



# FOCAL

Canadian Foundation for the Americas  
Fondation canadienne pour les Amériques  
Fundación Canadiense para las Américas  
Fundação Canadense para as Américas

## Policy Brief: The Role of the Private Sector in Rebuilding Haiti

### Executive Summary

**I**n October 2005, as a result of an initiative by the Rt. Hon. Joe Clark, the President of the Inter-American Development Bank (IDB) Dr. Enrique Iglesias requested the Canadian Foundation for the Americas (FOCAL) to convene a meeting of 17 leaders of the Haitian business leaders to discuss the private sector's role in rebuilding Haiti.

This meeting was a singular event that focused the attention of the international development community on the ideas and energy that the private sector in Haiti is devoting to promote development in the country. Several initiatives and suggestions to emerge from the meeting held at Willson House in Meech Lake have been or are being acted upon by the IDB, the Canadian International Development Agency (CIDA) and other donors. The goal of the meeting was first to engage the private sector in helping donors to "think outside the box" about development in Haiti, the second goal was to sketch a framework for donors to use in incorporating private sector participation in development planning.

This was not a meeting on private sector development or the role of the private sector in traditional areas such as infrastructure and job creation. These issues are well understood as are the impediments to realizing them. Instead, this meeting focused on the less well known, but equally crucial role that the private sector is playing in areas outside of what are traditionally considered core areas of its concern. Little is known about this role and the contributions being made by the private sector. As such, there was great value in simply sharing this information with the international development community and opening the possibility of greater cooperation.

This briefing paper will focus on the longer-term issues to arise from the Willson House discussions.

#### Talking points:

**The Haitian private sector is making significant contributions to social and economic development in Haiti.**

**These contributions go beyond traditional areas of private sector engagement such as job creation and go beyond what the private sector is doing in other countries in the region.**

**In the long-term, the private sector can assist the donors through**

- **formalization programmes to ensure a "revolution of growth" that benefits all Haitians;**
- **supporting targeted development outside of Port au Prince to ensure that economic growth benefits all regions of Haiti;**
- **assisting the government to provide critical services through public-private boards;**
- **assisting donors directly in executing projects in Haiti;**

**Working with the private sector will require two major changes from donors will need to**

- 1. enlist and work with the private sector as a development partner;**
- 2. provide capacity building and institutional strengthening to private sector institutions;**

**Haitian private participation sector will be crucial in getting the private sector and civil society in Canada, the US and South America to support long-term engagement in Haiti from their governments.**



Before doing so though, it is useful to review the urgent and immediate areas of intervention identified during the meeting. As recommended during the meeting, a group of private sector participants attended the multi-donor meeting on Haiti organized by the European Union and held in Brussels in October 2005 to present the results of the Willson House meeting. This has established a strong precedent for continued private sector consultation with the international do-nor community. The private sector has put forward a proposal for the creation of a social and economic council to formalize consultations between it and this has been welcomed by the gov-ernment. Two other proposals for immediate action, private sector support for the upcoming gov-ernment transition and the creation of an accelerated disbursement mechanism for private sector initiatives in education, have not materialized as of the drafting of this report. Given that less than two months have passed since the Willson House meetings took place, this is not surprising.

The ideas that emerged from the meeting for the longer-term focus on three broad areas –

- **the need to ensure that all Haitians, and all areas of the country, benefit from economic growth through expanded participation in the formal economy and decentralized development;**
- **the need to formalize and institutionalize participation of the private sector as a development actor to supplement weak government institutions and structures.**
- **the need to broaden support for large-scale, long-term engagement in rebuilding Haiti among civil society, media and academics in Canada, the US and South America.**

The private sector in Haiti already has committed significant resources to the first two areas and with support from the international community can do much more. Because the private sector al-ready has significant resources in managerial capacity, technical competence and financial re-sources, small investments in strengthening the already demonstrated capacity of the private sec-tor to apply these resources to development themes will have a higher return than investments with other development partners. The conclusions section of this paper identifies potential initiatives in that area.



## Actions for the Long-term

The overarching theme advanced by the private sector to guide its longer-term vision of its engagement in development in Haiti was that of promoting a “revolution of growth” that reaches all segments of society and all areas of the country. Achieving this revolution will require going beyond traditional private sector development strategies and focusing on increasing participation in the formal economy by small producers in Haiti. The private sector, through the Centre pour la Libre Entreprise et la Démocratie (CLED) has already developed a formalization project for land titling and access to capital with Hernando de Soto and would be the natural champion for this and broader efforts in Haiti on formalization and legal empowerment of the poor. The interest by the private sector in these issues is not altruistic; increasing, diversifying and democratizing the private sector are viewed as crucial for building a constituency for pro-growth and pro-market policies in the country.

Creating and sustaining a “revolution of growth” also means ensuring that growth occurs outside of Port au Prince. Expanding and accelerating investment and growth in the provinces will require direct intervention by donors in creating infrastructure and local administrative capacity in the regions around the five principal ports in Haiti.

The second major long-term theme to emerge from the meeting was a consensus that the role of the private sector as a development actor needs to be formalized and integrated through support for partnering with the government and also through engagement of the private sector as a development partner by donors.

In the recent past, private-public sector dialogues were of immense benefit to the government of Haiti, to donors concerned with private sector development and to the private sector. These dialogues will be even more critical in rebuilding the business environment in Haiti, fostering pro-growth policies and cultivating investor confidence. Though interim Prime Minister Gérard Latortue has called for reestablishment of the dialogues, this has been done on the basis of decree and without buy-in from the bureaucracy. The issue of re-establishing the dialogues on a more certain basis needs to be an early action item of the new government.

Beyond consultation through dialogues, the private sector has the capacity to work with the public sector in administration and oversight of public services such as hospitals, public transportation and public markets. Public-private boards would bring private sector managerial and financial skills to management of these services. This would improve delivery of services and increase the confidence of donors and aid agencies that fund these services. These boards could advise the public sector or co-manage activities where government capacity is particularly weak. The boards are envisioned to be transitory with specific end dates, but could be continued if all parties so desired. The boards cannot be a replacement for developing the capacity of government to manage these services. A decision to continue public-private boards to manage services past an agreed upon transition period must be based on the desire of all parties to continue the arrangement and not because the public sector is incapable of playing a larger role.

- Donor support to launch the formalization project prepared by the private sector and could be done as a pilot under the UN High Level Commission on Legal Empowerment of the Poor.
- The formalization project will be successful only if done in conjunction with a broader programme of legal reform to strengthen property rights and functioning of the courts.
- Strong private sector organizations capable of partnering with donors to develop and support regional development plans exist in Jacmel and Les Cayes, but would have to be created elsewhere.
- Even in Les Cayes and Jacmel, these organizations will need substantial institutional support from donors.

- Donors need to interject the subject of public-private sector dialogues into negotiations with the government of Haiti and offer to support these dialogues financially;
- Where applicable, donors should include mention of the dialogues in documents with tenders for contracts in Haiti;



- Donors should consider public-private boards to supplement weak government capacity in provision of services that donors fund
- Private foundations, especially corporate foundations, should be solicited to provide training or fund capacity building for the private sector to serve more effectively on these boards;
- The Global Fund for AIDS-SogeBank Foundation model needs to be replicated;

- Consular travel advisories require greater specificity; otherwise blanket 'don't travel' advice will needlessly discourage many business visitors;
- Engagement in Haiti must become a "national" concern in Canada, the US and Brazil, this will require making the case for engagement outside of national capitals and traditional areas of support for Haiti.

Large segments of the private sector in Haiti have a demonstrated record of managing and implementing development projects. This goes well beyond consulting companies and others whose primary function is to work with donors and aid agencies. In Haiti, banks, manufacturing companies and service companies have development activities. For example, at the macro level, the Global Fund to fight AIDS, Tuberculosis and Malaria directly funds the SogeBank Foundation to carry out the largest HIV/AIDS prevention and treatment programme in the country and at the micro level, DHL has invested money to support apiculture production by small-scale women's groups. The private sector throughout Latin America and the Caribbean has taken on similar activities, but in Haiti, given the relatively greater weakness and absence of the state in most spheres, these activities by the private sector have greater importance. The private sector is one of the few actors in Haiti with significant managerial skills and resources. Even though there is not much excess capacity within the private sector to take on a more substantial role in development, the private sector is already heavily engaged and what is needed is recognition and direct support of its engagement.

A third long-term project in which the private sector sees an active role is working to help build support for long-term engagement in Haiti and to help counter negative images of Haiti. As noted by several attendees at the meeting, indicators on violence such as homicide rates, are much lower for Haiti than elsewhere in the Caribbean, yet, Haiti is perceived as much more dangerous and is the subject of numerous consular travel advisories. This misperception has negatively impacted investment, harms the redevelopment process and retards investment in the country. Several attendees at the meeting noted that businesses that want to expand operations or purchase equipment are having difficulty in finding technicians willing to come to Haiti.

Redevelopment and transition to democracy in Haiti are long-term processes that will require a substantial commitment from donors in finances and in staying the course. It has become an accepted axiom that the current situation in Haiti is, at least in part, due to donor disengagement, disinterest, fatigue and above all an inability to remain focused. To guard against a recurrence of this scenario in those countries contributing to the current mission it is crucial that the current engagement in Haiti be understood and supported beyond policy elites and the Haitian Diaspora and that it extend to the public. Governments in Canada, the US and Brazil have not done much to engage the wider public in the current mission such as sponsoring conferences, discussions and public diplomacy outside of the national capitals and Diaspora centres such as Miami, New York and Montréal. It is equally important that events be held to garner support in Los Angeles and Edmonton.

Finally, representatives for the private sector at the Willson house meeting stressed that the privatization of state enterprises must be addressed by donors and the new government. Given the abysmal state of the financial records of state enterprises, this will be a long-term process. But, a first step to advancing privatization is to make available all government and donor-funded reviews and audits of public enterprises from the Conseil de Modernisation des En



treprises Publiques. There was also recognition that the regulatory environment must be improved before privatization could be considered in some areas. There is a clear need for a rational, transparent and intelligent privatization programme.

