

# Haiti's Potential Waiting to Be Fulfilled

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.

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*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.

*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 micro-climates 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.

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 11<sup>th</sup> 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 send 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 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.

## *Haiti's Potential Waiting to Be Fulfilled*

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.