Haitian agriculture for the long term. And right now, it seems to me, we have the opportunity to ask ourselves, how can the international community and the United States, particularly in the reconstruction thinking, ensure that, 10 years from now, Haiti is no longer importing 70 percent of its rice and that the capacity and the potential for Haitian agriculture has been supported? And I would ask that question almost in every area, and then look at the question of what policy changes are needed.

And I think it's possible. It's not easy. There are obviously political factors involved, but it seems to me that there's a potential there for achieving long-term transformation in the Haitian economy and of Haitian society, and we have a significant role to play in that process.

Mr. MACCORMACK. As my testimony suggested, there's no question that there's got to be more long-term thinking about this, or we'll be right back in the same situation 3 or 5 years from now, and our publics will be outraged, certainly, that they gave so much money to Save the Children, CARE, and so on, and nothing changed.

The question is how to do it. And it does seem to me we have national security interests in the well-being of Haiti not being a failed state that are quite pressing, and it is important to frame it that way, in my opinion.

Haiti is one of our nearest neighbors. You can get up in the morning here, be in Haiti for lunch, have your meetings, and be back here for dinner. We cannot afford to have Haiti being a staging area for drugs and trafficking and so on and so forth. So, we have interests in the success of Haiti that are quite pressing.

It's also manageable. There are only 8 million people in Haiti. This is not 100 million, 200 million, 300 million people that have to have a change. So, it's affordable. So, I think we have a sales task, and—all of us—to convince the Congress, the taxpayers, and others that this is not just one more emergency in one more far-away place; this is miles away from our own country. And hopefully, with that kind of framing, we can get the longer term commitment that we really need to get sustainable, lasting change in Haiti.

Senator MENENDEZ. You know, one of the things that did bother me—on September 11—different type of tragedy, but the American people came together, regardless of their race, their religion, their political view. It really annoyed me to see—and I understand it's a democracy—but, political classes in Haiti taking the opportunity of a tragedy to, you know—I didn't get the sense it was a legitimate criticism as much as it was an opportunity to criticize.

So, how is it—and I have no views as to who should be or not be in power; that's not my issue. My issue is, how do you, in the mist of such a set of circumstances—do you get buy-in by, maybe, inviting those other elements in political—the political universe as well as the civic universe, to be at the table and be responsible?

Because it's very irresponsible just to criticize—you know, Abe Lincoln used to say, "He who has the heart—who has the right to criticize must have the heart to help." It seems to me that there's some mechanism in this process that needs to be created in which people are brought in, given the opportunity to be brought in, so that they can be positive actors instead of just simply negative actors. Is that possible?

Mr. SCHNEIDER. In fact, one good example in Central America, was where there were four very divergent ways of responding to the hurricane. In El Salvador, they called together a National Reconstruction Advisory Council that brought together private sector, civil society, et cetera, to talk. After there was agreement with donors about principles, like the ones we've enunciated, they brought together this Council to come up with the projects that were then presented by the government, with the government, for actual funding. And it seems to me that that is one way, in Haiti, of bringing things together. Haiti needs to have a new social compact that involves everyone. And this is one way—in a sense, as you said—to hold them, give them an opportunity to be responsible and to play a participatory role in that process. And it is absolutely essential, and it is very frustrating when you see the opportunity not taken to come together in a united fashion.

And I will say that President Preval, as Bob said, has, in the past, done things to engage them, and I would hope that he would again.

Senator MENENDEZ. Do you have a—

Mr. MACCORMACK. Several times—sorry. We've consistently mentioned the Haitian diaspora in the United States and Canada, and I think keeping a focus on how to mobilize that group is really, really important here. And I think, a generation ago, in Spain and Portugal, there were millions of Spaniards and Portuguese in the European community—what was then the European community—working. You had had Franco and you had Salazar, in Spain and Portugal, for a generation, but you had a group who had left and participated in democracy and opportunity, and then a framework was created for their return. And they had a huge, huge role in creating this new social compact in Spain and Portugal.

I think if we can create a framework that incentivizes the Haitian diaspora in Canada and the United States to return, which many of them would be willing to do in the right framework, we could really move this whole thing forward.

Senator MENENDEZ. Final word, Mr. Maguire.

Mr. MAGUIRE. Yes, sir. I would like to stress a couple of points about this rivalry.

Oftentimes, it's been fueled, actually, by divisions in Washington, the rivalries in Haiti. We've seen that in the 1990s, we saw it in the early 2000s. I think that the fact that there is no rivalry on Haiti in Washington right now is a positive fact, and it will help us to, I think, respond better to trying to push Haiti to be a little more unified in this.

There's an expression in Creole that comes to my mind. It's "profit de l'occasion," "take advantage of the opportunity." And somehow or other, I think, with the government leadership, the government's got to start speaking out more than it has. That's obvious. I think

everyone knows that. But, rather than people looking at this as how they will profit individually, either through opportunistic politics or price gouging or getting contracts, that sort of thing, by supporting the government, these kind of commissions, mechanisms that can bring people into the tent rather than have them outside, I think we can help to defuse some of this instinct toward taking advantage of the opportunity.

But, I think, as well, we need to look—talking about, you know, the long-term thinking—in my testimony, I tried to look at long-term mistakes, mistakes we've been making for the past five decades that, in part, have pushed Haiti's underdevelopment along, mistakes that have been made by Haitians. If we take into account the mistakes, I think that we can move forward and do things better in this regard.

I'd just—you know, one example. In the 1980s, there was a big move in Haiti to create assembly plants. It was called the Taiwani- zation of Haiti. Haiti was going to become the Taiwan of the Carib- bean. And for a moment, maybe it did, with 60 to 1,000 to 100,000 jobs. But, you know, as I mentioned in my testimony, you know, Francis Fukuyama has criticized the fact that Latin America as a whole, and Haiti, particular, did not do what Taiwan did to become Taiwan, which was invest in people first through universal edu- cation, and invest in agrarian development so that when you start- ed the factories you'd have support mechanisms in the country to develop the entire country.

So, if we learn from lessons like that, I think we can go forward and do this a whole lot better this time.

Senator MENENDEZ. Well, very good.

Thank you very much for a good—Mark, do you feel compelled?

Mr. SCHNEIDER. Yes, I feel compelled, just because the—

Senator MENENDEZ. I've been very liberal, here.

Mr. SCHNEIDER. I know you have. I know you have. [Laughter.]

It's just that, you know, one of the areas where the United States—

Senator MENENDEZ. Not in the political extreme, either, obvi- ously. [Laughter.]

Mr. SCHNEIDER. One of the places where the United States, today, can play a significant role is in the area of drug trafficking. President Preval has been complaining for 4 years that the United States has not responded in providing him help on interdicting drug trafficking. At the time, now, where the Haitian National Police is damaged, it's clear that, at some point in this process, the drug traffickers are going to again try and use Haiti as a transit point. It seems to me that that should be a key part of what we do in helping Haiti. And we're just about the only ones who can do that.

And the other, in terms of the diaspora, right now, I think there are only about 15 Haitian-American police as part of the 2,000- member United Nations police force, which is going up to 3,500. I would hope that the United States would include the funding to bring—and I know they would love to go back and participate—a significant number of Haitian-American police into the U.N. police force there.

Senator MENENDEZ. A lot of great ideas here, and we appreciate it.

We're going to keep the record open for 2 days so that other members may submit additional questions to you, and appreciate your earliest response possible. I think you've given us a lot of food for thought here, and a lot of opportunities to think about how we work with the administration and move forward in a way that can ultimately enhance the lives of the people of Haiti, both now and in the future.

Thank you for your participation.

With no additional comments, this hearing is adjourned.

[Whereupon, at 4:30 p.m., the hearing was adjourned.]

#### ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF INTERNATIONAL HOUSING COALITION (IHC),  
WASHINGTON, DC—FEBRUARY 3, 2010

The International Housing Coalition (IHC) has been monitoring the situation in Haiti with a particular focus on the impacts of the disaster on housing and critical residential infrastructure. The situation is desperate, as we all know, and efforts are now rightly focused on immediate relief, life-saving medical care, critical food and water, and security. At the same time, the enormous destruction to Haiti's housing stock threatens not just the immediate health and well-being of the population, but the country's long-term social and economic viability. Experience from around the world shows that post-disaster rescue efforts quickly morph into recovery and then reconstruction efforts. This process will happen in Haiti with or without the support of the international community and a comprehensive reconstruction plan.

The U.S. Government (USG), along with other parties, has a critical role to play in making reconstruction resources available quickly. These resources must be used in a strategic way to steer the reconstruction process in a positive direction. More than a million Haitians are homeless and many more are living in unsafe, compromised structures. Shelter is a precondition for economic development, health, and security, and the efficiency of investments in other sectors is reduced when recipients lack safe and secure shelter. U.S. resources must be used equitably and efficiently to house families and reestablish communities in ways that enhance their resistance to future natural disasters.

*The IHC makes the following recommendations*

- Establish a Reconstruction and Development Authority to oversee and coordinate reconstruction efforts. The USG should support the immediate creation of a redevelopment authority for greater Port-au-Prince. The authority would develop a reconstruction strategy and implementation plan. It would manage and disburse redevelopment funds for housing and basic infrastructure (e.g., local roads, storm water drainage, water reticulation, and sewerage). It would be in a position to pool funds from the United States and other donor agencies to maximize impact, coordinate shelter construction with infrastructure provision, and build linkages between reconstruction and local investment. Successful housing reconstruction requires effective public administration and management, including the promulgation and monitoring of minimum standards for construction. Areas not suitable for reconstruction should be identified and mapped quickly, before informal reconstruction gains traction and residents should be made fully aware of these restrictions as soon as possible.
- Develop a comprehensive shelter strategy. The process of shelter reconstruction should take place within the framework of a shelter strategy and plan supported by the donor community and Government of Haiti which takes into consideration many factors including local needs and effective demand, available resources, institutional capabilities within both the public and private sectors, legal and regulatory issues, environmental considerations and opportunities for economic development.
- Ensure that assistance for shelter is accessible and provides appropriate incentives to residents of all income levels to rebuild and improve their homes. Given the scale of the disaster and the resulting housing deficit, rebuilding must utilize the full range of local resources and institutions in addition to internation-

ally provided support. As a practical matter most housing will be provided by the homeowners themselves and much of this will involve the incremental rebuilding of remaining structures or improvement of the temporary/transitional shelter received in the early days of the relief effort. Assistance for home reconstruction must provide effective incentives for families and others to build using materials and techniques that increase resistance to future disasters, while still providing opportunities for small-scale builders, for self-help construction, and for efforts by community groups and nongovernmental organizations.

- Ensure that housing and infrastructure reconstruction efforts support and enhance local economic development. Employment generation should be an explicit objective of the rebuilding process in order to increase household income and thereby stimulate consumer demand and production.

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[From Newsweek, Jan. 22, 2010]

AFTER RECONSTRUCTION

REBUILDING HAITI MEANS MORE THAN JUST BRICKS AND MORTAR—  
IT MEANS BUILDING INSTITUTIONS

(By Andrew Natsios)

The mobilization inside the United States—among the military, aid groups, the public—to help Haiti has been quick and generous. Hopefully, alongside peacekeepers and other international partners, we can help the Haitians stabilize their country and reduce human suffering. But then the work of rebuilding will begin, as the U.S. helps them to reconstruct their shattered capital and economy. And it will probably not go well. Not because the destruction was so massive (that is a surmountable problem), but because Washington policymakers unfamiliar with development practice still don't understand how to help the Haitians erect a functioning civil society, private economy, and competent government. It's not about reconstruction and humanitarian aid; it's about institutions. And without them, Haiti will remain a failed state.

In a recent book, "Violence and Social Orders," Nobel Prize-winning economist Douglass North and John Wallis and Barry Weingast explain what distinguishes rich countries from poor ones. It's not just wealth, education, or resources. It's about the density of legitimate institutions—groups to administer public service, keep public order, ensure the rule of law, and build a market economy. The United States, as de Tocqueville first noticed on his travels in America during its youth, is probably more densely packed with institutions per capita than any society in world history, helping to make it wealthy and so stable. North and his colleagues argue that institutions challenge and help governments: they allow societies to negotiate conflicting interests peaceably, maintain public accountability and transparency, conduct impersonal market transactions essential for rapid economic growth, and provide government services to everyone equally. In more traditional societies, powerful elites limit groups like these that check their power; and they use the government (and its treasury) to build patronage networks, restrict economic activity to their own class, and hand out public services to their own supporters to keep them loyal. If we could measure it, Haiti probably would have the lowest number of legitimate institutions of any country in the Western hemisphere, and maybe the world.

A National Academy of Public Administration report of 2006 on why foreign aid has failed in Haiti summarized general donor opinion, which has "variously characterized Haiti as a nightmare, predator, collapsed, failed, failing, parasitic, kleptocratic, phantom, virtual or pariah state." One World Bank study of Haitian governance reports that "30% of civil service were phantom employees . . . One ministry had 10,000 employees, only about half of whom were ever at work." A USAID evaluation of the Haitian government institutions reported they are "characterized by lack of trained personnel; no performance based personnel system, no accepted hiring, firing, and promotion procedures; heavy top down management; and a decided lack of direction." In a word, Haiti was a failed state before the earthquake. The country needs more than rebuilding.

But the crucial idea in "Violence and Social Orders"—that once basic human needs are met, institutions are more important for a functioning country—is not driving Western aid. Increasingly, the groups who purvey it have focused on the delivery of services, not the building of institutions. For its part, Washington takes reconstruction literally (bricks and mortar alone). It's a truism that ports, roads, sewage, schools, health clinics, bridges, and clean water are preconditions to a sta-

ble country and expanding economy. But if that's all we do, Haiti will simply revert to dysfunction, and whatever is reconstructed will begin to crumble over time without institutions to ensure maintenance. (Even before the quake, Haiti's public services, where they existed at all, were perilously close to collapse.)

Unfortunately, institution building is much harder than reconstruction. Political pressure from Washington since the end of the Cold War, has demanded speed, visibility, and measurable results in state-building exercises. But functional institutions will take a decade or more, their successes will be undramatic, and many will be difficult to quantify. Aid efforts in Haiti in the past have focused too much on delivering public services through nongovernmental organizations and international groups instead of the trying to reform the Haitian institutions that should be delivering these services. But simply providing aid funds through Haitian government ministries, however—the newest international-aid fad—will strengthen the predatory forces that control them. Paul Collier, in his book the “Bottom Billion” says this kind of aid in a failed state will have the same affect oil revenues do in poor countries—it encourages looting of the treasury. Only a massive shift of personnel, power, and resources within Haitian society will break the stranglehold of predators. How do we do this?

Building new institutions will require competent and honest Haitian leadership. Haitian President René Préval has shown technical skill in improving governance during the last two years, but he has been invisible in the post-quake humanitarian-aid effort, which has damaged him politically. He will need help, and one of the best ways of generating that help in a country that has had a chronic leadership deficit is to bring prosperous, educated Haitians on a large scale back from the diaspora to help him build new Haitian institutions. Haitians in America and Canada are well known as upwardly mobile, entrepreneurial, and hardworking. They could be the vanguard of a new Haitian governing leadership to reform the corrupt and dysfunctional system.

At the same time, the United States should bring emerging Haitian leaders to American universities and colleges. The most successful institution-building program ever used by USAID, the U.S. government's main foreign development arm, was its scholarship program, which brought 18,000 students a year to American colleges and universities. Those scholarships have been phased out over time because Washington regulators demanded rapid and visible results, which education does not produce. But scholarships engender long-term transformation, because graduates usually return to their home countries from the United States as reformers. Bringing promising Haitians to the U.S. for graduate programs (with safeguards to ensure they return to Haiti afterward) can complement the return of the Haitian diaspora in building new institutions.

Another imperative is security, without which the exodus of educated professionals will continue. Criminal gangs linked to the drug trade have grown more powerful over the past few years and are behind the growing violence in Haitian society. Unless this trend is arrested, any effort to build new institutions will fail. This means that a large U.N. peacekeeping and police presence with a more aggressive mandate will be needed to keep order for at least a decade before this institution-building effort can show results. It will take U.N. and aid agencies a decade to help the Haitians build the local military and police forces necessary for a functioning criminal-justice system.

Once those programs are in place, Haiti can begin to lure investment. Beyond the terrible loss of human life from the earthquake, the greatest invisible devastation is the destruction of jobs, businesses, and economic activity. International business and capital markets do not invest money in failed states, and, without that investment, job creation, and economic growth (on the scale necessary to transform Haitian society) are impossible. And without economic growth, new Haitian institutions will be unsustainable, lacking the local tax revenue to fund them when aid ends. So even if reconstruction goes well, Haiti's failed-state status offers the twin economic challenges of mass unemployment and a poor business climate. And private capital must flow to new institutions in the private sector; it cannot all be focused on the Haitian state. USAID ran successful economic-growth programs for just that purpose in Indonesia, Bosnia, Kosovo, and El Salvador.

If Western countries want to end the dysfunctional cycle of crisis and failed Band-Aid development in Haiti, tractors and concrete will not be enough. Only an institution-based model of reconstruction will succeed.