

## Building foundations for Haiti's future

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Two in every three of Haiti's 8.3 million people live under the poverty line. Reconstruction efforts are just beginning. Haitians were supposed to have gone to the polls in November, but the election has been put back for a second time amid poor organisation. The latest postponement is a setback for the Caribbean's poorest country, which finds itself caught in a cycle of political instability and economic doldrums.

Haiti has been governed by an under-resourced interim administration since the ejection of General Jean-Bertrand Aristide from power in February 2004, and its development indicators make for depressing reading.

With an estimated annual gross domestic product of \$3.5 billion, two in every three of Haiti's 8.3 million people live under the poverty line. Rates of illiteracy, child mortality and life expectancy are similar to those in the most impoverished parts of sub-Saharan Africa.

The focus of international attention is rightly on aid, security and political reform. The role of the private sector in Haiti's reconstruction, meanwhile, has garnered very little attention. A small group of Haitian business leaders, recently convened in Canada at the behest of the Inter-American Development Bank, is aiming to correct this.

The group's goal is a bold one, a new partnership between the public and private sectors to create 100,000 jobs each year for the next 12 years.

### Provisos

The optimistic message from the group comes with several crucial provisos, however. Most importantly, the business community must first find its feet. That will require pro-market policies, the business leaders argue.

"Foreign and domestic investors have to trust the Haitian government's commitment to a market economy or Haiti will see little growth, and poverty will continue to rise," came the forceful warning from the Canada conference.

Second, a positive contribution from the private sector demands a radical improvement in ethical standards. Tax evasion, smuggling and the bribery of public officials all remain rife in Haiti. It works both ways, with civil servants well known for dealing out contracts

to friends and family, and accepting bribes.

The result is the all too evident cycle of inefficiency, public distrust and the exclusion of those outside the remit of influence.

A third condition is the expansion of the formal business sector. While no firm labour figures for Haiti exist, it is estimated that as many as three in every four of Haiti's 3.6 million workforce are employed in the informal economy.

Those workers lack basic security and access to credit, while the sector also denies the public purse much needed revenue. The group noted that considerable efforts have gone into schemes to formalise land titling and to provide micro-finance to small businesses.

Expanding the business sector is also a matter of geography in Haiti. Public and private investment, such as it is, has been channelled almost exclusively into the capital, Port-au-Prince. Haiti's rural population is crippled by lack of infrastructure.

“For a revolution of growth to be real, Haiti will have to improve life in the provinces and the only way to do that is direct funding of development outside the capital,” says Carlo Dade, an adviser at the non-profit group Canadian Foundation for the Americas. Developing a deep-water port and free-trade zones in each of Haiti's major provinces was put forward as a potential solution.

### **Public sector empowerment**

Yet, the acute nature of Haiti's development needs demands immediate measures. Among the most prominent suggested by Haiti's business leaders is the transfer of knowledge and technology to public officials.

Feeding expertise into the public policy arena would, they argued, engender a more informed debate and assist the recuperation of Haiti's weakened public institutions (the National Assembly stopped functioning in January 2004). The group agreed to look into funding mechanisms and models, such as a Council for Social and Economic Development, to make this happen.

Helping with the dispersal of aid is another area where the Haitian private sector was reckoned to be well placed to help. Government corruption and inefficiency has prevented a large proportion of international aid from being spent on the ground. A better model, the group suggested, would be to involve business foundations.

The non-profit foundation of Sogebank, which manages a major HIV/Aids grant from the Global Fund to Fight Aids, Tuberculosis and Malaria, provides a successful case study. Among the many impressive features of its grant-making procedures is the requirement for cross-sector co-operation in project proposals and the segregation of responsibilities between partners in a project's implementation.

The Canada group also tackled the education system. The government only spends 10% of its already small budget on schools and universities.

Among the measures suggested by the group was a student loans scheme, the development of internet-based curricula, a national school breakfast programme and the mandatory completion of secondary school. Pushing these short-term proposals with the ministry of education emerged as one of the primary action points from the Canada meeting.

Corporate responsibility without a corporate sector is clearly a non-starter. Haiti's new government, when it is eventually elected, will need to provide the conditions for business growth if the private sector is to participate in the country's recovery.

The hopes of Haitian voters rest on that happening, just as they do on Haiti's business leaders putting some of their good ideas into practice.

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