Haiti in Transition:
From Emergency Reconstruction to Long-term Development

Your Excellency, Mr. Prime Minister, honored ministers, distinguished guests, colleagues and friends:

“Men anpil chay pa lou.” This saying captures the spirit of our work together: the spirit of solidarity in which the private sector, civil society and international partners come together under the leadership of the Government of Haiti. The spirit in which we join forces to support the Haitian people as you build this country’s future.

Let me thank President Michel Martelly and Prime Minister Laurent Lamothe for their invitation to visit Haiti. This government’s decision to focus on extreme poverty and social exclusion, the subjects of this conference, is a bold step. This is the first time a Haitian government has explicitly placed poverty reduction at the top of the political agenda.

I wish to express my admiration and gratitude to the people of Haiti. Haitian colleagues, friends and patients have been some of my greatest teachers. Your resilience during and after the 2010 earthquake has inspired the world. Sadly, Hurricane Sandy has created new set-backs for your recovery, damaging infrastructure, destroying crops, creating food
insecurity and displacing more people. I would like to express my condolences to the families who lost loved ones to Hurricane Sandy. The World Bank Group’s teams on the ground are working with the National Emergency Operations Center to assess the damage. We stand ready to help Haiti. The Contingency Financing Window of our new Disaster Risk Management and Reconstruction Project could be used to meet emergency needs.

I first visited Haiti as a medical student in the late 1980s. I remember one day when my colleagues and I had hiked for miles through the stark landscape of the Plateau Central, to a village named Kay Epin. The mayor of Kay Epin described how Haiti was born when a group of slaves stood up against injustice and ended their enslavement through collective action. Forever after, the mayor said, despite its small geographical size, Haiti has been a powerful example to the world. The universal pursuit of freedom and dignity, which later transformed so many countries, first took root here in Haiti. As we met with villagers and patients in Kay Epin, I saw the impact of poverty on people’s health. But that day, I also learned that poverty has never prevented Haiti and its people from making great contributions to the world. The Haitian people have changed the course of history by courageously asserting their right to self-determination.

But we also know that, too often, the aspirations of the majority of Haitians have been thwarted by those who held power; that too often small, affluent segments of society have turned a blind eye to the divide between the rich and the poor; and that too often external partners pursued their own narrow interests. With a newly elected democratic government, newly motivated private sector, and an engaged international community, we now have the opportunity to “bend the arc of history,” ensuring that these patterns are not repeated.

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Today, this proud nation stands at a crossroads. Haiti faces the difficult transition from emergency reconstruction to long-term development. How can Haiti transform the historical promise of justice and equal opportunity into a lasting reality?

Since the earthquake struck, Haiti has made significant progress in rebuilding. The repairs to critical infrastructure—notably the airport, the port and major roads—have advanced. The economy is once again growing, driven by agriculture, manufacturing and commerce. National institutions are being rebuilt. Still, there is much work to be done—1.5 million people were displaced by the earthquake, and 360,000 of them are still waiting to leave the camps for permanent housing.
President Martelly and Prime Minister Lamothe, I know you are determined to generate tangible results for ordinary Haitians: to have more people protected through social safety nets, to have more students attending and learning at school, to encourage greater participation of women in education and the workforce, and to allow more job-creating businesses to thrive.

But the process of laying the foundation for long-term development must be accelerated. At this time, several positive forces are converging, providing Haiti with a window of opportunity to make unprecedented progress against poverty.

The peaceful and democratic transition that brought President Martelly to power in 2011 marked the first non-violent handover of power between opposing parties in Haiti’s history, and political stability has improved.

Haiti has strong support from the international community, which is willing to make extraordinary efforts to support positive developments.

Haiti has a number of competitive advantages that can translate into growth opportunities: geographic proximity and preferential trade agreements with large consumer markets, such as the United States; historical, cultural, and geographic assets for tourism development; and agricultural potential.

Haiti also has a large youthful population and a dynamic diaspora that, if given the right opportunities, can help spur growth and stability.

In the coming decade, Haiti’s economy may follow several possible paths. One is a “status quo” scenario: where GDP growth settles to the two or three percent rate that prevailed during the 2000s; where the reconstruction process continues to advance, but less rapidly than citizens hoped; where the country makes gradual progress towards its economic and social objectives; and where institutions improve slowly. I believe that Haiti can and must do better than that.

A transformational scenario is also possible: where government, the private sector, civil society and international partners align their strengths to dramatically accelerate economic growth and reduce poverty. Where the quality and capacity of public institutions improve substantially; where the economy diversifies, building engines of growth that create jobs; where citizens are better protected from the devastating effects of natural disasters. Haiti can achieve this transformation and greatly accelerate progress to reduce poverty.
Why am I optimistic? Well, since becoming President of the World Bank Group, I have often repeated the message that development progress is possible even in countries facing extreme adversity. This is evidence-based optimism.

In earlier times, many experts maintained that building shared prosperity was practically impossible in countries that have known repeated cycles of conflict and instability. But recent years have proved the pessimists wrong.

One example is particularly powerful for me, because it is intertwined with the path of my own life. This is the story of Korea. In the 1950s, when my parents met and started a family, Korea was a country torn by war. It had experienced decades of endemic poverty and possessed few natural resources. In 1963, as my family was preparing to emigrate to the United States, Korea received its first loan from the International Development Association, or IDA, the branch of the World Bank Group designed to serve the poorest countries. Two years ago, Korea had become the 17th largest donor to IDA. Its annual per capita income was above $20,000, and the country had become a world leader in high-tech industries.

Korea’s success cannot be reduced to a simple formula. Many factors contributed, including: agile government planning that adapted quickly to changes in the global economy; a dynamic balance between government facilitation and private-sector development; social protection policies that improved the lives of the poorest and reduced inequalities; and a consistent commitment to education as a means of strengthening human capital and expanding economic opportunity for everyone.

Korea’s journey is remarkable. But, more recently, we have seen inspiring gains against poverty and inequality in many other countries that were once ravaged by conflict and hampered by weak institutions. In this region, we see countries like Colombia and Peru that have emerged from prolonged civil strife to become engines of a new regional economic dynamism. In other regions, countries including Mozambique and Rwanda have rebounded from violence and state disintegration to achieve stronger institutions and more sustained growth.

We can also look at the progress of countries with stable institutions but long-standing patterns of entrenched socioeconomic inequality. Consider Brazil. By deliberately crafting policies and programs like Bolsa Familia and Brasil Sem Miseria, to strengthen social
inclusion and improve conditions for its most marginalized citizens, Brazil was able to dramatically reduce inequality over the last decade.

These countries offer inspiration—and much more. They remind us that Haiti’s path is not pre-determined. These countries have built an evidence base on how to create institutions for shared prosperity. In just a few days, Haiti will host the second ministerial retreat of the G7+, an innovative coalition of countries facing complex development challenges. The World Bank stands ready to support these countries in learning from each other and turning the lessons into action.

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In Haiti, here and now, what will it take to bend the arc of history?

The greatest threat that Haiti is faces is poverty and one of the highest levels of income inequality in the world. Inequality undermines growth; it imperils stability, and does not reflect the values on which Haitian society was founded. Haiti’s economy cannot be built by and benefit just a privileged few. It must be built by and benefit all Haitians.

As we look to the future, progress in five key areas is critical for reducing poverty:

**The first and most fundamental need is for strong, reliable institutions.** The quality of institutions and policies will be vital to sustain and accelerate Haiti’s economic growth and to make the growth more inclusive of the country’s poorest people. Ultimately, economic success is founded on a relationship of trust between citizens and the state. For that trust to flourish, citizens must have a voice in the decisions that affect their lives. And individuals and companies must feel that state institutions are accountable, predictable and transparent. To create trust, government institutions must be robust enough to set clear ground rules for economic activity and maintain a level playing field.

Haiti has made progress in stabilizing and strengthening its institutions. This momentum can drive further gains. The government must deepen and accelerate the public sector reforms that Haiti’s leaders have launched to improve the capability of the state. These reforms include: rationalizing and modernizing budget management; improving procurement so public investment works more efficiently; reducing vulnerability and building up preparedness to external shocks such as natural disasters; and continuing to find synergies between public and private investments.
And here there is also a challenge for donors and international organizations like ours. If we really want to help, we should be able to align ourselves to Haitian institutions, even if these institutions are still facing deficiencies. Trusting in our local partners and following their leadership is the only way to support them to grow, consolidate, and make institutional development sustainable.

Second: as soon as a country has achieved peace and stability, the next thing people need is jobs. And job creation depends on a vigorous private sector. Good jobs are drivers of development, as this year’s World Development Report has shown. And, in developing countries, the private sector generates 90 percent of jobs. The private sector will create the jobs Haiti urgently needs, especially for its young people, and for the many women who wish to empower themselves by participating in the workforce. Haiti can become a country with a vibrant business climate. President Martelly and Prime Minister Lamothe – you have rightly made this one of your highest priorities. However, the window of opportunity for showing results is narrow. Moving quickly is the key to providing a signal to investors that Haiti is truly “open for business.”

Experience from other countries has demonstrated that improving the business climate will require close collaboration between the Executive Branch and Parliament to reform Haiti’s laws. Stronger partnerships must be built with parliamentarians so that they can learn the benefits of proposed reforms for their constituents and the nation. Our joint World Bank/IFC group on investment climate can support this process, as IDA and IFC foster specific opportunities for investors across a range of critical sectors such as agriculture and tourism.

Third, a good investment climate also requires good infrastructure, especially greater access to electricity that can unleash unprecedented potential for boosting growth and reducing poverty. Prime Minister Lamothe, when we met in Washington this past June, you made a strong argument urging us to focus together on the energy sector. Fifteen hours of electricity per day for 35 percent of the population of Port au Prince aren’t enough to build foundations for Haiti’s future. In rural areas, less than 5 percent of the population has continuous access to electricity. The sector is complicated, the interests of various players are entrenched, and I am not claiming it will be easy, but we must refuse to accept failure as we reform the energy sector.

Today, we pledge our support to the Haitian government’s efforts to bring together public and private actors, including civil society, to ramp up Energy Sector Reform. We urge you
to set clear targets, make them public, and report on progress regularly. This means all stakeholders must take responsibility and be accountable to improve energy services for the people of Haiti.

We at the World Bank Group want to reiterate our support for President Martelly’s efforts in the energy sector and thank him for his spirit of innovation, and his determination to achieve results. This morning, we signed financing agreements for 125 million dollars for two projects that will improve energy and infrastructure.

Fourth, “bending the arc” to reduce poverty requires improving basic social services. When services are delivered well, societies are stronger and more cohesive. Services in areas like health care, education, social protection, and water and sanitation directly improve the quality of life for individuals and families. And they have wide impact that reinforces a country’s economic competitiveness.

In Haiti, there is a need to make essential services more integrated and consistent across the multiple agencies that participate in service delivery. The health sector is an example. Today, health actors including churches, NGOs, CBOs, public hospitals, private clinics, and international organizations are working in a fragmented manner, to achieve objectives that are not consistently defined or agreed upon. Dozens of parallel delivery systems have sprung up.

We can and we must end this fragmentation, because it is a betrayal of the Haitian people, who deserve better. That is why the World Bank Group is working with the Ministry of Health on a Ministry-led program that will set standards for a basic package of free health services for mothers and children. Other actors will be contracted to deliver the standardized package in the regions where they work. At first we’ll work in three departments, and later throughout the country. Many partners have already embraced the effort, and we at the World Bank encourage all of you who work in health to participate. We must also persevere in our joint work in the education sector, with the same intent to achieve efficiency, quality and sustainability.

Fifth and finally, evidence-based policies will improve results. We all agree that good data are important for effective policy-making. Poverty data illuminate the lives of the poor in terms of where poor people live, their assets, their vulnerabilities, their needs and aspirations. With the collaboration of the World Bank Group and other partners, Haiti is now completing a national household survey and a major poverty study, the first since 2001.
When the results are made available next year, the government and donors will be able to better align their policies to the needs of all Haitians. We hope this research will provide a major shift toward evidence-based policymaking and program design. We look forward to the government making survey data publicly available so that all stakeholders can use this knowledge.

Your excellency, my friends,

The World Bank Group is changing to serve countries better. We are growing to become a “Solutions Bank”: one that works with countries to identify and implement evidence-based, context-specific solutions to build shared prosperity and reduce poverty.

As a Solutions Bank, we are determined to support Haiti’s efforts to “do what it takes” in the fight against poverty. IDA has provided an exceptional allocation of 500 million dollars for reconstruction in Haiti for 2012 to 2014. In the face of exceptional challenges, we are making exceptional efforts, together. This involves financial resources, and above all new ways of working together to strengthen Haiti’s institutions and bring tangible improvements in people’s lives.

We will continue to become faster and more efficient in responding to countries’ needs. We are increasing the flexibility of our support for countries that are building up their institutional capacities. In emergency situations, we have demonstrated that the World Bank can act quickly, expediting all our procedures. Now, we are making these accelerated emergency procedures the norm for selected countries with urgent needs. This means Haiti will get its projects approved in just months.

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In closing, let me emphasize again that this is a moment of uncertainty, but also of opportunity. Haiti, which changed the course of human history, can build a future free of poverty and injustice: the future that its people deserve. This transformation is within reach.

Let’s challenge ourselves to accelerate the transformation, together. President Martelly, Prime Minister Lamothe, can we work together toward quantitative targets for the reduction of poverty and inequality? The real question is can we hold ourselves accountable to reach these targets?

Can the country and its partners measure and track this effort reliably?
This new course can only be led by the Haitian people and their elected representatives. President Martelly and Prime Minister Lamothe: the people of Haiti and the world are looking to you to lead this great nation forward. Be bold, aim high, and we will be with you. The people of Haiti are also looking to their partners—to us—to see whether we will make good on our promises. Let’s commit to each other right here, to move quickly and work together to achieve our shared vision of a Haiti that finally, after more than 200 years, fulfills its historic destiny.

Thank you.