

Testimony by Mark L. Schneider, Senior Vice President, International Crisis Group to the Senate Foreign Relations Subcommittee hearing on International Development and Foreign Assistance, Economic Affairs, and International Environmental Protection on Haiti Reconstruction: Smart Planning Moving Forward

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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 neighbours.

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 one 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 UN 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 René Préval 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, NGO's 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 UN, 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 pre-positioning basic supplies in Florida and the Caribbean could alleviate the need for lengthy procurement procedures, and that pre-approved 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 fifteen reports about Haiti over the past five 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 fault line, 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 UN, 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 eight 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 4000 of MINUSTAH's 7000 formal military members.

---For three 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 UN 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 1990's, 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% forest cover centuries ago, to about 20% in the 1940s, to two 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 U.S. and international response must be bigger and better coordinated than ever before. The U.S. 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 UN. 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 U.S. 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 inter-agency 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 UN peacekeeping mission on the ground. Even before the earthquake, the Secretary General's Special Representative was unable to ensure that independent UN 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 UN mandate and the goals of the Haiti reconstruction and transformation plan. Obviously the World Bank, IDB, US, 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 government-wide 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 UN 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 5000 prisoners who escaped the crumbled penitentiary – are resuming their criminal armed activities. The UN peacekeeping mission has been authorized for a reinforcement of 2000 more troops and 1500 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 1000 of the 4000 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 U.S. 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 U.S. could also second more Haitian-American police, prosecutors and judges to the UN 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% of Haiti's children were not in school. Of those in school, an estimated 80% 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 refuge. 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 U.S. 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.