

**RELEASE IN PART
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From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Tuesday, April 14, 2009 10:01 PM
To: H
Subject: FW: My thoughts of Haiti
Attachments: Haiti_plan[1].doc

FYI below



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Memo attached and below

cdm

From: Jones, Kali C
Sent: Tuesday, April 14, 2009 4:44 PM
To: Mills, Cheryl D
Subject: My thoughts of Haiti

Counselor Mills,

Thank you for giving me the opportunity to share my ideas with you about Haiti. While many see the problems of Haiti as inexhaustible, there are numerous advantages that lend itself to greater development of the country. Unlike many fragile democracies, Haiti has cheap labor and maintains its skilled labor from previous factories. There are no armed opposition groups and its neighbors are calm. Finally, there are some rather simple paths the United States can pursue in fostering the development of its neighbor, as I outline in the attached document.

Again, thank you for the opportunity.

Best,
Kali

Kali C. Jones
Watch Officer

To improve Haiti's prospects of becoming a non-fragile democracy and a productive international partner, economic development must be the country's number one priority. The government (GoH), donors, and non-governmental organizations (NGO) should focus on micro-lending in the rural areas while simultaneously putting infrastructure in place that will make investment in the country attractive.

Haiti had a long history of sustainable agriculture and still maintains its farming expertise. Many of Haiti's leaders instinctively understand the importance of domestic agricultural production in order to have food security. President Preval and Senator Joseph Lambert (one of Haiti's most political savvy senators and former National Assembly President) are agronomists. Additionally, the most recent administration change was, in part, a result of escalating food prices. Thus, NGO work should encourage rural agriculture development, giving importance to women-run projects.

The focus on women is imperative because of their role in Haitian society. Based on my consular interviews, men often have several families. Men also have the option of supporting their families, while women do not. Women also are ultimately responsible for the education and well-being of children, Haiti's future public servants and workforce. Moreover, the single largest factor in determining a child's health is the wealth of the mother. (The later I strongly believe from empirical data gathered as a Peace Corps volunteer.)

Microcredit in rural areas will provide a new pathway to enter the economy rather than simple reliance on large government programs or projects. Individuals and community groups know what resources are locally available and how best to develop them. It likewise allows creativity, fosters independence, and reduces urban-migration.

The Haitian government must simultaneously introduce labor-intensive infrastructure. This benefits the government from both a policy and public relations perspective. Building roads and ports as well as constructing water and electrical supply lines create jobs immediately and provide visible results to the population. These infrastructure projects, once completed, make investment in Haiti more attractive.

Haiti's Ministry of Planning should work in conjunction with UNDP and donors. Donors should maintain financial and production control over the projects while the GoH manages what programs are implemented and the timeline for implementation. It is necessary to have government participation and input as projects are determined. Donors should insist on concrete plans and coordination from the government. Insisting on planning and coordination would also counter the Palace's argument that funds should be funneled through the executive. If the government maintains its role in coordination, the problem of repetitive or useless projects becomes the burden of the government.

Given the ease of social instability and the likelihood of political parties to use the poorly educated to incite division, it is important to have government visibility on projects. Donors and NGOs should work side by side with Haitians to build expertise and transfer technical know-how. Donors and NGOs eventually must give control over maintenance to the government and, with success, the GoH will develop new projects without international assistance.

Private investment is crucial to the economic development equation. Investment can be encouraged by both the United States and Haiti. HOPE legislation is a foundation. To promote investment, I think a model adopted by the Vietnamese government would be appropriate for Haiti. The GoH might establish a zoning administration that is dedicated to permitting for investment, and a point place for other investment concerns - "a one stop shop" for developers. This zoning administration would interface with the other ministries to resolve any investor problem: land title or security of its employees or difficulties at the port.

The concern I have with this model, however, is corruption. A representative board with government officials, American Chamber of Commerce, civil society members, as well as a rotating local representation position on a board with strict guidelines and time frames for action might help.

Foreign investment "clusters" should be encouraged in rural areas through permitting because it will allow the government to focus infrastructure projects, servicing groups of investors. This industrial park would also diminish costs for both the government and investors. For example, the costs of generators, maintenance of interior roads, and security would be a shared investment expense.

Grupo M textile factory in the border town Ouanaminthe is an example of success. Despite the well-founded community resistance, this model is working. Grupo M is a Dominican garment production company founded in 1986, which began operation in Haiti in 2003. In March 2002, the Haitian Parliament approved the establishment of a special free trade zone (SFTZ) in Ouanaminthe. Members of the Haitian business community criticized the GoH for a lack of transparency in granting concession to Grupo M. Additionally, farmers who were using the land complained that the Aristide government had given the better agricultural land to the company. However, the investors have created employment for the community and have also offered health care for its employees. To diminish costs, given better infrastructure, the company uses Dominican ports.

