

RELEASE IN PART B6

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Thursday, February 3, 2011 9:39 PM
To: H
Subject: FW: Article you asked for - hope this is it?

Long answer to the question you posed re Post article on trucks stuck in ports.

We have ports as one of our initiatives – will move to the top of the que.

See below.

cdm

From: Adams, Thomas C
Sent: Thursday, February 03, 2011 7:13 PM
To: Mills, Cheryl D
Subject: FW: Article you asked for - hope this is it?

Partial answer on the questions by the S. Hope to get the rest (ambulances) tomorrow.

Tom

From: Dei, Carleene (HAITI/DIR) [mailto:]
Sent: Thursday, February 03, 2011 6:40 PM
To: Adams, Thomas C
Subject: RE: Article you asked for - hope this is it?

B6

Tom:

We just contacted Grassroots United International (which was one of the organization featured – the one that has 450 water filters needed for orphanages – de-worming and cholera treatment) and they told me that their water filters are still sitting in the port. I have not yet spoken to Medishare (that is Barth Green's organization), re the status of their ambulance, but believe me, if anyone can get their goods out of the port it is Medishare – but I shall call tomorrow.

Re the article, my initial reaction is that it is singularly even-handed. It lays out both side of the argument, including the Prime Ministers conviction that they are being robbed of desperately needed resources by a system that is bringing in commercial goods under the guise of humanitarian assistance. He once told a group of donors that in many instances the NGOs did not know that their own staffs were running smuggling rings while using them for cover. FYI, we have a special system organized for bringing cholera-related supplies into Haiti via air, but the port remains the port.

We have been working on this issue since the early post earthquake days. We have created documents that detail the following

1. What you need to do to get registered - because if you are not registered you will not be given NGO duty-free status and the entire process is futile
2. What you need to do to get goods through the port (documentation and process) as per our own customs people who deal with these issues every day.
3. Who are the agents that are authorized by the government to get goods through customs (because the average NGO hasn't a clue what is required to get this done).

In addition to the documents the collective donors have repeatedly met with Preval (specifically re the issue of getting t-shelter materials out of customs where they sat for months on end). Also present at key meetings were the head of the Customs, the Minister of Finance and some of the Ministers in key sectors such as Health. They all promised us that they have a streamlined process, but of course that is not the case. The result of our interventions was that we got some NGO goods released by customs, BUT, it has come to nothing.

In effect, we can get a specific lot of goods out of customs if we make a big enough fuss. Cheryl herself has intervened on behalf of NGOs on multiple occasions, I am also certain that the Secretary's intervention will get these ambulances out "*in the blink of an eye.*" But the reality is that these are one time actions, and tomorrow we will be back where we started. Nothing will have changed and the GOH will be even more resentful than they currently are.

To change the situation we need political will from the top, and until the government has alternative sources of funding (such as income and property and business taxes that normally fund government activities), they have absolutely no motivation to change the system. Also, Haiti has more NGOs than any other country on earth, and NGOs are a huge economic force in terms of goods coming into the country for their programs and personal use (just look at the percentage of the traffic in Haiti that is composed of SUVs with NGO names painted on the doors). In such a situation, there is little motivation to let them off the hook.

Yes we have a program that we will be doing with Customs and Border patrol based on a study that was carried out last year. Yes we will be able to make some changes in terms of efficiency (computerization, hiring more staff, training to improve efficiency). And yes, we expect to be able to cut down waiting time and perhaps streamline parts of the system, but the need to keep the process long and paper-work heavy and the duties high will not go away any time soon.

I will try and get you the information that you need as soon as possible.

Carleene

Carleene Dei
USAID/Haiti
Mission Director

From: Adams, Thomas C
Sent: Thursday, February 03, 2011 5:28 PM
To: Adams, Thomas C; Dei, Carleene (HAITI/DIR)
Subject: RE: Article you asked for - hope this is it?

Carleene:

Were you or your staff able to find out if the ambulances are still stuck in Customs. The S has asked me to find out and I would like to get back to her soon on this.

All the best,

Tom

From: Adams, Thomas C
Sent: Wednesday, February 02, 2011 11:56 AM
To: Dei, Carleene (HAITI/DIR)
Subject: FW: Article you asked for - hope this is it?

Carleene – the Secretary saw this article and is asking if there are really six ambulances tuck in customs and the port. I suspect the answer is yes. I want to get back to her with any information on this situation, which I suspect is pretty static. I do know you are funding two customs officers to come down and work, along with the Canadians, to try and improve Haitian Customs. Are there any other glimmers of hope we can point to on this?

Think it's great that the Nazon rubble Removal came in under cost. I understand a Haitian firm won the bid. As you know there is constant criticism that we don't contract with Haitian firms so if we can show that this is changing somewhat as we move from pre-competed OFDA contracts to the ones you are doing, that would be great.

I have gigged Cheryl on the AAD's and on Staffing and she always promises to review by morning and then glares at me when I ask her about it the next day.

Sorry I did not see you on Sunday's whirlwind visit. Will be back for the IHRC Meeting on the 15th (when you will be entertaining Don Steinberg) and hope to stay on a few days to do some country travel and meet with you and others.

All the best,

Tom

From: Shah, Preeti V
Sent: Wednesday, February 02, 2011 8:27 AM
To: Adams, Thomas C
Subject: Article you asked for - hope this is it?

At Haitian Port, Desperately Needed Aid Sits And Sits And Sits... (Robles, MH)

Sunday, January 30, 2011

Miami Herald

By Frances Robles

PORT-AU-PRINCE -- Water filtration tanks that would provide orphans with clean water during a cholera epidemic have been stuck at Haiti's main port since Nov. 22, hostage to customs red tape.

They're joined by 700 dust-covered automobiles and at least six ambulances shipped by nonprofit groups. Two donated rescue vehicles have been there for nearly a year.

"You spend days and days getting some paper customs asked for, and then they come up with something else," said Chad Walsh of Grassroots United, a small aid organization that needs the 450 water filters for an orphan de-worming program.

Haiti's struggle to recover from last January's 7.0 earthquake has been hamstrung by a massive bottleneck at customs. To some, the culprit is corruption, and the solution is to grease the right palms to get products moving to their intended destinations.

DELAYS DEFENDED

But to others it's not that simple. Haiti has a culture of bureaucratic inefficiency that has been overwhelmed by a tidal wave of incoming charitable goods. The government defends the delays, arguing that some alleged donations are actually intended for sale but disguised as aid by opportunists who hope to maximize profits by avoiding Haiti's enormous import fees.

And so, desperately needed goods sit at the port while reconstruction stalls and people get sick and die.

Whether due to corruption or ineptitude, Grassroots United learned that getting water filters into Haiti is not as easy as it sounds.

"They wanted an invoice showing the monetary value," Walsh said. "We got that; it had a black speck on it from the printer, so the guy at customs said: 'Hmmm. I don't know if this is going to work.'"

Oxfam, the British aid organization, had eight cars stuck in customs for a full year.

On Wednesday, Broward County-based Great Commission Alliance finally received 40 utility poles donated by FPL to bring power to a village. They had arrived in Haiti three months earlier.

\$6,000 FEE

The 48 bunk beds the church group sent for its Mirebalais orphanage sat in customs for four and a half months until a \$6,000 fee was paid last week, despite its 10-year history as a nonprofit group in Haiti.

"We want to pay taxes, but how much should it be?" said Homestead pastor Marcel Baptiste, a missionary. "If you bring a car, they want to charge you 48 percent of the price. They wanted to charge us \$20,000 for a loader that was given to us for \$1."

Aid agencies routinely pay steep storage fees for the time the "duty free" items gathers dust at customs during the haggling. Baptiste's group paid seven grand to get the loader out.

Great Commission Alliance's founder, Weston pastor Brian Kelso, calls the charges the "extortion tax."

"If Haiti gets \$10 billion in aid, I would say anywhere from 1 to 5 percent of that is going straight to corruption," said Kelso, who spent so much time doing quake relief last year that he contracted malaria and lost portions of both feet.

He estimates that his organization paid \$30,000 in extra customs taxes last year alone.

"That money is in the pocket of a small and elite group of people," Kelso said.

Customs director Jean Jacques Valentin becomes irate at the suggestion of corruption and indicated that many

organizations are profiting from donations.

"I spent all of 2010 explaining the customs process. I am not going to spend any more time trying to defend it," Valentin said. "This is a public operation that is a service, which has rules and regulations which need to be respected."

CORRUPTION INDEX

The Haitian government estimates that the Jan. 12 quake killed up to 300,000 people and in the early months destroyed 65 percent of Haiti's commerce and 85 percent of its tax receipts. Haiti's government was largely financed through port tariffs, which were among the highest in the Caribbean.

Its corruption index was also rated by Transparency International as among the world's highest.

Months after the quake, the country was eager to return to normalcy, when the majority of items being sent to the country were not tax-free donations.

According to a trade analysis done for The Miami Herald by Datamyne, a Miami company that has the largest searchable trade database in the world, a third of the \$504 million in goods exported to Haiti from the Miami customs district the first 10 months of 2010 were charitable goods.

Soon after the quake, Haitian authorities began to suspect that disaster relief agencies were using their tax-free status to ship items they planned to sell.

"They come here to make money," Valentin said. "People are profiting from this country's problems. They are liars. Can they explain the money they are spending or stealing?"

ALL ABOUT HAGGLING

Port Director Joseph Alcime Henry said many people blame the port for delays that are outside its control.

"You say, 'You have to pay this amount,' and people say, 'What? I am not paying! I have no money,'" Henry said. "They ship something that's worth \$10, and they make a customs declaration that says \$1."

It's all about haggling, said Chuck McCune, founder of Prizm Foundation, a New Mexico charity.

"The government is underfunded and needs to get as many dollars possible from every box," McCune said. "I don't necessarily think it's nefarious. You have government officials going around in beat-up trucks and on foot seeing all these brand new trucks coming in, thinking: 'Wait a minute. We can't even get a ride to the clinic!'"

His community's donation of a school bus filled with clothes and food took several months and cost \$5,800 to release, McCune said.

Small organizations like his say they feel the brunt of the delays, because they have less experience and influence. Like many groups, Prizm has tried for months to become a registered nongovernmental organization in Haiti, which brings with it duty-free status.

But even the largest emergency response organizations that are registered in Haiti report the same difficulties, and are hit up for steep fees.

"We have had cars sit there for months," said Red Cross spokeswoman Julie Sell. "Sometimes the problem is the license plate, so they let them out but don't let us drive them. Of course, there's always various requests for money."

Henry, the port director, said all requests for money are official fees. The system is computerized, and it would be too

difficult for a single person to hit a shipper up for a bribe, he said.

"We don't work in cash," he said. "We work with checks."

He acknowledged that the port operates with 300 employees when it used to have 1,000. Most of those former workers, he said, were political ghost jobs.

RULES FOR NGOS

Prime Minister Jean-Max Bellerive said it's unfair to paint the entire system as corrupt.

Haitian law requires organizations to be working in Haiti for at least a year before they can enjoy NGO status.

"A lot of people are coming to Haiti but only to have a one-time business," he said. "They come with a truck, they come with a container, and they want to have all of the benefits of an NGO here."

Bellerive said many of the complaints about red tape are false.

"In many instances where we were directly involved, we learned that in a lot of cases, they didn't have the first documentation necessary to introduce the product or goods or container into the country," Bellerive said.

But aid groups say they can never get the right documentation.

"They keep changing what a 'proper document' is," Kelso said. "It's a shell game: now you have it, now you don't."

Many groups wind up hiring fixers or brokers to help get goods released, which critics say helps feed an inefficient system rife with corruption.

Adam Marlatt, founder of Global DIRT (Disaster Immediate Response Team) has become a volunteer fixer. He said even well-respected organizations such as the United Nations' World Food Program and the University of Miami's Project Medishare have vehicles stuck at the port.

Project Medishare's three ambulances have been there for at least three months, he said.

"Today we rolled up on a dump truck that had crashed into an SUV and a tap-tap," -- a Haitian bus, Marlatt said. "The ambulances we could have utilized were sitting in customs."

Experts say the reasons for the delays vary, and include the government's desire to protect local industry. Every four-wheel drive vehicle that sits in the port represents one that must be rented from local companies.

"I'm sure there's a tipping point where someone says it's not worth it, but I haven't gotten there yet," Kelso said.

"When you see a lady walk away with two weeks of groceries on her head, and when you see kids sleeping in a bunk bed with a mattress and a pillow, you see it's worth it."

Miami Herald staff writers Mimi Whitefield and Jacqueline Charles contributed to this report.

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This email is UNCLASSIFIED.