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Truly Grassroots

How Agricultural Entrepreneurs Can Lead a Haitian Renewal

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

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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.¹ 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 BioTek 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.

... FROM HARVEST TO MARKET ...

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.”²

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

rights.³ 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 Ushahidi⁴ and FrontlineSMS,⁵ 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.⁶ 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

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.⁶ 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.*"

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1. Treadle pumps provide a low-cost, human-powered option to farmers for extracting groundwater for irrigation. For more, see Martin Fisher, "Income Is Development," *Innovations* 1, no. 1 (2006): 9-30. Available at <http://www.mitpressjournals.org/doi/abs/10.1162/itgg.2006.1.1.9>.
 2. "Without Reform, No Return on Investment in Haiti: A Report to Members of the Committee on Foreign Relations, United States Senate. Richard G. Lugar, Ranking Member." One Hundred Eleventh Congress, Second Session, July 22, 2010.
 3. For more information, see Hernando de Soto, *The Mystery of Capital*. New York: Basic Books, 2003.
 4. See <http://www.ushahidi.com/>.
 5. See <http://www.frontlinesms.com/>.
 6. David Porteous (2009), "Mobilizing Money through Enabling Regulation," *Innovations: Technology | Governance | Globalization* 4(1), pp. 75-90.
 7. See <http://haitiaidmap.org/>.