

Two years on, Haiti turns a page

As it approaches the second anniversary of the January 2010 earthquake, Haiti is determined to show the world that it is "open for business";

Assisted by the Inter-American Development Bank, Haiti's new government authorities in November held an investment conference in Port-au-Prince that drew more than 1,000 participants, including hundreds of business people from 29 different countries. A number of deals were announced at the event, including several plans to build hotels in the capital.

That same week, Haiti broke ground for a new industrial park in the north, part of a broader effort to promote economic activity in that region. The park's anchor tenant, Korean apparel manufacturer Sae-A, plans to hire as many as 20,000 workers. Other firms, including a furniture maker, a paint manufacturer, an electric cable producer and a call center operator, are in talks to establish operations there.

The challenge for Haiti is to build on this momentum and turn the aid-underpinned rebound into sustainable growth and more formal sector jobs. Its new authorities have pledged to push reforms to improve their country's business climate, while development partners such as the IDB are committed to helping finance indispensable investments to rebuild and modernize its infrastructure and public sector agencies.

The IDB is a leading source of assistance for Haiti. In the two years since the earthquake it has approved \$442 million in new grants and disbursed nearly \$355 million to support projects in education, transport, energy, agriculture, water and sanitation and private sector development. These are the six priority sectors identified in a five-year strategy agreed with the Haitian government, under which the IDB plans to provide around \$1 billion in grants.

In education the IDB has already approved \$100 million in grants for Haiti's ambitious effort to expand access to and improve the quality of education. A major portion of those funds will help finance the construction of 50 new public schools. Another portion is going to a tuition waiver program that allows some 220,000 children to attend non-public schools for free. The IDB is also working to raise additional contributions from other donors interested in supporting education reform in Haiti.

In transport, the IDB is providing assistance to upgrade Haiti's principal roads, including the RN1, RN2, RN5, RN7 and RN8 highways. These investments help improve communication between the country's main cities and with the neighboring Dominican Republic. A grant approved in December 2011 also has resources for paving urban streets, a labor-intensive project that will generate thousands of temporary jobs in several towns and cities.

In energy, the IDB is working with other donors such as the World Bank and the US Agency for International Development to help Haiti carry out a comprehensive reform of its electricity sector. In 2011 the IDB approved grants to secure the financing needed to revamp the Péligre hydroelectric plant, the country's main source of renewable energy. By refurbishing its three turbines and electromechanical equipment, the plant will recover its 54 megawatt installed capacity.

Agriculture is a top priority for Haiti, as nearly half of its population lives in rural areas. The IDB is supporting the national rural development plan, providing resources for a wide variety of activities, from irrigation to watershed management. The most recently approved operation will finance a technology transfer program that will provide subsidies to farmers to improve their productivity.

In water and sanitation the IDB works closely with Spain's government to help Haiti improve services in Port-au-Prince, five mid-size cities and dozens of rural communities. One of the biggest challenges in this sector is to turn around the capital's ailing water utility. To that end, the DINEPA water and sanitation agency has hired a team of foreign experts, who have started to address the problems.

In terms of private sector development, during 2011 the IDB approved a \$55 million grant for the construction of the industrial park in the north as well as an \$11 million grant for a program to provide business development services to small and medium-size companies. This program will complement the activities of a fund established with a €50 million contribution from Spain to co-finance loans to Haitian SMEs with local banks and microfinance institutions.

The IDB's Multilateral Investment Fund, which has traditionally focused on microenterprises, continued to test innovative solutions. One of its most recent projects seeks to restore Haiti as a producer of high quality coffee, working with farming cooperatives and organizations. The project is supported by the French development agency AFD, the Colombian Coffee Growers Federation and food giant Nestlé.

For the IDB, the challenge will be to help its Haitian counterparts step up the pace of project execution at the same time as they strengthen their institutional capacity. To that end the IDB has a team of 55 people working on the ground, supported by many more specialists at headquarters.

"We have a vision of the future of Haiti, and now we must begin transforming that vision into reality," said

Agustín Aguerre, manager of the IDB's Haiti Country Department. "I think that's the challenge of 2012. We moved from the gloom of 2010, to the dreams of 2011, and now 2012 must be the year of people working and children in schools."