



GOVERNMENT OF THE REPUBLIC OF HAITI



# ACTION PLAN FOR NATIONAL RECOVERY AND DEVELOPMENT OF HAITI

Immediate key initiatives for the future  
March 2010



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### PREFACE

The Action Plan for National Recovery and Development of Haiti that we are presenting to our partners in the international community indicates the requirements to be fulfilled so that the earthquake, devastating as it was, turns into a window of opportunity so that, in the Head of State's words, the country can be reconstructed. This is a rendezvous with history that Haiti cannot miss. We must obtain results; we owe it to our children and our children's children.

The solidarity expressed spontaneously in the hours following the disaster by Haitian men and women at home and abroad, as well as by the international community towards our people, gives us the confidence we need in this historic duty.

The plan that we are putting forward is based on a joint effort of reflection and consultation. In diplomatic circles, formal and constructive talks have made us aware of the expectations of our international partners and allowed us to explain to them our choices for the future. On technical issues, national officials, supported by international experts, have carried out an assessment of damage and losses as part of the PDNA (Post Disaster Needs Assessment), which is an integral part of this plan.

This proposal is Haitian because, despite the very tight schedule, key sectors of Haitian society were consulted. This is the same for all Haitians living abroad who have mobilised themselves and have shown that their commitment to the future of the country remains a strong binding factor of active solidarity. These efforts and consultations are ongoing and will continue in the weeks and months ahead.

We must learn from this national tragedy, which is why the proposal not only encompasses the affected areas but also calls for structural changes affecting the entire national territory. We must reverse the spiral of vulnerability by protecting our people from natural disasters, managing our water catchment areas to make them safe and productive in a sustainable way, and stimulating the development of regional centres that can provide quality of life and future prospects for a growing population.

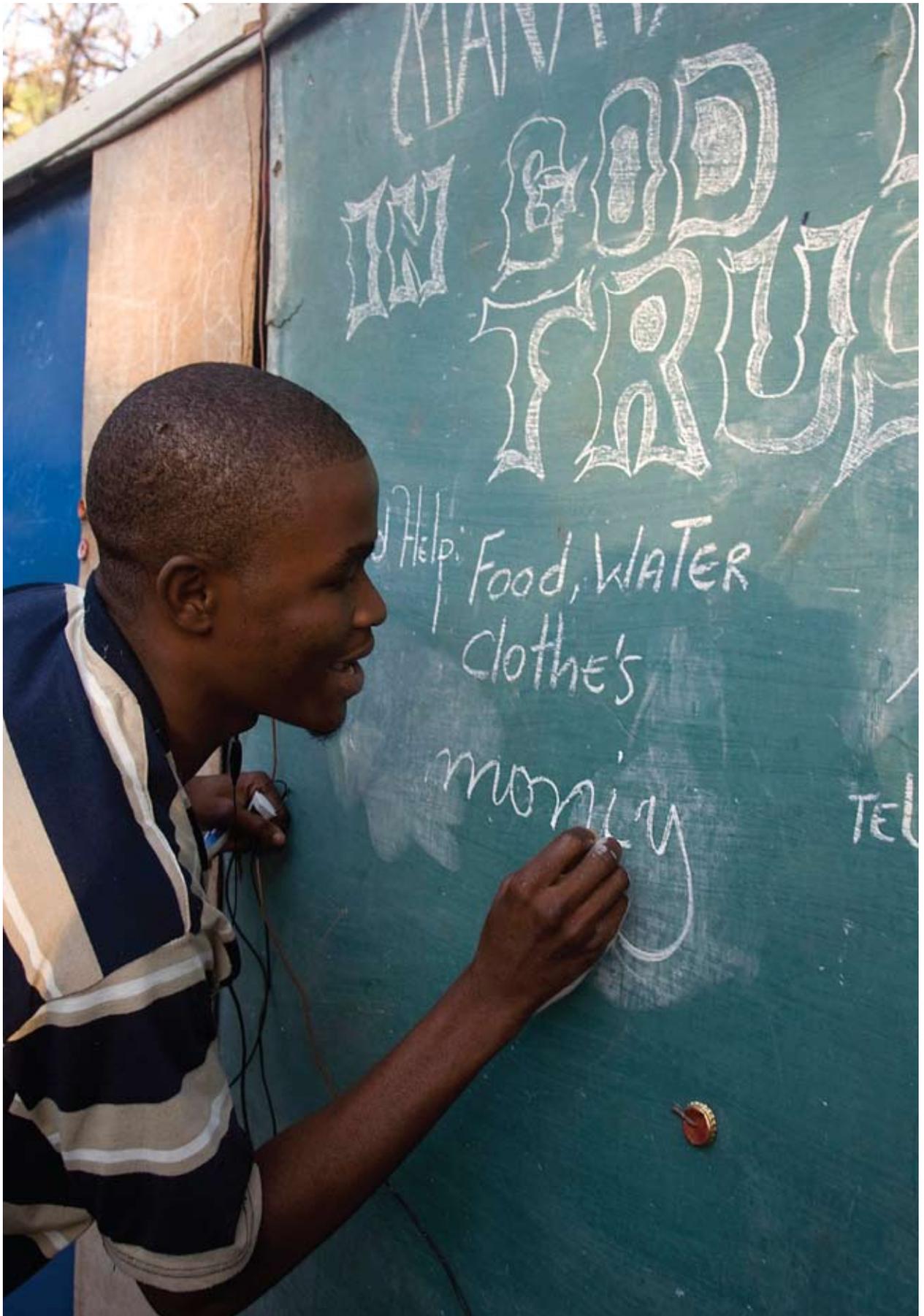
The challenge that lies ahead is enormous. This is why, as the Secretary-General of the OECD and the Chairman of the Development Assistance Committee has pointed out, we must find new ways to cooperate, based on the principles of the Paris Declaration and those pertaining to operations in Fragile States, particularly by making the strengthening of the state central to our action.

With this in mind, we must strengthen the links between all regions of the country and encourage the strengthening of the regional partnerships that will create opportunities for change all over the country, the Caribbean and beyond.

We need to connect these regions using not only a network of roads but also adequate port and airport facilities and a range of public services that are suited to economic and social development needs, particularly in terms of education and access to quality healthcare services.

We must act now, but with a clear vision for the future. We need to agree on a short-term program, while creating mechanisms that enable us to prepare and implement detailed programmes and projects that will lead to clear action within a ten-year timeframe.

We understand the importance of reviewing our political, economic and social governance. We pledge to act in this regard.



### 1. INTRODUCTION

The earthquake on 12 January 2010 struck Haiti at the heart of its capital, Port-au-Prince, as well as in the towns of Léogâne, Jacmel and Petit-Goâve. The damage and losses, which grew every day, are estimated to be nearly 8 billion USD according to the assessment of losses and damage made in the last few weeks.

Very soon after the earthquake it was obvious that such a toll could not be the outcome of just the force of the tremor. It is due to an excessively dense population, a lack of adequate building standards, the disastrous state of the environment, disorganised land use, and an unbalanced division of economic activity. The capital city accounts for more than 65percent of the country's economic activity and 85percent of Haiti's tax revenue.

Rebuilding Haiti does not mean returning to the situation that prevailed before the earthquake. It means addressing all these areas of vulnerability, so that the vagaries of nature or natural disasters never again inflict such suffering or cause so much damage and loss.

The plan that has been put forward is inspired by a vision that goes beyond a response to the losses and damage caused by the earthquake, even though it proposes action to be taken over the next 18 months and estimates costs over this period. It aims to launch a number of key initiatives to act now while creating the conditions to tackle the structural causes of Haiti's under-development.

The situation that the country is facing is difficult but not desperate. In many ways it is an opportunity to unite Haitians of all classes and origins in a shared project to rebuild the country on new foundations. Nobody has been spared, and no one can pick themselves up again alone. We must build on this new solidarity which is expected to trigger profound changes in behaviour and attitudes.

That is why the plan being put forward is not exclusively a state, Government, or Parliament plan. It is a plan for all sectors of Haitian society where everyone is called upon to play a role in searching for the collective interest that is ultimately the best guarantee of individual interests in an inclusive society.

The priorities of the Action Plan for National Recovery and Development are responding to the urgent situation immediately, relaunching economic, governmental, and social activity, reducing Haiti's vulnerability to natural disasters, and putting Haiti back on the road to development.

The plan is divided into two phases. The first is in the immediate future, which lasts 18 months, covers the end of the emergency period and includes preparation for projects to generate genuine renewal. The second stage has a time horizon of ten years, allowing it to take into account three programming cycles of the National Strategy for Growth and Poverty Reduction.

This is why the plan proposes to set up a Temporary Committee for Rebuilding Haiti, which will eventually become the Agency for the Development of Haiti, and a Multiple Donor Fiduciary Fund that will enable the preparation of files, the formulation of programmes and projects as well as their financing and execution, all with a coordinated and coherent approach.

The plan focuses primarily on activities financed by public aid for development since it is the outcome of a meeting held by donors. It still leaves plenty of room for other actors in the business and private sectors and NGOs, who are essential players in Haiti's renewal. It puts forward a macro-economic framework based on growth and a series of measures to facilitate wealth creation by the private sector.

### A continuity to be ensured

Haiti has undertaken a political journey to regain full national sovereignty since constitutional rule was restored in 2006. This journey included efforts to guarantee political stability, to make existing democratic institutions work, to establish those provided for in the constitution but that did not exist, and to relaunch national growth.

The process undertaken in recent years must continue. The objectives are still entirely relevant. The earthquake must not obscure the desired goal: building a democratic Haiti that is inclusive and respectful of human rights.

This is why the electoral process will be reinstated as soon as the conditions are right for credible elections to be held, and all efforts will be made to try to adhere to the constitutional calendar.

The state is also committed to keeping up its efforts in the fight against corruption, and to establish mechanisms capable of ensure the greatest amount of transparency in the management of public funds.

In the development phase, programmes and projects that are underway must be pursued when they are already part of the PARDN or redirected so that they are. The momentum created since 2006 must not stop. It is important to maintain the highest possible level of activity throughout the country, in particular to continue and complete the road network, support agricultural productions and expand the supply of basic services to the population.

### Haiti's expectations from the international community

Haiti expects the international community to reiterate its long-term commitment to support the country during reconstruction and to do so with respect for the Haitian leadership.

Haiti asks its international partners to urgently mobilise the financial resources required to respond to the emergency. To do this, we must create jobs, re-house disaster victims, open schools and higher-education institutions in preparation for the new school year, provide access to healthcare, prepare for the hurricane season, bridge the gap in state tax revenues, restart the administration, and boost the economic channels.

Funds must be made available for this purpose over a period of ten to eighteen months. Budget support is an emergency and can be considered an appropriate financial mechanism in these circumstances while waiting for scheduled mechanisms to be set up: the Trust Fund and the Interim Committee for the Reconstruction of Haiti.

## 2. THE SITUATION: PDNA SUMMARY

This Post Disaster Needs Assessment (PDNA) was carried out by a joint team of national and international experts, who were actively assisted by representatives of NGOs and the Haitian civil society.

This section summarises the assessment's conclusions. Detailed information on losses and damage are provided separately in an appendix to this document.

### 2.1 The disaster and its impacts

On 12 January 2010, shortly before 5:00 pm, an earthquake measuring 7.3 on the Richter scale struck Haiti for 35 seconds. It was the most powerful earthquake to hit the country in 200 years. The hypocentre of the earthquake was near the earth's surface (at a depth of 10 km) and its epicentre was near the town of Léogâne, about 17 km south west of the capital. The effects were felt in the Ouest, Sud-Est and Nippes departments. The Port-au-Prince metropolitan area (including the towns of Port-au-Prince, Carrefour, Pétionville, Delmas, Tabarre, Cité-Soleil and Kenscoff) suffered a substantial amount of damage. Eighty percent of the town of Léogâne was destroyed.

The earthquake has created a situation without precedent, made worse by the fact that it hit the country's most populated area as well as its economic and administrative centre. The situation is even more tragic because for the last three years Haiti has experienced stability in terms of society, politics, security, economic growth and a nascent improvement in living conditions.

### IMPACT ON HUMAN LIFE

The human impact is immense. Roughly 1.5 million people, i.e. 15 percent of the national population, were directly affected. According to the national authorities, more than 300 000 died and as many were injured. About 1.3 million people are living in temporary shelters in the Port-au-Prince metropolitan area. Over 600,000 people have left the affected areas to seek shelter elsewhere in the country. Existing problems in providing access to food and basic services have been exacerbated. By striking at the very heart of the Haitian economy and administration, the earthquake has had a severe effect on human and institutional capacities, both the public and the private sector, as well as international technical and financial partners and some non-governmental organisations (NGOs).

### IMPACT ON INFRASTRUCTURE

The destruction of infrastructure is colossal. About 105,000 homes were totally destroyed and over 208,000 were damaged. More than 1,300 educational institutions and more than 50 hospitals and health centres have collapsed or are unusable. The country's main port cannot be used. The Presidential Palace, Parliament, law courts, and most ministerial and public administration buildings have been destroyed.

### IMPACT ON THE ENVIRONMENT

Although environmental indicators were already at warning levels, the earthquake has put further pressure on the environment and natural resources, thus increasing the extreme vulnerability of the Haitian people.

## 2.2 Damage, losses and requirements

To prepare estimates of damage, losses and requirements, about 250 national and international experts have worked for nearly a month, in eight theme groups: governance, environment and risk and disaster management, social sectors, infrastructure, production, cross-cutting themes, territorial development and macro-economic analysis.

The estimate of damage, losses, economic impact and requirements was carried out as follows:

- **Damages** are estimated at the replacement value of physical assets completely or partially destroyed, built using the same standards that prevailed before the disaster;
- **Losses** are estimated from the economic flow resulting from the temporary absence of the damaged assets;
- The impact of the disaster on economic performance, employment and poverty was assessed using damage and loss estimates;
- **Requirements** include the recovery, reconstruction and rebuilding of Haiti.

Overall damage and losses caused by the earthquake on 12 January 2010 are estimated to be USD 7.9 billion, which is just over 120percent of the country's GDP in 2009. In fact, since the DALA method for estimating damage and losses was first devised 35 years ago, this is the first time that the cost of a disaster is so high in relation to the country's economy.

Most damage and losses were felt by the private sector (USD 5.5 billion, i.e. 70percent), whereas there was USD 2.4 billion of damage and losses in the public sector (i.e. 30percent of the total).

The value of destroyed physical assets, including housing units, schools, hospitals, buildings, roads, bridges, ports and airports, is estimated to be USD 4.3 billion (55percent of the overall cost of the disaster). The effect on economic flows (production losses, reduction of turnover, loss of employment and wages, increase in production costs, etc.) was USD 3.6 billion (equivalent to 45percent of total).

Housing is undoubtedly the sector most affected by the earthquake, since overall damage amounted to USD 2.3 billion. This figure includes destruction of different types and qualities of housing units, the value of partially damaged houses and household goods. Losses to the housing sector are estimated to be USD 739 million. The housing sector therefore represents about 40percent of the effects of the earthquake. The other sectors affected, in order of decreasing importance, are trade (damage and losses of USD 639 million, or 8percent of the total), transport and public administration buildings (USD 595 million each), and education and health (with an average of 6percent of the total).

The total value of requirements is 11.5 billion USD, broken down as follows: 50percent for the social sectors, 17percent for infrastructure, including housing, and 15percent for environment and risk and disaster management. The needs assessment was carried out as described above, from based on the work of the 8 theme groups. (These estimates have not yet been prioritized or validated by the Government. These constitute a first step of a more thorough undertaking for the donor conference taking place in New York on 31 March 2010).

### 3. VISION AND APPROACH FOR HAITI'S REBUILDING

The Haitian Head of State defined the country's long-term vision for development in the following terms:

We will rebuild Haiti by turning the disaster on 12 January 2010 into an opportunity to make it an emerging country by 2030.

This restructuring will be marked by:

- A fair, just, united and friendly society living in harmony with its environment and culture; a modern society characterised by the rule of law, freedom of association and expression and land management.
- A society with a modern, diversified, strong, dynamic, competitive, open and inclusive economy based on the land.
- A society in which people's basic needs are met quantitatively and qualitatively.
- A knowledge-based society with universal access to basic education, mastery of qualifications based on a relevant professional training system, and the capacity for scientific and technical innovation fed by a modern and efficient university system, in order to create the new type of citizen the country needs for reconstruction.
- All of this, under the supervision of a responsible, unitary state guaranteeing the implementation of laws and the interests of the people with a strong commitment to deconcentration and decentralisation.

He continued by stating that to ensure consistency in these actions, the Government has drawn up a framework for reconstruction, based on the various proposals received, that will focus on four main areas:

**1. Territorial rebuilding**, including identifying, planning and managing new development centres, stimulating local development, rebuilding affected areas, implementing economic infrastructure required for growth (roads, energy and communication), and managing land tenure, in order to protect property and facilitate the advancement of large projects.

**2. Economic rebuilding**, which, along with developing key sectors, will aim to modernise the various components of the agricultural sector, providing an export potential in terms of fruits and tubers, livestock farming and fishing, in the interests of food security; develop the professional construction sector with laws and regulations relating to earthquake-resistant and hurricane-resistant materials and implementation and control structures; promote manufacturing industries; and organise the development of tourism.

**3. Social rebuilding** to prioritise a system of education guaranteeing access to education for all children, offering vocational and university education to meet the demands of economic modernisation, and a health system ensuring minimum coverage throughout the country and social protection for the most vulnerable workers.

**4. Institutional rebuilding** that will immediately focus on making state institutions operational again by prioritising the most essential functions; redefining our legal and regulatory framework to better adapt it to our requirements; implementing a structure that will have the power to manage reconstruction; and establishing a culture of transparency and accountability that deters corruption in our country.

This ideal, to be reached within 20 years calls for the mobilisation of all efforts and all resources to “*make a qualitative change*”, the theme of the National Strategy for Growth and Poverty Reduction in November 2007. This strategy remains an important reference point in setting objectives.

However, the earthquake on 12 January necessitated a break with previous approaches. The scale of the problems to be solved and the means to be mobilised call for new types of action, a new form of cooperation and joint responsibility between Haiti and the international community in the results to be achieved.

The action plan must combine the pressing need to act now by providing the structural growth conditions required in the long-term. Below is a description of the three main phases of planned action, i.e. the periods during which Haiti must request support from the international community so that this reconstruction, which is a historical duty for each Haitian, can occur.

- The *emergency* period, which must be used to improve accommodation for the homeless; to return pupils to school and students to university and vocational training centres; to prepare for the next hurricane season in the summer; to pursue efforts to restore a sense of normality to economic life, especially by creating large numbers of jobs through high-intensity work, by guaranteeing stability in the financial sector and access to credit for SMEs; and to continue to reorganise state structures. During this period, it will be necessary to work on development strategies and plans for selected new economic centres; to pursue action in favour of equipping reception zones for those who have been displaced by the earthquake; and to set up an electoral process to avoid constitutional gaps.
- The *implementation* period (18 months), for projects to kick-start the future of Haiti and establish a framework of incentives and supervision for private investment on which Haiti’s economic growth will be founded. As foreseen by various analyses and assessments, private investment in the economy as well as in the social sector will form the backbone of the country’s reconstruction. Among the commitments of donors, support will be given to the private sector to provide it with the capacity required to fulfil this role.
- The period (10 years) during which the reconstruction and recovery of Haiti will become a reality, in order to put the country back on the road to development, followed by another ten years to make it a real emerging country.

The New York conference should allow Haiti’s international partners to commit resolutely to the first two periods and to accept the principle of long-term support so that the mutual responsibility pact agreed in Madrid in 2006 will become a reality.

The technical meeting in Santo Domingo has already paved the way in this direction by identifying two specific packages, i.e. budgetary support of USD 350 million in addition to the current budget and a commitment to provide USD 3.8 billion during the following period.

### 4. IMMEDIATE ACTIONS FOR THE FUTURE

The Action Plan for National Recovery and Development includes actions which are defined in time, over an eighteen month timescale. It is based on four major areas of work which should enable the practical rebuilding of Haiti. The sectoral actions and initiatives are brought together according to the themes of regional, economic, social and institutional reconstruction.

The specific action plans for each field are organised in the following way:

- Territorial rebuilding: Reconstruction of the devastated zones and urban renovation, the road network, regional development hubs and urban renovation, preparation for the hurricane season and regional planning and local development.
- Economic rebuilding: Relaunch of national production, restoration of economic and financial circuits, access to electricity.
- Social rebuilding: Health, food safety, nutrition, water, sanitation, highly labour-intensive activities.
- Institutional rebuilding: Democratic institutions, restart of public administration, justice and security.

The structure adopted for the document presents the action plans according to the purposes of intervention. The so-called cross-cutting themes: gender equality, youth and disabled persons will be dealt with within each of the plans presented. Thus the chapters relating to the reducing the vulnerability of populations, health and the social protection network target in particular women, children and disabled persons. The theme of the environment runs throughout all the interventions in farming, development of watersheds and regional development.

The estimation of costs for each item is based on PDNA data, which were produced by the ministries and national organisations, and on an estimation of the absorptive power of each of the sectors over the next eighteen months. This estimation has also taken into account the various sources of funding other than public development aid, in particular private investments and humanitarian aid funds.



# Territorial rebuilding

ROAD NETWORK  
AND MAJOR  
TRANSPORT  
INFRASTRUCTURE



RECONSTRUCTION  
OF DEVASTATED  
AREAS, URBAN  
RENOVATION AND  
CREATION OF  
REGIONAL CENTRES



WATERSHED  
MANAGEMENT



## **4.1 TERRITORIAL REBUILDING**

### **4.1.1 Reconstruction of devastated zones**

Following the massive destruction caused by the earthquake which destroyed approximately 105,000 homes and damaged over 208,000, major urban work should enable the reconstruction of three large affected areas, which are: the metropolitan area of Port-au-Prince, the Léogâne-Petit Goâve axis, and the Sud-Est department, including Jacmel.

The reconstruction of devastated areas poses problems of several kinds, in particular the following:

Les travaux de dégagement et de traitement des débris.

- Clearance work and dealing with debris.
- Legal aspects to declare land of public interest including compensation of private homeowners.
- Land use and urban planning.
- Basic infrastructure work such as rainwater drainage, sanitation work, drinking water, the electricity network.
- The reconstruction work itself, subject to adequate building standards (anti-earthquake standards, flood potential, etc.).

#### **CLEARANCE WORK AND DEALING WITH DEBRIS**

Work on clearing and dealing with debris has already begun without an overall plan. This means that it is of prime urgency to proceed with the identification of deposit sites, processing debris to recover usable parts (iron and cement to be transformed into aggregate) and recycling them for immediate use.

The State wants to assert its leadership in this domain to avoid reconstruction that thwarts urban planning and also increases in the price of recovery of land.

The Municipalities should play a key role in this area in close liaison with the national authorities. To fulfil this mandate, they will need massive support in terms of human and material resources and major technical assistance to train staff and implement the works monitoring system.

#### **APPROPRIATION OF LAND FOR PUBLIC USE**

The reconstruction of highly devastated zones requires the use of land to be re-examined, public highways to be redesigned, and urban planning as a whole to be reconsidered.

To do so, the State has the judicial capacity to intervene. A first decree was issued on 19 March 2010 declaring certain areas of public interest to respond to the need for a new territorial planning following the earthquake. This decree covers the metropolitan area of Port au Prince, Croix de Boutquets and the commune of Léogâne. It also allows the use of requested land to relocate families affected by the earthquake. Other areas remain to be identified in future decrees. This illustrates the determination and judicial capacity of the State to make needed land available for the implementation of the Action Plan for national recovery and development.

#### **USE OF LAND AND THE URBAN PLAN**

The Haitian authorities have already clearly stated that they do not wish to return to the prevailing situation before the earthquake. This implies that the new urban environment to be rebuilt should have a totally different appearance.

It is the role of the urban plan to govern the allocation of land between that which will be used by the State and that which will be transferred to private landowners at current value of land.

It is a complex operation to reach a final decision with the support of a sufficient consensus of the different stakeholders. Consequently, as soon as the parameters are identified, urban planning must commence.

**BASIC INFRASTRUCTURE IN THE DEVASTATED ZONES**

The basic infrastructure such as rainwater drainage, wastewater treatment, drinking water supply and the electricity network are directly dependent on the planned use of land.

It is therefore from the urban plan that the final design of the work required can be carried out. It is important to plan the necessary funds to carry out this work which is preliminary to or concurrent with reconstruction work.

**RECONSTRUCTION OF PUBLIC AND PRIVATE BUILDINGS**

The reconstruction cycle for public buildings is well known and in this case, the building standards and zoning regulations should be quite simple to apply.

It will be a different matter for the reconstruction of the private sector. The application of the rules will require a level of monitoring which goes well beyond the pre-existing situation. Here too, the municipalities must fully play their roles and receive sufficient resources to do so in terms of personnel, equipment and supervision.

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**Budgetary data for 18 months:**

Debris management:	\$265m including \$50m budgetary support
Land appropriation:	\$500m cash flow*
Land use plan and urban plan:	\$5m
Basic infrastructures:	\$500m including \$100m budgetary support
Reconstruction of public buildings:	\$10m
<b>Total</b>	<b>\$780m including \$150m budgetary support</b>

\*not accounted for in the total due to cost recovery

**4.1.2 National transport network**

**BRINGING TOGETHER ALL PARTS OF THE NATIONAL TERRITORY: THE HIGHWAY NETWORK**

The national transport network includes first the incomplete national highway network. It is the driving force allowing all the development zones in the country to be brought together, (i.e. all arrondissement principal towns), and ensuring trade with the Dominican Republic.

Its completion makes possible a network of secondary roads from the main network facilitating access to all areas of the country. It allows delivery of the inputs to production and the circulation of finished products. It allows tourists access to the geographic and cultural potential of the country. It gives patients access to networks of health services and students access to education. It is also a precondition for effective decentralization and deconcentration, including that of the State. The inclusion of all citizens also implies access to all geographic regions of the country.





To complete the road network, 600 kilometres of roads must be built along with the civil engineering infrastructures necessary for opening up entire regions. The map shown in the appendix identifies the sections to be built and the table below presents the estimated costs of roads and civil engineering infrastructures for the priority network. It also mentions the recurrent costs for upkeep of the highway network.

The natural complement to the highway network for an island country is the establishment of reliable links providing access to country's main islands, which are Gonâve Island, Tortuga, and Île-à-Vache.

**Budgetary data for 18 months:**

Roads to be built:	\$30m for 18 months (plus firm commitment to \$600m)
Repairs and maintenance:	\$150m including \$50m budgetary support
<b>Total</b>	<b>\$180m including \$50m budgetary support</b>

**Opening up the country to the region and the world: airports and ports**

Haiti has a single international airport, in Port-au-Prince, which was greatly damaged by the earth-quake. In the days following the earthquake, it the disadvantage of dependence on a single interna-tional airport became apparent; it made the country vulnerable and greatly handicapped its capacity to meet the air supply needs.

For these reasons, the Action Plan includes rehabilitation and extension of the Port-au-Prince air-port's capacity, and the addition of two more international airports located close to the towns of Cap Haïtien and Les Cayes. Thus the three airports will be in a position to meet economic development and tourism needs.

The port in the capital was greatly affected by the earthquake and became unusable for several weeks. It is once again functional but with reduced capacities.

One has to acknowledge that these facilities did not address the real needs of the country's eco-nomic activities. Its location is problematic since it is situated in the centre of Port-au-Prince, where it is

partly blocking the opening of the city to the Port-au-Prince bay and the re-affectation of the area for institutional, commercial and recreational purposes, which are more appropriate for the downtown area of a modern capital that remains to be built.

In addition, its location does not allow for its expansion to receive increased traffic or to facilitate the docking of large container ships. It should then be built in a more adequate location given its functions.

Deconcentration of economic activities calls for the construction of two other deep-water ports. This will enable the facilitation of imports and exports and encourage the emergence of industrial and commercial activity in the other regions of the country. Other smaller ports will complete the national amenities.

These infrastructures should be funded through B.O.T. (Built, Operate and Transfer) type public-private partnerships.

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**Budgetary data for 18 months:**

Repairs to PaP airport:	\$70m B.O.T.
New airports:	\$35m B.O.T.
Ports:	\$14m

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<b>Total</b>	<b>\$114m*</b>
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\*not accounted for as this must be the subject of public-private partnerships

**4.1.3 Preparation for the hurricane season and disaster risk management**

Globally, disaster risk management is aimed at reducing the deterioration of the environment and increasing the resilience of eco-systems, reducing losses in revenue-producing sectors, reinforcing crisis governance mechanisms, protecting infrastructures, and more generally avoiding deterioration in the population's living conditions.

Every year, and 2010 in particular, when the earthquake has affected the whole country through population movement, the rain and hurricane season represents a huge challenge for the country. This is due to the entire country being exposed to severe climatic vagaries and acute infrastructure constraints. It is therefore necessary to reduce the vulnerability of the population areas in risk zones: protecting the population of areas such as Gonaïves, Jacmel and Cabaret that are tradition-ally hit by natural catastrophes; dredging and rerouting certain rivers and drainage canals; protect-ing and correcting the banks of certain rivers and ravines; building the civil engineering works ne-cessary to cross risk zones. In response to these short-term priorities, a contingency plan for pre-paredness to respond to climatic vagaries is being prepared. In seismic zones, it is essential to put into place works for preventive dredging of drainage, collection and treatment canals and works for stabilization of ravine banks in affected zones to prevent catastrophes and to safeguard the remaining private and public infrastructures.

These same activities must be multiplied and reinforced, as part of a vast medium and long term programme.

Moreover, the experience of recent catastrophic events (hurricanes in 2008 and the earthquake in 2010) calls for the implementation of rigorous crisis management mechanisms. Risk management must be examined as per the following principle axes:

- From the operational point of view, the local means for civil protection will be reinforced with the continuation of the actions already in place: training, staff recruitment, equipping the community and department personnel, recruitment of a civil safety manager for each municipality, recruitment of a coordinator for each department to function under the department delegates. For events calling for a national response, the Ministry of the Interior and Territorial Communities is to be confirmed as the sole body in charge of operational crisis management.

- From the point of view of crisis management the public authorities will be prepared for any crisis which threatens the country: natural, industrial or technological disaster, major accidents, health crisis, environmental degradation etc. For this purpose a National Council for Civil Protection comprised of ministers who are directly involved in crisis management will be set up and will be responsible for defining the strategy for reducing the vulnerability and the response to major crises. This will be the political structure for management of major crises and their follow-up until the situation returns to normal. A permanent General Secretariat to the Prime Minister will provide preparation of Council decisions and their implementation; to this end, it will have the command centre (COU) equipped and managed by the DPC.
- The risk prevention policies will be followed and matched with the staff measures; delimitation of zones at risk, regulation of urban planning, prescription for construction (mainly quake resistant), standardization of construction procedures and material, pollution prevention rules etc. The Ministries of Public Works, Transport and Communication, Agriculture and Natural Resources, and the Environment: must have at their disposal a control structure consisting of, before 2020, a supervisor for each department; and before 2015, start equipping the departments which face maximum threat from floods.
- The Law on the State of Emergency will be revised in order to allow the government to better respond to exceptional situations like that of January 12, 2010.

**Budgetary data for 18 months:**

**\$130m including \$75m budgetary support**

### 4.1.4 Regional development centres and urban renovation

The importance given to the reconstruction of devastated areas must not cause one to forget that the earthquake has demonstrated the disproportionate importance of Port-au-Prince and the fragility of the areas located on tectonic faults. Reconstruction must be carried out elsewhere, at least in part. Better redistribution of population and economic activities throughout the country requires the consolidation of new regional development centres, which are based on the economic development and the integration of various dimensions (industrial production, agriculture and social and special organization). Choices will need to be made and priorities established.



There is a consensus on the relevance of spreading the population more evenly throughout the country. Towns to become development centres must benefit from major urban renovation work to fulfil their new vocations and provide opportunities for economic development, job creation and quality of life for the population to keep them in the region.

In the metropolitan region of Port-au-Prince, a new regional development and growth centre would be located in the Cabaret sector in the Fond Mombin zone. Special efforts for the coordination of the various interventions, and massive investments in infrastructure, equipment and establishment of basic services need to be agreed to. One will have to think of the neighbouring cities able to unblock the capital while offering a better quality of life to its inhabitants.

The main development areas are associated with urban centres that have a key role to play in the economic and social development of their regions. Certain towns have long stood out due to their dynamism and their appeal to the population.

The map opposite shows the development centres identified, i.e. Cap Haïtien, Les Gonaïves, St-Marc, Hinche, Port-au-Prince and Les Cayes. These towns have been chosen for historical reasons and to provide better structure for the country. These towns bring together large volumes of the population and already have their own comparative development advantages such as their industrial, port and airport potential as well as potential in terms of agricultural, agro-industry and tourist development. Initially, in addition to Port-au-Prince, priority will be given to the towns of St-Marc, Cap Haïtien and Les Cayes, and to their zone of influence.

The construction and management of large facilities and infrastructure for production (industrial zones, business “free zones”, etc.) or as an aid to production (ports, airports, energy and telecom infrastructure, etc.) will necessitate huge investments and adequate management capacity. Partnership between the public sector and national and international private sectors will be necessary.

The success of regional centres will depend largely on incentives for industrial, commercial and tourist development. In this respect, the Hope II law provides an initial framework for using Haiti’s comparative advantages, to benefit from its workforce, the proximity of the North American market and the know-how of its private sector. Negotiations are under way to claim the provisions of this law for Haiti and find other ways of facilitating access to the North American market.

Ways must also be found to benefit practically from the potential benefits of Haiti joining CARICOM, and facilities made available to international organisations to stimulate direct investments. Further-more, the diaspora is a pool of human and financial resources which is insufficiently used.

The Plan provides the opportunity to make progress in this area. In the short term, in addition to negotiations and legal and regulatory measures, the State of Haiti wants to encourage investments in this sector by supporting the development of industrial parks and free zones. Bankable projects exist in this area. These projects with internal profitability will be funded by private equity of national and foreign companies and bank loans with special conditions, and it is understood that the State will intervene directly whenever necessary to implement the necessary infrastructure and ensure more balanced geographical distribution for job creation.

Furthermore, the development of Milot National Park represents an investment that could have an impact on the development of tourism in Haiti. The tourism development Plan remains fully relevant to stimulating the growth of regional centres. This also applies to industries of assembly, textile, and residential construction and to the agro-industry. The creation of new jobs is an incentive for the population to settle in the country’s regions.

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### Budgetary data for 18 months:

Regional development plans and initial preparation work:

**3 provincial towns: \$25m per town: \$75m**

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### 4.1.5 National planning and local development

The rational use of the territory and resources requires the development of plans and schemes that enable an applied coordination of development activities. Since national planning is a political as well as a technical process, plans and schemes should be carried out at the main regional levels.

On a national level, there is significant progress in drawing up a plan for regional development and targeted regional development strategies. There is less progress with respect to local needs for development planning and regional development.

Moreover, insofar as the execution of plans and schemes requires time, exceptional steps need to be implemented to resolve the current developmental problems.

The first priority is to draw up a national regional development plan, targeted regional development strategies, local development plans, and urban plans. These tools are indispensable for coordination of activities on the ground, and for the determination of the priorities to be implemented and for risk management.

A second priority is the protection, rehabilitation and enhancement of ten specific zones of interest both from the point of view of local development and national development. The sustainability of Haiti's rich natural and cultural wealth - the water resources represented by the main rivers and reservoirs - needs to be ensured. The map shows where these places are located.

In this respect, local development proves to be a precondition for regional development. It requires the setting up and operation of several infrastructures and facilities under the scope of the administration of national and basic local government. This may be carried out in partnership with the private sector and civil society.

It requires the construction of secondary and local roads, the routes of which must also be agreed in consultation with local stakeholders. Furthermore, the implementation of drinking water supply, sanitation networks (drainage / rehabilitation, construction of gravel traps / dredging of ravines) and solid waste collection and management networks are planned in the water and sanitation section.

To ensure the participation of local stakeholders and incorporation of data from local bodies, a local development and regional planning fund must be set up, to enable them to fund the gradual implementation of other types of amenities and local development infrastructure, such as interurban and urban transport networks, public tenders, public squares, cultural and sports facilities and parks and green areas.

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### Budgetary data for 18 months:

Territorial development: \$20m

Local development: \$30m

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**Total: \$50m**

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### 4.1.6 Watershed management

The management of river basins must be carried out within the framework of national planning and risk management to contribute to reducing the vulnerability of populations and infrastructure and facilities. The causes of flooding must also be reduced by carrying out corrective work and changing the current harmful practices. For this purpose, river basin development projects, reforestation and soil conservation projects must be conceptualized in association with rural communities and will have to match agricultural needs with the requirements of environmental protection.

An intersectoral approach is necessary. The implementation of these sub-programmes will have to be closely coordinated for the re-launch and modernisation of agricultural production.

Work to protect and correct river basins will enable reforestation of areas that are essential for soil protection. It will also allow corrections to be made to ravines and river banks, building of dykes and the construction of hill retaining walls to control the flow of water and thus protect the population and facilities and infrastructure downstream. Farming practices must also be changed to avoid overloading ecosystems and enter into the perspective of sustainable development.

Steps to regulate the use of soils, town planning and construction laws will accompany these sub-programs.

Given that the problem of river basins relates to several ministries, and that the different activities involve high intensity labour, the financial needs are accounted for in several chapters, in particular agriculture and job creation.



(credit: UNDP)



(credit: UN Photo/Logan Abassi)



# Economic rebuilding

## AGRICULTURE, FARMING AND FISHING



## TOURISM



## ELECTRICITY NETWORK



## INDUSTRY, COMMERCE AND CONSTRUCTION



### 4.2 ECONOMIC REBUILDING

The economic renewal is based on the close collaboration between the private sector, which will be the engine of wealth, and the State, which will take all the necessary measures to provide Haiti with the legal and regulatory framework that can meet the requirements of a modern country open to investments. The State will also make available the necessary service infrastructure to stimulate these investments. In addition, access to credit is a key element in this renewal. Necessary measures need to be taken so that the financial system can respond to needs.

#### 4.2.1 Agricultural production

Challenges to agriculture, livestock farming, fishing and food weigh heavily on the social and economic situation and the country's future. Today, agriculture remains the most important sector in terms of the number of jobs in Haiti: it accounts for more than 50 percent of the workforce. It is therefore one of the pillars of the country's stability, an essential axis of its development. In the past, Haiti fully met the food needs of its population. This is no longer the case today: Haiti uses about 80 percent of its export earnings just to pay for food imports. There is less food security, which makes the country and the population in general very vulnerable to natural disasters and just as vulnerable to fluctuations in the price of basic commodities on international markets.

The wide range of environments in terms of altitude, soil type and climate, means that a large variety of crops are grown in Haiti. This variety is an asset. The coastal plains give way to plateaus and then hills that do not have the same potential or the same constraints. Overall, erosion of the fertile soil layer is quick and occurs when tree or shrub cover is not replaced. Land tenure is not well defined and farms are usually small, which further adds to the difficulties faced by farmers.

Some agricultural practices and farming choices motivated by the dynamics of market prices lead to a reduction in wooded land, which in turn increases erosion, reducing the quality of the soil and of coastal fishing zones, raising the rate and scale of flooding, which in turn regularly destroys facilities and transport infrastructure that is vital for agriculture and the economy in general. This also leads to the destruction of houses and crops and a significant loss of agricultural land.

Agriculture and marketing structures for agricultural products therefore have a significant impact on the country's environment, the vulnerability of the land, and the population. These environmental impacts threaten the very viability of the Haitian national space. Some fishing practices encourage the overuse of certain sites and ultimately deplete their stocks.

Farmers and fishermen usually work with rudimentary tools. The modernisation of equipment, when requested by the farmer or fisherman, requires funding that is currently not easily accessible.

Irrigation systems do not always work efficiently and are far from meeting the needs of farms. Floods damage or destroy boundaries, canals and protective walls. Difficulty in accessing electricity is another constraint felt by most sectors. The network is almost nonexistent in rural areas. The lack of good-quality penetration roads and of storage and processing units for products are also major constraints to the regular supply of well preserved products in the markets. Many social and economic problems are related to these agricultural problems. The rural economy is largely a subsistence economy, mainly because trading opportunities are limited by the difficulty and cost of road travel and the lack of opportunities for storage and processing. Post-harvest losses are substantial. It is not only the most sensitive fruits that are affected by bad conditions, but also vegetables, tubers and cash crops for export. This is also the case of livestock and fishing products, the distribution of which suffers from the same structural weaknesses.



The earthquake caused an immediate exodus of population from the Port-au-Prince metropolitan area, with numerous families moving to their original villages in rural areas. As a result, many already impoverished host families bear an additional burden by receiving displaced families that are completely destitute.

Agriculture, livestock farming and fishing together form one of the primary forces of economic revival as well as regional and local economic recovery. The plan to boost national production should provide support for these products.

The plan's main objectives are: (i) increasing the supply of agricultural food products in the country, by making agricultural inputs available in the various production areas and by improving distribution channels, (ii) defining strategies to integrate displaced persons, (iii) improving access to food by increasing the circulation of money through job creation in rural areas, (iv) integration of national production and food aid, (v) preparing for the next hurricane season with a wider perspective.

Five programmes are planned:

- The first will provide funding to purchase and distribute fertilisers, seeds, ploughing equipment and tractors to farmers, as well as tools and fishing equipment for fishermen at reasonable prices in order to increase productivity.
- A second programme will provide funding to dig catchment ponds and build irrigation networks for water management, which is vital to increase productivity on farms.
- A third programme will fund the building of rural roads to open up agricultural areas and enable the number of speculators to be reduced, which also benefits fishermen and the population in general.

- A fourth programme will fund the recapitalisation of farms by giving producers access to credit under acceptable conditions and at reasonable rates. It will also fund the development of SMEs in order to increase the added value of production, limit losses incurred during the processing of products that cannot be sold fresh, and raise farmers' income.
- A fifth programme will fund the improvement of conditions for slaughtering and for the preservation of animal, livestock and fishing products, which will guarantee the quality of the products and thus increase the profitability of these operations.

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### Budgetary information over 18 months:

Support for the production and distribution of agricultural inputs (fertilisers, seeds, tools):	80 million USD, of which 40 million USD is budgetary
Drainage basins:	130 million USD
Irrigation:	15 million USD
Other support:	35 million USD
<b>Total support</b>	<b>260 million USD, of which 40 million USD in budgetary</b>

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### 4.2.2 Investment and access to credit

The proper functioning of economic and financial channels is crucial for funding reconstruction and relaunching growth, which is the only way of guaranteeing medium- and long-term employment. The system in place before the earthquake has been greatly affected. Its capacities, even if re-stored, will not be sufficient to cater for credit requirements in terms of venture capital or to rebuild the country and micro-finance.

The necessary increase in foreign direct investments will also require a financial system that can cater to the needs of investors and ensure flow of funds, banking services and relevant insurance.

#### Guarantee funds

According to a joint document issued by the Ministry of the Economy and Finances and the Bank of the Republic of Haiti, one of the consequences of the earthquake on 12 January was "the sharp decapitalization of consumer borrowers in Port-au-Prince and other affected cities".

That should therefore lead to an increase in the demand for credit from existing borrowers in order for them to recapitalise. The needs of the small, medium and large businesses that will receive contracts for public and private works must also be taken into account.

To cater for these needs, thereby ensuring a capacity for work that meets requirements, it is necessary that financial intermediation works in the best possible manner.

According to the document mentioned above, banks' cash reserves are insufficient, since they have a loans/deposits ratio of 36percent compared to an average of 56percent in the region. The low rate of recycling for credit savings is due to the absence of solvent demand for credit and the reduced availability of venture capital.

To improve performance while ensuring that banks remain stable, it will be necessary to create guarantee funds. However, it is important to ensure that guarantees will be offered for productive investments and not to guarantee or write off doubtful credit as a result of the earthquake or other economic dangers.

### Reconstruction credit

The reconstruction of private houses will also require credit facilities at acceptable and affordable rates for those who want to rebuild their houses. Such facilities are currently an early stage but once the middle class (which lost a large amount of capital) starts to look for property there will be a dramatic increase in demand for such credit.

It is possible that the burden of supplying a large part of the required credit facilities will revert to the banking system. Therefore, considering the level of risk and rates, intervention by the state and lenders will be necessary in the form of guarantee funds and other types of funds to meet demand.

The methods are yet to be defined between national and international players, but solutions will have to be found and implemented at the earliest so as to limit the harmful effects of a major housing crisis in the affected zones and the rest of the country, considering the trend towards decentralisation of the population.

Several solutions can be considered according to the status land and property owners. One solution is the creation of 0percent interest-rate loans rate guaranteed by the state, which could be provided via the Haitian bank system and in turn paid at a normal rate that has been negotiated by the state and the banks. It would be a legacy system open to all banks registered in Haiti which borrowers could then consult.

Loans would be granted subject to minimal reconstruction standards and the amount would be calculated according to the borrower's income. This mechanism would require some funding for covering interest rates bonuses and the creation of guarantee funds. This suggestion would consolidate reconstruction in addition to a mechanism for identifying property (using land registers). In time it would allow demand for businesses and craftsmen engaged in the construction industry to be created, with a strong impact in terms of job creation.

### Micro-finance

Micro-finance institutions (MFIs) were badly affected. Their capacity to meet the needs of 200,000 families and small businesses who depend on them for financial needs has been seriously hit.

Creating and maintaining employment for a large part of the population depends on the dynamism of these institutions. Documents from the Ministry of the Economy and Finances and the Bank of the Republic of Haiti propose the following solutions:

The following measures must be considered separately for this sector:

1. Granting of humanitarian donations to small business that can be tracked, considering the scope:  
(i) meeting the need for immediate consumption; (ii) rebuilding fixed and liquid assets, along with micro-credits that should be granted by the MFIs. The distribution of such grants depends on the MFIs themselves in order to leverage knowledge of beneficiaries and their ability to reach them through the network.
2. Establishing partial guarantee funds to relaunch micro-credit to customers in zones affected by the earthquake and meeting specific micro-finance requirements. These funds will nevertheless follow the same logic used for funds for the banking system. These guarantee funds would target future credit and the refunding of credit that existed before the earthquake on an equal footing.
3. Establishing recapitalisation mechanisms for MFIs, foreseeing the buyback of non-performing credit portfolios by a fund or a financial body dedicated to this purpose. For Haiti, however, mention would be made of the planned recovery of repurchased MFI credit to be given to the same bodies on the basis of commissions linked to the sums that are finally recovered, in order to profit in the best possible way from experience in the domain.
4. Establishing guarantee funds or other forms of insurance covering future risks linked to natural disasters or other external shocks to MFI activity.

### Private investment

Foreign and national direct investments are key to ensure the relaunching of the Haitian economy. The State is committed to encouraging these investments by revising the legal and financial framework regulating investments in the production, transformation, distribution and service sectors. An adequate incentive policy will also need to be elaborated to favour the establishment of manufacturing industries, free zones, industrial areas and areas for the development of tourism.

A set of incentive measures will be established to fast track paperwork and facilitate investment. The Ministry of Commerce and Industry and the Center for the Facilitation of Investments are working to move ahead in these areas.

The Action Plan for National Recovery and Development of Haiti calls for the development of regional centres and the creation of transport, energy and industrial infrastructure as well as commercial services. In order to establish this equipment and infrastructure (ports, airports, national electric power plants, industrial areas, drinking water systems etc...), the national strategy will call for foreign and national private investments, and when needed, the establishment of public-private partnerships following the modalities of the approach called BOT (Build, Operate and Transfer). In this case, the objective will be to mobilize as quickly as possible the necessary investment sources for the delivery of readily available infrastructure.

The private-public partnership model varies depending on their main objective: big productive infrastructure, big social equipment and economic development projects. Within these objectives, the structuring principles need to be followed to ensure the convergence and coherence of actions.

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### Budgetary information for 18 months :

Subvention at mortgage rate and micro-finance:	\$50 M
Guarantee funds:	\$350 M

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<b>Total</b>	<b>\$400 M*</b>
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\*not included due to specific partnerships with private financial institutions

### 4.2.3 The private sector

The private sector agrees that the Haitian economy needs to focus first and foremost on agriculture and decentralization, supported by hundreds of thousands of small and medium businesses in geo-graphic centers of development and production that will benefit from the support of the Haitian Government and the international community. These development centers will concentrate on five key sectors identified by the Presidential Commission on Competitiveness, agreed by the President of the Republic and its government : agriculture, farming, textiles, tourism and urban housing/development. These priorities, identified before the earthquake, have not been altered by the disaster and remain the preferred sectors for the country's development.

According to a recent study, more than 75 percent of the private sector losses, estimated today to close to USD 2 billion, concern medium and small sized businesses. These businesses, mainly in the informal sector, were already decapitalized by the lack of access to credit at manageable rates. Haitian businesses need support to overcome their losses. This will be done, among other things, by providing them with palliative loans to cover their immediate obligations. This assistance must also include an effort of formalization to widen the fiscal basis of the country and increase State revenues.

First, the private sector plans to create an estimated 500,000 jobs, in particular through the strengthening and creation of small and medium businesses, including in the construction and agricultural sectors. To achieve this objective, the rebuilding of Haiti will need to be inclusive and to favor local labor and businesses, as well as local production, irrespective of the financing source.

To favor local businesses and to help them face the reconstruction challenges, a guarantee fund must be established for small and medium businesses to provide them with short- and medium-term credit at manageable rates.

The creation of development centers is critical. Otherwise, the overdevelopment of Port-au-Prince is likely to not only continue but its rate will increase. The development of regions and businesses throughout the territory is necessary for a balanced development of the country. The development centers, in addition to Port-au-Prince, have been identified as follows: in the North, the axis between Cap Haïtien and Ouanaminthe for tourism, textile and agriculture; the region around Gonaïves for agriculture and tourism; the South for agriculture, textiles and tourism.

The Government will need to facilitate the creation of these centers through commercial agreements and a supportive monetary policy. In addition, the necessary infrastructure, in terms of roads, ports and airports will have to be built as a backbone for the development of these centers.

Labor laws will need to be modernized; and the ongoing efforts on the modernization of the business and investment sectors will need to be accelerated.

The lack of clarity on the land titles is a major obstacle to private investment and discourages bank loans. The creation of a registry is a condition sine qua non for a massive influx of investments.

The Government and the private sector will need to undertake immediate efforts to widen the fiscal base so that fiscal revenues go from the rate before the earthquake of 9 percent towards a 16-18 percent rate. This will only happen if a strengthened dialogue between public institutions and the private sector takes place where the private sector has a bigger participation in decision-making, including in the creation and management of the development centers.

### 4.2.4 Access to electricity

Access to electricity is a major constraint for economic development and the quality of life of the Haitian population. Considerable progress has been made during the last four years, mainly in providing electricity to Port-au-Prince.

Following the earthquake on 12 January, the generation, transmission and distribution capacity of existing power has been greatly reduced in the affected areas, increasing an already considerable need. The restoration of electricity production, transmission and distribution infrastructure was quickly launched following the earthquake so that many affected areas could be reconnected. The priority is to restore power stations that have been hit and to repair the transmission and distribution network.

After restoration, the country's development requires access to electricity to be more widespread in regional centres for the growing population and for economic development requirements.

Subsequent investment is needed to increase electricity generation, to integrate the national transmission network and to improve the distribution network in major departmental town and industrial and tourist areas.

The restoration and development of generating capacity will be undertaken on several fronts. The requirements and projects already identified include: restoring the Péligre power plant, building the Artibonite C-4 hydroelectric dam, and restoring the power plants at Sault-Mathurin and Caracol-Nord.

Power stations must be built and put into operation in areas where hydroelectric power is not available and to meet requirements triggered by economic development activity, especially in exempt areas and development centres.

Increased capacity and efficiency of power transmission is based primarily on the restoration of existing networks damaged during the earthquake and on the development of a national power transmission network. Network restoration must give priority to affected zones in the Port-au-Prince area, the Léogâne/Petit-Goâve axis and the Sud department, whereas development should be directed towards promoting the supply of power to current and potential growth areas. In the Port-au-Prince area, building the Tabare substation is undisputedly a tool in the strategy for increasing energy transmission capacity.

The restoration of electricity distribution networks in the main areas affected by the earthquake should be carried out in the short-term. However, in order to contribute towards relaunching regional economic activity, developing regional and local economies, and creating jobs throughout the country, various local networks must be set up for the distribution of electrical energy to expanding sectors and sectors where customer profitability levels are favourable and to meet the population's basic needs.

A significant effort should be made to properly manage the distribution network. The issue of illegal connections must be tackled and reduced to a minimum, and network maintenance should be adequate in order to reduce technical losses.

Increased generating capacity and some improvement in transmission and distribution have, however, had significant repercussion on the national budget, which must accommodate a large proportion of petroleum costs required to generate energy. It is essential to review electricity generating costs to balance them with industrial, commercial and tourist consumers' ability to pay, as well as with individual consumption.

Here too, public-private partnerships and BOT systems must be used for a large part of the necessary investment.

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### **Budgetary information over 18 months:**

Restoration work: 57 million USD, of which 20 million USD is budgetary support  
Capital: 100 million USD, of which 70 million USD is budgetary support

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**Total 157 million USD, of which 90 million USD is budgetary support**

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### **4.2.5 The role of the Haitian Diaspora**

Following the earthquake, the Diaspora mobilized itself to contribute to the emergency relief efforts. This solidarity goes much further now.

Numerous meetings, seminars and fora took place in the United States, Canada and Europe. The Government participated in several of these gatherings.

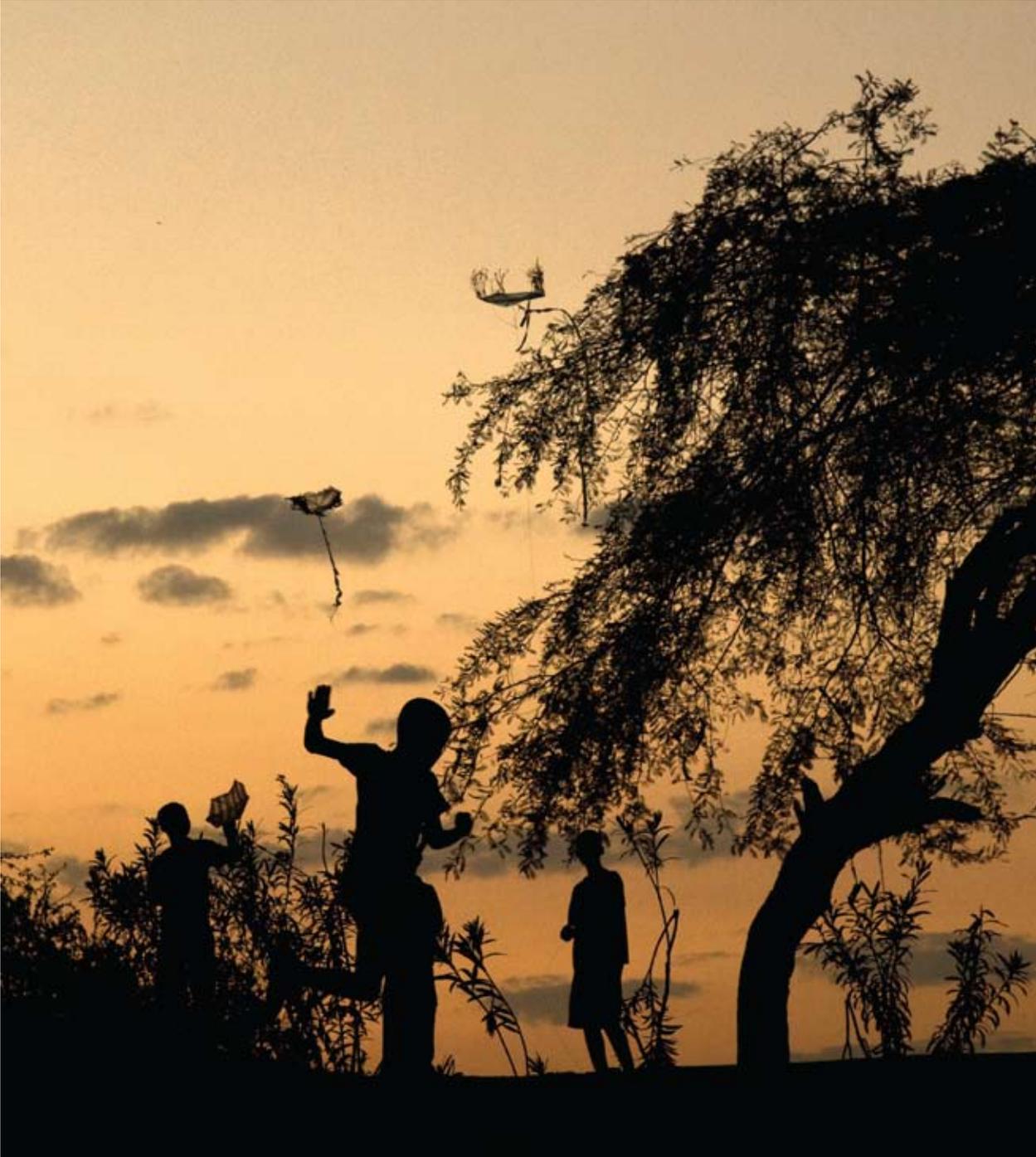
During the forum organized by the Organization of American States (21 and 22 March 2010), the diaspora acknowledged and supported the efforts of the Government and the private sector for the recovery and reconstruction of the country. This meeting, representing most stakeholders, proposed a series of recommendations on all the aspects of the PPARDN, with a particular emphasis on economic development.

All agree that the diaspora has an important role to play in the reconstruction of the country and that one must find the means to put the skills of Haitian men and women living abroad to the service of this call for rebuilding.

One also has to identify ways for the remittances of the Haitian diaspora to become investment sources for the social and economic development of the country.

This reflection needs to continue and the dialogue that started following the earthquake must transform into an active search for solutions and ways of contributing.

Much remains to be done but one must seize this opportunity at this critical time when the country needs to mobilize all its available resources.



(credit: UN Photo/Pasqual Gorriz)



(credit: UN Photo/Sophia Paris)

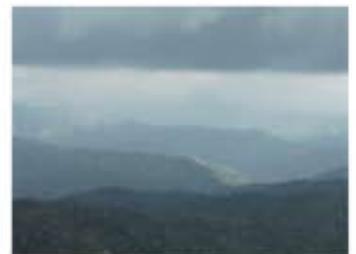


# Social rebuilding

EDUCATION, HEALTH  
AND HOUSING



SOCIAL PROTECTION  
AND REDUCTION OF  
VULNERABILITIES



FOOD SECURITY  
AND SANITATION



## 4.3 SOCIAL REBUILDING

A fresh social foundation is imperative for Haiti to emerge. In this perspective, the absolute priority in the Action Plan is to respond to the needs of disaster-stricken populations, whether those living in makeshift camps, those who have been displaced to various regions in the country, the injured and disabled who require appropriate care, or those who have lost their jobs and are no longer in a position to provide for themselves.

### 4.3.1 Housing for the population: temporary and permanent

Temporary and permanent re-housing of populations displaced by the after-effects of the earthquake represents a significant challenge. To date, there are still some 1.2 million people in 460 spontaneously organised camps with over 25 families each. Of these, some 250,000 people live in 21 of the spontaneous camps presenting major risks for the well-being and safety of their inhabitants. Studies as to the areas of origin of these persons have revealed that over half of the housing in these zones may be repaired, with support in the form of a reconstruction kit. Consequently, it is planned that 100,000 inhabitants of Port-au-Prince will have to be transferred as soon as possible to more appropriate sites.

The government has identified five sites which urgently need to be made available to be able to accommodate 100,000 people or more if necessary. Initially, provisional shelters should be installed there. However, it is planned for these sites to become new, permanent neighbourhoods in which shelters are gradually replaced by permanent housing along with sustainable infrastructures and basic services. It is imperative for as many of the 21 sites mentioned above to be evacuated prior to the rainy season and in any case prior to the hurricane season. As to the inhabitants of other camps, several initiatives will be taken with the aim of improving the situation in these camps, continuing to identify new, more appropriate sites or, where possible, encouraging refugees to return home. Assistance would need to be provided for such an initiative.

Technical assistance will be provided to local authorities in the form of multi-disciplinary teams, particularly for planning, land tenure and quality control of construction materials. A security fund will also be set up to support reconstruction efforts in municipalities and neighbourhoods. In addition, financial assistance will be granted including means of access to loans, by setting up a housing re-construction fund.

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#### Budgetary data for 18 months

Preparation of new sites:	\$140m*
Funds for reconstruction and other activities:	\$155m **

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<b>Total</b>	<b>\$295m</b>
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\*not accounted for since they have already been taken into account by humanitarian and military stakeholders

\*\*not accounted for since they are included under "Re-launching economic and financial circuits"

### 4.3.2 Creation of high-intensity labour jobs

With a view to mitigating the negative effects of the disaster on the living standards of the population, particularly women, who make up the majority of the informal economy, it is necessary to engage in massive job creation programmes as soon as possible. These programmes should be directed not only at stricken areas but also at areas accommodating displaced persons and, more generally, the whole of the territory under the principle of equity, in order to avoid further population displacements.



### 4.3.3 Social protection

The improvement of immediate and future living conditions, the state of health and the productivity of Haitians will depend in a large measure on the capacity of the social sector to respond to immediate needs whilst also integrating a transformation of the role of the State in these sectors in both the medium and long term. Access to basic services should no longer be seen simply as expenditure but as an investment in human capital, a critical factor for economic recovery and growth in Haiti, in addition to being essential for the well-being of Haitians. Access to basic services should be considered as an engine for the new foundation of Haiti, as well as the economic attractiveness of regions and deconcentration of services. In this respect, social sectors need to become the avenues of a genuine public-private partnership, with the State guiding, harmonising and monitoring health and education initiatives performed locally, whilst also increasing its own role and its capability to mobilise its own resources and deploy them. Ultimately, rebuilding Haiti differently involves directly addressing food insecurity (which affects 40 percent of households) and extreme poverty; this involves considering households as such, investing in the human capital represented by children, and protecting revenue (consumption, particularly of food and access to basic services) by offering jobs.

It is also necessary to take into account the increased vulnerability of thousands of women who have lost their job or suffered major losses, particularly in the informal sector; the thousands of young people who no longer attend school, and over 100,000 children without the protection of a family following the earthquake, with all the potential risks of violence and exploitation. There are also thousands of newly disabled people who will require assistance in social reinsertion. A basic social protection system must be implemented and tested during the country's initial recovery phase. Existing systems must be reinforced through the direct provision of basic services to affected families thanks to partnerships with private operators.

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#### Budget data for 18 months:

Literacy campaign:	\$30m in the form of budget support
Support to associations in the affected areas and areas receiving displaced persons for community-based initiatives:	\$10m
Creation of a basic social protection system:	\$10m
Other:	\$20m
Support to affected areas and areas receiving displaced populations	\$23m*
<b>Total</b>	<b>\$70m, of which \$30m in the form of budget support</b>

\* financed by private operators

### 4.3.4 Education: returning to school and school construction

Education stakeholders must act urgently while establishing new foundations for a system which will need to become more efficient and equitable. The long-term objective of the government should be free and universal access to primary education. In this respect, support for school canteens is a vital tool to ensure attendance at school, and help the most vulnerable households recover after the crisis. As soon as possible, this effort should be combined with a social 'net' which has yet to be established.

Restarting school activities in the very short term is one of the major priorities of the State. On the basis of the strategy drafted by the MENFP, in close liaison with the private sector, this involves the following:

- Guarantee with equity the return to school of all students in the three departments directly affected as well as to those who migrated to other departments;
- Provision of aid for education to all children attending existing school structures;
- Provision of necessary pedagogical and administrative support to teachers and other personnel involved in education;

- Supporting the restarting of higher and technical education;
- Preparation of the next school year;
- Pursue the policy of education for all.

In concrete terms, this means:

- Establishing more than 4,000 shelters, organizing the reception of students in departments that were directly and indirectly affected.
- Setting up different packages for each of the affected categories (students, teachers, school directors/administrators), including the provision of psycho-social assistance. As an illustration, for the very short term, school fees will be paid by the state.
- Providing specific support to the professional training and higher education sectors, which were particularly affected, adaptation of the school calendar, curriculum and evaluation systems, and provision of equipment and means necessary for this re-launch.
- Putting into place the basis for the reconfiguration of the educational system.
- Reconfiguring training supply.

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**Budget data for 18 months:**

Provisional facilities (4000):	\$70m, of which \$20m in the form of budget support
Equipment:	\$60m
Supplies:	\$20m
Support for the operation of 5000 non-public schools in the affected areas and over 16 000 in indirectly affected areas:	\$50m, of which \$20m in the form of budget support
School canteens for 2.2 million children:	\$210m, of which \$80m in the form of budget support
Support for vocational & higher education:	\$60m, of which \$30m in the form of budget support
<b>Total</b>	<b>\$470m including \$150m in the form of budget support</b>

**4.3.5 Healthcare, food security and nutrition, water and sanitation**

**HEALTHCARE**

The recovery phase in the healthcare sector requires efforts to be concentrated on the improvement in access to and quality of primary healthcare, with an emphasis on high-impact, low-cost actions targeting maternal and infant health, including caring for chronic and acute malnutrition. In addition, specialist care must be provided, for instance to follow up patients who have undergone major surgical operations such as amputations. The extension of healthcare services involves reducing financial barriers, particularly for the elderly and new vulnerable groups.

International stakeholders must continue to work under the supervision and coordination of the Ministry of Public Health and Population (MSPP), in order to ensure as rapid a restoration as possible of an improved system of provision of care and monitoring. Coherent and concrete strategies on the part of the many stakeholders in the field of health care and nutrition, as well as close collaboration between all parties, under the leadership of the MSPP, are required in order to ensure better, more equitable access to basic services, and provide the Ministry with the resources to effectively regulate the system.

In this context and to ensure an optimal health coverage, the MSPP is planning to enter into innovative partnerships with the private sector, to consolidate what was already achieved before the earthquake and to maximize the delivery capacity of private operators through new programmes via organized health service delivery networks. These programmes will aim to recapitalize private operators who will need to take over systems established during the emergency phase. The significant funds which have already been mobilised via the emergency humanitarian appeal only cover a small part of the actual needs for the recovery of this sector, including the reconstruction or rehabilitation of certain infrastructures which

have been destroyed and the construction of reference hospitals and health care centres throughout the country, which are required as part of the national development policy being upheld by the Government. It would be best to rebuild 30 of the 49 existing hospitals in 3 regions affected by the earthquake, plus the related government and training infrastructures. It also appears to be vital to begin construction of eight reference hospitals in the department capitals, starting with Port-au-Prince, Cap-Haïtien, Les Cayes and Jacmel. Projects already under way, such as the projected reference hospital in Les Gonaïves, which is part of the reinforced service delivery policy and the decentralized geographical approach, should be pursued and accelerated. In the short term, massive investment in the strengthening of human resources and equipment will also be required in order to provide better access to greater numbers of people. It will also be necessary to strengthen the management of inputs and essential medicines.

**Budget data for 18 months:**

Rehabilitation and reconstruction:	\$170m
Strengthening human resources for health care:	\$30m in the form of budget support
Healthcare equipment:	\$70m
Healthcare inputs and medicines:	\$70m
Recapitalisation of private operators by taking care of affected families	(\$ 20 million, \$ 10 million of which is in the form of budget support)
Other:	\$ 30 M of which \$ 20 M is budget support
<b>Total</b>	<b>\$390m, \$120m of it in the form of budget support</b>



### FOOD SECURITY AND NUTRITION

The government and its partners are planning to implement a safety net directed at households living in food insecurity in the areas affected by the earthquake. Some 495,000 children aged under five and 200,000 pregnant or breast-feeding women will also benefit from additional food supplies. In addition, an early warning system and the creation of a decentralised foodstuff storage network will constitute an effective resource in the event of a disaster. There is a risk of malnutrition rates rising during the rainy season. The detection and treatment of malnutrition will have to be improved so as to ensure coverage throughout the territory. More generally, acute malnutrition among children (between 6 and 59 months) will have to be managed through the setting up of a national system of 10,000 multipurpose agents and 45,000 assistants at the community level (one third of which to be recruited over the next 18 months) to implement a malnutrition prevention programme, which will also benefit job creation throughout the country. More generally, a HLI approach will promote the creation of job, especially in rural areas with high food insecurity. This subject has been dealt with separately.

#### Budget data for 18 months:

Targeted distribution of additional food:	\$40m
Strengthening of capabilities, community-based personnel:	\$30m of which \$15m in the form of budget support
Decentralised storage and institutional backup:	\$20m in the form of budget support
Food safety net:	\$50m

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**Total** **\$140m of which \$35m in the form of budget support**

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### WATER AND SANITATION

The strategy of recovery and reconstruction for drinking water and sanitation revolves around the existing sectoral strategy. It is important to improve solid waste management in the short term (12 to 18 months) so as to improve the quality of life by ensuring the collection and disposal of more than 200,000 m<sup>3</sup>/per month of solid waste from the capital and the 10 largest urban areas. Priority will be given to the setting up of 8 disposal sites to effectively serve the metropolitan zone and 10 urban areas comprising a population of 5 million inhabitants.

Moreover, the progressive discontinuation of makeshift temporary services will be implemented to ensure the construction, over a period of 3 years, of a system of drinking water supply and sanitation in the country using cheap and socially adapted technology. The objectives to be attained are: 60percent coverage of drinking water in metropolitan zones and 73percent in other urban and rural areas; sanitation coverage of 58percent in metropolitan zones and 50percent in other urban and rural areas. The setting up of a national policy in the water and sanitation sector will be supported by the strengthening of technical development of the management and financial autonomy of the operators in the country and through a national campaign for the improvement of hygienic practices and the promotion of the sanitation of the population - with a target of 5 million in the metropolitan areas and in the 10 large urban areas in the first 18 months.

#### Budget data for 18 months:

Disposal sites:	\$50m, of which \$10m in the form of budget support
Potable water:	\$80m, of which \$40m in the form of budget support
Strengthening of institutions:	\$30m, of which \$10m in the form of budget support

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**Total** **\$160m of which \$60m in the form of budget support**

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# Institutional rebuilding

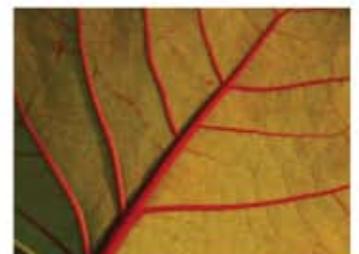
Relaunching of public administration



Justice and security



Equipment and territorial management



## 4.4 INSTITUTIONAL RESTRUCTURING

Institutional restructuring is a central theme to define and frame government action and is at the heart of the Action Plan for National Recovery and Development. The shock experienced by democratic institutions and the state apparatus has shown the vulnerability of existing structures. Restarting democratic institutions and the apparatus of state is the opportunity to carry out a genuine fresh foundation of the State, leading to the implementation of a State providing services, including de-centralized ones; a State at the service of the nation's fundamental interests, a State capable of overseeing this new foundation.

### 4.4.1 Democratic institutions

Democratic institutions suffered heavy human losses and major physical damage during the earthquake.

The legislative bodies need to be able to play their roles fully for what will be difficult years to come. They were already functioning under difficult conditions in terms of access to human and material resources. The earthquake has made the task of parliamentarians even harder.

The executive staff members of the government who lost their lives or were injured must be replaced. Significant technical support is necessary to do so, all while Haiti enters a critical phase with elections in the near future and the danger of a constitutional void that could destabilize existing governmental institutions.

Legislative activities must be relocated temporarily while a new legislative building is constructed with adequate facilities for the exercise of constitutional duties. The PARDN plans support the Parliament to help in this regard. Support to democratic institutions needs to ensure, provided conditions for a credible ballot are there, the respect of the constitutional calendar for the elections. This is why funds are requested for this area.

This means that a political consensus should be sought as soon as possible during this recovery and reconstruction phase, with redoubled efforts to incorporate civil society and more generally, citizens in the search for this consensus. Institutions such as the CEP (Electoral Council) and the ONI (National Identification Office) must be strengthened. Activities in support of civil society, the Parliament and political parties must also be launched in a concerted manner to enable them to play their respective roles, through regular consultations and by giving them the means to make their voice heard.

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#### Budget data for 18 months:

Elections:	\$60m	
Support to Parliament	\$20m	of which \$10m in the form of budget support
Institutions :	\$75m	
<b>Total</b>	<b>\$155m</b>	

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### 4.4.2 Relaunching central administrations: salaries, relocation, equipment

Public administration has suffered major losses in terms of human life and material damage. The destruction of the buildings housing several major ministries, their equipment, dossiers and computer data has seriously decreased the ability of the administration to fulfil its designated role. The National Palace, the Parliament, the Law Courts and a number of other key ministries and ancillary buildings have been destroyed. These buildings need to be rebuilt as soon as possible in order to address the functional requirements of these powers and also to re-establish the symbols of the State and the division of powers between the Executive, Legislative and Judiciary. Relocation of the activities of these institutions within temporary premises is vital. In addition, in the short term studies must be undertaken for the construction of permanent premises, with the launch of various procedures specific to this type of construction, which assert the durability of the State.

Some central administrative organizations have already begun the launch of their activities on the sites of their former buildings (MENFP, MJSP, MARNDR) or in spaces that belonged to them (MEF, MTPTC). The large majority of ministries have still not resolved their problems of premises. Some available buildings are being renovated to be allotted and extra temporary spaces need to be built.

These spaces will not be able to hold all the services and government offices of the ministries. The launch of these activities will have to be carried out from a small solid core of essential services to ensure minimal but satisfactory operations. In these temporary installations, care should be taken to bring closer together administrative bodies that have been called upon to work together, particularly in crisis management and national recovery.

Office and communications equipment also needs to be supplied in order to take the opportunity to provide the administration with the capability of using communications technologies in its daily business.

Priority will be granted to administrations which are crucial to relaunch the country, notably the Presidency, the Prime Minister's Office, the Ministry of the Economy and Finance (with priority to the Central Tax Office and Customs) the Ministry of the Interior and Territorial Communities (Disaster Risk Management), the Ministry of Planning and External Cooperation, the Ministry of Public Works and Telecommunications, the Ministry of State Education and Professional Training, the Ministry of Public Health and Population, the Ministry of Justice and Public Security (dealt with separately below), the Ministry of Agriculture and Natural Resources.

### **STRENGTHENING LOCAL GOVERNMENT**

This administrative reorganization in a crisis situation will not be confined to the central administration. During the next weeks, a programme will be set up to strengthen decentralized administrations and authorities by suggesting to government officials belonging to the executive and technician categories who are not part of the essential central administrative services, that they accept postings in department and sub department (arrondissement) authorities, in delegations and vice-delegations and in some large municipal administrations which have seen the massive arrival of citizens displaced by the earthquake. This programme will include incentives in the form of beneficiary measures, housing help and career development incentives. This programme will be proof of a real desire to restructure the State based on the principle of improving services for the population by bringing them closer to their clientele.

### **RECONSTITUTION OF A CRITICAL MASS OF QUALIFIED HUMAN RESOURCES**

In order to reconstitute the pool of qualified human resources affected by the earthquake, three actions will be undertaken in a joint manner in the immediate and very short term:

- Drafting a consolidated training plan drawing upon the National School of Administration and Public Policy (Ecole Nationale d'Administration et de Politiques Publiques, ENAPP). To fulfil this mission, the ENAPP will make use of the support of international networks that have offered to pay for part of the training that is to be provided.
- Drawing up and implementation of a programme of involvement of executives and technicians from the diaspora in the process of construction/reconstruction of the country. Haitian professionals who respond to this appeal will be posted as a priority in public services at the central or territorial levels.
- Proceeding with the recruitment of young qualified diploma holders who have certain minimum academic qualifications and bringing them up to standard over the course of three years by initial and continuing training.

### RELAUNCH AFTER ADAPTATION OF THE IMPLEMENTATION OF THE EXECUTIVE PROGRAMME FOR STATE REFORM

The implementation of the executive programme for State reform should be continued after having made the adjustments called for by the new circumstances to make it one of the instruments for state restructuring.

### MEASURES FOR THE NEXT TWELVE MONTHS

During the course of the next 12 months, the following measures will be adopted and put into place in order to achieve a new balance between the central administration, decentralized services and decentralized authorities:

- One objective: within 5 years, reduce the proportion of State functionaries in central administration to 20percent and bring that of decentralized services to 80percent (not including PNH, teachers and health service staff). This objective is such that it will satisfy the regional development centres, and will help in the better distribution of public services in the territory.
- Concrete accompaniment measures: completion of administrative centres in departments and districts, encouraging government officers to settle in the provinces by providing beneficiary incentives and housing help as well as by offering career development advantages.
- A redefinition of the respective roles of the central administration and decentralized services leading to a changed relationship between them: refocusing of central administration on prospective functions, drafting of legislative and regulatory texts, piloting of decentralized services, evaluation of public policy, control of services; strengthening of decentralized services on implementation of ministerial and inter ministerial policies, development of consultation methods between the centre and the periphery, in particular in the evaluation of human and budgetary needs, affirmation of the roles of the department delegates and their deputies in the coordination of services on the field;
- A progressive increase in decentralised skills, emphasising collective services to the population. The objective is that five years from now the Haitian population living in a regional development centre will have local services provided by their municipality (water, sanitation, solid waste, maintenance of municipal roads) i.e. 50percent of the total population; this cover will have to be increased in the coming years so that it can be extended to the entire territory by 2020.
- An increase in the role of municipalities in reducing vulnerabilities and protecting inhabitants through decentralisation of urbanisation rules and an increase in means of civil protection in the municipalities and municipal wards.
- Some concrete decentralisation measures: training and recruitment of executives (at least 3 senior executives per municipality - one administrative and two technical, i.e. approximately 500 executives to be trained through to 2020), building of offices and making provision of technical equipment, starting with regional development centres.
- A progressive increase of local resources: initially the local governments will remain dependant on grants from the State, but they will have to develop their own resources through a locally adapted taxation system. By the year 2020, State grants should not be more than 50percent of the functional revenue of the municipalities that are development centres and by the year 2025 for other municipalities.
- For the reinstallation of administration in permanent premises, the study and implementation of means to ensure a better reception of the public and to develop modern information and communication techniques in public services:
  - Opening of a government internet portal
  - Implementation of a communication system for the government through intranet
  - Development of means to communicate with the population, especially by using mobile telephones (for example: for passing on alerts)

- Setting up of systems that allow the users to approach the administration online. This measure is to be connected to the digital networks covering the entire territory. Today it is an indispensable condition for the development of private investments.

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**Budget data for 18 months:**

Salaries:	\$200m in the form of budget support
Operation:	\$100m, of which \$50m in the form of budget support
Equipment:	\$72m
<b>Total</b>	<b>\$372m, of which \$250m in the form of budget support</b>

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**4.4.3 Justice and security**

In Port-au-Prince, 80percent of the justice sector was affected by the earthquake, which has considerably reduced judicial activity at a time where there is an increased risk of disputes in terms of civil law, owing to the extreme weakness of both land and civil registry. For the next six months the priority of the Government is to re-establish the system of justice and public security across the territory through its Ministry of Justice and Public Security. In order to achieve this, the following will be required:

- Re-establishment and reinforcement of the operational capacities of justice and public security stakeholders;
- Guarantee of access to justice and security for affected communities and of those communities hosting displaced people;
- Creation of favourable conditions to perpetuate good administration of justice and public security for the post-crisis situation.

To accomplish the first objective, it will be necessary to provide the services of the Ministry of Justice and Public Security (Ministry, PNH, DAP) and the judicial institutions with equipment and adequate provisional infrastructure allowing them to work in the zones affected by the earthquake and in the zones receiving displaced people. Tents and containers will be required for lodging the Services of the Ministry and National Police, for the Department of Penitentiary Administration (DAP), for the County Courts and Peace Courts. It is necessary to undertake the rehabilitation of buildings which have been affected but which have been deemed secure, as well as restart and accelerate the recruitment process of new PNH officers. It will also be necessary to reinforce the personnel of MJSP services and judicial institutions in order to respond in case of need in the zones that were affected and in those hosting displaced people.

The second objective will be achieved through the development of a preventive strategy by the PNH for ensuring the security of persons and especially of vulnerable and displaced people, by strengthening access to justice and rule of law for people affected, and particularly women, and through the capacity of affected communities to develop violence prevention strategies.

The third objective will be achieved by observing procedures and deadlines, the reinforcement of civil jurisdictions, observing human rights in the operation of the criminal justice system, the ability of the PNH to better handle new challenges in terms of security, the improvement of conditions in the prisons, and above all the relaunching of the judicial process.

In the short term, it will be necessary to:

- Consolidate the rule of law by increasing the number and quality of national police and by pursuing reforms in the justice delivery mechanism and penitentiary administration:
- Recruitment of policemen in the first phase for rebuilding the units affected by the earthquake, i.e. approximately 500 officers dead, injured or unavailable. In the second phase the objective is to reach the rate of 1 police officer per 800 inhabitants by 2012, i.e. an addition of 2,500 officers. This rate will reach 1 police officer per 600 inhabitants by the

end of 2015, for a total of 16,000 police officers, up from the current strength of 9,500. This recruitment policy must be accompanied by construction of police stations or their expansion (this involves 46 police stations), provision of logistical means and miscellaneous equipment (vehicles, uniforms, arms, communication systems), as well as a housing policy to ensure better availability. The responsibility of MINUSTAH will be lessened in measure as a result.

- Commissioning the National School of Judges, created by an Act in 2007 and not functional when the earthquake took place, and completing construction of the Police Academy.
- Reconstructing or developing the correctional facilities of Port-au-Prince and Jacmel by 2015 in order to reduce the density of the population serving their sentences and allowing separate detention of men and women, adults and juveniles, accused and convicted. A programme of social integration of the convicted will be associated to these institutions by organising workshops and professional trainings.

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### Budget data for 18 months:

Relocation, urgent rehabilitation/reconstruction:	\$112m
Relaunching reforms, support to services, training:	\$108m of which \$50m in the form of budget support
Social housing for PNH:	\$35m

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<b>Total</b>	<b>\$255m, of which \$50m in the form of budget support</b>
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(credit: UN Photo/Sophia Paris)

## 4.5 TOTAL TABLE OF COSTS

Total table of costs (US\$, million) for 18 months			
Project	Total investments	Budgetary support*	Other funding
Reconstruction of devastated areas	780	150	
National transport network	180	50	114
Hurricane season and disaster risk management	130	75	
Regional hubs and urban renovation	75		
National planning and local development	50		
Watershed management			
National production	260	40	
Relaunch of economic and financial channels			400
Electricity	157	90	
Housing of the population			295
Creation of high-intensity labour jobs	200	50	
Social protection	70	30	
Education: return to school and construction of schools	470	150	
Healthcare	390	120	
Food security	140	35	
Water and sanitation	160	60	
Democratic institutions	155	20	
Relaunching the administration	372	250	
Support to Parliament	20	10	
Justice and Security	255	50	
Total	3,864	1,180	809

\* this total includes the \$350m requested to complete the 2009 – 2010 budget year

## 5. THE MACROECONOMIC FRAMEWORK 2009–2015

### 5.1 Context, priorities, and challenges

The January 12 earthquake has drastically reduced production capacities, and strengthened the vulnerability of the population and state institutions. There has been a massive decapitalization of both households and the State, and the State's ability to provide essential basic services to the population has been compromised. The loss of a substantial stock of physical assets (infrastructures, housing, facilities and equipment) and human resources is placing the country in a most un-favourable position for starting a sustained growth path and to reduce poverty.

The macro-economic framework over the next few years is structured in such a way as to make it possible to address the urgent, crucial problem of massive poverty and the high vulnerability of the people, and the requirement to rebuild the economy, society, and the territory on better-balanced and sustainable foundations. The focus will be placed on an inclusive policy for catching up and improving living

standards and quality of life. The policies and reforms conducted over the last few years have produced positive benefits which ought to make macro-economic management easier.

In order to prevent a possible collapse of the economy, a boost to the economy is a priority and growth needs to be vigorous. However, because of the damage and losses and marked slow-down in economic activity caused by the earthquake, the GDP for this year looks set to fall by around 8.5 percent with the emergency measures and for the recovery which is going to extend over 18 months after the earthquake. Within this context, a whole set of challenges will have to be addressed. On the one hand, the growth strategy must favour strong integration of the sectors, branches of activity, and populations, in order to limit leakage and allow for a more equitable distribution of the benefits of growth. Another challenge lies securing the vital resources for capital expenditure, particularly in infrastructure, and provide the necessary basic welfare and economic services. For this, the country will have to rely on flows of external aid that are adequate and according to a timetable that is compatible with the implementation of the reforms to strengthen the State's internal funding structures and capacity and its financial independence.

### 5.2 Macro-economic targets between now and 2015

Macro-economic projections between now and 2015 are predicated on:

- Average annual growth of 3.5 percent of per capita GDP in real terms by 2015. This implies a rapid recovery that takes the real GDP growth rate to 10.4 percent in 2010/2011 — a rate that is likely to fall gradually between now and 2015 to around 6.2 percent. This will make it possible to reduce the poverty rate from 54 percent in 2009 to 40 percent in 2015, without allowing for the distribution of incomes.
- An inflation rate maintained below 10 percent over the period. It will need to increase to 8.5 percent this year and remain steady in 2011 because of the pressures generated above all by an increase in demand associated with growth. It will need to fall gradually to 5 percent in 2015.
- A gradual increase in fiscal pressure, following a drop to 7.3 percent in 2010, to reach over 13 percent in 2015.
- An increase in the level of reserves net of changes, even though its importance in imports, 3.1 percent in 2009, is set to fall to 2.4 percent because of the increase in imports associated with the growth in capital expenditure in 2010 and 2011, gradually climbing again later.
- The budget balance including donations will have to increase to 7.3 percent in 2010, to drop back gradually to 4.7 percent in 2015.
- The balance of payments deficit excluding donations will worsen badly, going from -10.6 percent in 2009 to 24.6 percent then 26.6 percent in 2010 and 2011 respectively. It will gradually fall to reach 13 percent in 2015.

### 5.3 Real sector, jobs, and growth policy

The growth process is foreseen in two phases. In both phases, the emphasis is particularly placed on supply policies, given the nature of the imbalance, even though these policies will above all be effective in the second phase. The strategy in the first phase is based on humanitarian and rehabilitation needs and making the most of short-term supply flexibility in sectors like construction and agriculture while structural reforms are paving the way for the launch of the second phase.

For this second phase, the process of stimulating growth will consist essentially in undertaking a dynamic process of giving new value to the production sectors, supported by:

- a) structural reforms to promote competitiveness and develop comparative advantages in certain sectors, guarantee ownership rights, reduce transaction costs, and provide an effective incentive system and rational, balanced use of the territory;
- b) public investments in infrastructures and basic services;
- c) a pro-active macro-economic policy;
- d) the development of partnerships with the private sector based on a pragmatic approach focusing on identifying opportunities and reviving investments;
- e) structuring of trade associations and formalization of the informal sector;

f) promoting and supervising small- and medium-sized businesses in the various sectors; g) access to loans for the various sectors of activities; h) development of regional growth hubs and exploiting local resources across the whole of the country; i) sped-up production of human capital; and j) harmonization and review of the legal and regulatory framework for businesses.

In this second phase, growth will be stimulated by construction, agriculture and agro-processing, tourism, manufacturing, and crafts. This will make it possible to create jobs, particularly in building and civil engineering, the added value of which will have to grow by 49 percent and 34 percent in 2011 and 2012 respectively. It is estimated that around 250,000 buildings and houses will need to be rebuilt in the zones affected by the earthquake and almost the same number of new homes will be needed to house the 500,000 people displaced into the provinces. Given the current configuration of local building firms, it is forecast that the market is going to be dominated over the next five years by foreign firms and a small minority of Haitian firms. Special attention will be given to small- and medium-sized businesses in this sector in order to give them the means to participate to a greater extent into the rehabilitation/reconstruction activities and developing additional working capacity. Low purchasing power by households and the question of building standards will be taken into account by the introduction of a building and construction code and a system of support and loans for residential construction, in order to encourage the establishment of development hubs, and hence more balanced spatial development.

### 5.4 Fiscal and budgetary policy

The fiscal policy aims at 1) increasing tax revenues by improving the fairness of the taxation system and fighting tax evasion; 2) putting in place incentive taxation that favours our objectives for sector growth; 3) strengthening the expenditure management and planning framework so as to arrive at better targeting and monitoring of results.

Tax revenue for 2009-10 is said to represent only 50 percent of budget forecasts. With budget expenditure unchanged but redirected in accordance with the new realities, there remains a budget deficit of 19 billion gourdes to make up. The Haitian authorities are counting on budget support from the international community to make up this deficit, in order to avoid having to recourse to monetary funding and hence to maintain the macro-economic stability of the last few years.

With a view to reducing this dependence over the next few years, the tax authorities resolutely intend to continue and deepen the reforms undertaken and to instigate others in order to modernize the tax system and increase productivity, thereby improving the State's financial capacity.

### 5.5 Monetary and foreign exchange policy

The monetary policy is seeking to contain inflation below 10 percent p.a. while accepting that the priority is to restart the economy. Therefore, the monetary policy will be pro-active in order to prevent inflation from getting out of control and favour conditions for credit expansion.

The monetary base will need to grow at a similar pace to the economic growth rate forecast for this period and the authorities will avoid falling back on monetary funding of the public deficit except in the event of a need justified by a failure of committed external aid to materialize.

1. Establishing partial guarantee funds, covering loans made by banks – these provisions will be extended to micro-credit institutions;
2. Encouraging banks to make best use of available legal mechanisms, such as equipment leasing.
3. Measures aimed at reducing the gap between borrowing and lending rates.
4. Establishing guarantee funds or other forms of insurance covering future risks associated with natural disasters or other adverse external events connected with the activities of microfinance institutions (MFIs).

## 6. FUNDING MECHANISMS

Funding mechanisms must allow access to sufficient funds to achieve the ambitious objectives of the Action Plan for National Recovery and Development, which implies that the different mechanisms have at their disposal the necessary funds by adhering to the commitments undertaken and that adequate procedures ensure the fluidity of the release of funds.

This involves an obligation of results. The experience of the last six years shows that this was not the case. A different approach is required with innovation, mainly as regards the conditions. The management framework of the different mechanisms must comprise all the guarantees necessary for the proper and transparent management of the funds involved. These guarantees must be limited to the effective monitoring of the funds and not include the “extra-management” conditions pertaining to the actions to be laid down with no relation to the approval and follow up of the execution of the programmes and projects.

Funding of the Action Plan for National Recovery and Development involves a number of components. Indeed, public expenditure is only a part of the effort to be granted. The investment expenditure for the reconstruction of housing, shops and factories will come largely from the private sector. It must be ensured that credit mechanisms are adequate for the requirements and steps must be taken in this direction.

The commitments made at the New York Conference mainly concern the resources related to public support for the development. The mechanisms discussed in this chapter deal mainly with this aspect of the Action Plan for National Recovery and Development but also deal with the initiatives to be taken to integrate the contributions of one and all in a collective and united effort, not only to recover from the disaster of 12th January but also to actually re-launch the country on the path of development in accordance with the vision expressed.

### 6.1 Budget support

The earthquake of January 12 seriously damaged the fiscal and budgetary situation of the Government of Haiti. Indeed, according to an estimation by the IMF, about 85percent of the state’s revenues come from Port-au-Prince and its immediate surroundings, which were the epicentre of the earthquake.

The buildings which were the centres for collection of taxes and customs duties were practically destroyed. Worse still, the commercial and financial infrastructures were also highly affected by the earthquake which has itself reduced the fiscal revenues of the State for a very long period.

Moreover, the State must fulfil the large-scale needs of the population directly affected by the earthquake such as setting up temporary shelters, creation of jobs to allow the victims to survive and to create a solvent demand for the goods and services produced locally. It must also take the necessary initiatives for the re-location of the population, support to other regions of the country in order to enable them to receive the flow of population and to set up healthcare and educational facilities close by.

It must also temporarily re-house the activities of the different ministries and organizations, whose buildings were destroyed, replace the equipment and re-constitute the archives.

In short it must create hope and affirm its legitimacy as leader of the process of re-building of the country.

The response must be massive and immediate. The best mechanism capable of fulfilling these requirements is the recourse to the State budget which depends, in the present context, on budgetary aid in order to balance.

In the medium term, say five years, the State must be able to depend on its own capability to intervene so as to regain the place that belongs to it and exercise the desired leadership. It must have substantial,

reliable and foreseeable resources of which a major part will come from budgetary aid and from the balance of payments.

This mechanism of financing must have an autonomous mode of supply and management beyond multi-donor trust funds, even if these can also contribute to budgetary stability for funds entrusted to it by partners who are not members of the Partnership Framework for Budgetary Aid. Significant progress had been made during the course of last few years, notably by the creation of a Partnership Framework for Budgetary Aid. The government and the technical and financial partners engaged in this form of aid have adopted a common matrix of conditions and reinforced their collaboration for a greater ability to predict budgetary support and a schedule for releases which addresses the needs of the country.

Budgetary aid requirements are necessary because State taxation authorities (DGI, AGD) have been severely affected and seen this collection capacity greatly reduced at the same time as an increase in public expenditure due to the new needs created by the earthquake is expected.

Forecast revenue, revised downwards, will not be adequate to face up to current requirements. Although a progressive return to business is under way at the DGI and the AGD, and a certain improvement has been noted in terms of receipt of revenue, the difficulties for the State in terms of facing its basic obligations, such as the payment of civil servants' salaries, will persist until the end of the year. In short, the State will not be able to meet its obligations without budgetary aid assessed at 350 million US dollars. The planned budgetary aid is intended to fund operating expenditure, particularly salaries, and investment.

### **OPERATING EXPENDITURE**

This expenditure, which represents 25percent of the expected aid, will serve to fund staff salaries in the following institutions in particular: Ministry of State Education and Professional Training, Ministry of Public Health and Population and the Haiti State Police (PNH), for a total of 54.2 million US dollars over the six (6) coming months of the financial year. EDH and the PNH will also benefit from aid, for the improvement of electricity supply and fuel expenses respectively.

### **INVESTMENT EXPENDITURE**

This expenditure, assessed at 75percent of the aid, will be allocated to the funding of various projects liable to promote recommencement of economic activities across the country in the short term, provide an immediate response to the issue of shelter and re-housing of displaced persons to prepare for the rainy and hurricane seasons and protection of the environment and the most vulnerable sectors of the population. These projects related to a number of development sectors including the following: education (20percent) agricultural production (17percent) public works (13percent) healthcare and commerce (5percent each).

It should also be noted that almost 2 1/2 months after the earthquake, schools of every level in the affected areas are confronted with huge difficulties and are still closed. The Government is determined that these children should return to school from April onwards. Work is planned to ensure that schools have an adequate physical environment. Guaranteeing the payment of regular salaries to teachers, financial aid for parents and both public and private schools, providing furniture and teaching materials as well as school supplies will also be part of the Government's contribution to reopening schools.

Increase of agricultural production by making available fertiliser and seed to the sector also represents one of the priority avenues which the Government intends to fund using budgetary aid.

The subsidy granted to EDH should enable it to improve its services with a view to promoting the recommencement of economic activity and facilitating the work of the PNH in terms of greater security.

In general, the above projects have a common objective: reducing vulnerability in stricken areas and the precarious living conditions of the population, the creation of high-intensity labour jobs, the recommencement of social, educational and economic activities, etc.

The needs expressed for the 2009-2010 financial year (the two remaining semesters) amounts to 350 million US dollars. The table below presents details of the use of these funds.

<b>ADDITIONAL BUDGETARY AID REQUIREMENTS FOLLOWING THE EARTHQUAKE OF JANUARY 12, 2010 FOR THE REMAINDER OF THE 2009/10 FINANCIAL YEAR</b>		
	<b>PROGRAMME OR EXPENDITURE CATEGORY</b>	<b>AMOUNTS, USD MILLION</b>
1	Ministry of State Education and Professional Training (MENFP) payroll	20.9
2	Ministry of Public Health and Population (MSPP) payroll	9.2
3	Support to Parliament	10.0
4	Haiti National Police (PNH) payroll	24.1
5	Subsidy to EDH	33.8
6	Agricultural production support programme (fertilisers, seed, tractors, etc)	40.0
7	Housing programme	50.0
8	Disaster reduction programmes in affected areas	40.0
9	School re-starting programmes	41.0
10	Healthcare access programme	15.0
11	Pre-rainy and hurricane season programme in climatic risk areas	35.0
12	Fuel subsidy for PNH	2.0
13	Strengthening the capabilities of Taxation Bodies	10.0
14	Refuse collection programme	5.0
15	Relaunching Micro/Small and Medium Enterprises (MSME)	14.0
16	<b>TOTAL</b>	<b>350.0</b>

## 6.2 Funding from bilateral donors

External cooperation, which Haiti has enjoyed for decades, is largely based on bilateral agreements between Haiti, the donor countries and the international organizations. The projects in progress or those which are about to be implemented must be followed or reframed such that they are in accordance with the Action Plan for National Recovery and Development (PARDN).

It is likely that a major part of the future funds will pass through the FFMD but for pragmatic reasons the bilateral funds will continue. Adequate mechanisms to coordinate these funds need to be put in place.

The HICR must be able to accept the programmes and projects which include the bilateral funding procedures, as well as a means of implementation governed by the rules and procedures of the financial and technical partner.

In the short term, for reasons of effectiveness, bilateral agreements may enable the completion of "turnkey" programmes and projects. This approach will no doubt be necessary during the breaking-in period of the FFMD as immediate measures have to be taken and programmes have to be launched now.

The bilateral agreements may prove to be complementary to the initiatives and activities financed by the budgetary aid and consequently, via the national budget.

### 6.3 Funds managed by and through NGOs

The NGOs are the main operators for implementing the PARDN. The solidarity expressed by the people of the countries friendly to Haiti was manifested in the form of substantial contributions to help the Haitian people.

These means must materialize in the form of coordinated interventions in the sectoral plans for intervention and in direct collaboration with the structures coordinating the entire effort at the humanitarian level.

The time has come to better coordinate the interventions of the national institutions and those of the NGOs in order to ensure the delivery of basic services over the entire national territory. The modalities have yet to be discussed but the objective to achieve must be understood by all: the activities of the NGOs must be in tune with the national programs.

The HICR must be in a position to coordinate implementation of programmes and projects in terms of a national approach and, where required, NGO funds may be channelled via the FFMD in order to enable funding of programmes affecting the whole of the national territory, in addition to those backed by other partners.

## 7. Management and reconstruction structures

The importance of the damage and loss caused by the earthquake of 12 January calls for the mobilization of funds and resources that clearly goes beyond the normal influx of aid for the country. It is therefore appropriate to adopt the necessary measures for the management of the reconstruction.

In this context, and considering the seriousness of the situation resulting from the disaster of 12 January, the Head of State, in close consultation with the legislative power, has committed to taking all necessary measures to facilitate the establishment of mechanisms that can ensure the proper use of funds for the implementation of the Action Plan for National Recovery and Development of Haiti.

Numerous consultations and meetings have taken place between the Government and elected officials to develop a consensus on the Haitian proposal made to the international community, especially concerning the creation of an Interim Commission for the Reconstruction of Haiti.

The President of the Republic has indicated his intention of addressing the legislative power to add to the legislative review of the current extraordinary session a draft law to modify the law of 9 September 2008 on the state of emergency and obtain the validation from the National Assembly to renew the state of emergency (declared for all the territory on 17 January 2010 and renewed on 31 January 2010) for a complementary period of 18 months, under the condition that the proposed modifications to the law of 9 September 2008 on the state of emergency be adopted by Parliament.

All these measures will provide the legal and regulatory framework for the launch of a genuine Action Plan for National Recovery and Development of Haiti.

These structures are different from the Multi-Donor Trust Fund that will also be created under the name of Fund for Haiti's Reconstruction and Development.

### 7.1 The haiti interim commission for the reconstruction (hirc)

#### 7.1.1 HICR mission and mandate

The mission of the HICR is to provide effective co-ordination and deployment of resources and to respond to concerns about accountability and transparency in order to maximize support provided by international donors.

Its mandate consists of implementing the Haiti Development Plan submitted by the Government. It gives its approval to project proposals assessed according to the extent to which they comply and are co-ordinated with the Haiti Development Plan, prepares and seeks out projects compatible with the priorities of the Haiti Development Plan, and decides on the admissibility of external submissions.

At the end of its mandate, the functions of the HICR will be transferred to the Haiti Development Agency (RDH), the task of which will be to execute the long-term co-ordination and planning required to refine and validate reconstruction strategies, to prepare and assess proposed funding and implementation projects, and to co-ordinate and monitor overall aid. The missions, remit, and duration of the mandate of the RDH will be laid down in law.

The HICR's mandate will be carried out in the context of the state of emergency. As a result, it has the necessary powers to carry out its mission effectively.

#### 7.1.2 The composition of the HICR

The HICR is co-chaired by the Prime Minister and an eminent foreign figure involved in the reconstruction effort. They will be assisted by an Executive Director tasked with day-to-day operations management and supervising a secretariat.

The members of the HICR with voting rights are as follows:

- i. Two chairpersons (2),
- ii. Three representatives of the Haiti Government, namely two people appointed respectively by the executive power, the judiciary, and the local authorities (6),
- iii. A separate representative from the Chamber of Deputies. The choice will be based on a list submitted by the political parties represented in the Chamber (1),
- iv. A separate representative from the Senate. The choice will be based on a list submitted by the political parties represented in the Senate (1),
- v. One representative appointed by the unions and one representative appointed by the business community (2),
- vi. One representative of each of the main donors having chosen to sit on the Board and having made a contribution to Haiti's reconstruction of donations of at least USD 100 million over a period of two years or at least USD 200 million of debt reduction (to date, this list of donors comprises: Canada, Brazil, the European Union, France, the United States, Venezuela, IDB, the United Nations, and the World Bank) (9),
- vii. One representative of the Caribbean Community (CARICOM) (1), and
- viii. A single representative, on a rolling basis, of the other donors.

La Commission inclura les membres suivants, n'ayant pas droit de vote :

- i. One representative of the Organization of American States (OAS) (1),
- ii. One representative of the NGO community in Haiti (1),
- iii. One representative of the Haitian Diaspora (1).

In order to be executed, HICR decisions must be confirmed by the President of the Republic.

### 7.1.3 The HICR Secretariat

The HICR Secretariat comprises planning, communications, and project management services, a team of sector advisors, and offices assigned to the private sector and NGOs. This secretariat is made up of experts from Haiti, the Haitian diaspora, and persons on secondment from the main international financial institutions and donors.

The operating methods will be defined later and submitted to the Board for approval.

## 7.2 Fund for Haiti's Reconstruction and Development

The Multi-Donor Trust Fund (MDTF) is an instrument that should facilitate harmonization between programmes and projects needing funding and the funds available. This is a facility that makes it possible to assemble funds for programmes whose scale exceeds the capacities of a single donor. It is ultimately a mechanism that should in principle make it easier to co-ordinate external aid and ensure sound management of the funds made available for rebuilding Haiti.

Haiti has requested that a Multi-Donor Trust Fund be established, with its administration to be entrusted to the World Bank. A partnership of the Inter-American Development Bank, the United Nations, and the World Bank should make it possible to achieve the objectives mentioned in the previous paragraph, but there must be a performance obligation, i.e. (1) make it possible to mobilize more funds and make them available more quickly, (2) increase the fluidity of financial flows, (3) expedite procedures for supplying and mobilizing operators to carry out the programmes, (4) provide the contributing partners with guarantees of probity and diligence in the use of the financial resources, and (5) reduce aid transaction costs. The organization tasked with managing the MDTF is responsible for achieving these results, and is accountable to both Haiti and donors.

Use of this funding mechanism needs to be rationalized. Trust funds already exist and others are in the process of being set up. The management of these sources of funding must be co-ordinated in order to avoid duplication and the associated expenses. Management costs for such funds are relatively high and need to be justified by improved performance. This aspect must demonstrate the same transparency as all the others.

Even though the Haiti Government wishes this, it can scarcely be expected that all the funds available including those passing through the hands of the multi-lateral agencies and NGOs, are in fact going to be managed via this fund. Hence it is imperative to set out the effective scope of this fund and the methods by which money is paid into and out of it.

According to the Fund prospectus, the aim of this mechanism is to facilitate the Haiti Government's leadership of the programme and project approval and execution structure. It must also allow for a governance structure that includes the various levels of the government, civil society, private sector, and NGOs.

The FHRD has technically already been set up. It will be necessary to harmonize the respective mandates of the MDTF and the Interim Commission for the Reconstruction of Haiti (HICR) and define the exact expectations regarding the role played by the fiscal agent responsible for receiving and disbursing the funds.

The details of functioning between these two bodies will be the subject of an agreement to be reached as quickly as possible, together with an agreement on the operating methods and procedures that will be applied. Furthermore, in order to take account of very short term disbursement requirements, a fast payment mechanism will have to be put in place.

