Catherine F. Lainé

Building a Better Haiti by Investing in Haitians

Innovations Case Narrative:
Appropriate Infrastructure Development Group

I was having a Skype conversation with my husband when I felt the first rolling waves of the quake. The earth under my feet was gyrating like a drunken dancer, back and forth, back and forth.

"We're having an earthquake," I typed. Not waiting for his reply, I calmly walked over to stand in the doorframe of the AIDG office, like they used to recommend when I grew up in Southern California. People are no longer told to do this, however; I should have gotten under a heavy desk, against an interior wall, or gone outside, away from falling debris.

But I was lucky and the swaying soon stopped. I wasn't at the epicenter, but in Cap-Haitien, Haiti's second-largest city, 85 miles away as the crow flies from Port-au-Prince. I was working with our team there on the launch of our second annual business plan competition, Konkou Biznis Ayiti (http://konkoubiznisayiti.com/). We were just four days from show time, and I was working with a volunteer translator and a web designer to put the finishing touches on our website.

I had no idea what the extent of the damage from the quake had been when I walked back to the Skype session some 25 minutes later, after checking in with other staff.

"Check the water line right now!" my husband Pete, the founder of Appropriate Infrastructure Development Group (AIDG), had typed frantically.

Catherine Lainé is Deputy Director of the Appropriate Infrastructure Development Group (AIDG). A Haitian American social entrepreneur who transitioned into international development from academic pursuits in infectious disease epidemiology at the Harvard School of Public Health and Oxford University, Lainé is passionate about finding sustainable business solutions to the problems facing the world's poor. Prior to her work at AIDG, she ran a private media consultancy for nonprofits and small businesses on how to leverage open-source technology for more effective communications. Fast Company *magazine recently named her one of five social capitalists to watch in 2010.*

Cap-Haitien is in a tsunami risk zone and our office is just meters from the sea. I walked to the balcony of our office. The ocean was as it should be. It was calm and had not retreated.

For the next few hours, friends from SOIL and Oxfam and college students from the University of Miami, who were in Haiti for a practicum, all gathered on our second floor to make VOIP calls to the U.S., and tried to reach friends and family living around Haiti. All national and international phone communications were down, but somehow we still had high-speed Internet. Twitter and Facebook were on constant refresh to get and give the most up-to-date news.

Wolf Blitzer was on CNN. He was repeating the same news over and over again, as photos and cell phone video slowly trickled in. Port-au-Prince was a picture of Armageddon and apocalypse. The number of buildings destroyed, the number injured, and the number of dead were inconceivable. Bill Clinton's hopeful words from fall 2009 echoed cruelly in my head: "This is the best chance in my lifetime that Haitians have ever had to escape the chains of their past."[1]

OUR MODEL AND IMMEDIATE RESPONSE

AIDG is a relatively small nonprofit, with 11 staff members spread across three countries—the U.S., Guatemala, and Haiti. We create sustainable solutions that will provide people and communities in developing countries with affordable access to renewable energy, sanitation, clean water, and, now, housing. We do this through our two major programs: Business Incubation, and Appropriate Technology R&D. For the purpose of this case study, I will focus primarily on our Business Incubation Program.

When AIDG's founder, Peter Haas, made a trip around the world in 2001, he discovered that the world is littered with the dead carcasses of failed development projects. The once-shiny signs that proclaim "Sponsored by such and such NGO or such and such country's citizenry" mark the sites like gravestones. Of all the places I've been, this is most evident in Haiti. When I first traveled to Cap-Haitien, I played a game with myself called, "Spot the defunct aid projects." I wanted to take pictures and post their GPS coordinates on Google maps as an exposé of how aid really works. I decided not to, since the last thing people need when they think of Haiti is more cynicism.

These projects failed for a variety of reasons. Perhaps the strongest was that they either weren't what the community wanted in the first place so there was no incentive to maintain them, or they were exactly what a community wanted but repair and maintenance were not possible due to lack of funds, knowledge, or access to spare parts.

AIDG was born out of a desire to address these issues, to take the hopeful spirit of international development work and ground it in sustainability, both environmental and financial. What if technologies used in development projects were designed with locally available materials to make them easier to maintain? What if there was a local job, or, better yet, a local business, that could fill the gap an aid organization was trying to plug? Our idea was to invest in entrepreneurs and small businesses that could help solve some of the intractable issues in their communities. We focused on companies that could provide affordable access to basic services, such as renewable energy, sanitation, clean water, and safe housing. What we could offer was capital, assistance with technology research and development, as well as technical and business training. We wanted to do more than just teach a man to fish: we wanted to teach him to fish, package, market, distribute, and sell.

Many would-be entrepreneurs or start-ups in developing countries that aim to effect positive social change often flounder because they lack the business skills, technical skills, networks, and capital to survive in the hostile business environments of their home countries. Haitian start-ups are particularly hamstrung by burdensome entry regulations, lack of access to easy credit, an undereducated labor pool, and weak legal and regulatory protection for investors, just to name a few of the many pressing concerns. According to the World Bank's 2010 Doing Business Report, an annual survey of 183 countries investigating regulations that advance or impede business activity, Haiti ranked 180th, 165th, and 135th in ease of starting a business, ease of getting credit, and protection afforded to investors, respectively.[2] So where does that leave talented, hungry entrepreneurs? Banks don't want to take a risk on them. There isn't a strong angel investment tradition in Haiti that they can tap into. Aid money, which may flow freely to support temporary stopgaps, is largely unavailable for these types of investments.

> AIDG is one of the few small- and medium-sized enterprise (SME) financing organizations currently operating in Haiti. Through our Business Incubation Program, we aim to incubate independent, locally owned Haitian enterprises that can serve the needs of local communities using appropriate technology. We provide our incubated businesses help with financing ($10,000-$100,000) and assistance with logistics, material procurement, appropriate technology R&D, and business planning.

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We believe that for Haiti to develop sustainably, we need to apply the same thinking we use in developed nations. We need to invest in human capital and long-term business development. Local enterprises need to be fostered and supported, a key part of which is fostering local innovation by training people to start, run, and maintain their own businesses. Small firms dealing with renewable energy, sanitation, water, and other innovations need financing and training to build the power systems, schools, toilets, water systems, and other forms of infrastructure that can vastly improve the basic standard of living in Haiti.

That's what we normally do. In the immediate aftermath of the quake, we made three decisions about what we would do right away, and some guesses about when we might be able to return to business as usual.

The business plan competition obviously was going to be postponed. We aimed for April but ended up with a July launch, simply because of how overtaxed the AIDG team was—the disaster response doubled the workload of most AIDG staff members. In addition to this delay, we added disaster-resistant housing providers to the list of businesses we were interested in incubating.

Because of our familiarity with Haiti, our networks, and our experience hosting foreign teams of highly skilled volunteers, we spent a significant amount of time during the first three months after the quake working with structural and earthquake engineers to do rapid assessments of damaged buildings for the United Nations, the Haitian government, NGOs, and private individuals. With 20 percent to 50 percent of the buildings in and around the capital damaged or destroyed, it was clear that engineers would be in high demand. We put a call out for volunteers and got a huge response from the structural engineering community in the States.

We decided to provide emergency bridge loans and rapid investment lending to promising start-ups or established businesses that could help the reconstruction effort in our areas of focus: renewable energy, sanitation, clean water, and housing. This funding came from our dedicated Program Related Investment (PRI) fund. There were two businesses we specifically had in mind when we made this decision: ENERSA, a solar energy start-up that was already the leading manufacturer of solar panels in Haiti, and Shelter2Home Haiti (S2H), a newly established business that had an innovative emergency shelter design that could be upgraded to a high-quality, disaster-resistant permanent home. We wanted to find two additional businesses, one that sold high-efficiency charcoal stoves, and a water infrastructure business.

KNOWLEDGE TRANSFER AND TRAINING OF LOCAL WORKERS

Immediately following the quake, AIDG looked at how we could apply our existing assets to the relief efforts. The most obvious issue was the rubble at our feet.

Engineers were desperately needed to differentiate between buildings that were safe, unsafe, could still be salvaged, or should be demolished. AIDG had great success in reaching out to engineers from the United States. With assistance from KPFF Consulting Engineers and the Multidisciplinary Center for Earthquake Engineering Research, as well as funding from Partners in Health and Commonwealth Financial Group, we assessed the status of over 1,400 buildings. The questions we got over and over again were, Now what? How do we repair this? How do we rebuild?

The biggest growth sector in the Haitian economy for at least the next five to seven years will most likely be construction for big firms and small teams of masons. To avoid making the same mistakes that led to widespread building collapse—and that, let's not fool ourselves, are currently being repeated—the labor pool of engineers, architects, foremen, masons, and other construction professionals need training in proper seismic design and building techniques. Currently, only a tiny amount of the billions raised for Haiti is being spent to train this critical segment of the Haitian workforce how to build their beloved country back—and to build it back better.

Therefore, AIDG also turned its attention to transferring knowledge capital from U.S. structural engineers and masons to Haitian masons. With funding from Architecture for Humanity and engineers from KPFF, AIDG trained 1,100 Haitian masons on confined-masonry building techniques and the basics of seismic building design. Several of the masons who participated in our training course told us in the following weeks that they were able to earn higher wages because of their new knowledge and, more importantly, were able to correct building mistakes they observed on the job. With funding from the Boston Foundation, we are expanding this much-needed training program, but what we are doing is just a drop in an ocean of need.

In this job, I am paid to talk like Pollyanna when I feel like Denis Leary. I've given you the good; let me tell you some of the bad. The trainings were fantastic and the end results were well worth the work. But burning out our staff and volunteers, scrambling for cash because the bulk of relief money is locked in large aid-agency coffers, trying to move engineers and masons in barely operational vehicles when a fleet of brand new SUVs sits idle on the MINUSTAH (the UN Stabilization Mission in Haiti) logistics base, the inflation, having to tell masons, "Next week, next week, we're still waiting for funding to materialize . . ."—that has been less fantastic. It is unbelievably frustrating to know that for the price of ten of those ubiquitous white SUVs, we could train 10,000 masons. Six months after the quake, it is even more frustrating that someone bigger, stronger, faster hasn't descended to fully own this project.

From my observations on the ground, it's the smaller NGOs, like AIDG, Architecture for Humanity, Build Change, and their partner engineering firms, who have taken on this work. I have not seen the larger NGOs jumping into this fray, where they are desperately needed and could have a tremendous long-term impact. Let me put it another way: one of the biggest problems in Port-au-Prince right now is that people are still living in tents. They need houses. Who's going to build those houses? Masons. Who's training the masons to build houses that don't kill people? A few small, underfunded NGOs. From the standpoint of what it takes to rebuild the economic heart of Haiti, that is irrational. It's absurdity worthy of Kafka.

This disaster has killed as many people as the atomic bombs dropped on Hiroshima and Nagasaki combined. To keep the same thing from happening again when the next earthquake hits, it's going to take a lot more than small NGOs spitting into the wind. Some entity with deep pockets, an NGO or a multilateral agency or a foreign government, needs to work with the United Nations Office for Project Services (UNOPS) and the Haitian government, specifically the Ministry of Public Works, to create a well-funded construction workforce training program or other analogous workforce development program to create the skilled labor pool needed to fill the construction jobs created in the aftermath of this quake. To do less yet somehow expect different results is at best irresponsible.

INVESTING IN LOCAL BUSINESS

When I left Haiti in March, I came home to the worst flood to hit Providence, Rhode Island, in one hundred years. The Pawtuxet River rose 20 feet, hitting 12 feet above flood level. The Woonasquatucket River hit record levels and overflowed into the street near my apartment building, drowning several cars and forcing National Grid to cut power to the neighborhood for several days. Most residents left. Pete and I stayed. We had our solar flashlights, a gas stove, Illuminati, and MP3 players that ran on batteries. While this flood was obviously not nearly as devastating as the quake in Haiti, I was struck by the local response, particularly the aid the state and federal governments offered to home and business owners.

"A variety of resources, including immediate emergency assistance, grants, and low-interest loans, may be available to qualified individuals and businesses who have suffered property, material, or other flood-related losses," said Providence's mayor, David Cicilline. "If you have losses or damages that may not be covered by your insurance, it's critical that you register with FEMA, which acts as an information clearinghouse and a portal to agencies and organizations that may be able to provide assistance to you."[3]

When a disaster occurs in the U.S., a small business can typically rely on its insurance to cover a portion of the damages. Depending on the scale of the disaster, there may also be federal relief from FEMA in the form of grants and loans to cover what insurance does not. We have a system that goes beyond managing emergency needs and has an end goal of rebuilding and redeveloping areas hit by disaster.

For the business community in Haiti, which, according to USAID, had over $2 billion in private-sector losses and financing needs due to the quake,[4] there is no such rapid monetary disaster relief to help them stay afloat or rebuild. The vast majority of small and medium-sized enterprises, the scale of business AIDG is most interested in, were uninsured, and they collectively lost 20 percent to 40 percent of their assets. The OTF Group reports that 75 percent of the small and microenterprises (<$125,000 of annual revenues) they surveyed were rendered nonoperational by the quake. Medium enterprises with annual revenues between $125,000 and $1.25 million fared better, with only 10 percent to 15 percent being totally wiped out or rendered nonoperational.[5] Many of these companies, like seedlings trying to grow in cash-starved Haitian soil, may yet disappear because the money needed to replace inventory could not be raised or cash to make payroll never materialized. Via our PRI fund, we wanted to help a handful of businesses that were strategically selected to support basic infrastructure needs. The PRI fund is a donation-fed, low-return, high-risk restricted fund that lets AIDG provide true seed funding to entrepreneurs who might be overlooked by other SME funders. The Lemelson Foundation is a major contributor to this fund.

ENERSA

This past February, AIDG gave Energies Renouvelables S.A. (ENERSA; http://enersahaiti.com), a Haitian solar energy start-up, a $15,000 emergency loan from our Program Related Investment Fund to help it rebuild its factory, which was damaged in the earthquake.

Before the quake struck, ENERSA was the fastest growing solar company in Haiti. It had contracts in all 10 departments, and 500 solar streetlight installations in 58 cities and remote villages across the country. ENERSA has a long-term target of installing 35,000 streetlamps in 500 municipalities in Haiti. The company, which is less than three years old, is the brainchild of Haitian-born Alex Georges and Jean Ronel Noël, who met in graduate school in Montreal while pursuing degrees in business administration and mechanical engineering, respectively. In 2000, the two decided they needed to return to Haiti to start a business that could create positive change in their home country.

ENERSA's product line includes solar street lighting, residential and commercial solar systems, and solar chargers for smaller devices like cell phones and lamps. They initially settled on LED streetlights as a flagship product after seeing the Japanese firm Nichia's LEDs in action on Montreal's streets. The big question for Noël and Georges at the time was what they would use as an energy source if they wanted to import this technology in Haiti. Haiti's electricity infrastructure was notoriously unreliable in urban zones and nonexistent in rural areas. However, the country's location in the sun-drenched tropics and the relatively modest energy requirements of LED systems made solar an attractive option for the ENERSA team, if a suitable price point could be reached.

AIDG first learned about ENERSA when Peter met Noël and Georges at the Inter-American Development Bank's (IDB) Haiti Business Forum in Port-au-Prince last September. He was immediately impressed by Noël, an engineer who had taught himself the electrical engineering skills he was missing by using the free online engineering resources of MIT Opencourseware while in Port-au-Prince.

"After seeing the dramatic bootstrapping they had done in starting their business, it was clear this team was different," he told me.

I first met Noël in February during a tour of the damaged ENERSA facility. At that time, we were the first and only funders who had proactively reached out to them with an offer of post-disaster emergency financing. Although the factory had sustained a lot of damage, including several collapsed interior and exterior walls, Noël was optimistic about the company's outlook. With the help of our emergency funding and some smart maneuvering, he expected to be back in production in a few short weeks. ENERSA was lucky in that all its employees were safely accounted for and little of its inventory was damaged; its latest shipment of solar cells worth $40,000 was safe in Miami at the time of the disaster.

In our chat, Noël stressed the importance of creating jobs in Haiti. He believes that for Haiti to flourish, enjoy sustained growth, and ultimately become a developed nation, businesses need to create local employment opportunities. So, rather than simply importing completed panels and lights, ENERSA imports the basic building blocks and employs local youth to produce and install them. In its solar streetlights, for example, the small panel, LED lights, inverters, and towers are all made in Haiti. The company's 18 fully qualified solar technicians, all capable of installing solar streetlights and photovoltaic home systems, are from Port-au-Prince's largest shantytown, Cité Soleil. An added benefit of local production, Noël pointed out, is that its completed panels are also 25 percent cheaper.

In addition to the $15,000 loan from AIDG, ENERSA has secured financing from Fonkoze, a Hatian microfinance institution, that will allow it to expand their inventory and shorten the time need to fill orders. It is also participating in Fonkoze's Zafen initiative to raise funds for their solar streetlight project.

Shelter2Home

The government of Haiti estimates that nearly 200,000 homes were destroyed or damaged in Port-au-Prince and its environs. In response to the great need, many companies came forward to pitch their housing solutions of varying quality and appropriateness, from domes to shipping containers to pre-fabricated kits. One company that particularly intrigued us was Shelter2Home. In April, AIDG granted the company a $15,000 emergency loan to help launch operations in Haiti.

The company, which will be based in the northern city of Cap-Haitien, builds emergency and transitional shelters, which are made from light-gauge galvanized steel, which can later be converted into permanent homes. The emergency shelter is built from a steel-panel framing system with a UV-resistant weatherproof covering that offers occupants basic protection from the elements. After the emergency period, these shelters can be expanded by adding additional wall, floor, and roofing panels. The final conversion to a permanent structure involves applying a concrete mix to the exposed steel frame.

According to CEO Donald Stevens, "Shelter2Home is the only transitional/emergency shelter system that can be converted to a permanent home or systematically upgraded over time." The additional advantages are that the homes can be erected quickly and require minimal technical skills and tools. They are resistant to mold and vermin, such as termites. They are also resistant to hurricanes.

Stevens was inspired to start S2H when he spent time in Sri Lanka after the tsunami. There he saw NGOs struggling to transition displaced families from emergency structures to permanent housing. Already before the quake hit, he was building partnerships with Haven, Fonkoze, and Grupo M to create low-income housing units based on the S2H technology in Haiti.

S2H's progress has been slow, hampered by the need for additional capital. The business model for building permanent homes is heavily dependent on a homeowner's capacity to provide evidence of land tenure. With the deaths of 16,000 government officials and the loss of countless land title records, this issue has become even more intractable than it was before the quake. For this and other reasons, some investors have been reluctant to fund S2H. For now the company is focusing on organizations that need to rebuild or expand that have clear(er) land titles. For instance, in February, S2H announced a partnership with Pwoje Espwa Sud, an orphanage located in Les Cayes that cares for 600 children and provides vocational training to 1,200 students. This July, S2H also received $225,000 in funding from Cross International to provide job training and create homes for some of the NGO's ministry partners. This issue of land tenure is slowing or completely impeding the progress of all actors—NGOs, the private sector, and the government alike—who wish to rapidly rebuild permanent housing in Haiti.

AIDG'S SEARCH FOR ADDITIONAL BUSINESSES

In the early emergency period, AIDG had the rather ambitious plan of identifying two additional businesses, ideally an established company selling high-efficiency charcoal stoves and another selling technologies for harvesting, filtering, or purifying water. However, with our heavy involvement in building inspections and training masons, we did not have the bandwidth for additional business identification and due diligence. Therefore, we thought it more prudent to defer these activities to our business plan competition, Konkou Biznis Ayiti.

One of the biggest challenges organizations working in the SME finance space have is to generate leads and find the entrepreneurs they want to invest in. After initial missteps, AIDG settled on using business plan competitions as a primary mechanism for discovering viable prospects. Other sources for leads include technical assistance providers, other business plan competitions in Haiti, NGO partners, and multilateral agencies. For example, we met both ENERSA and Shelter2Home at an IDB-sponsored private-sector meeting in Port-au-Prince in 2009.

In 2008, AIDG began conducting business plan competitions in Guatemala and Haiti to identify entrepreneurs for the Business Incubation Program. Teams with the most promising business ideas receive two to three years of training, in-kind equipment, and material donations; an initial start-up grant to help them incorporate their enterprise and begin early operations; and access to low-interest loans ranging from $10,000 to $100,000 (median $50,000).

On July 1, we launched our second annual Konkou Biznis Ayiti, with the theme Haïti Renouvelée (Haiti Renewed). While the 2009 competition focused too narrowly on biogas, this year's competition is seeking Haitian entrepreneurs and sustainable businesses that can aid in the country's reconstruction. It is open to Haitian businesses that can provide increased access to energy, water and sanitation, and housing, using green and renewable technologies.

Three other business competitions have occurred in Haiti in recent years or are currently in progress. The Mon Entreprise Mon Avenir competition, a project of Technoserve, University Quiskeya, and USAID's Haiti Integrated Financing for Value Chains (HI-FIVE) initiative, was recently relaunched after a hiatus of several months and is nearing the end of its first round. In an interesting example of corporate social responsibility in Haiti, the phone giant Digicel has created the Entrepreneur of the Year competition to highlight, reward, and cultivate local businesses that are thriving in the challenging Haitian market. Lastly, the OTF Group and the Seven Fund sponsor the Pioneers of Prosperity competition that seeks entrepreneurs throughout the Caribbean who can serve as role models for business excellence in the region.

OTHER PRIVATE-SECTOR FINANCIAL RELIEF AFTER THE EARTHQUAKE

To the best of my knowledge, the bulk of financial assistance earmarked for the private sector in the first few months after the earthquake went to microfinance institutions and the micro-enterprises they support. The Haiti Emergency Liquidity Program (HELP), for instance, is providing $2 million to microfinance institutions to help them reestablish operations, refinance and restructure loans affected by the disaster, and otherwise keep lending actively.[6]

Small- and medium-sized enterprises, however, for the most part have been left to fend for themselves. Not surprisingly, the exception appears to be where they already had an established relationship with a funder. For example, in April 2010, Carifresh, a major supplier of mangoes for the export market, received a $150,000 investment grant from the IDB to help it resume operations in time for the 2010 export season. It was already an executing agency of an IDB project in Haiti, having received a $300,000 loan to upgrade its facilities and expand its working capital in fall 2009.[7]

New money for SME development is slowly starting to materialize, though few disbursements are currently occurring. In June, international entrepreneurs Carlos Slim of Mexico and Frank Giustra of Canada launched a $20 million fund to provide equity and financing to SMEs in Haiti. The market-driven fund will seek financial returns on its investments and will focus on sectors within the Haitian government's priority areas, likely textiles, agriculture, and tourism.[8] The investment criteria and range of financing amounts have not yet been announced. Based on the difficulty of administering a large number of small loans, due diligence hurdles, and the desire for (a currently unspecified level of) financial returns, my guess is that the fund will only be making a few large bets on relatively mature SMEs with large profit potential.

On the other end of the funding spectrum is Fonkoze's Zafen project. This initiative is actively reaching out to micro, small, and medium-sized enterprises that have smaller discrete funding needs. Zafen provides a Kiva-like gateway through which donations and small no-interest loans from private donors are funneled directly to Haitian businesses. At the moment, however, lending opportunities on the Zafen site are fairly small, all less than $4,000.[9]

There is a big gap between the type of businesses that would be served by Zafen and the fund set up by Slim and Giustra, enterprises that would need between $10,000 and $100,000. That is the range AIDG is interested in, but we have a narrow focus on green infrastructure businesses and we have only a tiny fund. What about the rest of the sector and their multi-billion dollars in financing needs? There are just not enough funders stepping in to take a risk on businesses in this tranche. More philanthropic capital is needed to help establish a pipeline of viable opportunities for future private-sector investment. To be more specific, the SME sector in Haiti needs funders who will invest in or lend money at favorable terms to early stage ventures and start-ups with innovative ideas. These new yet promising companies are going to need a lot of technical assistance, which is expensive to administer, so they can hone their finances, their processes, their reporting capacity, and their business models to make them attractive to larger investors and/or other lenders.

More philanthropic capital is needed to help establish a pipeline of viable opportunities for future private-sector investment. To be more specific, the SME sector in Haiti needs funders who will invest in or lend money at favorable terms to early stage ventures and start-ups with innovative ideas.

The Clinton Bush Haiti Fund is an actor that could help begin to fill this gap. Among its stated mission objectives are to support "micro, small, and medium-sized enterprises" and to empower "individuals and enterprises in transitioning from the informal to the formal economy." This is a crucial step, as, according to a Haitian Presidential Commission on Competitiveness report, an estimated 95 percent of businesses in Haiti are in the informal sector. This is likely because it can take up to two years and $3,000 to $4,000 just to incorporate a new business.

The report also notes that SMEs are now "likely desperate for 'restart-up' capital, training to replace deceased staff, and advice on how to operate post-earthquake."[10]

Currently, however, overall financial support for private-sector activities is heavily skewed in favor of micro-enterprises, which do not have the job and wealth creation capabilities of SMEs. This is likely because the microfinance sector is more mature and therefore a safer bet in the short term. Active development and nurturing of the SME sector, however, is necessary for long-term growth.

My opinion on the need for additional technical assistance and patient capital for Haitian SMEs is heavily influenced by the fact that Echoing Green, a nonprofit that invests in and supports social innovation, was an early stage funder of AIDG. Their initial investment in us, their attention to capacity-building, and their commitment to seeking out bold ideas were invaluable. They create a springboard for up-and-coming social enterprises and are also a proven pipeline for some mezzanine funders, like the Draper Richards Foundation. Their mentorship, fostering, and capital enabled us to grow to a level where we could attract funding from the Lemelson Foundation, and from a rather generous donor who is completely anonymous to us. Some funders or sets of funders need to take this same approach in the SME sector in Haiti. They need to fund the talent with the best ideas and get them to a level where they are bankable. The business environment in Haiti is currently too hostile to new entrepreneurs for this type of investment to be considered optional.

In terms of other SME funders wanting to enter Haiti, some members of the Aspen Network of Development Entrepreneurs (ANDE) are interested in ways they can extend their services to or invest in Haitian SMEs. ANDE is a member-driven organization of NGOs, venture funds, and foundations dedicated to the creation and growth of small and growing businesses, of which AIDG, Acumen Fund, the Rockefeller Foundation, Google.org, and Technoserve are founding members, to name a few. Among the many barriers to increased involvement and investment by ANDE members, the one that is the most easily addressed is lack of information on high performing SMEs. Between the Digicel Entrepreneur of the Year Award, Pioneers of Prosperity Award, the MEMA Competition, Haitian Chambers of Commerce, the Building Markets database, the technical assistance provider SOFIHDES, Sogebank, Unibank, the networks of the IDB, UN, USAID, and World Bank, etc. etc., there is definitely enough data to begin the process. What is missing is a partner who can help broker relationships between the international SME investors, banks, local businesses and other interested parties. A multilateral agency like the IDB, for instance, with its long history in Haiti, areas of expertise and broad network of contacts, could do a lot to push the SME sector forward if it could step into or set up such a coordinating role. To speed up the pace of investment deals being proposed and made for the benefit of Haitian businesses, an entity is needed that can take a leadership role in connecting the SME funders unfamiliar with the country, on the one hand, to the businesses that need funding on the other.

A FUTURE OF WEALTH CREATION

I have an old picture on my computer screen of my mother sometime in the late 1950s or early 1960s about to leave Port-au-Prince for the first time to go to France. She looks crisp in her white dress, jacket, and hat. She is young and bold and beautiful, and her entire future lies ahead of her. Since the quake, I look at that picture every day and think of what Haiti used to be like (dictators notwithstanding) and the path that it could have been on. I want the future that my mother's bold eyes promised. I don't see it on the horizon with the way that aid money is currently spent.

When the NGO community talks about aid to developing countries, the focus is primarily on alleviating poverty. NGOs rally around the concept, wowing donors with a myriad of colorful websites filled with photos of smiling children and inspiring mission statements. We've been guilty of it as well. But the focus on poverty alleviation as the end goal is limiting, and the future of Haiti cannot be built by focusing on poverty alleviation alone. Compare the language we use in the United States as the nation struggles through the current economic crisis: job creation, economic stimulation, higher education, job training, innovation and market growth. This language is forward looking and it inspires economic investments that support a better future. The United States is a nation of wealth creation. The people of Haiti strive for these same goals; they want the same better, bolder tomorrow. However, most money spent by the NGO community has primarily focused only on securing people's short-term, basic needs. The aid community must turn greater attention to longer-term wealth creation. They need to strongly support and finance the development of SMEs, the same types of businesses that are the economic engines of developed countries. It needs to support training programs in IT, construction, finance, and business development. It needs to increase the sophistication and technical skill of workers in key segments of the workforce, while at the same time expanding their imagination past agriculture and the garment industry, past basic numeracy and literacy.

Six months after the earthquake, charities alone have raised $1.3 billion, equivalent to about one-tenth of Haiti's gross domestic product.[12] For Haiti to move from poverty to prosperity, these aid dollars need to be not spent but *invested* to foster job creation, economic stimulation, higher education, job training, innovation and market growth.

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