Build Back Better
Strategies for Societal Renewal in Haiti

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Innovations is a quarterly journal from MIT Press about entrepreneurial solutions to global challenges.

Each issue of Innovations consists of four sections:

1. **Lead essay.** An authoritative figure addresses an issue relating to innovation, emphasizing interactions between technology and governance in a global context.

2. **Cases authored by innovators.** Case narratives of innovations are authored either by, or in collaboration with, the innovators themselves. Each includes discussion of motivations, challenges, strategies, outcomes, and unintended consequences. Following each case narrative, we present commentary by an academic discussant. The discussant highlights the aspects of the innovation that are analytically most interesting, have the most significant implications for policy, and/or best illustrate reciprocal relationships between technology and governance.

3. **Analysis.** Accessible, policy-relevant research articles emphasize links between practice and policy—alternately, micro and macro scales of analysis. The development of meaningful indicators of the impact of innovations is an area of editorial emphasis.

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In every nation’s history, there comes a turning point—a moment of opportunity in which the people can choose to build a better future for themselves and for the generations that follow; a moment in which they commit to work hard to realize that future, together.

For Haiti, that moment has come. After 200 years of oppression, poverty, and neglect, the people are dedicated to re-imagining and building what they want their country to be—a nation that finally reflects their desires and their dreams.

This moment was building long before the earthquake on January 12, 2010. After a series of hurricanes had ravaged the nation in the late summer of 2008, UN Secretary General Ban Ki-moon asked me to serve as his Special Envoy, working with the Haitian government, the business sector, NGOs, the Haitian diaspora, and the Haitian people themselves, to build a more modern economy, better infrastructure, and stronger health and education systems.

At our fourth Annual Meeting of the Clinton Global Initiative in September of 2008, I had asked our members to commit what they could—resources, investments, donations to NGOs, or assistance on the ground—to help Haiti build back better. The response was enormous. We left that meeting with more than $100 million in pledges from all sectors and regions toward projects that ranged from new bridges to cleaner energy. One such commitment made by Concern Worldwide US and the Jolie-Pitt Foundation secured financial support to rebuild three schools in Saut d’Eau and six schools on La Gonâve. One year later, 1,428 children—more than half girls—began class in the new structures, built to comply with “hurricane safe” building standards. In fact, these schools withstood the earthquake, and children are already back in the classroom.

In October 2009, after I became the UN Special Envoy for Haiti, we hosted more than 500 investors from Latin America and around the globe in Port-au-Prince to acquaint them with the opportunities for investment in Haiti. Many left the meeting with new commitments to grow and expand their businesses there or start new ones. In addition, thousands of NGOs were working to give people the tools they needed to lift themselves from poverty. All of these activities were com-
mitments with a sweeping development plan adopted earlier in the year by the Haitian government.

Then the earthquake happened, and our focus necessarily shifted to meeting the staggering emergency needs—food, water, shelter, sanitation, health, rescue, and recovery. The outpouring from governments and private citizens was immediate and generous, enabling relief agencies to quickly mobilize and save countless lives. But it was clear that the reconstruction would require long-term and sustained commitment to enable Haiti to recover from this latest, and largest, in a long list of disasters, and continue on its path to a prosperous, sustainable future.

In my 35 years of traveling to Haiti, I truly believe this is the moment that holds the most promise for Haiti to overcome its past, once and for all, because of the determination of Haitians and their leaders, and because of the magnificent show of support we’ve seen from organizations, individuals, and businesses, including our very own CGI members.
Our Commitment to Haiti

In my 35 years of traveling to Haiti, I truly believe this is the moment that holds the most promise for Haiti to overcome its past, once and for all, because of the determination of Haitians and their leaders, and because of the magnificent show of support we’ve seen from organizations, individuals, and businesses, including our very own CGI members.

In the pages to come, I’ll let our members speak more in depth about their experiences, the lessons they’ve learned, and the work ahead. I’m so pleased Innovations has opened up its pages to us to tell a story in the making—with the goal of a happier ending for the people of Haiti.

At this year’s Annual Meeting, we’ll be focusing on what more must be done and how CGI members can use their innovation, their resources, and their expertise to move Haiti forward. We’ll be talking about what we’ve done well and what we can do better. But most importantly, we’ll take action to translate these lessons into tangible results in the future.

CGI is proud to stand with the people of Haiti, today and for as long as it takes to get the job done. There is a new Haiti on the horizon, and if we work together, with the urgency and the creativity these challenges demand, with the model of collaboration and partnership CGI provides, a new tomorrow is possible.
Haiti’s problems are well understood and, if anything, over-analyzed. Its people are poorly educated and lack opportunities for income generation. Political leadership over many decades has been weak. Haitians don’t always have enough to eat and when they are sick, health care is hard to come by. Haiti’s environment is degraded, its infrastructure is lamentable, control over its wealth and assets is over-concentrated, violence is too common.

The reasons behind each of these problems may be complex, but the outcome is that Haiti isn’t working. It is unable to take care of the needs of its citizens in any even remotely adequate fashion. It wasn’t able to do so before the earthquake of January 12, 2010, and it is even less equipped to do so now.

Analysis of where Haiti goes from here inevitably turns around the problems, over and over again. Haiti’s past is picked over, its failures held up to the light, each new dawn that didn’t deliver examined under the microscope as to find out what went wrong. And it is important that lessons are learned. But not enough attention is paid to the positives. Let’s for a change not get stuck in the detail and let’s look at what is right with Haiti.

Market access. Haiti has enviable market access. It is a short distance from the world’s largest consumer market in the U.S. and proximate to wealthier Caribbean and Central American neighbors. Not only does this make it easier for Haiti to export goods—compared, for example, to many landlocked poor countries—but it also means Haiti can bring in what it needs to create a manufacturing infrastructure. Haiti also has preferential trade treaties with the United States and the

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European Union, including the recently extended HOPE II covering garment exports to the U.S., and the Caricom Economic Partnership Agreement.

*A young population.* Six in ten Haitians are under age 24, so there is a large latent labor force of energetic, diligent, and committed workers who have the enthusiasm and optimism to bring their country forward.

*International will.* There are many countries whose situations are as desperate as Haiti’s, whose indicators are just as bad—and which most of us would be hard pressed to name. Unlike Burkina Faso or the Central African Republic—and, sadly, partly as a consequence of the earthquakes—Haiti is firmly on the international agenda for the first time ever and in the consciousness of people everywhere. President Clinton has played a key role in putting Haiti on the international agenda, and was doing so long before January 2010. Haiti also has a diaspora of about two million people who remain powerfully connected to and deeply concerned about their homeland.

To conceptualize Haiti’s future, we must identify what is needed to unleash this potential. Haitians themselves know the answers to their problems. In survey after survey, even since the earthquake, even of those who have lost everything, the answers are the same. First, they say, we need jobs. Second, education.

*Democracy.* Haiti has had over five years of political stability; there is no risk of civil war, and without an army, no risk of a coup. Conditions for democracy are better than ever, and the government continues to plan for the presidential and senate elections scheduled for November 28 of this year.

*Debt free.* As of July 30, 2010, Haiti’s total debt to international financial institutions is zero. Haiti is now freer of debt than perhaps any time since 1825, when France demanded “compensation” of $21 billion in today’s terms. Government finances are available not for debt servicing, but for public services. Haiti contrasts favorably with many poor African countries that have significant foreign debt.

*Natural resources.* Many parts of Haiti, particularly the northern coast, enjoy beautiful scenery and are ripe for tourism development. The country’s microclimates enable a wide variety of crops to be grown. The richness of Haiti’s strong and distinctive culture, especially creativity in the visual arts, is another unique selling point.

All of these characteristics speak to me of one thing: huge untapped potential. This is what I saw when Digicel started to look at the Haitian cellular market five years ago—and commercially, it has been a very successful move.
Haiti’s Potential Waiting to Be Fulfilled

To conceptualize Haiti’s future, we must identify what is needed to unleash this potential. Haitians themselves know the answers to their problems. In survey after survey, even since the earthquake, even of those who have lost everything, the answers are the same. First, they say, we need jobs. Second, education. To achieve this, two things must be prioritized: first, lots and lots of investment, especially from the private sector and second, leadership in every sector—politics, business, civil society, and culture.

INVESTMENT

The truth is, we all share responsibility for where Haiti is today. Of the $4.3 billion spent in aid in Haiti over the past ten years, most was under the control of international organizations. OECD figures suggest that Haiti received the 11th highest level of aid to fragile states, of which virtually all are enduring or recovering from conflict. Yet the lack of progress in growing Haiti’s economy is woeful.

The average Haitian is considerably worse off today than in the 1960s. From 1970 to the 1990s, per-capita GDP declined by 0.3 percent per annum. From 1990 to 2008, this accelerated to a decline of 2 percent per year. This occurred while per-capita GDP in other developing countries was growing at about 4 percent annually. Haiti has been falling further and further behind the rest of the world.

The size of Haiti’s “real” economy is dwarfed by inflows of foreign aid and remittances from the diaspora. Even bearing in mind the difficulty of capturing the informal sector, the figures are grim. Before the earthquake, over half of Haiti’s GDP arose from international aid; a further one-quarter was from remittances. What might be recognized as a formal economy is very small, in the region of 15 percent of the $11 billion GDP. Exports in 2008 were just $491 million.

Assuming the generous pledges totaling $11.5 billion made to Haiti at the New York donor conference on March 31, 2010, are fulfilled—and this is happening very slowly—a flood of money is about to come into the Haitian economy. However, we need to be very careful that it doesn’t drown the nascent Haitian-owned private sector, the productive part of the economy on which Haiti’s long-term future depends. Otherwise this money will wash through, rebuilding lost infrastructure but not really transforming the nation.

Making sure the private sector is at the forefront of redevelopment efforts is the key. As essential and valuable as NGOs are to the post-earthquake rescue and recovery efforts, we need to ensure they don’t mop up all the most talented and educated staff or create wage inflation. We need to make sure businesses that are interested in Haiti and can contribute for the long term win the contracts they need to get a foothold, rather than enabling companies to come in, construct, take the check, and run.

Foreign direct investment doesn’t only bring money into an economy or provide infrastructure such as telecommunications. Crucially, it also brings management expertise, technology transfer, and increases in productivity. I am proud of the 900 young Haitians employed by Digicel. They have a thirst for knowledge and
new skills, and I have no doubt that many of them will go on to set up businesses and become wealth generators themselves.

Private-sector investment will definitely provide growth over the medium and long term. Private capital will flow to where it can secure the best returns. Despite the challenges, we need to make sure that Haiti adopts policies that are as pro-business and enabling of private-sector investment as possible in banking and financial services, in law, and in taxation. There is much in Haiti’s favor. Now is the time to complete the picture and make Haiti a compelling investment case.

LEADERSHIP

As a consequence of many factors, Haiti’s government lacks capacity. Not surprisingly, given the losses suffered on January 12, this situation has worsened—at a time when leadership was never more desperately needed.

It is my hope that in the run up to Haiti’s presidential election, political leadership will emerge that has the right experience and the capacity to lead Haiti into the future. The Interim Haiti Recovery Commission, for example, has asked that the international community second staff to each ministry to support and train civil servants, building the necessary management capacity and improving governance to deal with the many daily challenges they face. Equally, the Haitian government needs to be more open to such support and to assistance.

The fact is, implementation of a new social and economic plan is the biggest challenge for Haiti’s new leadership. It will require conviction, perseverance, and staying focused on the vision of a better life for Haitians through the thousands of decisions and actions that need to be taken every day day in, day out.

If change is difficult to manage in a comparatively closed and controlled system like a business, how much harder is it in a country of 9.2 million people? We cannot wait forever for the one grand plan that is going to change Haiti. For all the importance of coordination, we cannot wait until every last organization is lined up and ready to step forward together.

This is the importance and the distinguishing quality of President Clinton and the Clinton Global Initiative (CGI)—and not only in Haiti. CGI is about action, not talk. It’s about what follows after a situation is identified, the problems enumerated, possible solutions sketched. CGI provides a supportive framework, and also accountability. And this is what gets results.

For the more than one million Haitians living in camps and on the streets, the situation is every bit as urgent as it was on January 13. We need to reinvigorate our efforts, recognizing that they will be needed into 2011 and beyond. For the Digicel Foundation, the focus will remain on education and schools. As the opportunities available to Haiti develop and mature, the future constraint will be finding qualified people to work in and run new businesses and industries. We want to help make sure that the capacity is there when it is needed at each phase of Haiti’s development.
It is time for all of us concerned with Haiti to lead by example. We need to get started, and those who have already started need to redouble their efforts. At times it will be messy, things will be difficult. But we cannot let aspiration be the enemy of action. The committed members—businesses and NGOs—of the CGI Haiti Action Network have demonstrated over the past year the value of choosing projects in areas in which they have expertise, be it energy or culture or education or enterprise, and of doggedly pursuing these projects and delivering on promises. Their experiences and impact are detailed in the pages of this journal.

It is time to stop romanticizing and marveling at Haitians’ seemingly bottomless reserve of resilience. Instead we need to empower them to start to make a difference—for themselves, their families, and their communities. We need to convince Haitians that their future is truly in their own hands, not those of the NGOs, the politicians, or the international community. Redeeming Haiti and improving the lives of Haitians within a generation is an achievable goal. This is not a hopeless task, but Haitians themselves need convincing that it is within their reach.

I turn again to the potential and the positive: in the roster of failing states in certain parts of the world, Haiti is among the most fixable. Every amazing thing mankind has achieved has been done one step at a time, by putting one foot in front of the other, by having a vision and making a start. If Haiti can be turned around in the next five to ten years, it can offer a model of development for those other countries and, most of all, hope for a better future.
Most large institutions in Haiti locate their offices in the hills overlooking Port-au-Prince, far away from civil strife and potential risk. Fonkoze has always chosen to locate its central offices in the heart of the capital, most recently on Avenue Christophe, just a few blocks from Champs de Mars, Port-au-Prince’s central park, and the presidential palace. This vibrant area is where the city comes alive each day with commerce, where hundreds of students pass on their way to the universities and primary schools that line the street.

On the afternoon of January 12, 2010, most of Fonkoze’s leadership team was gathered on the third floor at Avenue Christophe. We heard a low groan, and then the full power of a 7.0 earthquake sent everything, including chunks of the ceiling and walls, violently flying through the air, falling and crashing around us. The walls of the building bent and split, pulverizing the concrete into a fine dust that filled the room and made it impossible to see or breathe. Those who were not trapped ran for the staircase and the lone exit from the building, tripping and falling into the courtyard as the ground continued to sway beneath our feet. Five of Fonkoze’s employees perished that day, including three from the transfer services department, which would become one of the institution’s most important functions in

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the days after the quake. Ten branches had to be abandoned, and Fonkoze’s headquarters on Avenue Christophe was rendered uninhabitable.

And yet, while the large commercial banks closed their branches for up to two weeks, 34 Fonkoze branches remained open in the days after the earthquake. They were restocked with cash in 11 days so they could pay out to Fonkoze clients the enormous flow of remittances coming from abroad—transfers of cash that provided immediate relief for the most vulnerable in the days just after the disaster.

Fonkoze, “the bank the poor can call their own,” was built in a country always teetering on the edge. Founded in 1994 with two part-time employees, by 2010 Fonkoze had more than 750 employees, 45,000 loan clients, 200,000 savers, and a national network of 41 branches, most of them rural. In keeping with its founder’s edict—“You can’t simply give a woman a loan and walk away, you have to accompany her on her journey out of poverty”—Fonkoze provides more than just loans. It also sees access to reasonably priced savings, remittance transfer, and currency conversion as a right of even the poorest, not just a privilege for customers with large amounts of money. Fonkoze offers all of these services at each branch, at some of Haiti’s most competitive rates. For example, its least expensive remittance option costs just $6 per transfer for any amount of money up to $2,500, a price far lower than any other money transfer operator. In addition to financial services for the poor, Fonkoze provides programs ranging from preparation for microfinance for the ultra poor, to micro-insurance, to health care and education.

This article tells the story of how—after the devastation of the 2010 earthquake—Fonkoze found itself positioned to serve Haiti’s rural population before other banks were back on their feet. First I describe Fonkoze’s beginnings and discuss the many challenges facing Haiti’s poor. I then turn to Fonkoze’s core financial services, and to a number of trials Fonkoze faced during its growth. I describe updates to the basic model in place by 2010, and conclude with Fonkoze’s response to the earthquake while reflecting on its future path toward sustainability.

Fonkoze’s Beginnings

In the early 1990s, Haiti was in the midst of a struggle for freedom and equality. Its first democratically elected president was living in exile, and the country was ruled by a brutal military regime. Members of the hundreds of grassroots organizations that had worked tirelessly in the late 1980s and early 1990s to bring democracy to Haiti had confidence that their president would soon be restored to power and the military regime would depart. These people were targets of repression: at least 8,000 were killed during this time, and many more lived in hiding or in constant fear of reprisal.

A group of grassroots leaders led by Father Joseph Philippe, a Spiritan priest and founder of the Peasant Association of Fondwa, envisioned a Haiti where individuals were given a chance at both economic and political democracy.

Father Philippe recognized that while the majority of poor people in Haiti now knew how to organize themselves politically, they knew nothing about how to
organize themselves economically. Even though the people might control who was president, they had no control over the economy. The poor lacked access to banks and the financial services they needed to rebuild their lives and their country from the ground up. Father Philippe saw that the strong grassroots movement organized to bring about political change could also be harnessed to bring about economic change on behalf of Haiti’s poor. He called them “the organized poor.”

An illiterate poor peasant or ti machann (a street or market vendor, usually a woman) who had no collateral and made only small banking transactions was not welcome in any of the commercial banks. Where would a coffee cooperative get enough credit to buy and process coffee harvests for export? Where would a ti machann get a small loan to buy her merchandise and increase the size of her business? Where could the poor open a savings account and earn interest, receive money transfers in a remote rural community from family in the U.S., or convert money into Haitian currency at a reasonable rate?

In 1994, the founders of Fonkoze—some 32 grassroots leaders—drew up the official papers to launch their efforts, and in 1995 Fonkoze (Fondasyon Kole Zepòl, or the Shoulder-to-Shoulder Foundation) was officially recognized as a foundation under Haitian law. Although the founders envisioned a business solution to poverty, they established several principles that would ensure that profit would never be the organization’s sole consideration: the movement would be national in scope, it would reach the very poorest and empower them, and it would proceed according to the concept that all people are entitled to a fair price for financial services, no matter the size of their business or how remote their location.

At about the same time, I was applying for the Peace Corps in the U.S. I was an experienced Washington, D.C., management consultant with a successful business, but something was missing in my life and I felt the calling to give back after having been so fortunate. I was accepted into the Peace Corps and assigned to an African country, but a client of mine encouraged me to speak to the director of International Operations at the Peace Corps before making a final commitment. Once the director learned of my background he asked, “Do you have any interest in Haiti?” I was very interested in Haiti, I said, but the Peace Corps wasn’t working in Haiti at the time. He said, “Forget the Peace Corps ... I know a priest in Haiti who is doing amazing work.” He convinced me to send my resume to Father Philippe. Three days later I received a message on my voice mail: “This is Father Joseph Philippe. Thank you for your willingness to work with my people. Thank you for your courage. You may be director of our new bank, Fonkoze.”

Soon after the call, I met with Father Joseph Philippe in Haiti. Within 15 minutes I realized that he had more vision than all the top executives who had been my clients in D.C. put together. He pulled a rickety typing table between us, and with paper and pencil in hand said, “Let’s get to work.” We organized a meeting in Miami, inviting leaders from the Haitian diaspora, developed a strategy for moving forward, and raised Fonkoze’s first $20,000 from another priest and from Regroupement des Organismes Canado-Haïtiens, a federation of Haitian organizations in Montreal.
Next we set out together in old pickup trucks, spending days bouncing along Haiti’s horrible roads so that Father Joseph could give speeches about his idea for a bank the poor could call their own. Most of the places we visited felt like the end of the earth, more remote and desolate than I had ever imagined possible. “How will they know to come?” I asked on our first trip. Father Joseph’s eyes twinkled a bit. “They’ll know.” And they did, hundreds of people walked for hours from the hills all around to listen to a priest they did not know and an American who hardly spoke their language. “Talk to the people,” he would tell me. I stood in front of the group and explained to them why this blan, less a statement on the color of my skin than on the fact that I was a foreigner, had come to speak to them about a bank for the poor. (Those first days gave me a very strong impetus to learn Haitian Creole quickly.)

At the time, I couldn’t understand what Father Joseph was saying to the peasants when he introduced me to the crowd. It wasn’t until four months later that I understood that he was explaining that the Holy Spirit had sent me to help him open this bank. Once my year-long commitment had turned into a decade and then more, I came to agree with him.

When I first arrived in Haiti, Fonkoze had just two part-time employees and a handful of clients. We had two computers, both of which were my personal computers from the United States. We used Quicken, a personal finance program, to track the loan portfolio. Within a year of my arrival, we opened 11 branches in Haiti’s largest cities and towns. More often than not, Fonkoze pushed the barriers of what others thought reasonable or even possible, opening twice as many branches as we had originally planned by conserving in every possible way. Expansion across the country was as rapid as could possibly be implemented while maintaining financial soundness. But, there were those who had their concerns. One day I received a phone call from a stakeholder I had known since the very first meeting in Miami. He was deeply concerned about the new branches Fonkoze was opening in some smaller towns. “You can’t open a branch in a place like that without doing a market study first,” he insisted. “You need to be sure that the branch can eventually become sustainable.”

Indeed, Fonkoze opened branches in places that had nothing else going for them. Although no branch was ever sustainable on its first day, and some branches are still unsustainable today, Fonkoze made the case to its shareholders that a lack of sustainability was not a reason to close. If all it takes is a small subsidy to keep a branch operating and its impact on the local economy is profound, why should operations be shut down? In many ways, taking risks others may have avoided was a part of Fonkoze’s DNA—and may help to explain its success. Once we demonstrated that there was in fact a healthy demand in some rural villages, the commercial banks followed and also opened in those communities. Other communities were not commercially attractive, so the large banks stayed away. But without financial services, how could the community’s economy ever grow? Most of Haiti’s rural countryside was too poor to be interesting to business and thus increasingly poor.
Haiti has two distinct economic zones: Port-au-Prince, which functions as the center of commerce and trade with some functioning government services, and the rest of the country, with far less economic activity. As a result, hundreds of thousands of families have come to Port-au-Prince over the past few decades, causing a surge in population density and forming Port-au-Prince’s slums, such as the well-known Cité Soleil or Belair, which are known around the world as some of the most unstable and insecure in the world. This trend has further centralized the country around a single city, virtually halting economic growth in rural towns throughout the country and perpetuating the destructive cycle of migration.

Fonkoze’s mission is to create stronger, more robust economies in these rural areas by providing financial services that serve the public interest. In a fair, transparent marketplace, competitors take market share from those who overprice. In many of Haiti’s rural areas, however, very few have the capital and the means to provide basic financial services; they can exercise monopoly-like power for these essential services, and collusion is rampant. Such people can buy dollars for 10 percent below the market rate, place surcharges on remittance payments, and charge 300 percent to 400 percent interest on loans. They discriminate about who can be their clients, and vary pricing based on volume and social stature. In contrast, Fonkoze’s rates and pricing, by policy, are the most competitive in the local market and are evenly applied regardless of volume or customer. Rates and prices are
transparently posted, and clients are educated in how to read and understand interest rates and fees. By accepting the risk of lending in the rural areas, providing capital, and opening basic financial services to everyone, Fonkoze creates the conditions that allow an economy to grow.

Achieving these results in some of Haiti’s poorest, most rural areas is very expensive and requires scale to become commercially viable. As a foundation, Fonkoze raises money to reach the very poorest and to start and sustain new branches. Money is raised not only in the United States by organizations like Fonkoze USA but around the world. Although the seed money is often charitable, scale is best reached through sustainable business practices, a goal for which Fonkoze continually strives.

THE FONKOZE MODEL

When Fonkoze opens a new branch in a rural area, it is sometimes the most economically stimulating enterprise ever started in that community, not to mention the largest employer. It provides a new, reliable point of service to receive money sent by family and friends abroad. It injects capital into the local economy by providing as much as $500,000 in loans. Special programs like Chemen Lavi Miyo and Ti Kredi, Fonkoze’s programs for the very poorest women, were first offered in 2007 to seek out the economically inactive, thereby growing the capacity of the local economy.

Fonkoze begins the process of opening a branch by going to the community’s leaders—the priests, the pastors, the elders, the elected officials, and the leaders of grassroots organizations—to tell them about Fonkoze and its plan to open a branch. We explain what Fonkoze will do to develop the economy of the community and how many jobs Fonkoze will create. To the people of the town, particularly the women, Fonkoze explains that its goal is to attack lamizè, the misery of poverty.

Each Haitian town is dominated by markets full of small, mostly female vendors, the ti machann. They travel to Port-au-Prince to buy inventory and then rush to the market, sit on the ground, and sell their goods. In order to provide food and other basic necessities for their family, the ti machann must buy and sell each day. These bustling markets are everywhere in Haiti and are the principal supply chain for goods going into rural areas. Fonkoze tries to locate branches close to the primary market of a town but not actually inside the market. Each branch is painted in Fonkoze’s distinctive palette of purple and orange, and a sign with Fonkoze’s name and logo is hung in front of the building. Banners are placed across the streets, a common sight in all Haitian towns, and an employee walks through the market with a megaphone announcing Fonkoze’s opening and answering questions.

At all its branches, Fonkoze has always provided three core financial services: micro-loans, remittances, and savings.
Micro-loans

In rural parts of Haiti, banks have no interest in making small loans or taking on the perceived high risks of lending to *ti machann*. As a result, many women are forced out of the economy and into seclusion by a system that cannot offer them opportunity. A miniscule money supply and no access to credit chokes off what little economy exists and leads to a cycle of stagnation that drives people from their homes to Port-au-Prince in search of work.

In 1994, when Fonkoze began operations, group lending was new to Haiti. In Fonkoze’s group model, each Fonkoze loan client is a member of a Solidarity Group with four other women. Starting in 2001, these groups were organized into Solidarity Centers composed of 6-10 groups, which meet near clients’ homes for loan disbursement, repayment, education, and Solidarity meetings. The women, who are all dealing with many of the same challenges, develop a tremendously powerful sense of community. These centers, initially organized with the assistance of Mr. Salam of Grameen Bank in Bangladesh, caused an explosion of growth in membership and dramatically lowered delinquency.

The Solidarity Centers also make Fonkoze a truly democratic institution. Each center elects a chief who represents it at caucuses for the entire branch. These branch-wide caucuses elect representatives to a national assembly that meets once a year in Port-au-Prince and, among other functions, elects the majority of the Fonkoze board of directors. Thus, Fonkoze is not only creating economic conditions for democracy, but is also training democratic leaders. The centers also have an unexpected benefit: they provide an enormously strong point of service for programs other than microfinance, such as education and health screenings. They provide an excellent system for spreading complex information to people living in extremely rural areas.

An Organization Founded on Rights, Trust, and Solidarity

Fonkoze seeks to hire employees who are literate; that is, they can read and write confidently in Haitian Creole. At first, Father Joseph would perform informal interviews with potential new employees, but over time Fonkoze has formalized the process. Each potential employee must pass a test on which they demonstrate that they can use a calculator, they know what a bank is, and they understand what Fonkoze is doing in Haiti. Fonkoze looks for an understanding of its mission and its philosophy of how to achieve it. All employees of Fonkoze must agree to this philosophy.

The most important attribute, however, is honesty. Not only do Fonkoze employees handle banking transactions, which for obvious reasons require a high level of integrity, but they also are placed directly in front of Haiti’s member clients, who are vulnerable and in need of extreme professionalism. The entire organization is founded on the rights, trust, and solidarity with Fonkoze’s members; any missteps that violate the pact the organization has with its members would be devastating.
Many Haitians rely on money transfers from family abroad. A least two million Haitians have left Haiti for political or economic reasons since the early 1960s, forming a large foreign diaspora. As much as 80 percent of Haiti’s professional workforce has emigrated to France, Canada, or the United States. The money they send home supports basic needs like food, school fees, and basic health care. The diaspora also remits collectively through Hometown Associations to support building projects, schools, orphanages, churches, and other organizations.

The cost of sending remittances is very high, and many communities lack places to receive money transfers. This reduces the amount of money that flows into the community and often forces people to travel hours to access their money—time that could be spent working but is instead spent packed like livestock in the back of rusty pickup trucks and on top of second-hand school buses. By offering a cheaper payment point in the community, Fonkoze increases both the availability and the velocity of money.

**Remittances**

From the base program designed for the ultra poor—women who are among Haiti’s absolute poorest and who do not have a productive asset with which to start a business—to *ti kredi*, where loans begin at $25, all the way to business development, where individual loans can reach $100,000 or more, Fonkoze meets clients where they are and tries to give them the tools they need to continue.
A Bank the Poor Can Call Their Own

Savings
Savings has long been a core tenet of the power of banking. Savings provide security, as money can be sheltered through difficult times. A savings account also makes money more portable. When a client travels from home in the north of Haiti to Port-au-Prince to buy merchandise, she can leave her money in her Fonkoze account instead of carrying cash, which is vulnerable to theft, and then withdraw money in Port-au-Prince to pay for merchandise.

As I mentioned previously, Father Joseph teaches that “you can’t simply give a woman a loan and walk away, you have to accompany her on her journey out of poverty.” With this in mind, Fonkoze amplified the three basic financial service offerings with education, health, and other innovative services designed to build solidarity and client success. In many countries, microfinance institutions can comfortably play the specialized role of financial institution because other essential services are made available by the government. To meet its dream for the people of Haiti, Fonkoze is committed to filling the gaps in services such as education and healthcare, in addition to providing badly needed financial services at a fair price.

Fonkoze developed comprehensive services tailored to meet women wherever they may be on their journey out of poverty. At each level, the package of loans, education, health services, and mentorship is designed to meet the needs of that demographic. Fonkoze calls this approach the “staircase out of poverty” (see figure 1).

CHALLENGES ALONG THE WAY
Fonkoze’s attitude toward risk is simple: as long as the ti machann are in the streets, Fonkoze is open. Fonkoze built trust in a country because at all times, even the most extraordinary, it has been stable, responsive, and open. Although part of a large organization, each branch is intimately part of and created by the community. The branch managers live in the communities. Many of the branches’ staff members grew up knowing their clients. At Christmas, a holiday Haitians celebrate vigorously, Fonkoze branches host community events. The pact that Fonkoze has worked so hard to build and maintain with its clients and its communities has paid off many times. In this section I discuss a number of the challenges that Fonkoze has faced.

The Credit Cooperative Bubble
Following legislation passed in 1995 that lowered reserve requirements for banks and removed interest rate caps, the idea of investment cooperatives emerged in Haiti, but regulations were loosely written and poorly enforced. In the early months of 2001, enabled by drug money, new credit cooperatives multiplied all across the country, promising huge returns on savings and investments for anyone who could make a deposit. Even members of the diaspora, persuaded that they were investing in their country, were mortgaging their houses and cashing in their

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Since Fonkoze was founded, Haiti has suffered through tremendous political upheaval time and time again. For much of Fonkoze’s history, Haitian political life has revolved around Jean-Bertrand Aristide, the first democratically elected president of Haiti who was deposed in a coup d’état in 1991, reinstalled as president by the United States in 1994, and then led Haiti from 2000 through 2004, when he was again forced from power. Against this highly politicized backdrop, Fonkoze has remained completely outside of Haitian party politics, which no doubt has contributed to its stability. In fact, Fonkoze has a policy that any employees who run for public office, no matter how minor, must resign from Fonkoze without any guarantee of being able to resume their jobs, even if they lose the election.

Clients, investors, and colleagues have often asked for my views on Haitian politics. My response has always been that these are questions for the Haitian people to decide, not me. On U.S. policy toward Haiti, however, I have been willing to offer my opinion as a U.S. citizen.

Economic stratification has been a feature of Haitian life since the first Europeans landed on the island and quickly began importing slave labor from Africa. Even after Haiti won its independence and all slaves were freed, a massive divide continued between those of mixed race and those of direct African dissent. This pattern has survived to the present day. A small handful of families and private companies own an overwhelming share of Haiti’s mechanized industry and assets, and control access to credit. The implications of this consolidation of economic life are utter control and denial of financial services to the mass of Haiti’s population. For decades, this has left Haitian poor with terrible options for financial services: loan shark gangs that charge interest percentages in the hundreds per annum with severe penalties for nonpayment, and unsavory schemes of investment and savings that enriched a privileged few while leading to a virtual confiscation of what wealth the poor could accumulate.

Fonkoze is an institution founded on the principle that economic freedom is the foundation of democracy. If a political democracy is to survive, every Haitian must have the right and the opportunity to participate in the country’s economic development.
A Bank the Poor Can Call Their Own

Tual collapse. For Haitians, distrust of financial institutions and the elites who ran them grew even deeper.

The 2004 Political Crisis

In early 2004, when the former military’s militia, the National Revolutionary Front for the Liberation of Haiti, crossed the border from the Dominican Republic into northern Haiti and captured the town of Hinche, the paramilitary group marched on Fonkoze’s branch. Three of Fonkoze’s clients who saw the men marching on the branch ran in front of the door and insisted the paramilitaries stop, boldly stating, “You will have to burn us to burn this branch down.” Shockingly, the militia relented and the branch was spared. This is a beautiful illustration of Fonkoze’s philosophy regarding security: the only true security comes from the community.

Technology Travails

Fonkoze began the process of installing an electronic information system in 2001. This was no small feat. Even in Port-au-Prince, Haiti suffers from multiple long power outages each day; in some parts of the country, power outages can last for days. Even when power is flowing, it is riddled with surges that can melt silicon and cause tiny bumps that restart computers. Every branch with computers also needed an expensive system of batteries, inverters, and generators that was time-consuming to get right.

Data connectivity was more difficult. A live banking system requires an Internet connection to process transactions. When a teller makes a transaction on a customer’s account, she uses her computer terminal to request account information from a centrally located server. She then processes the transaction, which updates the client’s account and automatically timestamps the transaction. Unfortunately, a live Internet connection in Haiti is difficult to obtain in 2010, much less in 2003. Branches would go offline for days at a time, forcing staff to keep records manually and then scramble to enter transactions (with the wrong timestamp) when the system came back online. The results were crippling when the branch could not regain its connection for weeks.

It wasn’t until 2005 or 2006 that Fonkoze finally had a reasonably reliable Internet connection in about half of its branches. Even then, the branch director of one small branch, Latwazon, would need to scale a mountain each day to get sufficient cellular phone coverage to call the central office. Finally, in 2007, the Multilateral Investment Fund of the Inter-American Development Bank provided a grant that allowed Fonkoze to install high-tech satellite equipment in the last 17 branches of the institution, giving staff the ability to get the software working as originally intended.

THE FONKOZE MODEL, TAKE 2

As Fonkoze grew, the complexity of its financial challenges grew as well. The financing mechanism Fonkoze had been utilizing—low-interest, socially responsi-
ble loans borrowed in U.S. dollars—had to be rethought when the Haitian gourde began devaluing in 2000. It doesn’t make sense to borrow in dollars and then lend in gourdes if by the time the gourdes are repaid they no longer have the same value. In addition, there was simply not enough capital to reach the scale that would be necessary to make the institution profitable. Even with only 15 branches at the time, the market for Fonkoze’s loans exceeded its capital base—and its capital base consisted of 100 percent debt! Another financing strategy had to be devised.

Other foundations and micro-credit institutions throughout the developing world had faced the same challenges of sustainability, scale, and capital. Prodem in Brazil, the Grameen Bank in Bangladesh, and CARD in the Philippines all had begun as foundations or not-for-profits but had made the transition to full-fledged micro-credit commercial banks. Fonkoze was having no trouble mobilizing savings in the communities in which it was operating. Each year since 1996, the volume of savings had more than doubled. By the end of 2000 it stood at almost $2 million. A commercial bank license would allow Fonkoze to access those deposits for lending. With another $2-3 million in capital from abroad, Fonkoze would have a stable base from which to reach scale.

**Toward a Commercial Bank License**

In the early stages of our exploration, I, along with Gordon McCormick, a major donor and Wall Street investment banker, and other members of the Fonkoze USA board consulted with attorneys in Haiti and the United States, donor institutions, and international microfinance consultants from Development Alternatives, Inc. The private offering we devised for the commercialization of the institution was a tremendous success. Two million dollars in equity capital were raised in the United States and the Netherlands to successfully spin off Fonkoze’s sustainable branches into a full-service institution, with the mission of providing Haiti’s rural population with a full range of financial services. The name of this new institution was Sèvis Finansye Fonkoze (SFF), which translates as Fonkoze Financial Services. SFF operates as a non-bank financial services institution, although we hope someday to receive a commercial bank license.

Today, Fonkoze (the foundation) incubates new branches, nurtures them to sustainability, and pilots new products and services. When a branch or product becomes mature, it is transferred to SFF, where it can be scaled further. In addition, the foundation is responsible for delivering our non-financial services, especially education, to all Fonkoze and SFF clients. And, it carefully measures the extent to which we are meeting our mission of helping the poor escape poverty by checking on the poverty status of our clients over time.

In December 2005, Fonkoze convened its key stakeholders and management team to lay out a vision for the bank’s future, which included building a network of 60 branches within five years and serving 200,000 loan clients (or one million Haitians, including the family members of those clients). Following the hurricanes in 2008 and the earthquake in 2010, Fonkoze has slowed its growth, but the net-
work has still grown from just 26 branches in 2005 to 41 branches in 2010. Over the rest of 2010 and into 2011, Fonkoze will grow aggressively once again, reaching even deeper into Haiti’s most remote rural areas and bringing Haitians access to financial services.

**Leadership Development**

An additional part of Fonkoze’s updated model is a new expression of its commitment to leadership development. In fall 2007, Fonkoze opened a full-function branch in the rural town of Limbe, but with a twist. The staff was comprised of some of Fonkoze’s most experienced and accomplished employees. A dormitory was included upstairs in the branch so the employees could build teamwork and camaraderie. The branch is a model, with space for apprentices from across the Fonkoze system to come and learn from the staff at Limbe. Limbe also serves as an active learning center and one of Fonkoze’s launching points for new product pilots. The branch’s diverse array of unusual products is unique in Fonkoze’s branch system. Fonkoze has piloted loans specifically targeted at people living with HIV/AIDS in Limbe, for example, and experimented with housing loans and a cellular phone business concept. New education modules and *ti kredi*, now a major part of Fonkoze’s approach, were given early pilots at Limbe. Fonkoze Limbe seeks to document duplicable ideas and techniques for alleviating poverty.
In Fonkoze’s strategy of poverty alleviation, Fonkoze meets each client with a suite of services to help her take the next step forward. But when a disaster strikes or a family member dies, the poor often slip back down the staircase. The process of rebuilding their lives can take years. So, Fonkoze decided to extend its financial services to include insurance, beginning with life and credit insurance.

Although Haiti is relatively sheltered from tropical storms by mountains and the Dominican Republic, tropical weather can be devastating. Decades of deforestation, poor infrastructure development, and clogged waterways lead to massive flooding. In 2004, Hurricane Jeanne killed over 3,000 people in Haiti. Many Fonkoze clients’ businesses were devastated, their inventories washed away as the waters surged. After careful consultation with clients and employees, Fonkoze quickly recapitalized its clients’ businesses by disbursing capital to restart their loans with the amount they originally borrowed, realizing that the only way they could restart their lives was to restart their commerce. Some of the capital used to achieve this was donated money, which allowed Fonkoze to perform the disbursement without jeopardizing its financial position. What was lost in short-term self-sufficiency was made up for in a desirable outcome. Fonkoze learned that not only did this lead to a high repayment rate among clients who had been in a grave situation, it achieved that outcome because it helped clients rebuild their lives. This successful experiment laid the groundwork for a much larger crisis in which Fonkoze rallied to help its clients in the face of disaster.

During the hurricane season of 2008, Haiti was struck by four consecutive tropical storms: Fay, Gustav, Hannah, and Ike. Almost 14,000 Fonkoze clients lost their businesses. Hundreds of thousands suffered for months, their homes underwater, their city coated in a thick layer of waist-deep mud. I flew by helicopter to Gonaives, the most devastated city, on September 11, 2008, days after the hurricanes. I made my way through the high waters to meet with Fonkoze employees, bringing them just $250 each and the promise that perhaps more would come. Even as their own houses lay in shambles or were washed away by the raging water, Fonkoze employees mobilized to help clients. With the assistance of the United Kingdom’s Department for International Development, the U.S. Agency for International Development (USAID), and many other concerned partners, Fonkoze raised $4 million to recapitalize client’s loans and make them interest free. Nearly 90 percent of clients successfully repaid these renewed loans, and Fonkoze used $1 million of the repaid funding to establish a long-term catastrophe fund.

One of our clients from Gonaives spent almost a decade successfully working her way out of poverty. With microfinance loans, she created a business selling plastic containers. In 2004, she and her children watched from their roof as flooding from a tropical storm washed away her livelihood. She rebuilt her business with another micro-loan, proving that her spirit, while bruised, was not broken. Then in 2008, she again lost everything and had to start over. This vicious cycle traps so many in Haiti. Having thousands of our clients suffer through similar stories fol-
lowing storms and turmoil, Fonkoze turned to innovation to help clients stay on the staircase, even when disaster strikes.

In April 2007, in partnership with Alternative Insurance Company (AIC) of Haiti, Fonkoze began to develop Haiti’s first micro-life-and-credit insurance product: an indemnity and loan forgiveness in the event of a client’s death. When a person in Haiti dies with debts, they leave their family with one less productive family member, costs for funeral expenses, and the outstanding balance of their loan. Fonkoze’s micro-insurance provides an indemnity of 5,000 HTG (about $125) and full forgiveness of the loan.

This micro-life-insurance has helped hundreds of families of Fonkoze clients since it was rolled out, but it does nothing to help clients who lose their businesses, their homes, or their assets in a disaster. So in 2008, Fonkoze, again in partnership with AIC, started to develop catastrophic insurance for its clients—unfortunately not quite in time to be ready for Haiti’s largest natural catastrophe.

The Earthquake

As the dust cleared, Fonkoze employees helped those who had been injured and then everyone slowly set off into the growing darkness to reach their loved ones. Rubble and traffic blocked car traffic, so cars were abandoned by the side of the road. Everywhere across the city were the dead, dying, and maimed. Most of Fonkoze’s employees did not reach their homes until the middle of the night. For hundreds of them, home was gone, a mere pile of rubble.

On January 13, I went to the branch to try to secure the most important documents and IT equipment. Nearly all other employees spent the day searching for friends and family by car and by foot. Friends told friends who told others whether someone was alive or dead—a human chain of communication was the only source of news throughout the country.

On January 14, Georgette Jean-Louis, Fonkoze’s CFO, received a cell phone call for the first time since the earthquake. The call was from the manager of the small La Toisin branch. He had a personal cell phone from one of the smaller cell phone providers, and had climbed up the side of a mountain to get a signal to reach his boss in Port-au-Prince.

To Georgette’s shock, the La Toisin branch was open, credit agents had been going to meetings with clients, and both disbursements and reimbursements were ongoing. Port-au-Prince lay in ruins, but not every part of the country was destroyed. Yet Port-au-Prince is the center of commerce for the country; people throughout the country rely on the food and products that enter from the port. Georgette sprang back from the edge of despair and set out to find me. We were unable to find each other until the next day, when we established a work schedule and planned the first steps of what needed to be done.

In the days after the earthquake, Haitians living abroad sent millions of dollars in remittances to their friends and family in Haiti. Each year, nearly 24 percent of Haiti’s GDP enters the country as remittances from abroad. Few other countries in
the world are so dependent on this source of income. Along with the immediate
effects of the quake, many people had no money in their pockets, had lost their
assets and resources, and had lost key family members. Following the earthquake,
accessing remittances was for many a matter of life and death.

As one of the leading payers of remittances and with over 200,000 savings
accounts, especially in some of the more remote places in Haiti, Fonkoze knew that
it needed to open its branches and provide access to its clients’ money as soon as it
possibly could. Most of Fonkoze’s central office staff was now homeless, water was
increasingly scarce, and food was a luxury, but everyone showed up to work in the
days after the quake. Many employees came in to work 12-hour days and then
returned to the street to sleep on the sidewalk.

There were two primary challenges. First, with Internet cut in many branches,
power becoming more and more scarce, and hardly any telephone service, com-
pleting the necessary back-office functions of remittance payment were tremen-
dously challenging. Second, the paying agent needed cash to pay out to the recipi-
ents.

Haiti’s large commercial banks suffered tremendously in the quake. In the days
immediately afterward, the biggest concerns of many commercial bank branches
was security and how to protect bank assets and staff from an increasingly desper-
ate population. It was not until January 23, fully 11 days after the earthquake, that
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a few branches in some parts of Port-au-Prince began to open their doors to their best customers.

Fonkoze holds deposits in Haitian and U.S. banks. Its primary bank in Haiti held the critical liquidity needed in Fonkoze’s branches, but instead of providing Fonkoze with access to its money it treated it like a regular customer, limiting withdrawals to just $5,000 per day—a trivial amount for a financial institution trying to pay over $250,000 in remittances each day.

After four days of negotiations that began on January 18, we secured approval to airlift $2 million in cash from Fonkoze’s accounts in the City National Bank of New Jersey direct to our branches throughout the country. It then took less than 24 hours for the U.S. Military and the United Nations to complete the delivery, dropping disguised boxes of cash across Haiti. The cash was packaged in Miami and transported aboard a military C-17 to Haiti. The operation, unprecedented for a microfinance institution, was widely reported in the media.

As January gave way to February, the long-term challenges began. With just months before the start of Haiti’s rainy season, hundreds of thousands remained without a home; months later, virtually all of them continue to live in tents, subjected to the torrential rains and floods. While more and more people gained access to emergency food supplies provided by relief agencies, their small businesses lay under the rubble, their inventory stolen or consumed in the emergency, or lost in the desperate attempt to find family members.

One client, Dienna Cidrac, told Fonkoze’s staff a story similar to that of 18,000 Fonkoze member clients:

Sitting in front of her little brick house she had “worked so hard to build,” Dienna tells me she is so grateful to God for having spared her life and those of her loved ones, but now she has to start working. The small depot where she keeps her merchandise near the open market was ransacked and she lost her business completely. “Worse than my home, I lost my business. My children and grandkids are O.K., and I can put up some wood eventually to cover our heads, but how do I start over without my business?”

In 2009, Fonkoze had been working hard to provide catastrophic insurance to all of its clients. Clients who lived within the most severely affected areas of a disaster or who lost their business, home, or both would be eligible to claim an indemnity payment of 5,000 HTG, reimbursement of their loan, and a new loan when they were ready. Fonkoze was just weeks away from starting the program when the earthquake struck. After consulting with its employees, however, Fonkoze partnered with the American Red Cross, MasterCard Foundation, Mercy Corps, Citi Foundation, Plan International, and countless others to simulate the catastrophic insurance product as if it had already been in place with capital, expense offsets, and technical assistance.

Since January, Kore Fanmi Fonkoze (Haitian Creole for the Program to Reinforce the Fonkoze Family) has been administered to more than 18,000 mem-
Fonkoze also did all it could to take care of its employees, nearly 450 of whom were rendered homeless by the earthquake. Those whose homes collapsed received $1,000, and those whose homes were damaged received $500, provided with the assistance of Fonkoze USA and other partners. These sums are not nearly enough to build new homes, but they helped to stabilize employees’ lives.

As Haiti begins a long, painful rebuilding process, the world is changing rapidly. New advancements are opening up great potential to Fonkoze’s clients, many of whom have developed leadership and business skills that will make them key community leaders in Haiti’s future. Change is also coming in the form of new technology, enabled by renewed investment in infrastructure. Fonkoze is actively engaging with the emerging mobile branch and mobile banking industry, which has shown great promise in Kenya and other countries.

THE LESSONS LEARNED

Fonkoze is in the business of getting people out of poverty. I have personally devoted the last 14 years of my life to learning how to do that most effectively in Haiti, one of the most fragile countries in the world. By definition, a fragile country is one in which the government either cannot or will not provide its people, especially the poor, with even the most basic services—water, roads, health care, education. These countries are characterized by extended internal conflicts, corruption in the public and private sectors, a huge backlog of investment needs, and a breakdown in the rule of law. Haiti is one of only 11 countries that have been on the list of fragile countries continuously since the phrase was first coined.
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Haiti is further encumbered by frequent natural disasters made all the worse by an environment that, according to USAID experts, “is suffering from a degree of degradation almost without equal in the entire world.”

We set out to build a sustainable institution—an institution on which the poor can rely long into the future. But it was to be an institution that worked, that actually succeeded in its business of getting people out of poverty. And it was to accomplish that in a fragile, environmentally devastated country wracked by natural and manmade disasters on a very regular basis. Was it even possible?

I think all of us at Fonkoze would respond with a resounding “Yes!” We haven’t achieved it yet, to be sure, but we have made significant strides. We have endured violence, a disastrously weak economy, hurricanes, earthquakes, and attacks against our people and our work. But through it all we have learned a tremendous amount, lessons that will take us into the future.

We learned that when you offer very poor people convenient, accessible, affordable financial services—by that I mean savings accounts, very small loans, and a way for them to receive transfers from their family members living abroad—some amazing things begin to happen. Their businesses begin to grow, their children start going to school, and they put food on their table every day.

When you combine those financial services with educational programs in which those who know how to read and write teach those who do not, even more amazing things begin to happen. Watching a woman with tears in her eyes sign her name for the very first time on a deposit slip as she adds money to her savings account is a profound example of just how much these services can change lives.

When you combine such financial and educational services with health care services, even more amazing things begin to happen. People’s health improves, their children’s health improves, and that in turn leads to stronger, healthier businesses.

In short, we learned that if our members are to make progress, the poor and the poorest need a full range of financial services and a full range of support services. Many of those support services are normally provided by the state, but in Haiti they are not, so Fonkoze has no choice but to take them on too if it hopes to achieve its mission.

We also learned a great deal about what sustainability really means in our business in a country like Haiti. Providing the services the poor need to make their way out of poverty is an expensive proposition. It’s hard to make much money on a $25 loan, especially when you have to provide your own energy, your own transportation, your own telecommunications, and your own security.

We learned that the solution to this problem is not to lose sight of one’s mission and provide larger loans to fewer poor people—it is to become more efficient, to increase the number of borrowers, and to seek better ways of providing the same services.

We learned that we were much more likely to achieve sustainability if we worked harder at helping our clients on their journey out of poverty. The better job we did for them, the more loyal they would become to us, the longer they
would stay with us, and the more likely they would become profitable clients for us. Focusing on the needs of our clients is not only a mandate of our mission; it is also good business.

We learned that our conclusions about our sustainability depend upon the lens through which we view sustainability. Fonkoze’s commercial entity is not yet profitable, but pre-earthquake it was on the verge of sustainability. In fact, we believe that we are stronger today than we were on January 1, but that may not be apparent if one looks at the traditional measures of financial performance highlighted in financial statements. We are stronger because:

- Despite tremendously difficult conditions, we have survived when others forecast our demise and maintained extraordinary operational performance across the entire country. Our ability to withstand future disasters is even greater.
- We learned a significant lesson about the importance of helping our clients manage risk.
- The personal and professional experiences of the past six months have brought out a new paradigm for our employees and managers who have learned valuable lessons about their co-workers and themselves in the face of crisis.
- Our members have a new reason to see the value of our model, of being a Fonkoze member, and of our level of commitment to our clients in the darkest hours.

Still, the earthquake made it clear that Fonkoze will never fulfill its mission until it finds a way to offer its clients a responsibly priced catastrophic insurance policy so they can cope with the inevitable natural disasters. I have seen too many of our clients start at the bottom of the staircase out of poverty, make their way almost to the top, only to be knocked all the way back down because of a flood, a hurricane, or an earthquake. Disasters come every two to four years, and sometimes even more often than that. I simply cannot continue to preach the importance of good financial management and wise investment decisions if Mother Nature can wipe that all out in 35 seconds. There must be a better way for Fonkoze and its members to weather natural disasters than what we can offer at this moment. Our history has been one of searching for the causes of poverty and addressing them one by one until they can be solved and we can move to the next. That will not change.

It would be a huge mistake to proclaim that we’ve achieved sustainability before we learn what it takes to show people the path out of poverty.
In the summer of 2009, I spent a few days climbing the green mountains of Haiti’s Central Plateau with Anne Hastings, CEO of Fonkoze, which is the leading microfinance institution in Haiti. We were visiting women who are climbing “a staircase out of poverty,” all of them participants in Fonkoze’s innovative program to help Haitians move out of extreme poverty. These women spoke with a quiet dignity about how their lives were improving as a result of the mentoring, financial literacy, enterprise training, and other support they had received.

The history of Haiti is well known, as is its crushing poverty. It is hard to imagine a more inhospitable place in the world for an institution like Fonkoze to take root. How could such an idea survive, let alone prosper, in this environment?

The answer is found in Fonkoze’s remarkable story of achieving economic and social change, which is a testament to the aspirations and resilience of a home-grown institution and the Haitian people. It teaches us rich lessons about leadership, tenacity, belief in a vision, empowering the poor, local ownership of solutions, and the accountability of institutions—all of which are lessons relevant to rebuilding a nation.

For the MasterCard Foundation, this story is particularly instructive of how to partner effectively and respectfully in facilitating change that is owned by local people. We were inspired by Fonkoze’s approach to accompanying women as they “walked out” of poverty. In the aftermath of the 2010 earthquake, our foundation is partnering with Fonkoze to help rebuild its infrastructure, even as Fonkoze continues to help women living in poverty rebuild their lives. As Haitians and the international community act to build back a better and stronger Haiti, we should consider applying the lessons of Fonkoze in other parts of the world.

Reeta Roy is President and CEO of the MasterCard Foundation, an independent global foundation based in Toronto, Canada. The Foundation’s mission is to advance effective and innovative programs in the areas of microfinance and youth education, with a focus on Africa.
Learning from Fonkoze’s Accomplishments

Fonkoze’s story begins with an improbable notion. Traveling across Haiti in an old pickup truck in the early 1990s, Father Joseph Philippe, a priest, and Anne Hastings, a former management consultant, set out to create a bank to serve Haiti’s rural poor. To say this was a radical idea would be an understatement. The risks of providing financial services in rural Haiti were high, and no banks had yet ventured there. Since 1994, Fonkoze—an acronym in Creole for the Shoulder-to-Shoulder Foundation—has developed a full-service model of financial and support services for the rural poor. It is a bank that offers loans, savings, remittance transfers, and insurance, and provides a network of partners that deliver financial literacy education and health services.

As the organization has grown, Fonkoze’s leaders have persevered despite great adversity, from intimidation, murder, and other crimes to political crises, natural disasters, and the need to raise capital constantly from abroad. Most importantly, they have had to stay true to their vision in order to overcome the wide skepticism about the idea they created—establishing a successful bank to serve Haiti’s poor. From its beginnings in the back of Father Philippe’s pickup truck, Fonkoze has grown into an impressive national network of 41 branches with more than 200,000 customers and 750 employees.

So, what explains Fonkoze’s growth? Father Philippe and Anne had the courage to ask themselves, “Why not? Why shouldn’t Haitians live in a country that provides access to financial services to all citizens, especially the marginalized and rural poor, to enable them to improve their lives?” Fonkoze’s leaders started out by understanding their main customers: women. They listened and learned about the local women’s needs and challenges. They opened branches near markets in rural areas, where small enterprises owned by women are the dominant forms of commerce. Fonkoze’s market presence and provision of affordable and accessible financial services—in some cases injecting as much as half a million dollars in small loans—stimulated economic enterprise in the communities it served. By posting interest rates and fees at its branches and teaching its clients how to understand them, Fonkoze promoted fair and transparent markets that previously did not exist.

Fonkoze’s remarkable story... teaches us rich lessons about leadership, tenacity, belief in a vision, empowering the poor, local ownership of solutions, and the accountability of institutions—all of which are lessons relevant to rebuilding a nation.
Fonkoze also built a grassroots institution based on a highly ethical business model that fostered trust and confidence among the poor. Its microfinance groups, each comprised of five women, are organized into solidarity centers of six to ten groups. Each center is close to a Fonkoze branch and elects a chief who represents it at branch caucuses. These centers also send representatives to a national assembly that elects the majority of Fonkoze’s board of directors annually. Fonkoze helped the poor organize themselves, and today thousands of women across Haiti expect accountability from their bank.

Fonkoze was also open to learning from other microfinance leaders around the world—an institutional strength that rapidly facilitated its own innovations. Over the years, Fonkoze has been recognized for its innovative methods in combating poverty. The “staircase out of poverty” program was adapted by learning from another leader with a deep understanding of the challenges of extreme poverty, BRAC.

**Building Back Better and Stronger**

Immediately after the earthquake, this country that has teetered on the edge of chaos for several decades found itself in a place where nothing was functioning—no government, no banks, no commerce, no law enforcement, and, at moments, no hope. Haiti is now embarking on the long and difficult rebuilding process. The challenges remain overwhelming and the prospects for success are uncertain. Reconstruction must take place across every area of human endeavor: new roads, homes, offices, schools, hospitals, and other infrastructure. But, more critical to Haiti’s future is the re-creation of its political, economic, and social institutions. Organizations like Fonkoze provide a solid foundation on which this infrastructure can be built.

President Bill Clinton and others frequently talk about the opportunity at hand to “build Haiti back better.” Better starts with involving everyone in a vision of a new future for the country, a future in which Haiti stands on its own and is not forever dependent on foreign aid. Better means fostering a political and social structure that is open, honest, and responsive to the basic needs of its population—good schools, clean water, health care, and housing. The international community is helping on all of these fronts, but Haitians must build their own future. They need to build and hold accountable the institutions that will provide and sustain basic needs as they create a diversified, growing economy.

Microfinance institutions and other financial providers will need to play an important role in developing this type of economy by offering products and services that will enable people to build assets and grow their businesses. These institutions will need to offer the convenient and affordable services that the poor need to restart their lives in ways large and small: sending a child back to school, rebuilding a damaged home or business, starting a new business, or simply providing food and water. But institutional strength also means looking ahead; for example, by providing customers with insurance that helps them survive a setback or another disaster in the months or years ahead.
Furthermore, investment must be directed to where the majority of people live—rural Haiti. For too long, the lack of economic opportunities in rural areas has spurred migration, especially by young people, to Port-au-Prince. As a result, in recent decades, services, investment, and jobs have been concentrated in the urban areas, thus creating two economies in Haiti—one in the capital and one around the rest of the nation. But the earthquake triggered an exodus out of Port-au-Prince to the countryside, so by investing in infrastructure, schools, and business in rural areas, Haiti now has a rare opportunity to foster a more robust economy across isolated communities and create more balanced growth across the country.

The most powerful opportunity for building back better and stronger may rest with Haiti’s young people. More than 50 percent of its 9.2 million population is under 18 years of age. Despite the poverty and challenges they face, this is a generation of young people filled with aspirations and ideas about a brighter future. I met and saw some of them in action when I visited Haiti. What they need and want are skills, role models, mentors, and the resources to be productive and to lead their country into tomorrow. As Haiti rebuilds, it should go to great lengths to engage the very people who have the greatest stake in the future of their nation, and who also have unbounded energy and a new ethic.

Building Back Better Around the World

Like Haiti, there are many other developing countries that face challenges of weak governance, high levels of poverty, the need to educate a young population, and civil conflict. They, too, need ways to build better and stronger political, economic, and social institutions that will lead to economic growth and social stability.

For our foundation and other funders working in global development, we know that making progress requires a certain resolve. In most instances, solutions to the intractable and complex problems of poverty are not obvious. But certain qualities do stand out: leadership, counterintuitive ideas, and the tenacity of an organization to stay the course in addressing these challenges despite the inevitable setbacks. When these qualities are institutionalized in organizations that treat people fairly and in a transparent way, they build trust and social capital. That, in turn, leads to the confidence needed to start a new business or expand an existing one. When such confidence ripples across entire communities, people begin to realize their potential and a country’s economy can grow, its citizens can prosper.

Progress begins with identifying current and potential leaders who are embedded in their community and committed to working for the people. In Haiti, these leaders include Fonkoze, GHESKIO, HELP, and Partners in Health, to name a few. The same is true in other parts of the world, where leaders are building institutions that are accountable to their citizenry. In my travels, it is the conversations with leaders and young people about their giant ambitions for the future that fuel my optimism, and my belief that progress is possible in spite of the obstacles.
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 doorway 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.”

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. 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.
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.

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.”

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, 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
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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 micro- enterprises (<$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. 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 Haitian 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
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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

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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 hur-
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...dles, 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.

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.

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.”

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.
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. 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.

Catherine F. Lainé


Michael Carey

Strategies to Support High-Growth Enterprises in Haiti

Innovations Case Commentary:
Appropriate Infrastructure Development Group

For every person who is engaged with organizations working in Haiti, Catherine Lainé’s narrative of the moments following the earthquake of January 12, 2010, will be a poignant reminder of the shock and the sense of uselessness we all felt as we watched the CNN reports live from Port-au-Prince. I was still watching in Dublin in the early hours of January 13, as we attempted to make contact with our colleagues and Haitian friends. AIDG’s response to that emergency was mirrored by other similar organizations, as they cleverly applied their capabilities to suddenly revised priorities and did their best to respond to the new, more urgent, and more extreme needs of the people they served. By applying its skills and connections, AIDG found a way to participate in the immediate emergency response in a highly effective manner. Its support of Shelter2Home illustrates how a business development organization can use its expertise to help provide a response to a real and dire social need.

Nature has set some high barriers to the development of Haiti with the risk of hurricanes, tsunamis, and earthquakes, but it is the man-made barriers highlighted in this case that deserve the most attention. While Haiti could be better prepared for and respond more effectively to the inevitable natural disasters, the Haitian leadership, supported by the international community, can and must take steps to remove many of the man-made barriers.

One crucial short-term need identified by AIDG is for skilled masons and builders. The devastation in Port-au-Prince was a direct result of low building standards and workers’ poor construction skills. As highlighted in this case, there is a real need to produce more skilled workers as the rebuilding process commences. Building back better will demand stronger construction skills and higher building standards.

The case also highlights the gap in support for small and mid-size enterprises (SMEs), a vital sector of Haiti’s future economic success. Many of the current

Michael Carey is Chairman of the Soul of Haiti Foundation.
There are, I believe, two potentially significant responses required in Haiti today. First, there is a need at a macro level to establish an environment in which enterprise can flourish...

The second response required is at a micro level, to address the development needs of individual companies.

The message in this case highlights the great opportunity facing Haiti in the coming years. If international business can be encouraged to play its full role and to work closely with the indigenous community of business leaders, then Haiti’s future economic outlook can be bright. The private sector has a vital role to play in establishing sustainable, profitable businesses that provide local jobs and create wealth for the nation.

There are, I believe, two potentially significant responses required in Haiti today. First, there is a need at a macro level to establish an environment in which enterprise can flourish. This calls for the removal of the man-made barriers that have restricted Haiti’s economic development, including addressing land tenure issues, systematically providing assistance and guidance for foreign direct investment, identifying and endorsing local Haitian entrepreneurs as potential partners, and defining and promoting a positive international image of Haiti as a place to do business. These macro issues can be addressed by strong Haitian leadership and by using the skills and resources of the international community. The AIDG business plan competition can play a role in that response. The potential for Haitian busi-
Strategies to Support High-Growth Enterprises in Haiti

ness leaders and well-trained returning Haitians, such as the two who started ENERSA, is limitless if these macro issues are resolved.

The second response required is at a micro level, to address the development needs of individual companies. International entrepreneurs have shown a real interest in engaging with or investing in Haiti. The success of Digicel is an outstanding example of the potential for foreign direct investment. Other new investors will follow, and as they aim to establish sustainable, profitable firms, many will partner with local Haitian entrepreneurs. As those micro barriers fall, great opportunities will emerge for the international business community to engage with individual businesses in Haiti.

My experience with Haitian entrepreneurs has introduced me to highly capable professional business leaders who have established and built their organizations despite the many barriers that exist in Haiti. To borrow from a well-known song, if they can make it there, they can make it anywhere. Entrepreneurship has been defined as creating something with limited and restricted resources, and many Haitian entrepreneurs have proven themselves capable in the most difficult environments. Matching entrepreneurs from developed countries as investors or mentors with these high-growth potential, and highly resilient, Haitian enterprises is, I believe, a recipe for real and sustainable success. With the added energy and investment of international entrepreneurs, Haitian businesses will be able to build their skills base, gain access to new customers, and create more and better local jobs.

The opportunity for international businesses and entrepreneurs to invest in Haiti is a real and exciting prospect, particularly for those seeking to build an enterprise while also making a major, positive social impact. That social impact will be greater if those opportunities are pursued in partnership with a local entrepreneur. In my experience in Haiti, the international investor has much to learn from Haitian partners as they apply their entrepreneurial flair and unquestionable resilience.

I hope AIDG’s efforts in Haiti will be an inspiration to others. Through its efforts, the needs in Haiti are now more clearly defined; the appropriate resources now must be allocated. A real need exists for smaller organizations like AIDG to collaborate with other likeminded groups, and to build on the connections made on the ground in Haiti or with other members of the Clinton Global Initiative who share their aims and dreams for a better Haiti.
I was in a meeting on January 12, 2010, when I heard about the earthquake in Haiti. The moment is still vivid in my mind because we had been working for months with our partner, the EKTA Foundation, on a plan to make information and communication technologies (ICTs) accessible and sustainable in rural areas of Haiti. I had planned to fly to Port-au-Prince with another Inveneo cofounder on January 15, where we were to stay at the now-collapsed Hotel Montana to research opportunities and connect with the local tech community. Then the earthquake struck. It wasn’t until hours later, after trying to reach our Haitian contacts, that we realized the extent of the devastation. Our connections with Haitian colleagues made our commitment immediate and more personal.

Later that day, we met with our partner NetHope, a collaboration of 31 of the world’s leading international humanitarian organizations that share technology best practices. Our conversation immediately turned to the tragedy in Haiti. We had been working with NetHope on a large-scale ICT project for relief camps across the world, but as they counted the number of their member organizations directly affected by the earthquake (20), our conversation shifted to ways we could address their urgent needs.

For many disaster response veterans, the Haiti earthquake represents a turning point in our collective thinking about the value of ICTs in humanitarian relief efforts. A range of ICT-focused initiatives have demonstrated that technology—from accessing detailed maps of the affected area, to turning simple SMS messages into life-saving systems, to establishing broadband Internet connectivity to humanitarian organizations—improves both the speed and substance of relief efforts. The impact of these voluntary and even spontaneous initiatives was real, measurable, and widely publicized. Their success, even in the absence of any plan-
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Léogâne, post-earthquake. Access to online maps was critical for rescue and relief efforts.

...ning or coordination, hints at the true potential of ICTs to revolutionize disaster preparedness and response.

This article provides a play-by-play account of Inveneo’s efforts to reestablish connectivity for humanitarian organizations working in Port-au-Prince immediately after the earthquake, as well as the impact of and challenges involved in those efforts. It outlines how relationships formed through the Clinton Global Initiative (CGI) proved critical to the success of these efforts. It also lays out our plans for continued collaborative efforts to bring broadband connectivity to the rest of the country, where it is critically needed. Inveneo’s goal, in combining sustainable solutions with capacity-building development programs, is to deploy a digital infrastructure that will:

- Accelerate ongoing disaster preparedness, relief, and rebuilding efforts
- Dramatically improve the quality of education and health-care training and delivery
- Enable and streamline microfinance and other business development programs
- Lay a foundation for locally driven development throughout Haiti, particularly in rural areas
- Improve accountability and transparency for local government, multilateral organizations (UN agencies), and international non-governmental organizations (NGOs)
The Value of ICTs in Humanitarian Relief Efforts

• Give voice to hundreds of thousands of disconnected and disempowered Haitians as they come to grips with their experiences over the past six months and beyond

Our success or failure will depend, in part, on a shared willingness to think innovatively about how ICTs—especially broadband connectivity—can be combined with relevant social programs and novel business models to become an engine for rebuilding a new and better Haiti. It will also depend on the sort of positive collaboration the CGI has enabled to date.

DECISION TIME

Before January 2010, Inveneo didn’t think of itself as a disaster response organization. We work in some pretty troubled settings—Sierra Leone, the Democratic Republic of Congo, Northern Uganda, and Mozambique to name a few—but on a different, less emergent timeline. Inveneo typically works in support of NGOs that deliver vital services such as health care, education, relief, and microfinance in rural and low-resource settings. These places are usually hot, humid, and often dusty—not ideal for sensitive electronics. Grid power, if available, is generally unstable and unreliable. What Internet connectivity exists (if any) is slow and extremely expensive. Meanwhile, these settings often have a shortage of the skilled ICT personnel needed to ensure that systems can be repaired when something goes wrong.

To overcome these challenges, Inveneo deploys ultra-low-power computing systems that are affordable and sustainable where typical computer systems are not.
not. Our expertise in point-to-point wireless links can provide, in the right circumstances, reliable broadband hops spanning distances of 50 to 60 kilometers.

Inveneo also trains and certifies in-country partners with the expertise to install and troubleshoot ICTs. These partners then provide ongoing local support when problems arise, calling on Inveneo for backup support with Inveneo-certified solutions as needed. Inveneo is fervently committed to building local capacity and developing long-term local partnerships.

In our typical mode of work, projects progress from initial assessment to design to deployment over many weeks or months. In considering our potential response to the earthquake, we were acutely aware of our limitations. We did not have a ready stock of equipment and had limited experience making air travel and freight arrangements into disaster zones. Our involvement in the response to Hurricane Katrina made many on our team hypersensitive to the importance of having both a well-defined mission and appropriate tools to get the job done. If we were to respond effectively, we needed a clear plan of action.

On the other hand, Port-au-Prince, powerless and disconnected, suddenly looked a lot like many of the areas where we work. Thousands of NGO staff and volunteers flooded into a country where public phone systems were completely down and mobile phone systems were overwhelmed. Even a week after the earthquake, just 20 of the country’s 50 radio stations were back on the air, and the two leading newspapers were still unable to print. These were not luxuries but crucial gaps in post-earthquake civil society. Even U.S. Secretary of State Hillary Clinton identified communications, along with food, shelter, and medical services, as one of the most critical needs in the Haiti response.

NetHope was deluged with requests for assistance from member organizations in urgent need of communications on the ground so they could help organize and deliver rescue and relief services, make decisions involving several regions and partners, order necessary supplies and equipment, and consolidate regional data and report progress to funding agencies. With member organizations as prominent as Save the Children, Oxfam International, Mercy Corps, the International Rescue Committee, Catholic Relief Services, and Concern asking for help, it was imperative that their needs be addressed immediately. The urgent need for communications, and our ability to serve, was clear. A day after the earthquake, Inveneo began planning its strategy to reconnect the organizations that would play a key role in Haitian relief.

ALL HANDS ON DECK
Inveneo’s mission in Haiti was precise: reestablish broadband connectivity for NetHope member organizations as quickly as possible. While we were confident of our technical capabilities, we would need help if we were to succeed. It was collaborative partnerships, many of which were made possible through CGI, that made the difference.
A note of background: Inveneo is a small nonprofit with a staff of 15 people, many of whom are traveling in various places around the world at any given time. We needed to quickly purchase, organize, repackage, and transport what ended up being 1,500 pounds of networking equipment into a country that, at the time, was mostly flying people out and only letting in rescue teams and medical staff. CGI team members leveraged their contacts to get UPS staff personally searching a warehouse to find our packages and ensure a special delivery late on a Saturday night.

Through CGI we met the EKTA Foundation, a family foundation with a compassionate interest in serving Haiti partly because of the family’s history running an auto electronics manufacturing facility in Port-au-Prince. In the immediate aftermath of the earthquake, the EKTA Foundation was our first funder for the emergency communications effort and remains a key strategic partner in the subsequent phase of our work. Simply put, without EKTA, our work in Haiti would not have been possible, and CGI is largely to thank for this.

As early as 2006, CGI had also introduced us to the Cisco Foundation, which has since become one of Inveneo’s strongest allies and strategic partners. In addition to supporting projects and capacity development across East Africa, Cisco has funded Inveneo’s work to integrate robust yet easy-to-deploy network management software. This software played a critical role in the initial wireless network in Port-au-Prince, and will continue to do so as we bring connectivity into rural Haiti.

Inveneo’s board of directors also played a pivotal role in the Haiti response. One member connected us to additional critical funding from Aruba Communications, another helped us connect with the Federal Communications Commission and the U.S. State Department to make them aware of our work and, perhaps most importantly, helped us find technical volunteers with the specific skills we needed to support the mission. Volunteers helped finalize our network management software, perform installations in Haiti, raise funds, track requests for help, and manage logistics. These volunteers proved crucial to our success in Haiti. I clearly remember arriving in Port-au-Prince, daunted by the task of finding all of our equipment — 40 Pelican cases of it — amidst the field of supplies from dozens of organizations that were strewn across the airport tarmac. We found and retrieved it all promptly, in part because a team of conscientious volunteers had carefully inventoried, labeled, and kitted everything in advance.

Once on the ground, our partner NetHope proved essential to our success. It’s hard to overestimate the value of local knowledge amidst the chaos of post-quake Port-au-Prince, and it was NetHope’s promise of support that was the deciding factor in Inveneo’s decision to respond. In addition to providing critical bridge funding, NetHope coordinated and streamlined communications with all 20-plus of its Haiti-based member organizations, helped us identify in-country transportation and security, and find accommodations for our staff. In the first weeks we slept in tents on the lawn of CHF International along with other NGO staffers.
No one wanted to be inside a building due to the frequent aftershocks, and when we did find ourselves indoors during aftershocks, we ran. Fast.

Our NetHope contacts informed us that they had received an offer of donated bandwidth from ITC Global, a leading provider of satellite-based network connectivity. Serendipitously, CHF had an unused dish on the premises, and so the plan came together almost on its own. Located in Petionville in the hills above Port-au-Prince, CHF’s office provided an excellent staging ground and vantage point for the line-of-sight links that WiFi requires. We decided to go with WiFi frequencies because the rules on spectrum allocation were unclear, and WiFi frequencies are generally acceptable to the FCC and Conatel, the local Haitian regulator.

Our initial strategy was to first stabilize and expand CHF’s VSAT link, and then build outward to as many other NGOs as possible. Priority would go first to NetHope member sites, and then to other nonprofits and relief groups as they approached us.

In those first critical weeks, we worked 18-hour days, performing WiFi installations and coordinating the next day’s installs late into the night to the hum of the generator. We were all very much on task, painfully aware that the speed of our efforts could help save (or lose) lives. Meanwhile, our CHF hosts mentioned that one of their staff members was stuck inside a collapsed three-story shopping mall and was communicating with colleagues via SMS messages, assuring them that he was okay and uninjured. Sadly, they weren’t able to get him out in time and eventually the text messages simply stopped. We worked even harder. Through it all, the streets had an eerie feeling, somehow both deserted and teeming with dispossessed. Pleas for help were painted on surfaces everywhere.

I am not a veteran of many emergency situations, but I imagine they’re all similar in the overwhelming feeling of urgency. We knew how little time we had, how many people remained in precarious situations, but we also knew that in order to do things right, we needed to work as thoughtfully and methodically as possible. This paradox continues to guide our work in Haiti.

KEY CHALLENGES

We faced numerous challenges implementing this project. In the U.S., managing logistical details for deployment, engaging funders and partners, and backstopping the technical crew in Haiti all added to the complexity of the work. In Haiti, the challenges ranged from often frustratingly simple logistics and communications problems to more complex and political issues. In particular, we needed to make certain that our relief efforts and the new systems we deployed did not, in the end, undercut the viability of the local ISPs and IT service firms.

As a small organization, Inveneo runs a lean operation. While we had the know-how to deploy the right technologies in this environment, we didn’t actually have extra equipment on hand. One of the first phone calls I made was to Ubiquiti Networks, a manufacturer of wireless broadband networking equipment. We at Inveneo had long been a fan of Ubiquiti’s antennae, radios, and base sta-
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tions, and had used them to connect communities in even the most rugged conditions throughout sub-Saharan Africa. We appealed to the president of Ubiquiti, who was thrilled to help us out. But, unfortunately, it would take a few weeks for them to process the donation. In the meantime, we purchased some stock ourselves—a significant expense that later was the basis of the EKTA Foundation’s initial donation. Three weeks later, in time for the second wave of Inveneo engineers to travel to Haiti, the Ubiquiti equipment donation had arrived.

We have had our share of glitches shipping equipment to Africa and Asia, so we knew it was important to have staff travel with the gear. Our staff and volunteers investigated every travel option, but all ports of entry into Haiti were in a holding pattern. Commercial airlines would not (or could not) publicize the date they could recommence flying into Haiti, and freight operators had been told that only essential government gear could go through, so they were reluctant to agree to the transport. At one point, my colleague Andris Bjornson and I were booked on six different flights, most of which would take us through Santo Domingo in the Dominican Republic, from where we would make the overland journey into Haiti.

Thankfully, Airline Ambassadors came through for us, saying we should fly ourselves and our equipment to Chicago and then hop on United’s first goodwill flight to Port-au-Prince. We jumped at the chance. Surely this was a positive sign. While we once might have had to queue up behind other relief organizations, the disaster response community was beginning to value the role ICT was playing in this emergency.

Anyone who’s ever been to Haiti can attest that even before the earthquake, travel by car through Port-au-Prince was neither easy nor predictable. In post-earthquake Haiti, getting from point A to point B was an ongoing battle. Key roads were impassable, there were no street signs or building numbers. Concrete, rebar, and crushed vehicles were scattered over the landscape. Makeshift shelters quickly spread into the streets, obstructing traffic even more. Most of the individuals we were working with were new to Haiti and could not easily direct us to their location. Critical hours could be wasted simply by making a wrong turn, so we planned our routes carefully. Without a working mobile phone network, making calls was impossible and even text messages took a long time to come through. Every morning, we had to hope anew that our days would unfold as intended.

Unfortunately, we didn’t have reliable location data for the NGOs we sought to help. Few NGOs had GPS coordinates for their offices in Port-au-Prince. We relied heavily on a team of volunteers in the U.S., some of whom fielded the initial requests for connectivity, and others who helped schedule our next day’s installations and pinpoint precise locations. Since many street signs and other directional markers had been obliterated, we needed to be creative in identifying locations. We depended heavily on OpenStreetMaps and Google Earth, which had released massive amounts of up-to-date, detailed satellite imagery of Haiti almost immediately following the earthquake. Our U.S. volunteers contacted NGO staff in Port-au-Prince and honed in on their locations by asking the proximity to landmarks made
visible on Google Earth: “Are you at the building with the large red cross painted on the roof, next to the tent camp with blue tarps?” Sometimes we even needed to find a Haitian in the diaspora, based in the U.S. or Canada, and put him or her on the phone with NGOs to answer questions like, “You know that gas station near Delmas 23? Well, just beyond that there’s a little alley with no name; can you identify that intersection?” Clearly, this process often entailed a good deal of back-and-forth. But once volunteers identified the GPS coordinates, we loaded them into our Garmin GPS and uploaded them to OpenStreetMaps.org. With NGOs all over Haiti also using OpenStreetMaps, we collectively assembled a detailed map of Port-au-Prince with virtually zero centralized coordination.

Another supporting player in our effort was GeoChat, an open source disaster response application developed by INSTEDD. We used GeoChat to help with group communications between our team in Haiti and our team in the U.S. The application proved particularly useful when the field team required critical state-side support for a networking firmware upgrade. GeoChat’s combination of email and SMS messaging functionality smoothed communications. The team felt that if we had trained adequately on its use prior to deployment, GeoChat could well have been even more valuable.

Once we began adding NGOs, connecting them as nodes on the WiFi network, we found it increasingly difficult to manage the network itself or to perform “traffic shaping,” which allocates bandwidth and usage among the users. My Inveneo colleague Andris went online to seek answers to issues with OpenNMS, a network management application platform, and came across a community of OpenNMS engineers. Initially they helped Andris and me with our questions on their own time, but news of this pro bono work and how it was benefiting those in the Haiti earthquake reached the founder of OpenNMS, who then gave us a year of free enterprise-level support. The open source community yet again came through to help out one another.

Over the next five weeks, Inveneo engineers cycled in and out of Port-au-Prince, making sure that the 18-hour days didn’t take too much of a toll on our ability to function and manage the workload. Andris and I returned to the U.S., and Brian, another staff engineer, and Oliver, a full-time volunteer, took our places in the CHF camp and on the roofs of humanitarian organizations across the city.

We responded to all of the requests from NetHope NGO members, seeing to each of their unique technical needs and connecting them to the main network. With the ability to access reliable, high-speed Internet, these organizations could return to their operations at a pace comparable to before the earthquake, and in some cases, faster and more efficiently. For Catholic Relief Services, the earthquake brought an additional throng of volunteers to help them with emergency relief work. With that, their need for broadband grew to accommodate a 100-user network.

The increase in users on the network meant we had to be smart about positioning. That is, NGOs with offices at higher elevations would be prioritized over those in lower-lying places so they could serve as relay hubs, hosting the antennae
that would transmit radio signals to other locations. The “line of sight” concept, which we’d always understood as integral to the success of strong WiFi signals, took on new meaning as we climbed rickety ladders and stood on the roofs of NGO offices that shifted with every aftershock. From there we surveyed the massive destruction in the city below, but also the relative distance to another access point, which could mean connectivity, improved communications, and enhanced social services. We pointed transmission antennas in the direction of receiving antennas, hoisting them on speaker stands, and securing them with sandbags. Inelegant? Perhaps. Effective and prompt? Definitely.

When it came to power options, we were forced to be a bit forgiving and forego the solar-powered setups we prefer. Instead, we found most of the NGOs equipped with generators, which can be costly to maintain, but in post-earthquake Haiti they were highly prized. We made do. To take full advantage of them and establish an environment that was as stable as possible, we added battery backups for each link on the network. This way the battery, charged initially by the generator, could support the node if the generator were to fail. This also ensured the health of the entire network, since the web-like nature meant that the failure of one link could potentially adversely affect the others. Again, inelegant. We do intend to employ solar power when connecting Haiti’s rural areas, as it is a more environmentally sustainable solution.

As the ISPs began to get back on their feet, they were concerned that they had lost many of their best customers who were now receiving free or reduced-cost connectivity from Inveneo and its partner organizations. U.S. government officials and businesspeople alike expressed concern that Inveneo had inadvertently usurped the market for Internet service provision. This issue is a genuine problem with aid work around the world, namely, how to implement an effective disaster response without undercutting local institutions in the process. Fortunately, we were well aware of the potential for conflict and had begun a dialogue with the local ISPs even during the initial days of the response. By the time these firms were back in action, we had told them that we had no intention of becoming a local ISP, and that we were even committed to helping them extend and improve their services. Our vision saw this expansion within Port-au-Prince and, more importantly, to entirely underserved areas outside of the capital region. We formed collaborative relationships with two of Haiti’s largest ISPs, MultiLink and Access Haiti. Within one month after the earthquake, Andris climbed the Bouthillier communications tower 40 meters (over 130 feet) above Port-au-Prince and installed a Ubiquiti dish and antenna. This gear provided a long-distance WiFi link, connecting our network to MultiLink’s, with a similar installation connecting to Access Haiti’s WiMax network. Both of these terrestrial networks provide important redundant Internet backhaul for the original VSAT satellite-based network in Port-au-Prince.

In addition to our relationship with Haitian ISPs, we knew how important it was that we invest in human as well as physical infrastructure. For our technology deployments around the world, we generally prefer to pass client work to local IT
businesses so that funds, opportunities, and knowledge remain in-country. In Haiti, however, a serious shortage of ICT skills had existed pre-earthquake and now was even worse. Technical academies, business incubators, and trade associations just weren’t there. Even the potential partners we’d made relationships with before the earthquake were now focused on their own survival or, even worse, were unreachable. We ultimately engaged a group of Haitian technologists, Haiti Technology Group (HTG), who continue to manage the Port-au-Prince wireless network. Nevertheless, we have found ourselves constrained by a fairly limited technical staff pool. Working with NetHope, our goal is to identify, train, and engage more technologists.

RESULTS

Eight days after the earthquake, Inveneo had established connectivity to eight NGOs; 22 days after the earthquake, the number was 18. Access to broadband made an enormous impact on each of their relief operations, often improving their network’s speed and reliability over pre-earthquake conditions. Some had no connectivity before the earthquake, while others had only a shaky 160-kbit connection—the equivalent of three dial-up connections. When linked to the long-distance WiFi network, this became comparable to a cable or DSL line.

NetHope member CARE, a leading poverty alleviation organization, employed an unstable and unreliable connection pre-earthquake in its Port-au-Prince office. After the earthquake, staff said connectivity was so stable that they were able to expedite all their purchases and strategic decisions with partners in the Dominican Republic, the U.S., and London. They were also able to accommodate the influx of visiting staff and deliver high-priority, urgent information worldwide. Their pre-earthquake connection could not have tolerated the increase in capacity needs.

PROFAMIL, an affiliate of the International Planned Parenthood Federation, used its connection to communicate with partners in the Dominican Republic and New York City. With its new bandwidth, staff and physicians exchanged files, discussed particular cases, and counseled prenatal and post-partum patients with greater ease and reliability. We’ve found that we don’t even hear from some of the most satisfied client NGOs, since they’re able to refocus their attention on work rather than on troubleshooting technical issues.

NetHope member Save the Children used its network connection to monitor CNN and the BBC via live streaming, which helped inform the work of their communications team. What previously may have been considered a luxury turned out to be essential to the organization’s emergency relief work. Save the Children staff told Inveneo that by bringing Internet connectivity to them as quickly as we did, we were literally saving children’s lives. If the connection between information and communications with relief operations wasn’t apparent before the earthquake, it is now.

Today, the Port-au-Prince network is still in operation, supporting some 18 organizations in 35 locations with reliable and redundant Internet connectivity. It
The Value of ICTs in Humanitarian Relief Efforts

PHASE TWO

Inveneo’s emergency work in Port-au-Prince has largely concluded, but our commitment to Haiti continues. Fortunately, our success in responding to the needs in Port-au-Prince accelerated and galvanized our relationships with a wide range of NGOs, as well as with local Haitian ICT service firms and ISPs. Both types of organization will be critical to the success of the next phase of our efforts in Haiti.

Figure 1. Potential Benefits from Broadband

<table>
<thead>
<tr>
<th>Sector</th>
<th>Potential Benefits from Broadband Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGOs</td>
<td>More efficient and effective humanitarian services, better collaboration and communication among and within agencies, timely and accurate reporting to funders</td>
</tr>
<tr>
<td>Hospitals &amp; Health Clinics</td>
<td>Access to medical expertise in other locations within and outside of Haiti, e-medicine, remote diagnostics, medical training, improved record-keeping and sharing, inventory management</td>
</tr>
<tr>
<td>Schools &amp; Universities</td>
<td>Teacher training, 21st-century skills development, health, hygiene, and entrepreneurial skills training</td>
</tr>
<tr>
<td>Government</td>
<td>Improve relations among government and businesses, NGOs, multilateral institutions, and its own staff; improve communication to its citizens and the world; make government programs and information more accessible</td>
</tr>
<tr>
<td>Micro-finance Institutions</td>
<td>Enable management information systems to be transparent, scalable, and sustainable</td>
</tr>
<tr>
<td>Businesses</td>
<td>Speed commerce, provide small business opportunities such as Internet cafes and trading</td>
</tr>
<tr>
<td>Tourism</td>
<td>Build a platform for future tourism services and marketing</td>
</tr>
<tr>
<td>Radio Stations</td>
<td>Better access to syndicated content</td>
</tr>
<tr>
<td>Community Centers</td>
<td>Encourage entrepreneurship, public education and distance learning, e-government services</td>
</tr>
</tbody>
</table>

is likely to be up until at least the end of 2010, as the organizations enjoying the access have repeatedly pushed to keep it up and running. In addition to stable access with multiple backups, the network has demonstrated another point of value: that the NGOs deserve and demand a lower price and reliable service. Collectively, these organizations have become more intelligent about technology and have established their buying capacity. Now they represent one of Haiti’s largest customers for the local ISPs, bringing more than $25,000 per month into the local economy. Local ICT company Haiti Technology Group now manages and maintains the network with Inveneo, providing technical support on an as-needed basis. HTG has hired additional staff to help manage the workload and, we anticipate, will ultimately be a leader in a new Haitian ICT revolution.
We are working to extend technology access and connectivity to the rural and remote parts of the country, where a digital infrastructure has never existed and where a flood of citizens from Port-au-Prince sought refuge after the earthquake, in part due to the government’s urging. Inveneo surveyed the country with the assistance of some of the NGOs we had first encountered through the Port-au-Prince wireless network. Together we prioritized six regions that host significant NGO relief and recovery activities or have experienced significant population growth due to internally displaced persons within the past few months. These areas, often quite rural, include the epicenter of the earthquake:

- Léogâne, Petit-Goâves, Grand-Goâves
- East of Jacmel
- Mirebalais, Saut-d’Eau area
- Gonaïves, Saint-Marc area
- West of Cap-Haïtien
- Jérémie area

Both the need and the challenges are immense, but so are the potential payoffs. Hundreds of thousands of Haitians remain stuck in tent camps, unable to reoccupy their destroyed homes or, in many cases, even to rebuild due to the chaos surrounding land titles. A large number of these people are likely to be homeless for years. Hundreds of NGOs and government organizations—hospitals, schools, microfinance institutions, displaced persons camps, orphanages, and more—are currently struggling to provide basic needs for these people and their communities.

While water, food, and shelter are clearly at the top of the list of priorities, information and communication tools are a crucial means to achieve these essential ends. Reliable broadband connectivity can help streamline delivery of essential services while also laying the foundation for locally driven rebuilding and development efforts. Broadband penetration has been shown to have a positive impact on growth and productivity, by some measures even higher than mobile phones, with a mere 10 percent increase in penetrations yielding as much as 1.5 percent increase in overall labor productivity in the five years since its inception. Since this figure is for the economy at large, it is likely that the productivity impact among NGOs, whose staff are already familiar with computers and the Internet, would be many times higher. Moreover, it is these very NGOs that will spearhead needed efforts to bring Haitians online en masse, with all the potential benefits for their education, health, and livelihoods.

To succeed, however, this effort must first address the question of why a digital infrastructure has not yet been deployed outside Port-au-Prince. We see two main reasons: first, Haitian ISPs have not had clear and sufficient demand from prospective clients in these areas, whereas demand in Port-au-Prince is relatively robust and easy to satisfy with limited incremental investment. Second, the infrastructure these ISPs typically deploy, although appropriate for high traffic and densely populated regions, is not cost effective in more rural areas.
Our planned solution is to lower overall project risks and costs by aggregating demand among NGOs, as we did successfully in Port-au-Prince. This invites greater investment from local partners by leveraging low-cost WiFi technologies and training local services firms to provide ongoing network support. Additionally, by seeking external funds to offset most of the infrastructure and capacity-building costs, we believe we can catalyze a broadly sustainable market for broadband connectivity, even in some of the poorest communities on earth. To ensure the widest and deepest possible impact, the network infrastructure should be owned by an independent entity—a cooperative of NGO clients, for example—with a specific mandate to make certain that access to the network is kept open to both users and ISP suppliers.

Inveneo is already moving forward in the first region of network expansion, at the epicenter of the quake, even as we continue to seek funding for this full initiative. In late July, we established the first critical link, from Port-au-Prince to Léogâne. This wireless backbone link spans 35 kilometers and provides stable connectivity of more than 50 mbps. Since then, we have connected four major NGO offices in Léogâne, including the Canadian Red Cross, Hands On Disaster Response, Save the Children, and IFEWA, with additional organizations in the queue.

CONCLUSION
As long as the original WiFi network remains up and running, the first phase of Inveneo’s work in Haiti remains open. We have been able to draw from a number of lessons learned and apply them to the second phase, and to our work elsewhere in the world. This second stage of work is a great potential model to be replicated in other countries; recognizing rural areas as new market opportunities, with broadband provision and local IT experts maintaining it, creates a new delivery system that benefits all parties. Yet this model of building local IT capacity differs from Inveneo’s standard model. Without the initial application of broadband to emergency relief work, the NGO and aid communities may not have seen its benefit and relevance in rural Haiti.

The innovations employed with the long-distance wireless network are not new per se, but their application in emergency situations and in rural or underserved areas can be considered novel. As Secretary of State Clinton noted in early 2010, “Innovation is not only the invention of new technologies; it’s any breakthrough idea that transforms lives and reshapes our thinking.” The WiFi network that we deployed in Port-au-Prince and the links we’re now establishing in underserved areas outside of the capital demonstrate the importance of a digital infrastructure that is accessible across all sectors of society. This broadband access has not only accelerated relief and rebuilding efforts; as internally displaced populations seek to rebuild their lives in more rural areas, it will lay the foundation for economic development and opportunity.
Mark Summer

At Inveneo, we’ve learned that it could prove valuable to have extra equipment and disaster kits on hand for emergencies. But more important than keeping additional supplies close by, the work in Haiti has taught us the importance of preserving relationships with a variety of stakeholders. Inveneo’s tiny size belies our ability to effect change and have an impact, and it has helped tremendously when we can turn to partners, funders, volunteers, and our colleagues at CGI to lend a hand—and lend credence to our work. Collaboration has turned out to be much more innovative than any technology we could have developed.

Immediately after a disaster such as the earthquake that struck Haiti, it is natural to think of the necessities: food, water, sanitation, housing. But Inveneo's experience demonstrates how a new factor has entered the equation: access to the Internet and other communications technologies. These services are now a critical component of disaster recovery—just as they will be a critical part of Haiti's long-term rebuilding process. In our work with Haiti over the last seven months, we have seen firsthand how Inveneo's services can save lives.

After the earthquake, international technology nonprofits, U.S. government officials, Haitian telecommunications companies, and Silicon Valley start-ups banded together to deploy an SMS-based emergency reporting channel for the affected population. The timeline of the collaboration was intense; the first four days of the group Skype chat fills a 300-page document.

On the day of the earthquake, crisis mapping organization Ushahidi launched a platform that allowed reports to be processed through email, web form, Twitter, or major news outlets. In a country where 30 times more people have access to mobile phones than to land lines or the Internet, the largest available channels for communicating needs were mobile phones and SMS. Within 24 hours of the quake, FrontlineSMS:Medic, Ushahidi, the U.S. State Department, and Digicel, Haiti’s largest telecommunications company, were working to establish a system to organize a flood of text messages from the ground.

On January 16th, working with the Thomson Reuters Foundation and InSTEDD, the Project 4636 system was launched and word of the free service was spread to community radio stations throughout Haiti: “Report emergencies and missing persons by texting to 4636.” Later outreach asked those texting to include their need and location. Once an SMS was received by the mobile operator, it was transferred to a website where roughly 1,000 members of the Haitian diaspora translated, mapped, and categorized every message. These structured reports were
passed to a team of students at the Fletcher School at Tufts University near Boston, who flagged and expedited messages that were actionable. These reports landed in a number of destinations, including feeds viewed directly by first responders, Ushahidi’s mapping platform, Google’s Person Finder application, and the Sahana Software Foundation’s database. Volunteers from around the world helped process the stream of messages.

Using this feed, responders and relief organizations took action. The majority of early messages were requests for search and rescue or emergency care, or missing person reports; after one week, messages shifted to reports of general needs, such as shelter, food, and jobs. Marine Corps first responders noted, “We are using the project every second of the day to get aid and assistance to the people that need it most.” Groups of people were pulled from the rubble after community members texted their locations. An urgent message about a woman bleeding out during labor was matched to coordinates, and a medical team helped with the delivery. We heard from clinics needing fuel to keep generators running and from hospitals offering use of empty beds. SMS reports led relief agencies to deliver food and water to an unmapped, temporary camp of 2,500 people. For the first few weeks, the volume of messages was small enough for volunteers to handle the entire load. As Project 4636 grew and thousands of messages arrived daily from the mobile operator, the original team began to look for a more scalable translation and cate-
Directing Relief Efforts and Creating Jobs through Text Messaging

They contacted CrowdFlower, a crowd-sourcing company based in San Francisco, to host the translation process. Samasource, a nonprofit outsourcing firm, stepped in to provide training to a local Haitian workforce to meet the additional demand for translation services.

Samasource partnered with 1000 Jobs/Haiti, an affiliate of Partners in Health, and the U.S. State Department to train 50 people in Mirebalais, a rural community outside Port-au-Prince, in basic translation and tagging methods via CrowdFlower’s web interface.

The biggest challenge we faced in the project’s initial phase was setting up the center in Mirebalais with the right equipment. Inveneo, a nonprofit that specializes in delivering information and communications technology solutions in challenging environments, played an important role in reestablishing broadband connectivity for relief organizations following the earthquake. Saving Samasource and local partners time and many headaches, Inveneo included the necessary equipment in their re-supply shipment marked for express delivery. Without that swift and successful collaboration, the project in Mirebalais would have been significantly delayed.

Samasource purchased 25 Eee PC netbooks—small, inexpensive laptops with a long battery life—and received a grant from the U.S. State Department to pay for a satellite dish. After a month of trial and error, the local team settled on a shift structure that kept the center open for 12 hours per day for translation work. For many months, power outages and satellite issues kept the center from functioning.
properly. In July, a team from Inveneo traveled to Mirebalais to conduct an IT audit and recommended some improvements to the setup after pinpointing problems with the satellite.

In addition to supporting Samasource staff by providing housing, Inveneo explored the creation of a microwave link from Port-au-Prince to Mirebalais, which would benefit surrounding communities in addition to the 1000 Jobs/Haiti center; its realization will depend on receiving further funding. The agile partnership between Inveneo and Samasource allowed the Mission 4636 system to evolve from a makeshift volunteer effort to a sustainable, job-creating system on an established micro-work platform.

When the initial volume of texts from 4636 decreased, Samasource workers completed other projects, including paid translation work for Google. The organization is now exploring partnerships with other nonprofits to scale the program that began with Project 4636.

After the earthquake, information and communication technologies filled new roles in emergency response, relief efforts, and long-term recovery. As witnessed by the digital work in Mirebalais, connectivity and technical support provided by Inveneo can create more such opportunities to help Haiti rebuild.
A man stripped of his culture is a slave.

—Swahili proverb

For several weeks in January 2010, the world witnessed one of the most extraordinary demonstrations of courage, dignity, and unity by a people ranked as the poorest and most politically unstable in the Western Hemisphere. The Haitian people showed the world how far it could go in its determination to survive against all odds—a resilience that seems embedded in the Haitian culture and way of thinking.

So why hasn’t that resilience, that common front the Haitian people present in the face of adversity, played its part in helping Haiti grow as a nation? How could a people who, in the midst of disaster, changed the world’s perception of its own humanity, apparently be unable to take charge of its own destiny, to build on its accomplishments, and secure its collective well-being? Having learned to manage unlikely alliances in order to secure their own collective freedom, how could Haitians be so devoid of a national conscience, the very motor of nation-building? The answer to this riddle seems to lie in Haiti’s past, and in the way the selective acceptance or rejection of its history has, over the years, shaped the mentality of its people.

Monique Rocourt is a Haitian citizen and a graduate of Western Illinois University. She founded, and until 1999 directed, the Methodist Vocational School and Methodist Publishing House of Frères in Pétionville, Haiti. An entrepreneur in the areas of advertising and recording, Monique joined the team of ISPAN, Haiti’s Institute for the Preservation of National Heritage, as a Consultant to the Director; she is also in charge of fundraising activities. Monique’s commitment to action at CGI is the development, with ISPAN, of a program called Education on National Heritage for Haitian children age 6 to 12, which will be implemented nationwide.
In *The Truth about the West African Land Question*, J. E. Casely Hayford wrote:

> It is a grand thing when a people recognize that it has a heritage of ancestral rights; when it feels that the past is not a nameless, shameful shadow, and can realize that its forefathers have in the long, long years evolved a system of customs and usages which are trustworthy, practicable and expedient in the economy and polity of the present . . . [and] seeks to preserve the old, not because of its antiquity but because of its intrinsic value.¹

Many criteria are used in defining national identity. It is generally thought that members of a nation are distinguished by their common identity, a shared origin, and a sense of common ancestry. Some people, despite displaying diverging personalities or beliefs, living in different places, or speaking different languages, still manage to see each other as members of the same nation, emphasizing their common history rather than their ethnic and linguistic differences. Others, however, define themselves not on the basis of the features they share but on those they lack or dislike. To quote Manuel Roxas, “A nation is something more than the people who inhabit a geographic area. It is a spirit, a tradition, and a way of life.” Ernest Gellner adds that “it is nationalism which engenders nations, and not the other way around.”

Along the same line, Eric Hobsbawm argues that nations are “invented traditions” and are defined by them. But traditions and culture are not developed individually. They emerge through the social processes in which individuals participate together throughout changing historical conditions, thereby creating traditions that promote national thought, philosophy, and spirituality, providing strength for the present and a direction for the future. They are a reflection of values and heritage that determine self-worth, dignity, and identity. They also embody history, perhaps the most important tool in shaping the consciousness of a people. A country that loses control of its history loses control of the future, for without history there can be no vision.²

Cultural identity is thus defined as “the identity of a group or culture, or of an individual as far as one is influenced by one’s belonging to a group or culture.” Culture, as a “historical reservoir,” is thus an important factor in shaping a national identity, which is authenticated through the presentation of a nation’s cultural heritage and often reflected in the way differences are voiced or even silenced.³ History in turn helps people see that they have a common past, with common achievements and common problems, thus helping forge a single national identity.⁴

The culture of a nation comprises many aspects. It is shaped and molded by the background of its people, their language and beliefs. It includes the many ways that people express themselves in words, movement, music and images. It reveals itself in the ways people choose to spend their time, the music they listen to, the books they read.
Building a Sustainable Future on the Grounds of a Rediscovered Identity

and the films they watch, the sports they encourage, and the historical sites and natural environment they protect. These factors shape how a nation sees itself and how it establishes its identity.5

Erik Erikson, one of the earliest psychologists to be interested in identity, showed how the development of a strong ego identity, along with proper integration into a stable society and culture, generally leads to a stronger sense of identity. In turn, a deficiency in either of these factors can lead to an identity crisis or confusion.6 Can that sense of confusion become a national phenomenon? Could that be the case for Haiti and its people?

THE HAITIAN PATHOLOGY

In his book Haiti Metamorphoses, Patrick Woog suggests that “the Haitians tend to consider each problem they must face as an independent entity or a more or less logical consequence of historical avatars.”7 He goes on to say that the problems that have constantly hindered or even blocked development efforts in Haiti have a common origin and are merely symptoms of a deeper ill: the Haitian people’s very way of thinking. This utterly inappropriate thinking, Woog argues, instead of serving as a nation-building tool for a newly independent Haiti only created a parody of what should have been a great republic. The marronage, the slaves’ perennial flight from bondage on the plantations, an act of resistance during colonial times, has mutated during the last decades into a form of flight from the Haitian people’s own history, its own culture, even from its own country, as its ever younger and increasingly disillusioned and desperate population struggles with its sense of identity. Some even think that the rapid increase of the Haitian diaspora is merely a manifestation of a trait now deeply rooted in the Haitian psyche: choosing to flee from its history, from its culture, and from itself, rather than confronting and resolving the seemingly insurmountable problems it faces, as if the gains from past battles are no longer worth protecting.

In Haiti’s post-colonial society, as in all societies born of slavery, the legacy of the past is only partly embraced and, in certain aspects, is traumatically rejected. This is particularly the case in Haiti, given its tumultuous history of wars, massacres, natural disasters, etc., which have been largely responsible for the loss of valuable patrimonial elements. That factor is further strengthened by formal interpretations of its history by its ruling classes, and often nurtured by conservative and retrograde ideologies.

According to Woog and many highly regarded Haitian scholars the construction of a real nation was never realizable and the country, throughout its history, has only succeeded in prolonging a feudal society crippled with countless archaisms. Perhaps Lyonel Trouillot, a writer, poet, and educator, has found the answer: “It is indispensable that the Haitian elites accept the country’s elements of traditional culture as structural principles of nationality. How can we build without memory?” In other words, Haiti’s culture should be the “ravaged base” on which it is high time to build hope for the future.
PERCEPTION OF NATIONAL HERITAGE IN HAITI

According to Albert Mangonès, founder of the Institut de Sauvegarde du Patrimoine National:

The majority of Haitians do not perceive the elements of their national heritage as collective treasures to preserve but rather as private properties somewhat related to those who govern the country. When those are ousted or disappear, the population strives to destroy all that was associated with them. And since most of those who govern did behave like tyrannical Caesars, their departure or overthrow is viewed as a liberation marked by the sacrifice of all their so-called properties. This is the reason why the historical monuments have often been the target of “dechoukaj” so dramatic for the country.

Commenting on the tendency of most Haitians to see history through particular prisms and thereby deny some of its key aspects, Daniel Elie, executive director of the Institute for the Preservation of National Heritage, added that in Haitian traditional or official historiography, everything happens as if history had started on the night of August 13 to 14, 1791. The preceding historical periods seem to be considered as only subordinate and are mentioned simply as “previous” periods aiming at explaining the general uprising of the slaves and the revolution of Saint-Domingue. All [is] based on an eminently racial problematic.8

Apart from the massacre of the Taïnos, the native inhabitants of the island of Hispaniola at the time Columbus arrived, Spain’s role in Haiti’s history is essentially ignored. Spain’s decision around 1520 to abandon the western part of the island—the current Haitian republic—has certainly facilitated this historical excision. Even the sites that date back to that period are simply ignored—the parish church of Hinche, which dates back to 1520; the town of Jacmel, an important encomienda (Villanueva de Yáquimo) founded in 1504 by governor Nicolas de Ovando; and the ruins of Puerto Real, one of 13 original Spanish settlements that dates back to 1503. Moreover, French colonization is treated as if it began with the “sugarcane revolution” in 1720—which is precisely when there was a significant increase in the brutal importation of black slaves into the colony—rather than from the time of Spain’s departure. Haiti’s historical account is shaped into a one-dimensional script of the 1791 slave uprising, thereby minimizing both the complexity and range of that historical milestone.

Haiti’s perception of its historical legacy is often seen, not surprisingly, through the same distorted prism. Accounts of the revolutionary period in Saint-Domingue often celebrate the revolution’s heroes, forgiving their weaknesses and forgetting their unholy political alliances. Moreover, Haiti’s history is told as if it were totally isolated from the rest of the Caribbean, or worse, as if the Spanish part of the island did not even exist. What seems a complete silencing of history renders even more difficult an understanding of the motives behind the two military
campaigns against the eastern part of the island and a solid grasp of the reasons for the failure of both attempts to unify the island. 

The fact that Saint-Domingue was the reference point for French technology in America—with the extraordinary scientific work of the Cercle des Philadelphes; the experiments conducted in the Artibonite Valley with the machine à feu, ancestor of the steam engine; the dramatic progress in the science of fortification; and the development of numerous complex mechanical tools that enabled France to turn Saint-Domingue into the first sugar producer in the world—is rarely mentioned. As a result, only constructions dating from 1791 and built by Haitians are considered part of the national heritage. For example, the fort of Saint-Louis du Sud, the second most important fortification in the country (after the great Citadelle Henri), whose plans were corrected by Vauban himself,¹⁰ is completely absent from the history books, even though the fort was the site of a significant battle between the English fleet and the French army in 1748, a milestone in the French-English rivalry for the supremacy in the Antilles.

The same distortion of the Haitian heritage is reflected in other aspects of the Haitian legacy. Creole, the only language of a large majority of the population, until a few decades ago was deemed too primitive to be taught in schools, and its use was officially discouraged. In contrast, all that originated from Europe was praised, while any attempt to bring Haitians closer to their African roots was scorned. That attitude was also reflected in the way members of different social classes dressed, the food they ate, and even in the way they recreated, perpetuating the gap inherited from an abhorred colonial system.

Not surprisingly, Voodoo, the one force that served to bind the slave population through its rites, dances, and songs—and which therefore was forbidden and demonized by the French colonists—was banned by some of the very leaders it helped set free. Until a few decades ago its practice was vigorously repressed by the Christian churches, even though it is the principal mode of spiritual expression for a large part of the peasantry, mostly through its dances and songs that have helped kindle hope in the hearts of a silent and long-repressed population.

THE NATIONAL HERITAGE: LEGACY FROM THE PAST TO BUILD THE FUTURE

The most recent Haitian Constitution, adopted in 1987, defined for the very first time the concept of “national heritage” as comprising “the archeological, historical, cultural, folkloric riches of the country, as well as its architectural riches, witnesses of the greatness of our past.” It also underlines the state’s responsibility: “The monuments, the ruins, the sites of our ancestors’ great military deeds, the known centers of our African beliefs and all the legacies of the past are placed under the protection of the state.” Given the profound mutations undergone by its people and the fact that Haiti is standing at the crossroads of a medieval past and a modern future, its national heritage has become a valued reference over the last few years and a force for cohesion and reconciliation.
Since the creation of ISPAN, and following the superb restoration of the Citadelle Henri by UNESCO experts and a team of young Haitian architects, the Haitian people’s perception of their architectural heritage has evolved positively. It is a first step, sometimes misused by “cultural entrepreneurs,” who see cultural sites merely as means to make financial gains, thereby failing to grasp and promote their essential value and risking their destruction. It is hoped that not only those in charge but the Haitian people itself will rise to the defense of these sites and safeguard them. Haiti’s nation-building has just begun and much more is at stake than financial gains.

Indeed, the question of national heritage is of utmost importance in that its knowledge, recognition, and integration in the present becomes a necessity and a factor of balance for both the collective conscience and individual psychology. Values from the past are indispensable in the accumulation of experiences, and without this knowledge and know-how, the Haitian community will be condemned to imitate external models, a potentially hazardous means of advancement. As James Baldwin so aptly warned, “To accept one’s past—one’s history—is not the same thing as drowning in it, it is learning how to use it. An invented past can never be used; it cracks and crumbles under the pressures of life like clay in a season of drought.”

The elements of the Haitian national heritage thus constitute a reference in time and space that is indispensable to the country’s adaptation and evolution. There is an urgent need for the Haitian people to consult their heritage and traditions if it is to reverse course and finally become a nation. Why should the Haitian youths, who are thirsting for role models and eager to participate in the building of a nation they can call their own, be constantly forced to look to other countries for models?

Let Haitians learn anew the symbolic expressions of shared values, beliefs, aesthetics, and creativity. Authentic development is culturally based, and Haiti’s youth therefore must be educated or Haiti will remain a stillborn nation. Real education, as opposed to mere schooling, must provide for the intergenerational transmission of values, beliefs, customs, rituals, and sensibilities, along with the knowledge of why those traditions must be sustained. By protecting and valorizing its cultural heritage and gaining a true understanding of its history, Haiti will begin to build on its past and on the achievements of its founders. A real nation shall then emerge.

At this tipping point in the history of Haiti, when so much is needed and so many are lending a hand in its reconstruction, both physical and institutional, I conclude by paraphrasing Adil E. Shamoo, who said that nation-building must be conducted by the people of the nation concerned. This process will take decades, but that is no different than the current manner of military-led-nation-building. The education of future generations will provide the nourishment for a prosperous and democratic system of government in Haiti. There are no shortcuts to modernity. To help Haiti, “friends” must paradoxically engage over the long term
and yet also engage from a distance so that the Haitian people become the creators of their own nation.\textsuperscript{13}

\begin{enumerate}
\item Trish Scott, in a virtual forum.
\item Daniel Elie, “Schéma directeur de la Culture, secteur patrimoine, biens immobiliers à valeur culturelle et historique, monuments, sites et ensembles historiques,” preliminary document prepared for the Ministère de la Culture, September-October 1996.
\item During the first week of January 1801, General Toussaint Louverture left Mirebalais and led his army of 25,000 men to a campaign to reunify the island of Saint Domingue/Hispaniola. On January 28, 1801, General Toussaint and his army triumphantly entered Santo Domingo, where he was received by the Spanish Governor, Don Garcia. One of Toussaint’ greatest deeds during the reunification was the abolition of slavery on the eastern side of the island. Around 1814, the eastern side of the island, Santo Domingo, again became a Spanish colony. It later proclaimed its independence and became what is known today as the Dominican Republic.
\item Sébastien Le Prestre, Seigneur de Vauban, and later Marquis de Vauban (May 15, 1633-March 30, 1707), commonly referred to as Vauban, was a Marshal of France and the foremost military engineer of his age, famed for his skill in both designing fortifications and breaking through them. A famous strategist, he revolutionized the art of fortification at the beginning of the 18th century.
\item Mualimu J. Shujaa, “Education and Schooling: You Can Have One without the Other,” in \textit{Ama Mazama}, p. 246
\item Adil E. Shamoo is a Senior Analyst at Foreign Policy In Focus and a Professor at the University of Maryland School of Medicine. He writes on ethics and public policy. The paraphrased text initially referred to Afghanistan.
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The challenges of rebuilding Haiti are enormous: millions are without housing, access to clean water, sanitation, transportation, or energy; the infrastructure is nonexistent; tons of rubble still lie in the streets. The challenges are compounded by the dire situation in Haiti before the earthquake, with more than half the population already living in destitution. Haiti, the poorest nation in the Western Hemisphere, has a GDP per capita of about $1,300, less than half that of Nicaragua ($2,800), the second-poorest nation in the hemisphere.\(^1\) Illiteracy hovers around 50 percent,\(^2\) and infant mortality in 2009 was almost 60 deaths per 1,000 live births—the worst statistics in the hemisphere.\(^3\) The lofty commitments made in the aftermath of the devastating earthquake have in too many instances encountered the hard reality of implementation, and progress is painfully slow. Today, more than eight months after the earthquake, a million Haitians are living in tent cities, surrounded by mud and disease.

Still, there is hope that a better Haiti can be built back out of the rubble. Achieving this will require not only immediate short-term fixes to get the country

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back on its feet, but also longer-term planning to improve prospects for the next
generation. Based on what we know about the critical role of women in develop-
ment, the highest returns on investment are likely to come from initiatives that
harness the productive capacity of women. There is much to learn from other
post-disaster and post-conflict situations, such as Aceh, Indonesia, after the 2004
tsunami; Liberia after years of civil war; and Rwanda after genocide. In all these
areas, investments in women have yielded large positive benefits in terms of com-

munity health, economic growth, and stability. The bottom line is that every strat-
egy for rebuilding Haiti today must include women as part of the solution.

HAITIAN WOMENOMICS

Women have long played a vital role in Haiti’s economy. Sixty-two percent of
Haitian women work—a higher percentage than in any other society in the world,
except Lesotho. And yet, women are concentrated in the informal sector of the
economy, which is unregulated, unsupervised, and unstable. Indeed, three-quar-
ters of those working in the informal sector—in makeshift markets, petty trade,
home-based businesses and restaurants—are women. Spreading out their wares
along the streets on plastic tarps and cardboard tables or selling their products
door to door, Haiti’s female entrepreneurs are a testament to creativity and
resilience. They are also a sign of the country’s economic desperation. The poorer
the household, the more dependent it is on the meager earnings of women in the
informal economy.

Rebuilding efforts must take into account the importance of Haiti’s informal
economy and recognize women’s central role in it. Here, some lessons from Liberia
could be instructive. One of Liberian president Ellen Johnson Sirleaf’s first initia-
tives in the rebuilding of her country after years of devastating civil war was to
improve the women-led informal markets in Monrovia. The result was Liberia’s
Market Women’s Fund, which is backed by an international board of high-pow-
ered African and American women. The board has raised several million dollars to
improve market infrastructure, including provisions for water, toilets, electricity,
and storage. The Market Women’s Fund also has supported adult education, finan-
cial literacy, and child care, efforts designed to empower market women and their
families. These investments not only target vulnerable women, they also are help-
ing to make Liberia’s economy, especially its precarious food economy, more pro-
ductive and efficient.

In Haiti, an investment fund similarly targeted toward women in the informal
economy could yield long-term benefits. As in Liberia, it could channel resources
to meet the women’s priorities. It could also help organize the women in the infor-
mal economy into effective trade associations, which would help them articulate
their needs and opinions more effectively. Women in Haiti make up more than half
the electorate yet constitute only 5 percent of the seats in parliament. Harnessing
the power of the market women could give these entrepreneurs a greater say in
local decision-making and bring their interests into consideration in the rebuilding efforts, where Haitian civil society is currently sorely absent.

Microfinance has proved to be a powerful lever in alleviating poverty, even under the toughest circumstances. The provision of small amounts of capital through microcredit has supported small businesses in developing nations for decades, and women in particular have benefited from this access to finance. Microfinance initiatives have enjoyed success and had a positive impact in post-conflict areas such as Afghanistan and Rwanda, and in post-disaster situations, such as in Asia after the devastating tsunami. In post-tsunami Indonesia and Sri Lanka, many poor women had small businesses and therefore were more likely to have lost their livelihoods due to the destruction of equipment and being displaced from their homes. Moreover, women frequently were not recognized as the head of their household and were unable to claim government assistance. Microfinance institutions (MFIs) in many tsunami-struck areas saw that their expertise in creating sustainable microfinance solutions positioned them uniquely well to restore institutional capacity and stimulate long-term economic recovery. Rather than joining in direct relief work handled by the numerous nongovernmental organizations on the ground, the MFIs focused on their core competencies to give tsunami survivors—particularly women—access to the financial resources required to rebuild their businesses and reignite their local economy. An expansion of microfinance services targeted toward women should also be part of the solution in Haiti.

In recent years, the concept of microfinance has expanded beyond the provision of credit to include financial products and services, like savings and insurance, which are proving to be just as important in cultivating economic independence and security. For example, microinsurance is emerging as a critical safety net to

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Women have long played a vital role in Haiti’s economy. Sixty-two percent of Haitian women work—a higher percentage than in any other society in the world, except Lesotho. And yet, women are concentrated in the informal sector of the economy, which is unregulated, unsupervised, and unstable. Indeed, three-quarters of those working in the informal sector—in makeshift markets, petty trade, home-based businesses and restaurants—are women.
lessen women’s vulnerability to risk. Women tend to dominate in the roles of caregiver, homemaker, and, increasingly, as household resource managers and income earners. Inherent in these roles is the responsibility of coping with risks such as health problems, a death in the family, or other emergencies. Unmanaged, any one of these risks can deliver serious and often devastating financial shocks to poor women and their households, potentially intensifying poverty, instability, and vulnerability. Poor women have traditionally managed such risks by selling assets, relying on their husbands, pulling children out of school to earn money, or using informal mechanisms such as self-help groups for support. Some risk-management strategies, while perhaps effective in the short term, can lead to enduring adverse secondary implications that perpetuate a cycle of poverty. Allocating business profits to savings to deal with short-term emergencies rather than to longer-term investments, for example, is one of the largest barriers to growth in women’s businesses. Another common coping mechanism for a woman is to sell productive assets, such as livestock or equipment, thereby wiping out her ability to earn income from those assets in the future. Similarly, pulling children out of school causes them a serious and immediate loss, and also severely curtails their long-term earning potential. Microinsurance offers a promising alternative for poor women to manage risk and use their assets more productively.

Microsavings are another vital tool for poverty reduction. Low-income households save 10 to 15 percent of their income on average globally, but there is growing recognition in the microfinance industry of the importance of formal, secure places for the poor to put their money and begin accumulating assets. Women, who are typically responsible for their families’ savings, benefit enormously from having safe, confidential places to keep their money in their own name, as this gives them control over their assets and more power in their household. From the perspective of MFIs, savings mobilization reduces dependence on external funding and attracts new clients, thus tapping into the enormous demand for savings products that fill needs ranging from emergencies to old age to aspirational goals, such as investing in business, education, housing, and special occasions.

Financial education is an indispensable component of changing behavior and encouraging low-income people to save. Moreover, as awareness of the importance of targeting girls to build money management skills takes root, savings accounts geared toward girls should be developed. Banco ADOPEM, an MFI in the neighboring Dominican Republic, has introduced a girls’ savings program that includes financial literacy and is tailored to the particular needs of girls. Lessons learned from this initiative could be useful in establishing similar ones in Haiti.

Mobilizing deposits for Haiti’s women entrepreneurs should be a priority. In a post-crisis environment, a savings account could enable displaced women to receive and manage the inflow of remittances more easily, and to leverage these funds more effectively for new housing or rebuilding a business. Given Haiti’s poor educational opportunities and the extent of women’s participation in Haiti’s informal markets, enhanced financial savvy would further empower women to build greater economic independence.
Fonkoze, Haiti’s largest microfinance organization, has leveraged its market leadership to offer poor women across the country a broad range of financial services designed to build solidarity and create economic independence. Fonkoze began taking deposits in 1996, and has seen exponential growth in savings volume ever since. At the end of 2009, Fonkoze had nearly 200,000 savings accounts representing a balance of more than $14 million. In 2008, Fonkoze also began offering a funeral insurance product to its microfinance clients.

Haiti’s dire post-earthquake conditions have exacerbated the need for a broad array of financial products and services, including risk-mitigating products such as savings accounts and insurance. To that end, Fonkoze is currently awaiting its commercial bank license, which will facilitate further capacity-building to address the country’s vast needs (see case narrative in this issue of Innovations for an in-depth look at Fonkoze).

The impact of microfinance for Haitian businesswomen could be further enhanced by expanding their property rights. Land ownership has been a sensitive subject in Haiti for more than two centuries, dating back to the slave revolt of 1804, when land was taken from French planters and distributed to the people, only to be reconsolidated under a handful of powerful Haitian families. Today, fewer than a dozen families control the vast majority of usable land in the country. Nevertheless, the poor are resilient and have scratched out a living by setting up stalls on street corners and building homes on scraps of state land. Few had clear title to their property before the earthquake, and the devastation of January 12 compounded an already grim situation by destroying land records and displacing people from homes and properties they had inhabited for generations. Land fights are already slowing recovery. Squatters eking out an existence on land the government has declared “public” report being threatened by gangsters, presumably sent by elite landowners who have designs on the property.

Land reform is a major economic, social, and political issue that must be addressed before Haiti can be rebuilt stronger and better. In 1998, Peruvian economist Hernando de Soto estimated that Haiti’s poor—the 85 percent of the population living on less than $2 per day—had more than $5 billion in “dead capital,” money tied up in homes and businesses for which they had no title and therefore could not borrow against or sell. Unlocking that economic potential must be part of Haiti’s solution. Property rights for women should receive special attention, since they are the displaced of the displaced—in other words, the least likely to have any form of documentation linking them to land they have inhabited and worked for years, especially in Port-au-Prince, which suffered the brunt of the
earthquake. Informal settlements have a high percentage of female-headed households. The 2003 census stated that in urban areas, nearly half of all households (46%) are headed by women. Establishing a fair system to secure women’s ownership rights is a relatively low-cost way to stabilize these communities and enable them to prosper.

In post-disaster situations, securing property rights is recognized as an important aspect of economic reconstruction. In the aftermath of the Asian tsunami in December 2004, President Clinton, serving as the United Nations Special Envoy for Tsunami Recovery, declared that nothing “will generate more income over the long run for average families in this region than actually having title to the land they own. Then, they will be able to borrow money and build a much more diversified, much more modern economy.” Several NGOs working in tsunami-affected areas such as Aceh and Tamil Nadu became deeply involved in securing property rights as a precursor to rebuilding homes and businesses. World Vision, for example, prepared a manual for its field personnel and other NGOs in Aceh that outlined a process for land titling. Special attention was given to women’s property rights, since women too often have only a tenuous hold on their homes and businesses. For couples, properties were registered in both the wife’s and husband’s names, often for the first time. Subsequent studies report that including the wife on the title gave the woman greater stature in her family and community and provided her with an asset that she could use to access credit.

In Tamil Nadu, the Indian government had launched an innovative program prior to the tsunami to give joint title to men and women in some areas. After the tsunami, the program was replicated and expanded through a government order requiring permanent housing to be put in the names of both husband and wife, and stipulating that houses in the names of women could not be transferred to husbands. NGOs like World Vision helped implement the new legislation by requiring that new homes they helped construct include a woman’s name alongside her husband’s on the ownership documentation. Such cultural shifts are resisted under normal circumstances, but the dislocations of the tsunami created an opportunity to enact such a broad policy change. Evaluations of the communities in which World Vision worked found that within three years after the tsunami—due in large part to the push for joint land titles—women had a greater presence in their community and enjoyed increased leadership roles. The impact of secure land rights for women in India contributed to the advancement of women’s status in their community and increased their income and employment stability. World Vision’s experience in India demonstrated the strong connection between land rights and women’s economic empowerment and women’s ability to invest in their children’s future.

In post-genocide Rwanda, extending property rights to women has been economically and culturally transformative for the country. International aid organizations, NGOs, and women’s activists found opportunity in the country’s self-destruction to push for an expansion of female property and inheritance rights in the rebuilding of the state. In the fall of 1994, the immediate need was to get

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women, who constituted more than 60 percent of survivors, to return to their farms and plant the fields to provide some harvest in the spring. The women in the refugee camps, despite the trauma of the genocide, understood this imperative, yet they hesitated. They questioned why they should return to their farms, invest their blood, sweat, and tears in rebuilding, only to have a long-lost male relative show up sometime in the future to claim the land as his.

Rwandan women in 1994 had few rights to own and inherit property. Expanding those rights was a low-cost but revolutionary measure that has helped transform the role of women in Rwandan society. In 1996, the Ministry of Gender, Family, and Social Affairs introduced a draft bill providing for daughters to inherit land from their parents and widows to inherit land from their deceased husbands. The bill was signed into law in 2000. Today, Rwandan daughters inherit from their parents a share equal to what their brothers receive. When women marry, they can choose to pool their assets with their husband’s or keep them separate, but they have the right to inherit conjugal property. Rwandan women are using their land to secure loans and build their businesses. Women business owners are leveraging their property to thrive in industries as diverse as dairy production, banana wine, trucking, and hospitality, supporting their extended families and playing a crucial role in rebuilding the country.

Haiti should learn from these examples. Out of the wreckage of natural disasters and war can come an opportunity to restructure society in better ways. World Bank research has demonstrated that women’s empowerment acts as a catalyst for further transformation that makes countries more stable and prosperous. Since a title to land is often a prerequisite for financing, the benefits of granting land tenure to women multiply rapidly. Women find themselves with access to loans and markets, not to mention a greater sense of their role in the community and their stake in society. Establishing women’s right to own land helps to initiate these virtuous cycles.

COMBATING VIOLENCE AGAINST WOMEN

Another imperative in the rebuilding of Haiti is to combat violence against women. Before the earthquake, attacks on women—including sexual and domestic violence—were widespread, imposing enormous physical, social, and economic costs on society. Numerous studies indicate that a large percentage of Haitian women have been victims of domestic abuse and rape. For decades, rape has been used in Haiti as a political instrument: after President Jean-Bertrand Aristide was ousted in a military coup in 1991, the new regime employed systematic rape of women and girls as a tool of political opposition against supporters of Aristide and their families. In recent years, armed thugs across Port-au-Prince have been breaking into houses and raping female occupants as a means of exerting political pressure. In the city’s lawless post-earthquake environment, shocking tales of rape and abuse are on the rise.
Lack of the rule of law is a big part of the problem, but Haiti’s culture of entrenched patriarchy and discrimination against women is also a contributor. In a 2009 UN study, 80 percent of men interviewed stated that violence against women was justified if women failed to obey. Until 2005, rape was not even specifically classified as a crime and was instead lumped together with “crimes against morals”; courts meted out less punishment for the rape of a woman who was not a virgin on the grounds that her honor was not at stake; and hard-to-obtain medical certificates were required to prove rape. In the summer of 2005, after substantial lobbying from women’s groups, the Council of Ministers passed several legal decrees significantly stiffening the penalties for rape, and courts began to hand down harsher sentences. Women were encouraged to report violence, a move away from the cultural taboos that had imposed silence on victims, and more were speaking out. In 2006, Haiti’s Ministry of Women’s Affairs launched a five-year national campaign to combat violence against women.

Unfortunately, the chaotic environment of Haiti today, with millions of desperate people barely patrolled by an insufficient and fitful police force, is the perfect brew for a spike in violence against women. Sprawling squatter camps, unlit and dark at night, leave women exposed to abuse. Stories abound of women raped on their way to communal toilets or attacked in their tents. Rebuilding efforts must address the security needs of women by providing better lighting at night, more police and security forces, and integrating women’s voices into security plans. A little effort can go a long way. For example, after the American Jewish World Service distributed street lamps to a camp where women had complained of being attacked at night while going to the latrines, local women immediately felt safer. Community leaders even banded together to form safety patrols to escort women at night to public washing areas.

Women’s security should be given high consideration when determining how to prioritize the distribution of goods and services during reconstruction. Not only does it enhance law and order, it has clear economic benefits too. Violence against women imposes an enormous toll on society. Studies have shown that in high-violence societies like Colombia, health expenditures related to violence as a percentage of GDP are almost 5 percent. In Haiti, where women make up 85 percent of
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the victims of violence registered in hospitals and health centers,\textsuperscript{15} the health-care costs and productivity loss due to violence is undoubtedly large.

Incorporating women into peacekeeping and security forces also holds promise for reducing the abuse of women by peacekeepers and police, a problem that has plagued such efforts around the world. In the UN Stabilization Mission in Haiti, which since 2004 has fielded UN soldiers on the ground for peacekeeping purposes, fewer than 2 percent of UN troops are women. Among the 18 countries where UN troops are deployed, Haiti has one of the lowest percentages of female “blue helmets.” Women also comprise less than 5 percent of the UN’s police force in Haiti, although the UN is beginning to redress this imbalance. Recently, a 160-member Bangladeshi female police unit arrived in Port-au-Prince, tasked with crowd control and managing disturbances inside the city’s many camps for displaced people—the same activities conducted by their male colleagues.

The argument for female peacekeepers is that they bring a civilizing or grounding effect to disaster situations, which traditionally present all-male armies an opportunity to shirk acceptable behaviors. Some even claim that women bring distinctly female instincts of protection, caring, and sensitivity to what is otherwise a harsh disaster zone. The presence of women in peacekeeping efforts has had a significant impact on improving behaviors in conflict areas. In 2004, the UN openly criticized peacekeepers in Liberia, Haiti, and the Democratic Republic of the Congo for exchanging food and money for sex with young women. In 2009, following the influx of female peacekeepers in Liberia, only 18 peacekeepers were accused of sexual abuse.\textsuperscript{16} For Haiti, where sexual abuse against women is rampant, having female peacekeepers field the numerous domestic abuse calls and reports of sexual violence could provide a level of security and calm to the most vulnerable in society.

Getting women’s voices represented more at the policy table should also be a priority. Women comprise less than 13 percent of Haiti’s senate and 4 percent of the lower chamber. Without concerted efforts, these low numbers are unlikely to change anytime soon, especially since some of the most passionate and ardent women activists who had devoted their careers to fighting for women’s rights in Haiti died in the earthquake. The women’s movement in Haiti has lost some crucial leadership. International efforts to harness and promote local women’s voices are therefore all the more important.

**IMPROVING WOMEN’S HEALTH**

Women’s status in Haiti will fail to improve if women’s health needs are not addressed. Haiti has the worst maternal health statistics of any country in the Western Hemisphere and among the worst in the world. The fact that so many Haitian women die in childbirth is a marker of the country’s nonexistent health-care system and, in many cases, a total lack of prenatal and natal care. Before the earthquake, only a quarter of births were attended by trained personnel, compared to 98 percent of births across the border in the Dominican Republic. With some
60,000 pregnant women in Port-au-Prince in the months after the earthquake and few birthing facilities, that number has likely deteriorated. High maternal mortality in Haiti is also related to unsafe clandestine abortions. (Abortion is illegal in Haiti and anyone convicted of performing the procedure can be sentenced to up to nine years in prison.)

There are several local organizations in Haiti that have been leaders in improving women’s health, including working to repair and maintain the few maternity hospitals in the Port-au-Prince area. But the lack of facilities and trained health workers requires a range of cost-effective solutions, including the mobilization of midwives to address the country’s maternal mortality crisis. Experience from Afghanistan has shown that investing in midwifery can significantly reduce maternal mortality, even under the harshest circumstances. Between 2002 and 2008, the number of trained midwives in Afghanistan expanded fourfold, from fewer than 500 to more than 2,000. The number of deliveries attended by skilled personnel rose from 6 percent to more than 20 percent. As a result, maternal mortality in Afghanistan has fallen significantly, albeit from terribly high levels. Similar progress can be achieved in Haiti with similar investments in community-based midwifery programs.

Lack of access to contraception and family planning also remains an issue for Haitian women. Some 40 percent of women of childbearing age have unmet contraception needs. Not surprisingly, women have high fertility—4.7 children per woman on average. They also have the highest rate of HIV infection in Latin America, and the rate for women is higher than that for men. Family planning is an integral element of women’s health care and HIV prevention, and several NGOs have successful programs dedicated to family planning in Haiti. For example, in its clinics throughout the countryside, Partners in Health has a full-time nurse on staff trained in reproductive health counseling, a professional midwife, and OB/GYNs. Partners in Health sends women’s health agents throughout the country to educate people about STDs and HIV, while referring pregnant women to the clinics. This model has been so successful that Partners in Health has replicated it in Lesotho and Rwanda. Reconstruction efforts need to build on these programs to expand family planning and maternal health care to women across Haiti.

Investing in women in Haiti will yield long-term gains that will benefit all Haitians. In other post-disaster and post-conflict situations, we have seen real gains from women-centered programs and policies that have stimulated the economy, helped strengthen families, and contributed to the security and stability of the country. From Rwanda to post-tsunami Asia to Liberia, women have been an important part of the solution and central to reconstruction efforts. To build back better in Haiti, now is the time to pay particular attention to opportunities to unleash the productive capacity of women in society.

2. Alexis Gardella, “Gender Assessment for USAID/Haiti Country Strategy Statement,” report pre-
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10. World Vision India.


In building back a better, stronger, more resilient Haitian society from the rubble of this tragic earthquake, the question to put before Haiti and the community of nations is not whether to build back green but, rather, what possible justification could there be to shortchange the Haitian people by locking in wasteful, unhealthy, and unsustainable practices when smarter solutions exist?"

The answer is self-evident, but the urgency of the disaster response, along with improper accounting of the real costs and benefits of reconstruction decisions, could easily stand in the way of realizing the current opportunity. Haiti has a strong interest in a reconstruction process that not only rebuilds critical infrastructure to address pressing short-term needs and a simmering humanitarian crisis, but also lays the foundation for long-term growth, develops local economic assets, and improves access to vital services. The global community has a clear obligation to ensure that the reconstruction of Haiti’s infrastructure increases economic resilience by adding value to existing indigenous assets and reducing vulnerability to external shocks, whether from natural disasters like earthquakes and hurricanes, or man-made crises like spiking energy prices and declining agricultural productivity.

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In short, the reconstruction of Haiti must not only stop the bleeding, it also must ensure that future injuries are prevented and community health is restored. A sustainable reconstruction can expand opportunity by investing in local entrepreneurs and supply chains that build Haitian industries. Greening the recovery will also position Haiti to thrive in the coming low-carbon economy, which will punish wasteful resource use and reward innovation and human ingenuity in using resources in ways that yield higher quality economic and social outcomes.

This paper highlights a strategy for coordination across the redevelopment process, identifying the roles different partner groups can play in accelerating the consideration of more sustainable reconstruction options and applying a more intelligent screening of proposals already on the table. It also identifies several priorities for that coordinated effort as the rebuilding process gets underway.

The nature of sound economic development has fundamentally and forever changed in a world where global warming is a reality, and where resource constraints increasingly govern access to the basic building blocks of growth, from topsoil to fresh drinking water, clean air, and abundant affordable energy. Sound use of natural resources is now a basic condition of effective development, not a nicety or luxury. Any development plan that doesn’t account for resource constraints at the front end will become a less effective and potentially dangerous roadmap for the future.

In developed countries where a mature infrastructure is in place, retooling electricity grids for the distributed use of renewable power, retrofitting homes and workplaces for greater energy efficiency, and reengineering municipal infrastructure to use natural systems to treat wastewater more effectively will require massive investment. In developing countries, especially where natural disasters, the ravages of war, or rapid urbanization and population growth demand that new infrastructure be built from scratch, it is imperative that we not squander the
opportunity to build back better by applying the hard-won wisdom of a century of industrialization.

Making smarter, more efficient development decisions has become a precondition for continued prosperity. Nowhere is the potential to get this right better teed-up than in the reconstruction of Haiti, which is currently under way. Billions of dollars will be spent in coming years by governments, civil society, and the private sector. These investments present an unprecedented opportunity to re-imagine both urban and rural development, and to rebuild using natural systems as economic assets.

Greening the Haitian redevelopment process will involve developing domestic renewable energy resources; constructing healthier and more resource-efficient green buildings; investing in state-of-the-art and technologically “smart” electricity grids that encourage well-networked and distributed generation of energy close to the point of use; designing more flexible and accessible urban and transportation infrastructure; promoting the use of more energy- and resource-efficient appliances and consumer products; and recognizing the ecosystem values provided by watershed restoration and forest stewardship that allow nature to provide critical services at a fraction of the price of massive engineered infrastructure projects.

Each of these infrastructure design choices can be made with an eye toward local economic impact. Done right, these public investments can drive robust capital formation within communities, incubate small businesses, and support vibrant local economies. Sustainable reconstruction will steward not only environmental conservation and promote efficient use of limited resources, it will also cultivate a more vibrant and resilient Haitian economy by building local businesses and empowering the Haitian people to make this change. But reaching this goal will not happen by accident; it will depend on sound strategy, design choice, and careful planning. This is a pivotal moment for the success of Haiti’s green reconstruction, which will depend on aligning incentives for development that simultaneously promote economic growth, environmental integrity, and community reinvestment.

REALIZING THE OPPORTUNITY AT HAND

Even before the earthquake, Haiti’s devastated natural systems were unable to support the country’s economic or food needs, or the basic security and safety of its people. With deforested hillsides unable to store water, storms and related flooding regularly led to the death and displacement of thousands of Haitians.1 The land lost productivity, as the most fertile topsoil was washed down steep grades into the ocean. The degradation of these natural systems was directly tied to the lack of energy to meet the needs of the people of Haiti, in both rural and urban areas.

Development, infrastructure, and conservation are intertwined. Trees are cut down in part to expand agriculture to meet the growing population’s need for more land, but they also are cut down to make charcoal for cooking fuel, which is
used in both rural and urban areas. As the soil washes away, it fills rivers and reduces the ability of hydroelectric dams to generate power, thus impeding the country’s major source of electricity.

Because energy systems and land management are so closely linked, and because handling both most effectively is fundamental to sustained economic growth, the rebuilding of Haiti should include investment in two important areas: large-scale restoration of the nation’s watersheds (e.g., tree planting), and expansion of sustainable energy services in both urban and rural areas. Haiti’s current cyclical predicament, where environmental degradation constrains economic opportunity and growth pressures further degrade underlying natural resources, illustrates clearly that all economic reconstruction must be seen through the lens of environmental sustainability in order to be effective.

Fortunately, there are resources in the pipeline to begin meeting these challenges. Through the formal donation process, some $9 billion has been committed to Haiti’s recovery and development.2 This presents a tremendous opportunity to consider the real needs of a nation that even before the earthquake suffered from dire poverty and economic insecurity. Therefore, it is essential that reconstruction efforts recognize that unless Haiti’s natural systems are restored and Haiti’s energy services expanded in a sustainable way, Haiti’s recovery will be undermined at every turn. As one observer noted, “The land is so degraded that just one storm or quake can undo a decade’s worth of progress.”3

To do the job right, the Haitian government and major donors can prioritize the greening of Haiti, especially through local investments and by aligning community interests. This will provide the vital foundation for Haiti’s broader economic, health, safety, and security needs. As Helen Clark, chair of the United Nations Development Program (UNDP), has said, “Planting trees is not just some quaint side project. It’s the key to rebuilding the country.”4

The Millennium Ecosystem Assessment has exposed disturbing global trends in our current patterns of resource use that compromise the natural systems that are the foundation of all prosperity. If the current degradation of soils, forests, water, and atmosphere persists, not only will we fail to meet millennium development goals, but further suffering will be baked into the structure of our economy. Greening the master plan that governs donor aid to Haiti is not a luxury, it is the key to sustainable success in this critical effort.

There are other resources that will be deployed outside the formal donor process, including those from the private and nonprofit sectors. These resources may prove to be more nimble, and if strategically deployed they can increase the impact, improve the likelihood of success, and decrease the cost of formal governmental reconstruction. The UNDP, for example, coordinates a series of ecosystem restoration projects, including tree planting and mangrove restoration in coastal areas. Not only can they inform the use of funds by emphasizing the importance of community-based investment in ecosystem restoration, they also can help steer both the $9 billion and additional private donor resources toward infrastructure projects that engage local economies in conservation.
Green Reconstruction

However, for a green and locally grounded reconstruction strategy to take root, it cannot only be driven by donor contributions. A major goal of reconstruction is the restoration and strengthening of the Haitian economy. Therefore, business models, markets, and economic opportunities are essential for much of the heavy lifting in the shift to sustainable development strategies over the long term.

Many international corporations are already working in Haiti, directly or through their foundations, to support the recovery efforts. These institutions bring business knowledge and operational capacity, which can help launch joint ventures and provide new sources of capital to local projects through direct investment or innovative tools, such as carbon financing. These investments will help build lasting economic resilience if they focus on strengthening local supply chains, which will create a legacy of Haitian jobs and entrepreneurship. For instance, the non-profit Technoserve has partnered with Odwalla juices to grow mangoes sustainably. This has brought additional capital investment into the agricultural economy and created local distribution networks and economic empowerment, while also creating a market for sustainably harvested products. Linking conservation goals to local development can align economic and environmental interests in powerful new ways.

GETTING THE PLANS RIGHT FOR ECOSYSTEM RESTORATION

The restoration of Haiti’s watersheds will increase soil fertility and protect local communities while also creating and securing agricultural jobs. Watershed restoration also has the potential to supply tree-based and other agricultural crops that bring in additional income and new value-added production to local economies, and new sources of energy. For instance, using the Port-à-Piment watershed in southwestern Haiti as a model, the Haiti Regeneration Initiative has set a goal of identifying best practices for long-term watershed restoration. This pilot project will provide a template for designing integrated watershed management programs that will combine reforestation, agro-forestry, sustainable energy, and flood risk management activities, and it will be replicable for use in other watershed areas throughout Haiti. If integrated into the broader reconstruction effort, this type of forward-thinking redevelopment strategy can begin to lay the groundwork for the development of business models that provide long-term economic stability.

Similarly, new approaches to energy development will expedite the rebuilding effort and can build local economic opportunity, create new revenue streams for existing businesses, develop entirely new markets, and provide cost savings and enhanced productivity to regional economies. The Solar Electric Light Fund is using donor capital to finance the solar electrification of five health clinics in Haiti for Partners in Health. In the aftermath of the earthquake, facilities like these have experienced a rise in demand for health-care services, along with unpredictable fluctuations in the supply of fuel needed to operate power generators. This example illustrates just how important secure, reliable, locally produced electricity is for...
Haiti’s future economic productivity. Others are establishing self-sustaining business models for small and midsize energy businesses to meet distributed energy needs. It is critical that in designing new energy infrastructure, such decentralized models built around the distributed generation of domestic renewable energy become central to the architecture of a new national grid network.

The key factor driving the effectiveness of both of these efforts is not the availability of capital; it is the business model and planning for the use of that capital that has the real impact. For development to be truly sustainable, it must build local markets, engage the existing economy, and respond to unique local conditions. For example, the people of Haiti have too often suffered from well-intended but ill-designed aid efforts in the agricultural sector. Unsustainable development efforts have ranged from historic encouragement to plant inappropriate annual crops like beans, which contributed to soil degradation, to tractor donations by the U.S. government that can damage the fragile landscape in an extremely hilly nation.

By combining careful planning with sound strategies for the restoration of watersheds and the cultivation of renewable, domestic energy resources, it is possible to achieve many benefits in parallel. A green development strategy for Haiti will identify combinations of crops, infrastructure, and business models that meet local food needs, provide products for sale, repair soils, secure hillsides, and lay an economic foundation that increases long-term security, even while responding to urgent reconstruction needs.

Greening reconstruction must use this important opportunity to shift from historic project-based planning approaches to more reliable long-term and holistic strategies. This can mean, for example, supporting tree planting for watershed protection using payments from electric utilities that rely on hydropower. Utility payments can underwrite the cost of tree planting, which is a cost-effective way to protect their equipment from siltation, with water and soil conservation as an additional benefit. Furthermore, when debris from tree thinning is used to produce charcoal for highly efficient cook stoves that are distributed by small and midsize enterprises, additional new local supply chains and business opportunities are created, which enhance sustainability of the Haitian economy instead of straining natural resources.

This holistic and financially sustainable development model can ensure that individual projects add up to the long-term restoration of Haiti. Historically, project-based developments rarely last more than a decade before the resources dry up, and they too often leave no sustainable infrastructure to carry on the efforts. By building local markets and aligning the interests of many players within the economy around the success of the projects, these development investments can build self-sustaining new institutions and networks, and thus a stronger Haitian economy. A range of instruments and sustainable business models can be identified and cultivated on the front end of reconstruction plans, from carbon funds to tree planting to building local supply chains for meeting energy needs with solar elec-
tricity, cook stoves, charcoal, and biofuels, thereby putting in motion long-term, sustainable solutions.

In all of these efforts, success depends on partnerships between government, civil society, businesses, and citizens. Potential partners in ecosystem restoration include nonprofits such as Forest Trends and the Rights and Resources Initiative, which can provide technical assistance and connect projects to broader global resources, and also help attract private dollars through carbon offsets, carbon credits, water payment schemes, biodiversity incentives, and other funding streams to help finance these projects on a much larger scale than grants alone could achieve. Forest Trends has proposed a $25 million fund to provide reliable carbon financing for forest and broader watershed restoration and agricultural projects, and to sustain the long-term investment required.

DRIVING RECOVERY AND RECONSTRUCTION WITH SUSTAINABLE ENERGY

This ecosystem restoration must be coupled with reducing long-term demand for trees, meeting Haiti’s need for cooking fuel and supplying efficient cook stoves and charcoal fuel alternatives. This too can be done in a way that builds sustained economic networks. There are already organizations on the ground in Haiti undertaking this work. The Paradigm Project is a “low-profit” organization focused on the sale of high-efficiency cook stoves that reduce fuel use by 50-60 percent while building distribution networks within communities. The nonprofit EarthSpark International sells high-efficiency Miracle Stoves, as well as non-wood, waste-based briquettes.

For women who make their living cooking in the markets, the payback for one of these stoves can be as short as a single day; for residential use it’s about five days, and the cost savings persist for the life of the stove, redirecting precious funds to other urgent family needs. Yet the up-front cost is a barrier to market uptake even though the economics clearly make sense, so there is a need to create rent-to-own and microfinance solutions to achieve real impact at scale. E&Co is a longstanding global nonprofit that lends to small and midsize clean energy entrepreneurs that could be a potential resource and partner for these projects in Haiti. The use of these products also reduces greenhouse gas emissions, which can potentially allow projects to access funds for carbon finance from corporations outside Haiti that are seeking to offset their climate impact.

Underserved electricity needs also are undermining Haiti’s economic opportunity and security, slowing business development and hurting capital formation by Haiti’s poor and middle class alike. In Haiti, only 12.5 percent of the 9.2 million inhabitants have access to electricity. The electricity sector has a capacity far below national demand. In 2006, total installed capacity was 270 MW, of which about 70 percent was diesel oil-fired thermal and 30 percent was hydroelectric—enough electricity for only about 270,000 homes. Potential demand is closer to 157 MW in Port-au-Prince alone and 550 MW nationwide. Furthermore, some estimate that
up to a third of total electricity is stolen by unauthorized users, which adds another challenge to managing energy supply.\(^6\)

Haiti’s reconstruction will require reliable energy for urban growth and industrial activity, yet it would be a mistake to presume that this represents a call for new fossil-fuel development. Traditional energy resources like diesel-fueled and LNG-powered electric generation facilities can further saddle Haiti with economic and security risks from global oil and gas markets. Haiti has many untapped indigenous renewable energy resources, including extensive waste-to-energy resources, potential for landfill methane, and substantial hydroelectric power generation, as well as significant potential for small-scale hydropower and solar hot water heating on a distributed basis. Most of these sources provide power on a 24/7 basis. In the near term, fossil fuels will continue to provide much-needed energy, especially in urban areas; however, these renewable resources can both help meet the demand for reliable base-load energy and reduce fluctuations in peak demand, even as they increase access to energy.

For rural areas, solar-powered LED lamps and solar electric home systems can provide small-scale solutions for residential lighting needs. Larger-scale solar installations can provide lighting for schools and community centers and refrigeration and lighting for medical clinics. Servicing renewable energy needs—whether for solar panel installation, batteries, or supplies of biofuels—also creates demand for local labor that can easily be met by existing small businesses. Local kerosene distributors or charcoal vendors, for example, can shift their product mix to serve these newer, cleaner, and safer products and meet their existing clients’ increasing demand for energy.

To provide an energy platform for local economic activity, village-scale micro-grid developments can create both a flexible community-based infrastructure and new economic opportunities for local businesses. EarthSpark has proposed the development of locally owned, micro-grid load-managing entities, while also creating the opportunity for small and midsize clean energy entrepreneurs to develop solar, agricultural waste, and wind energy options. Having access to village-scale power will also open up opportunities for non-energy entrepreneurs to launch businesses that need electricity. In many places, village-scale micro-grids may prove to be a much more sound, resilient, and profitable investment for Haitians than new high-voltage power lines for transmission of central station electricity generation. Therefore, the planning process would benefit from comparing these investments up front and on a level playing field.

Taking a similar approach are the Sirona Cares Foundation and the Community Solutions Initiative of the Institute for Electrical and Electronic Engineers, which have set a goal of providing renewable electricity to one million Haitians by creating sustainable businesses built around micro-grids and distributed generation for rural electrification. By giving Haitians the ability to earn a living by providing electricity to their communities and establishing new services like cell phone charging, these organizations are improving commerce and reducing poverty, even as they bring needed electricity to rural areas.\(^7\)
Green Reconstruction

On a still larger scale, renewable energy and efficient energy offer powerful solutions for meeting the energy needs of industry, along with larger regional grids that provide stable supplies of base-load energy that can firm up access to other intermittent renewable energy sources such as wind and solar. Hydroelectric power is an ideal base-load energy resource, with smaller scale systems available for rural needs, yet all hydro systems depend upon watershed restoration. Co-generation of energy in Haiti’s sugar refineries also can contribute significantly to base-load needs by readily tapping an abundant renewable resource for the Haitian economy. Co-generation at refineries would drive new investment into domestic productivity, increase plant performance, enhance economic competitiveness for local industry, and bring substantial new supplies of clean energy to market.

The current reconstruction of Haiti must address an estimated energy deficit of 350 MW, according to Haiti’s government-owned utility, Electricite d’Haiti. In the absence of a clear clean-energy development strategy, the obvious solution for meeting this pressing need would be to build more traditional power plants that run on imported fossil fuels. This would just bring more needless risk to Haiti, while sending scarce foreign exchange overseas. There are other (indigenous) options for achieving affordable and reliable energy, while also improving the sustainability and security of Haiti’s energy supply. For example, Haiti currently has two sugar mills within its borders. These plants’ operations waste both heat and energy, yet both, if modernized, could become substantial generators of clean biomass energy by relying on abundant local feed stocks.

If donor funds and new reconstruction investments were directed not toward new diesel or LNG power plants, which provide no direct benefit beyond their electricity generation, but toward state-of-the-art co-generation at these two sugar mills, their contributions not only would produce new energy but also would improve the efficiency and cost structure of the existing industrial base, thereby strengthening those industries and creating more jobs. Furthermore, if these retrofits were matched by the construction of two additional state-of-the-art sugar mills at identified sites, each with renewable energy generation, it would be possible to generate 100 MW of new clean biomass electricity to help make up Haiti’s current energy deficit, meanwhile also eliminating the need for Haitian sugar imports.

If such a biomass-based energy option were employed in tandem with other renewable resources such as solar and wind, the potential to bring renewable energy online could more than double that output and nearly eliminate the anticipated need for new generation. Pre-feasibility studies in Haiti have already identified 90 MW of wind energy potential at just three sites: the Passage du Vent; regions of Port-de-Paix, Lac Azui; and the Jacmel region. Meanwhile, other analysts have identified a potential additional 100 MW of solar energy distributed across Haitian communities, and accessible close to the point of demand.

Between Haiti’s abundant sun, wind, and biomass resources, close to 300 MW of renewable energy has been identified as readily available and waiting only for the investment, the political will, and a plan to bring them online by integrating these resources into current utility and reconstruction planning. When combined
with the 30 percent of electricity already supplied by base-load hydroelectric plants, it is clear that a domestic, affordable, reliable, and low-carbon energy mix is readily achievable in Haiti today. Moreover, the potential for grid interconnection with the Dominican Republic offers the potential for further access to reliable sources of electricity, notably from new wind projects in the DR.

There are numerous other opportunities to rethink Haiti’s energy use. Each year, Haiti consumes 100 million gallons of diesel fuel. Increased production and blending of domestic biofuels could help replace this imported resource with local and environmentally preferable products. Reconstruction of Haiti’s buildings could also drive the setting of high-quality building standards that bring more energy-efficient appliances into homes and workplaces. By upgrading building practices, reductions in energy use of from 20 percent to more than 50 percent are routinely achieved today. This provides substantial long-term cost savings and rapid payback for up-front investments. A sound strategy for reconstruction should also protect citizens from the unnecessary and avoidable cost burden of inefficiency.

It is noteworthy that these secure, domestic, and clean “leap-frog” energy technologies also lead to very different economic development outcomes than traditional 20th-century power plant construction. Not only are the security and reliability of the grid enhanced, rural electrification provided, and new electricity generated to support urban growth, but a host of new supply chains are created within the national economy, from agriculture to industrial establishments to manufacturing, distribution, construction, and maintenance jobs that can be created and sustained.

It is also important to note that existing businesses and investors in the current Haitian energy industry can play a major roll in deploying these new energy resources. The quickest path to electrifying Haiti with new clean energy resources will involve robust public-private partnerships, and using the existing utility infrastructure while providing new opportunities for entrepreneurs and community-based organizations to participate in expansion of the market.

These simple examples illustrate what is possible today. Each dollar invested in clean energy can do triple duty: supplying direct energy services, building local industries, and reducing economic vulnerability to future price shocks, embargoes, or environmental disasters. But these outcomes depend on choices made by government planners and aid organizations in reconstruction efforts today. While the urgent needs of the moment may make it seem preferable to cut corners in imple-
menting green components in this renewal, the long-term impact could be costly and would be paid for in missed economic opportunities and reduced quality of life for Haitians.

A national-level assessment of Haiti’s energy needs and resources must be made to provide the foundation of data that is essential to integrating innovative, clean, and efficient cutting-edge energy technology into Haiti’s current reconstruction and infrastructure planning most effectively. One possible option for making such an assessment would be through the Inter-American Development Bank and its new joint Innovation Center launched with the U.S. Department of Energy at April’s gathering of the Energy and Climate Partnership in the Americas. The Innovation Center is a grant-based resource to nations of the Western Hemisphere for technical assistance related to policy frameworks and projects to accelerate renewable energy and energy efficiency. But whatever the vehicle, increased international aid resources will be available for these purposes, which can be put to service in building enduring economic opportunities in sustainable Haitian enterprises.

ENGAGING NEW BUSINESS MODELS AND APPROACHES

For both ecosystem restoration and energy development, new business models and financial approaches must be deployed and local capacity developed. Although the $9 billion in official assistance appears to be a large investment for such a small nation, these funds will need to leverage private capital further, given the scale and diversity of Haiti’s needs. Local capacity development and training will be essential to ensure that this money helps grow jobs and businesses at the community level. Historically, development investments have been made without building ongoing Haitian capacity and partnerships. Grant-based donations that do not sustain market-based institutions require ongoing inflows of cash that cannot be relied on over time. Instead, business models that are self-sustaining should be deployed, leveraging grant dollars only for areas that cannot generate revenue while applying low-profit and other investment resources to build Haitian institutions where revenue generation is possible.

Grant dollars can be used, for example, for training, to expand local reforestation and agriculture establishments, or to establish new business franchises, such as the Sirona distributed electricity model. These funds can be augmented with carbon financing income or other revenues generated from projects. The World Bank has been working with Haiti’s government to lend to mayors for municipal projects that also create local ownership and accountability. This approach is showing significant early success. There may be opportunities to leverage this municipal approach to accelerate micro-grid development across Haiti, thereby creating an engine for locally based energy projects. The International Finance Corporation, the private-sector arm of the World Bank Group, and other financial organizations are potential collaborators in promoting strategies for regional clean energy development, and in helping to structure carbon funds, promote innova-
innovative business models, and encourage smart infrastructure design that leverages new networks, information technology, and onsite energy generation.

CONCLUSION

Haiti is a country with urgent and dire needs, but without investing in Haiti’s environmental recovery there will not be a lasting economic recovery, and long-term security for this nation will likely remain elusive. However, if ecosystem restoration and clean energy development, can be prioritized, Haiti has the opportunity to become a global example for sustainable prosperity and improved quality of life. With just two years until Rio 2012, the 20th anniversary of the Rio Earth Summit, we can use that deadline to support Haiti in building a model for sustainable development that is needed the world over, in particular for green and locally empowered reconstruction.

To that end, Haiti’s reconstruction efforts must support a nationwide assessment of watershed restoration and energy needs for electricity, cooking, and transportation, and must develop a work plan for investment in a holistically designed program capable of guiding efforts in formal, nonprofit, and for-profit capital investment.

This assessment could ensure that the business structure for Haiti’s development of urban, industrial, and rural electrification supports local private-sector generation and distribution of renewable energy, thereby encouraging development and interconnection to local and regional energy grids, and recognizing the economic value of onsite energy generation.

It could rapidly scale the distribution of high-efficiency cook stoves by supporting the development of businesses focused on the production and distribution of these products, and by working with suppliers to structure sustainable business models through tools like microfinance and lease-to-own arrangements.

These efforts could combine grants, public and private investment, and carbon purchase capital to enable end-to-end long-term support for watershed restoration and sustainable agricultural activities on an accelerated basis at scale.

Such an assessment could also inform reconstruction efforts by establishing a system to evaluate project investments based on comprehensive planning, sustainable business models, and long-term ecological impact, incorporating both local and international expertise. For projects meeting the highest standards, a fast-track system for advancing implementation could also be established.

The Haitian government and reconstruction authorities, to articulate Haiti’s priorities and guide investment decisions, could also adopt a set of green economic principles, goals, and standards.

To make significant progress on these long-term concerns, it is important that they be linked to near-term economic development efforts, and that their benefits be valued appropriately within the overall planning for Haiti’s reconstruction.

Haiti’s current environmental and resource pressures already serve as a harbinger of what is to come for the entire global community if we allow development
and the environment to continue to conflict. During this period of reconstruction in Haiti, there is an opportunity for the Haitian economy to serve as a beacon of hope for what can be achieved with foresight and determination, in particular if we can shift financial flows to restore natural systems through local economic activity, and right our climate system by moving to clean energy. In helping Haiti achieve its own immediate recovery goals and realize its leadership potential in environmental restoration and economic renewal, it is possible for the global community to help itself as well. The green reconstruction of Haiti can create the foundation for a real recovery marked by enduring prosperity. Together we can take the first steps forward on this path today.

3. Ethan Budiansky, “Caribbean Programs Officer at Trees for the Future.”
9. For additional information on IDB efforts, see http://www.acore.org/files/gomezslides.pdf.
Harnessing Human Potential in Haiti

Building back a better Haiti will require a radically different approach to education. A review of secondary sources and statistics from international organizations reveals a dysfunctional educational system that is vastly insufficient to cover the country’s development needs. The reconstruction of a competitive Haiti can only succeed by harnessing the country’s most valuable asset, its human talent. A combination of improved funding, smart allocation of resources, and use of low-cost modern technology may allow Haiti to leapfrog to significantly higher performance levels.

INCREASING FUNDING

Haiti’s foremost problem in terms of primary education since well before the 2010 earthquake has been severe underfunding. Government expenditure in education, about 2.5 percent of GDP prior to 2007, is among the lowest in the world. It is almost half the average for Latin America and the Caribbean, and even sub-Saharan Africa manages to spend 3.4 percent1—this despite the fact that Haiti displays one of the most expansive population pyramids in the region, with children and youth age 0–14 making up 43 percent of the population.2 The single most important intervention necessary to build a better education system is a dramatic increase in available funding—to rebuild not just the physical infrastructure but also the administrative and delivery capabilities, maintenance costs, and family support and incentives, as discussed below.
CREATING A NATIONAL SYSTEM

Over the years, lack of funding for public schools has been compensated for by private expenditure and an oversized, underregulated private sector. Between 80 percent and 90 percent of all primary schools in Haiti are private and operate largely outside of government regulation and accreditation. Zimbabwe is the only other country in the world with a similar ratio of public to private schools.

High non-public-sector enrollment in primary education, inadequate regulation, and lack of standardization makes it difficult to guarantee quality. More than 70 percent of private schools function illegally, without a permit or license from the Ministère de l’Education Nationale, and the government rarely inspects them. Because there is no national curriculum, religious groups, NGOs, and for-profit ventures run these schools pretty much as they wish. The resulting diversity is enormous, ranging from international schools attended by the country’s elite to extremely low-quality schools attended by the poorest.

Creating a national system of education is imperative as a means to ensure school quality and effectiveness. A coalition of private actors convened by the Clinton Global Initiative, in consultation with the Ministry of Education and Quisqueya University, is working to develop a National Institute of Teacher Education in Haiti, expected to be operational by year’s end. This institution will develop a national curriculum, teaching standards, and a certification program for Haiti’s teachers. It will have an accreditation body and a Haitian governing board, which will ensure that this project becomes fully embedded within the Haitian education system.

The National Institute of Teacher Education offers a good start, but it is unrealistic to expect the government to do the job alone; it will most likely need to build on a combination of public, charter, and fully private schools. Whatever the mix, any new national standards need to be applied to both public and private institutions. In addition, any new curriculum standards should be established around skill sets that are critical to rebuilding Haiti’s infrastructure and will boost its national economic competitiveness.

WORKING TOWARD 100 PERCENT ENROLLMENT

Education is highly valued in Haiti, but free or low-cost public schools are scarce and are located for the most part in urban areas. Private schools, while more numerous, are prohibitively expensive, costing on average $70 to $80 per child each year in a country with a per-capita GDP of $716. UNICEF has reported that poor
families spend up to 70 percent of their income on education. These barriers often force parents to delay education until they can afford it or their child can make the journey to school independently. Nearly 75 percent of all primary school students are two years older or more than is usual at their grade level.

A direct outcome of this system is dismal enrollment numbers. Before the earthquake, 71 percent of children aged 6–12 were enrolled in school. At least 500,000 children across the country were not receiving any education at all, and just over half of those who started school would ever finish. The problem of low enrollment is compounded by a widespread system of domestic indentured servants (restaveks, or “stay-with” children) that dates back to the country’s independence and is estimated to affect more than 200,000 children.

Pervasive malnutrition impairs students’ cognitive and learning capabilities, a problem compounded by the physical demands of often having to travel great distances to get to school. In rural areas, 72 percent of children aged 6–12 suffer from iodine deficiency, a clear indicator of malnutrition. Only 800,000 students, out of about two million, received meals in 2002, and only 400,000 did in 2006. For many, the food they receive at school is their only meal.

The allocation of aid to families can be used as a powerful tool to mitigate some of these deficiencies. Conditional cash transfers, where cash welfare payments to families are linked to evidence of regular school attendance, visits to health clinics, and improved nutrition, have proven to be an effective mechanism. Mexico’s Progresa-Oportunidades system is widely credited with reducing poverty and increasing educational attainment in that country. Any such plan in Haiti will have to address the increased vulnerability of more than 100,000 children who do not have a family due to the earthquake, as well as thousands of newly disabled children and children forced to take care of younger family members.

QUALITY AND INFORMATION TECHNOLOGY

The majority of children who are enrolled face schools that are overcrowded, poorly managed, low on materials, and disorganized. Even before the earthquake, a high percentage did not meet basic sanitary and safety standards: 16 percent were located in houses, 33 percent in churches, and 9 percent in the open air. Approximately 80 percent of teachers do not have official teaching certificates and a majority of them do not have more than a ninth-grade education. Lessons usually are conducted in Creole and in French, and are mainly “chalk and talk”—focused on

Education is highly valued in Haiti, but free or low-cost public schools are scarce and located for the most part in urban areas.
recitation and writing words and phrases that the students often don’t understand.12

The earthquake added further pressure, as nearly 80 percent of the educational institutions in the Port-au-Prince area were destroyed, leaving about 1.5 million children without a school. Additionally, the premises of the Ministry of Education and Vocational Training were entirely destroyed, along with irretrievable records and educational data.13

The government’s Haiti Action Plan recognizes school reconstruction as a top priority and is working with international organizations to rebuild physical infrastructure rapidly. The Digicel Foundation has provided facilities and equipment for about 500 Ministry of Education staff to resume work. The American Institutes of Research’s Emergency Education Response in Haiti is building temporary schools that are earthquake and hurricane resistant, and providing school supplies, water and sanitation systems, classroom materials, nutrition, and teacher training for up to 600 children per structure. About 321 classroom units have been funded and designated so far. The Digicel Foundation is setting up a fabrication facility in Haiti to build container classrooms, along with an apprenticeship program to train young Haitians in their construction. The Foundation, which originally began the initiative in 2008, has extended its commitment to rebuild at least 30 new schools. Unfortunately, while schools housed in temporary shelters and new buildings began opening to students intermittently in April, displacement and lingering social trauma have kept enrollment numbers low.14

Ideally, a new Haitian school system should be built around new information technology, which could dramatically increase the quality, access, and even cost of delivery; it would also help bridge the digital divide by increasing computer literacy. Experiences such as NIIT’s Hole in the Wall in India have demonstrated that minimally invasive exposure to computers in a protected, collaborative environment can have dramatic results, even in the absence of robust basic education or teachers.15 Intel’s experiences in Africa and Latin America show how holistic interventions that deploy the technology in partnership with local organizations not only can improve educational effectiveness but also build local capabilities, create jobs, and promote an environment of entrepreneurship around the use of information technologies. Technology should not be seen as a luxury for a latter stage of development but as a tool to address current basic needs and accelerate schooling.

UNIVERSITY SYSTEM

Before the January 2010 earthquake, the Haitian system of higher education was comprised of at least 159 public and private institutions that served about 40,000 students. The vast majority of these schools were located in the capital, with few options elsewhere. A mere 1 percent of Haitians between the ages of 18 and 24 were enrolled in university, the lowest rate in the hemisphere.
Harnessing Human Potential in Haiti

Dramatically underfunded (only 0.4 percent of the government’s budget was allocated to higher education before the earthquake), Haitian universities lacked capable professors and facilities. Just like primary schools in the country, 90 percent of the university system was compromised of loosely regulated private schools, many of which operated without government accreditation. Only 11 percent of Haitian professors held advanced degrees, and many schools did not have adequate textbooks, libraries, or laboratories. The average instructor earned less per year than a bricklayer, and they were rarely evaluated.

Private universities were costly and scholarships rare. Those who could afford to do so, and who were accepted, attended universities outside the country. More than 15,000 Haitians are currently enrolled in universities in the Dominican Republic. Lack of incentives prevents many from returning. Conor Bohan, the founder of the Haitian Education Leadership Program (HELP) estimates that 85 percent of Haitians with a university degree have emigrated, removing some of Haiti’s brightest young minds from their country’s future.

Because the majority of Haiti’s universities were located in Port-au-Prince and thus close to the earthquake’s epicenter, the damage to the country’s higher education sector was especially intense. Around 87 percent of the country’s universities were leveled or seriously damaged, and as many as 6,000 college students were killed. An estimated 121 to 200 university professors and administrators also lost their lives.

Haiti needs a new system of higher education, one that can be deployed quickly and provide broad access and scale at a reasonable cost, and that focuses on the areas of priority for reconstruction and productivity. Given its own efficiency issues, the American research university is unlikely to provide an adequate model for Haiti, at least in the short run and, perhaps, ever. Haiti may instead have an opportunity to deploy an alternative model, drawing from some of the breakthrough solutions emerging around the world. In the U.S., the University of Phoenix—a profitable publicly traded company—has become the largest university in the country in number of students through a combination of low-cost campuses in key markets and online delivery. Western Governors University in the U.S.—an online not-for-profit university created by a coalition of state governors—and TecMilenio University in Mexico—a “base-of-the-pyramid” initiative of the elite Tecnológico de Monterrey—are examples of practical, efficient, and effective competency-based learning models that can be deployed in a short period of time. Opening up the local market to initiatives by foreign nonprofit and profit providers and creatively leveraging the growing pool of open-source tools and available online content may also help find a unique model of higher university that is both realistic in a relative short period of time and effective in meeting the growing demands of highly trained talent in the country.
CONCLUSIONS AND FUTURE ACTIONS

The Haitian government’s Action Plan recognizes that a knowledge-based society with universal access to basic education, a relevant professional training system, and an efficient university system are key priorities for the future of the country. That’s an important starting point. But to get there, the focus should not be on rebuilding a system that was broken prior to the January earthquake but on creating a dramatically different model that will enable Haitian society to build a competitive economy and put their economy on a path to sustainable development. While there are many forms this model could take, any lasting solution will require the following elements:

• A dramatic increase in funding allocated to education
• The creation of a national system, which should leave enough room for diverse models and experimentation but within clear standards linked to the nation’s reconstruction and competitiveness needs
• A conditional cash transfer system to turn welfare distributions into incentives for improved enrollment and health
• A smart use of technology—from radio and TV to cell phones and low-cost computers—which can help tap increasingly available open-source content, increase quality at a reduced cost, and dramatically increase computer literacy
• The adoption of new, scalable, low-cost models of higher education that have demonstrated success in other developed and developing environments

Given the magnitude of the destruction from the earthquake, the low level of resources available domestically, and the tremendous number of competing priorities, a solution will of necessity be a joint effort among the donor community, the Haitian government, Haitian civil society, and private capital. No one group has the ability to resolve the situation, but together they can achieve much of what needs to be done.

The Haitian government’s stated goal of creating a free and comprehensive publicly funded education system can serve as the cornerstone of efforts to remake Haiti’s education system. It can, and should, also be the focal point of international assistance for Haiti’s education sector.

The establishment of the National Institute of Teacher Education and the development of uniform national standards will be critical to the success of a new education system, for without proper regulation and consistent national guidelines, even a fully accessible public education system will fail to produce the desired outcome of truly preparing Haiti’s children to compete in the global economy.

A key element of any new structure must also be a vision for using technology that will allow Haiti’s educational institutions to tap into the knowledge resources of an interconnected global community. To promote the necessary investments in technology, tax breaks and other types of incentives should be developed to encourage the private sector to invest in education and educational technology.

Finally, in order to ensure that the Haitian people take advantage of the benefits of any new educational structures, the Haitian government should direct some
Harnessing Human Potential in Haiti

of its welfare spending to a new conditional cash-transfer system, possibly also funded in conjunction with international donors.

While the challenges facing Haiti’s education system are significant, the rebuilding process offers Haiti an opportunity to start over. By pooling the resources and aligning the efforts of the government, private sector, and donor community, Haiti can jettison a failed education system and build a new, more effective structure that truly serves the future needs of the Haitian people.

3 World Bank, Haiti.
6. World Bank, Haiti.
11. World Bank, Haiti.
12. Wolff, Education in Haiti.
14. James, “Educating Haiti’s Children.”

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Farming employs two out of every three workers in Haiti. As a result, the successes and failures of Haitian agriculture translate directly into rising and falling prosperity for the majority of Haiti’s population. Today a critically debilitating combination of market distortions (originating from inside and outside of Haiti) and inefficient production keep agricultural output well below the level of domestic demand. More than one-third of Haiti’s farmland is underutilized. As a consequence, Haiti spends 80 percent of its export earnings to import food that the nation’s farmers could produce themselves.

These discouraging present realities conceal promising prospects for the future. Haiti has the potential not only to reach economic self-sufficiency, but even, perhaps, to return to a past era in which it was a regional cornucopia. The country has as much total farmland as does the U.S. state of South Carolina. It has an enviable location close to multiple export markets—Miami is closer to Port-au-Prince than it is to Washington, D.C. Haitian rice farmers produce a quality product that fetches a higher price in the markets of Port-au-Prince than imported...
varieties. The country has strong productive potential in two other staples, poultry and sugar, and so much capacity for the cultivation of various other foods that for decades, U.S. companies have enjoyed lucrative farm operations throughout the country. Finally, Haiti benefits from a rich and vibrant culture, an elite class educated in the world’s best universities, a successful and increasingly engaged diaspora population, and a newly deployed mobile communications infrastructure to connect them all.

Widespread impressions to the contrary, Haiti’s most direct path to a prosperous future does not run through the streets of Port-au-Prince or the halls of aid agencies. It starts with the soil of the Haitian hills and ends in the marketplaces of the Caribbean and the rest of the world.

FROM SEED TO HARVEST . . .

International partnerships and investments will be critical cornerstones as we lay the foundations for a “New Haiti.” Those who have a vision and those who believe will have an unprecedented opportunity to participate in Haiti’s rebirth, while seizing exceptional business prospects.

—Jean-Max Bellerive, Prime Minister of Haiti
Remarks to the Greater Miami Chamber of Commerce, June 16, 2010

A strong foundation for development relies on the farmers themselves, starting with essentials like proper soil care and extending to economic programs that enable smart, effective land use. The government and its partners must treat agricultural production, although owned and maintained privately, and the resources on which it relies as the nation’s natural patrimony. Acting assertively to restore and maintain Haiti’s natural resources, provide more efficient access to the inputs farmers require, and encourage a dynamic market environment for the country’s agricultural products must remain an overriding imperative for the government of Haiti and its partners.

Developing supply chains for micro-irrigation systems and treadle pumps could significantly supplement efforts to repair and expand existing irrigation systems. Targeting support and funding toward the cultivation of primary crops that contribute to both economic enterprise and environmental rehabilitation could have the dual result of improving soil health and helping to reduce the amount of foodstuffs Haiti imports to meet the demand of its population. The main hubs in the agricultural supply chain that provide those resources, today’s farmers’ associations, could begin to serve as one-stop shops not only for obtaining seeds and other needed agricultural inputs, but also for securing financing and strengthening local communities of practice. The combination of low-cost capital (in both financial terms and irrigation infrastructure and farm inputs) and easily accessible information on best practices and market conditions can pave the way for better standardization and reduced start-up times, which are key components in the franchise models that put production into the hands of more farmers.
A recently announced prize financed by the Bill & Melinda Gates Foundation for the development and deployment of mobile banking services in Haiti has the potential to accelerate smallholder farmers’ access to valuable financial tools. Government- and community-sponsored agricultural extension services, like Haiti’s IDAI program, can potentially extend their reach significantly through use of mobile communications, GPS, and even SMS-based social networking technologies. Twentieth-century technologies can play a role as well. Haiti’s many community radio stations should be encouraged, and supported, to reach farmers even more effectively with timely and relevant content related to agricultural practices and options.

While the strategies described above largely focus on the points in the supply chain that come before cultivation, coalitions committed to smart development can also intervene meaningfully at those points between farms and the final destination of agricultural outputs. Agribusiness firms that serve as farmers’ most likely—and in many cases only—markets can strengthen their own businesses by enhancing the capabilities of the farmers that supply them. These firms have myriad options for improving the products and businesses of their suppliers, ranging from privately run equipment cooperatives, seminars and training intended to improve the effectiveness of farmers’ efforts, and education to help farmers meet quality standards.

Partnerships between the government, NGOs, and private industry have already come together around the issue of Haitian agricultural development. As they invest in individual projects, these partnerships must bear in mind the economic development priorities of Haiti as a whole in order to ensure sustained and comprehensive economic growth. Models that emphasize inclusiveness and the creation of a stronger enterprise economy permit communities to “build back better” while paving the way for social and political success in the longer term. To this end, funding must meet Haiti’s actual needs and capacities while keeping an eye on the innovations and open competition that benefit every able-bodied Haitian and bring the nation closer to economic self-sufficiency.

This process has already begun, as the United States has recently approved funding for a number of Haitian companies that have the potential to lead the country’s agricultural renewal in the near term. MFT, a poultry and egg producer that serves the local market, exemplifies the many enterprises throughout that country that will help reduce the $185 million Haiti spends on poultry and egg imports. In another central industry, a partnership between the Darbonne Sugar Mill and BioTék Haiti for the dual production of refined sugar and green energy demonstrates how targeted investments can put increased agricultural productivity in the service of environmental sustainability; that investment alone will reach 30,000 farmers and produce 20 megawatts of electricity at the same time it helps boost the country’s alcohol and rum industry, which the earthquake severely damaged.
Foreign businesses and investors need to have faith in the Haitian legal system and regulatory framework. They need to feel confident that, should a conflict arise, they can seek restitution in court and the government’s regulatory apparatus will perform adequate enforcement of existing statutes, regulations, and court precedents.

—Haitian-American Chamber of Commerce
“Priorities for Haitian Economic Development”

In the same way that poor soil renders even the best efforts in farming useless, cumbersome regulations, costly permitting requirements, and burdensome export procedures represent salt sown in the fields of commerce. Without the remediation of the investment environment critical for Haiti’s renewal, the country will continue to squander its wealth of resources in the agricultural sector. In environments inherently unfriendly to business, even the few enterprises that can take root will suffer from stunted growth, if they survive at all. For this reason, U.S. Senator Richard Lugar stated in a letter to the Senate Committee on Foreign Relations that “absent reforms to improve Haiti’s business environment and economic trajectory . . . the potential for the private sector to have a major impact on Haiti’s development will be negligible.”

Despite these very serious constraints on expanding Haiti’s agricultural sector, a few critical steps could go a long way toward improving Haiti’s investment environment:

Instituting a functioning regulatory and legal structure: The earthquake of January 2010 severely impaired the functioning of Haiti’s government, destroying the presidential palace and along with it the seat of Haiti’s executive branch. As the government has reconstituted itself, responding to the needs of people injured and displaced by the earthquake has (appropriately) taken top priority. However, as attention turns to rebuilding, Haiti’s government must turn its attention toward the construction of a fair, efficient, and predictable legal and regulatory framework. The international donor community and leading corporate partners can help build a modern system by supporting the rapid development of open-source enterprise software for basic functions such as port management, payroll operations, business registration, and filing legal claims. The World Bank, with its Doing Business indicators, has contributed to establishing cross-national benchmarks for business climates; it can, and should, go further by playing a role in the process of developing open systems that lower the costs to those countries, such as Haiti, that have performed poorly in these rankings in the past and are now seeking to make improvements.

Taking the lead in implementing a mobile phone–based system of property recordation: Countries around the world have very slowly responded to Hernando de Soto’s insight that the wealth of the world—particularly in its poorest places—would increase dramatically with improved access to systems that record property
Truly Grassroots: How Agriculture Can Lead a Haitian Renewal

The ubiquity and affordability of mobile communications technology create an opportunity for Haiti to take the steps recommended by de Soto and help Haitians transform the resources they have into capital. By partnering with mapping and SMS pioneers like Ushahidi and FrontlineSMS, Haiti could become the first country in the world to adopt an SMS-based system of property recordation. In concert with efforts to provide micro-loans to small producers, especially those that use mobile banking as their platform, such an innovation has the potential to increase farm-level investments throughout the country. Given the importance of agriculture relative to the rest of Haiti’s economy, such an initiative could spark a wave of financial flows that grow from the soil on up.

Increasing the number and reach of financial institutions and financial service offerings: Haiti must provide markets for banking and financial products that have a sufficiently low barrier of entry for entrepreneurial endeavors if it expects to fulfill the promise of mobile banking referred to above. Evidence from other countries links both regulatory certainty and openness to market innovation to the rapid growth of mobile banking services. Here, as in many other domains of economic development, the success of innovative efforts begins with a business-friendly environment. In the case of mobile banking, policies that regulate printed money and currency, loans, and monetary transfer should not only tolerate but encourage entrepreneurial entry by telecommunications and finance innovators.

... AND NURTURING THE FIELDS

Since 1981, the United States has followed a policy—until the last year or so when we started rethinking it—that we rich countries that produce a lot of food should sell it to poor countries and relieve them of the burden of producing their own food so—thank goodness—they can leap directly into the industrial era. It has not worked.

—President William Jefferson Clinton

Testimony before the Senate Foreign Relations Committee, March 10, 2010

Haiti’s ability to realize its potential for agricultural renewal does not, however, depend exclusively on actions taken within Haiti. It also depends on the willingness of Haiti’s international partners—the United States in particular—to commit to changes in trade policy that reflect a desire to encourage entrepreneurship among Haiti’s farmers. For decades, U.S. trade policy toward this country of only 9.2 million people worked at cross purposes with the stated goals of the country’s development apparatus. A doctor assists others by also working within the constraints of the mantra that he or she “do no harm.” If the U.S. can fully and permanently commit to a trade policy that resembles such a “Hippocratic Oath for development,” Haiti will get the kind of assistance it needs to get on track to having a healthy, viable economy and becoming a strong regional trading partner.

If the world operated entirely within a system of free trade, the trade policies of one country like the U.S. would have no impact on Haiti; faced with scales that
tilted against them, Haitian entrepreneurs could seek markets in Brazil, France, or Ghana. But in today’s world, U.S. trade policy has an enormous impact on Haiti, as it does on any other country whose greatest near-term prospects for engagement in the global economy lie in industries like agriculture or tourism. Although part of the problem lies in tariffs, constraints on Haitian entrepreneurs’ access to growth capital make financing via entities like the Overseas Private Investment Corporation extremely important to Haiti’s renewal. Consequently, restrictions against the support of any business that could compete with producers in the U.S. represent potential obstacles to Haiti’s continued development.

This issue of development and trade policies that work at cross purposes (a modus operandi with a history of tragic results) speaks to a larger point of which the U.S. government should take note: supporting growth in entrepreneurship in the world’s poorest places through both development and trade policies will ultimately benefit the United States of America and its people. The U.S. unambiguously does better when its neighbors do better.

A determined commitment to uproot policies that restrict investments in Haitian enterprises will reveal that not only would such investment help immensely in bringing about sustainable, long-term change in Haiti, but that aspiring Haitian entrepreneurs pose almost no threat to the livelihoods of producers in the U.S. Indeed, the annual revenues of just one politically influential U.S. sugar company, Flo-Sun Holdings, equal one-third of Haiti’s entire gross domestic product. Consequently, a small-scale farmer producing sugar for his country’s biofuel market will have little impact on the fortunes of an enterprise like Flo-Sun Holdings.

Haitian émigrés to the U.S. have helped fuel their home country’s advancement for decades. Haitians have provided the U.S. with so much, yet the U.S. government allows skilled lobbyists to obstruct Haiti’s progress. Haiti needs genuine partnership if it has any hope of rebuilding, and a commitment to a Hippocratic Oath for development seems like a fitting minimum requirement for participation in Haiti’s development.

CONCLUSION

None of the world’s countries measure their success in terms of the efficiency with which they can absorb external aid. Indeed, most countries define their success against the measure of the absence of external aid. Success for Haiti will come when it begins to measure its achievements in terms of the productivity of its workers and the satisfaction of its citizens. The earthquake that hit Haiti frustrated a process toward economic self-sufficiency that, although marked with some successes, has continued for far too long. Although perhaps too often framed as some spectacular opportunity, the earthquake really does bring attention and new investment to Haiti wherein the government, NGOs, and international partners can reassess development priorities and strategies and coordinate themselves and their investments accordingly.

Sustained and comprehensive economic development must rank at the top of
Truly Grassroots: How Agriculture Can Lead a Haitian Renewal

this list of priorities, and agriculture can and should drive this development as the country recovers. The members of development partnerships in Haiti must bear this in mind as they invest in individual projects. Development programs that emphasize agricultural development will benefit immensely from better coordination among the NGOs working in Haiti. By registering with the Interim Haiti Recovery Commission, NGOs can align around the most feasible goals that take sustained growth into account, such as a vibrant agricultural sector and the distribution of the tools that enable it. As that process moves forward, the national database of NGOs working in Haiti will further coordinate efforts and optimize assets. This will hopefully bring to a close the perverse era in which the number of NGOs working in Haiti grew far more rapidly than the country’s economy. Haiti’s future demands at least this same level of coordination and the commitment of Haiti’s business leaders to building an entrepreneurial class.

The opportunities present in Haiti today eclipse whatever benefits divisiveness yielded in the past, whether among Haiti’s elite class, NGOs jockeying for importance, or foreign entities searching for spoils to take back home. The future of Haiti lies with its farmers, who require above all a healthy soil, both in physical and metaphorical terms. Only by continuing to provide far-reaching economic empowerment throughout Haiti will the country integrate itself into the global economy. Today, as never before, “L’Union fait la force.”

7. See http://haitiaidmap.org/.
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