

HAS AID CHANGED?

Channelling assistance to Haiti
before and after the earthquake

June 2011



OFFICE OF THE
SPECIAL ENVOY
FOR HAITI



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www.haitispecialenvoy.org

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THE ROLE OF THE SPECIAL ENVOY FOR HAITI

The Office of the Special Envoy for Haiti (OSE) was created in May 2009 by the Secretary-General of the United Nations. President William J. Clinton was appointed Special Envoy and Dr. Paul Farmer was appointed Deputy Special Envoy.

The mandate of the OSE is to assist the Haitian government and people in implementing their vision and priorities through engagement with the international community, government donors, UN agencies, and other non-state stakeholders.

Following the January 2010 earthquake, the OSE began to monitor the international community's financial commitments to recovery efforts, and assess the effectiveness of this new category of aid to Haiti.

For further information on the role and work of the OSE, visit www.haitispecialenvoy.org.

ACKNOWLEDGEMENTS

The OSE is grateful to the donors and other stakeholders who provided data and perspectives during the preparation of this report. Post-earthquake aid data in this report is based on information received from donors as of mid-June 2011.

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FOREWORD

The destruction caused by the earthquake that shook Haiti on 12 January 2010 was unprecedented. Equally unprecedented was the subsequent generosity of citizens and governments the world over. I was deeply moved by this solidarity, and saw a new willingness in the international community to accompany the government and people of Haiti as they confront the devastation of the earthquake as well as the obstacles their country has faced for more than 200 years.

Transforming this willingness into action is itself an incredible challenge. It requires donors to take on more than they have in the past, and to adopt new approaches to implementation.

After the earthquake, the international community pledged significant financial resources for both the relief and recovery efforts. Yet many of us have been frustrated with the transition between the two phases. Over the past year, donors have disbursed over \$1.74 billion for recovery activities, but over half—\$2.84 billion—of what was pledged for 2010 and 2011 remains in donors' hands.

And yet disbursing funds is only part of the aid picture. We know from our shared experiences in Haiti and elsewhere that the way aid is channelled matters a great deal, and determines its impact on the lives of the Haitian people. For example, with over 99 percent of relief funding circumventing Haitian public institutions, the already challenging task of moving from relief to recovery—which requires government leadership, above all—becomes almost impossible.

This report is a small contribution to understanding how aid has been channelled to Haiti before and after the earthquake. The data is dense but important, and I encourage everyone with an interest in Haiti—particularly donors—to read it, and to think hard about the “how” of existing aid provision.

We have heard from the Haitian people time and again that creating jobs and supporting the government to ensure access to basic services are essential to restoring dignity. And we have learned that in order to make progress in these two areas we need to directly invest in Haitian people and their public and private institutions. The Haitian proverb *sak vide pa kanpe*—“an empty sack cannot stand”—applies here. To revitalize Haitian institutions, we must channel money through them.

This is the best way to ensure the strengthening of public systems, improved management of resources, increased accountability between the government and its citizens, and greater collective impact of our efforts. Perhaps most important, it will create jobs and build skills for the Haitian people.

As this report makes clear, the international community can invest a much greater proportion of its resources directly in the Haitian public and private sectors. This will require close partnerships between donors and Haitian institutions, based on open discussions. As outlined at the end of this report, the Office of the Special Envoy will also continue to explore innovative ways that donors can channel assistance to Haiti so that we truly accompany the Haitian government and its citizens in their efforts to build back better.



Paul Farmer
Deputy Special Envoy for Haiti

INTRODUCTION

“Haitians are hardworking. We have seen it overseas, everywhere. Haitians learn to become successful. In Haiti they are not because they are not offered opportunities. This is what we need to bring to them, and I hope that everyone will accompany them to reach these results.”¹

Michel Martelly, President-elect of Haiti, April 2011

“...Aid modalities chosen today will have direct effects on the governance, capacity and accountability of Haiti for years to come.”²

Angel Gurría, OECD Secretary-General, April 2010

“Where has the money gone?” is a question frequently asked about the international response to the earthquake in Haiti. As the Haitian government, the Interim Haiti Recovery Commission (IHRC) and partners compile and verify vast quantities of data on the results achieved through aid, we must ask an even more fundamental question: “How was the money given?” This question is based on increasing recognition by the international community that the way aid is provided determines its effectiveness—the degree to which it makes a lasting, positive impact on the lives of people in the communities it aims to serve.

Over the past decade donors have committed to aid effectiveness principles; moved forward with steps to improve their aid based on these principles; and participated in mechanisms designed to hold them accountable to these principles.³ Donors have also increasingly responded to those calling for a human rights-based approach to aid.⁴ From its inception, the Office of the Special Envoy for Haiti (OSE) has advocated for better aid based on “accompaniment.” Accompaniment complements aid effectiveness and human rights principles in a number of ways. It stresses the importance of the Haitian government and its citizens being “in the driver’s seat.” It also calls for aid to focus on the creation of a robust public sector and a healthy private sector that provide meaningful opportunities for citizens. In addition, with its strong emphasis on implementation, accompaniment is specifically focused on guiding international partners to transfer more resources and assets directly to Haitian public and private institutions as part of their support.

This report is part of the ongoing effort of the OSE to hold donors accountable for their financial pledges and their commitment to improving the impact of their investments. At the International Donors Conference “Towards a New Future for Haiti,” held on 31 March 2011, donors pledged over US \$5.6 billion, to be disbursed over two years, to Haiti’s recovery.⁵ They also agreed to work in partnership with the Haitian government to adhere “to the principles of aid effectiveness and good humanitarian donorship and to build on lessons learned.”⁶ Now is a useful time to compare aid before and after the earthquake—and to assess whether donors have changed the way they provide their assistance in accordance with the principle of accompaniment.

This report does not provide specific project-level information,⁷ nor does it provide, or seek to replace, a technical assessment of the effectiveness of aid to Haiti.⁸ This report does not describe progress made by, or the limitations of, the government with respect to key reform initiatives that are described elsewhere.⁹ Instead, it is a call to action to all stakeholders—governments, foundations, non-government organizations (NGOs), academics and interested citizens—to reflect on how we channel resources and accompany the government and people of Haiti. It seeks to answer basic, “big picture” questions about how aid is channelled. Questions like: How much aid did donors provide? Who received funding from donors? Through what modalities did donors channel their funding? Were donors accountable to their commitments? Was aid channelled any differently after the earthquake? By exploring these questions the report aims to provide the basis for more in-depth discussion of how aid can best accompany the government and people of Haiti.

SUMMARY OF KEY DATA

This report presents the available evidence of how donors channelled aid to Haiti prior to the earthquake (Section 1) and in support of the subsequent relief and recovery efforts (Section 2). The key trends in aid to Haiti are set out below.

VOLUME OF AID

- ▶ Aid to Haiti tripled between 2009 and 2010, increasing from \$1.12 billion (\$142.1 million in relief and \$977.6 million in development funding) to an estimated \$3.27 billion (\$1.55 billion in relief and \$1.73 billion in recovery and development funding).¹⁰
- ▶ Aid from bilateral and multilateral donors remains a much greater resource than the Haitian government's own revenue, at approximately 130 percent of government internal revenue in 2009 and an estimated 400 percent of government internal revenue in 2010.¹¹

RECIPIENTS OF DONOR FUNDING

- ▶ Approximately 99 percent of post-earthquake relief aid was disbursed to bilateral and multilateral humanitarian agencies, the Red Cross movement and international non-state service providers, including NGOs and private contractors.
- ▶ Approximately 55 percent of recovery aid was channelled directly to multilateral agencies, international non-state service providers, and non-specified recipients; and 12 percent was channelled directly to the government using national systems. An additional 33 percent of recovery aid was provided in support of the public sector, although the OSE does not have specific information on the recipients of the funding. (Recipients may include the government, project implementation units and non-state service providers.)
- ▶ This donor behaviour is largely consistent with pre-earthquake trends, although multilateral donors channelled increased funding to the government using national systems after the earthquake (rising from 14 to 23 percent).

MODALITIES OF AID

- ▶ Prior to the earthquake, most aid to Haiti was in the form of direct grants and technical cooperation.
- ▶ After the earthquake, over 60 percent of relief and recovery aid from bilateral and multilateral donors was provided in the form of direct grants to various recipients. An additional 13 percent of recovery aid is being channelled to grants through the Haiti Reconstruction Fund.
- ▶ Budget support contributions have increased from \$93.6 million in the 2009 fiscal year to \$225 million in the 2010 fiscal year, although they appear to be decreasing in the 2011 fiscal year, with only \$48.8 million disbursed to date.

DONOR ACCOUNTABILITY

- ▶ Donors disbursed almost 70 percent of the funds pledged for 2010.¹² Over 60 percent of funds pledged for the combined 2010 and 2011 timeframe remain undisbursed.
- ▶ The timing of aid flows, including budget support, remains unpredictable.

Thus, following the earthquake there was a significant increase in aid and tentative improvements in donor accountability to their pledges and willingness to provide budget support. However, the available data suggests that there have not yet been major changes in who receives funding and how aid is channelled since the earthquake. Based on this analysis, Section 3 of the report offers modest proposals for discussions with the government, IHRC and donors about the way forward based on the principle of accompaniment. These proposals explore whether donors can contribute to stronger public and private sectors, thereby creating more opportunities for Haitian citizens, by beginning to change modalities and recipients of aid.



1 AID TO HAITI BEFORE THE EARTHQUAKE

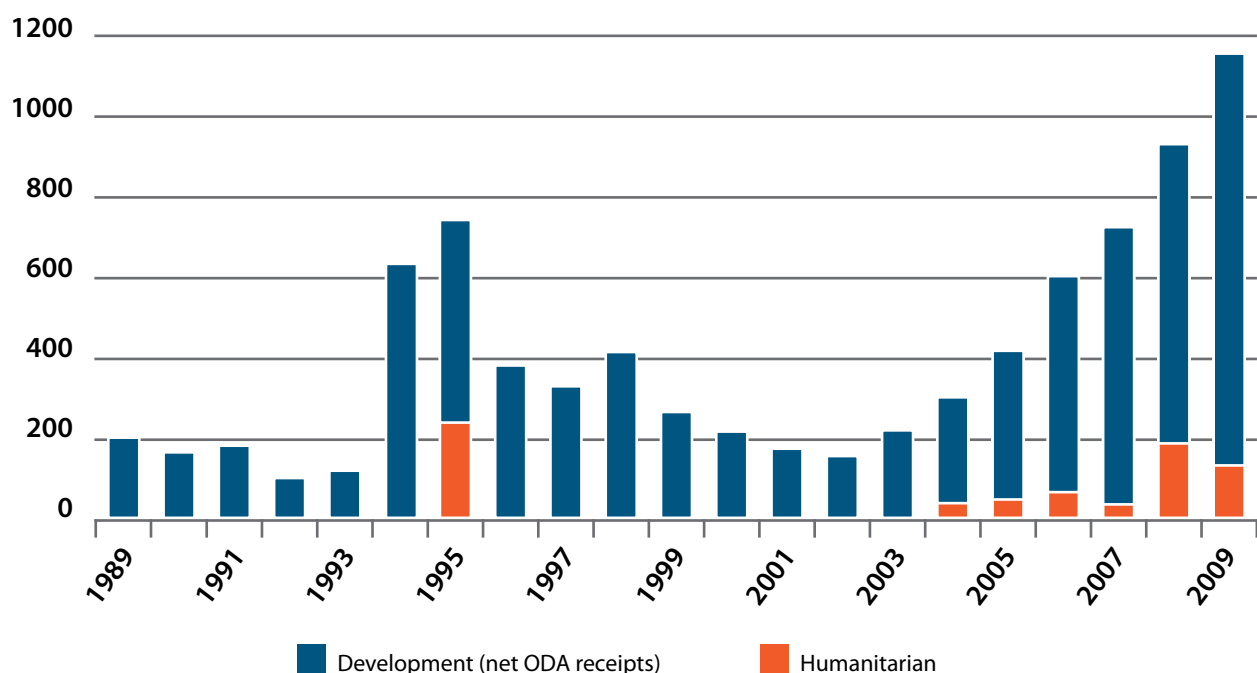
Overview of all aid flows

Even before the 12 January 2010 earthquake, Haitians had limited access to jobs and basic services such as health and education.¹³ The apposite “the poorest country in the Western hemisphere” accompanies most mentions of Haiti in the international press; indeed, Haiti ranks 145th of 168 countries in the United Nations Human Development Index and is characterized as a least developed country.¹⁴

As shown in Figure 1, aid flows to Haiti have varied along with political events and humanitarian crises over the last twenty years.¹⁵ Beginning in 2002, aid steadily increased, most noticeably after the establishment of the UN Stabilization Mission in Haiti (MINUSTAH) in 2004. Between 2004 and 2009 net official development assistance (ODA) increased from \$298.6 million to \$1.12 billion.¹⁶ This included an increase in humanitarian assistance from \$70 million in 2004 to \$142.1 million in 2009.¹⁷

With this increase, net ODA has remained greater than the internal revenue available to the government for use in its annual budget. Net ODA was approximately 113 and 130 percent of the government’s total internal revenue for its budget in the 2005 and 2009 fiscal years, respectively.¹⁸

Figure 1: ODA to Haiti (1989-2009) in current USD millions



Source: OECD data (refer footnote 17)

\$92.30

Net ODA per capita to Haiti in 2008

In comparison, net ODA to Haiti on a per capita basis was less than aid to Rwanda, Afghanistan and Iraq in 2008, but greater than aid to Guinea, Malawi and Sierra Leone, as outlined in Table 1.

Separate from ODA to Haiti, donors also increased their contributions for peacekeeping operations from \$377 million in 2004 to \$575 million in 2008.¹⁹ Approximately one in every three dollars that the international community provided in 2008 for humanitarian, development or peacekeeping operations in Haiti was channelled to peacekeeping.²⁰

Table 1: ODA per capita to select fragile states in 2008 (current USD millions)

Country	Net ODA per capita	GDP per capita	Infant mortality rate	Population
Guinea	32.4	384.2	90.2	9,833,055
Malawi	61.5	287.8	71.4	14,846,182
Sierra Leone	66.0	351.6	125.5	5,559,853
Guinea-Bissau	83.5	537.7	116.6	1,575,446
Haiti	92.3	648.8	65.4	9,876,402
Rwanda	116.9	458.5	73.8	9,720,694
Afghanistan	167.6	405.1	135.2	29,021,099
Iraq	321.7	2,817.3	35.7	30,711,152

* deaths per 1,000 live births

Source: World Bank

3%

Portion of bilateral aid to Haiti that went to budget support in 2007

Aid architecture

Between 2004 and 2009 donors provided greater support to the Government of Haiti to prepare multi-year development policies that could guide assistance.²¹ Immediately prior to the earthquake, aid was coordinated by the “Group of 11” (G11) donors (which included Canada, the European Union, France, the Inter-American Development Bank (IDB), the International Monetary Fund (IMF), Japan, Spain, the United Nations, the United States, the World Bank and a representative of Argentina, Brazil and Chile). At the sector level, donor coordination mechanisms were established (including donor-led fora called sector groups and government-led fora called sector tables). Despite these mechanisms, limited substantive coordinated programming took place at the sector level. This is apparent from the absence of formal sector framework agreements and coordinated financing mechanisms (such as pooled funds or sector budget support), discussed below.

Aid by modality

Prior to the earthquake, aid modalities (the various channels that donors use to provide aid) included both financial assistance to the government (concessional loans and grants to budget support or projects), non-financial assistance to the government and non-governmental entities and the private sector (technical assistance, procurement of goods and services), as well as debt relief. These modalities are described in Annex 1.

Between 2004 and 2009 two key changes were made with respect to the modalities adopted in Haiti. First, the IDB, the World Bank and bilateral donors converted their ODA to Haiti from loans to grants and cancelled most of the country’s debt.²² The IMF and some bilateral donors still provide loans.²³ Second, donors re-established budget support as a modality and consistently provided general budget support to the government from 2004 to 2009, averaging approximately \$60.5 million per year, including \$93.6 million in the 2009 fiscal year.²⁴

Outside of budget support, there is limited accurate information about how donors channelled funding to the public sector in support of the national and sector plans. The Organization for Economic Cooperation and Development's (OECD) most recent review of aid effectiveness in Haiti, which is based on assistance totalling \$683 million (excluding approximately \$26 million in loans)²⁵ provided in 2007 by the top 12 donors,²⁶ provides some overview of the broad trends.²⁷ The data is summarized in Figure 2.

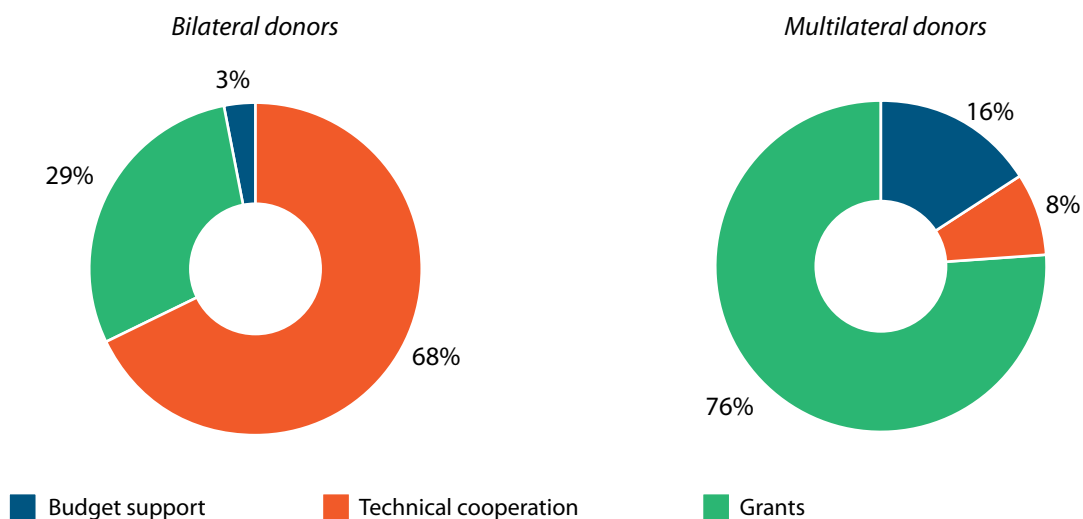
Of this \$683 million in aid, 54 percent (\$367 million) was disbursed by bilateral donors and 46 percent (\$316 million) by multilateral donors. Bilateral donors disbursed the \$367 million as follows:

- ▶ 68 percent (\$249 million) in technical cooperation;
- ▶ 29 percent (\$105 million) as grants²⁸ in support of specific projects; and
- ▶ 3 percent (\$13 million) in budget support.²⁹

Multilateral donors disbursed the \$316 million as follows:

- ▶ 76 percent (\$239 million) as grants³⁰ in support of specific projects;
- ▶ 16 percent (\$51 million) in budget support; and
- ▶ 8 percent (\$26 million) in technical cooperation.³¹

Figure 2: ODA to Haiti from bilateral and multilateral donors in 2007 by modality



Aid by recipient

Although there is no detailed information about who received funding, the OECD report indicates broad trends about the recipients of the \$683 million disbursed in 2007. These trends are shown in Figure 3.

Of the \$683 million, 55 percent (\$375 million) aimed to strengthen the public sector (through funding to the government, multilateral agencies, and non-state service providers (including NGOs and private business)).³² The amounts allocated to the public sector varied between bilateral and multilateral donors:

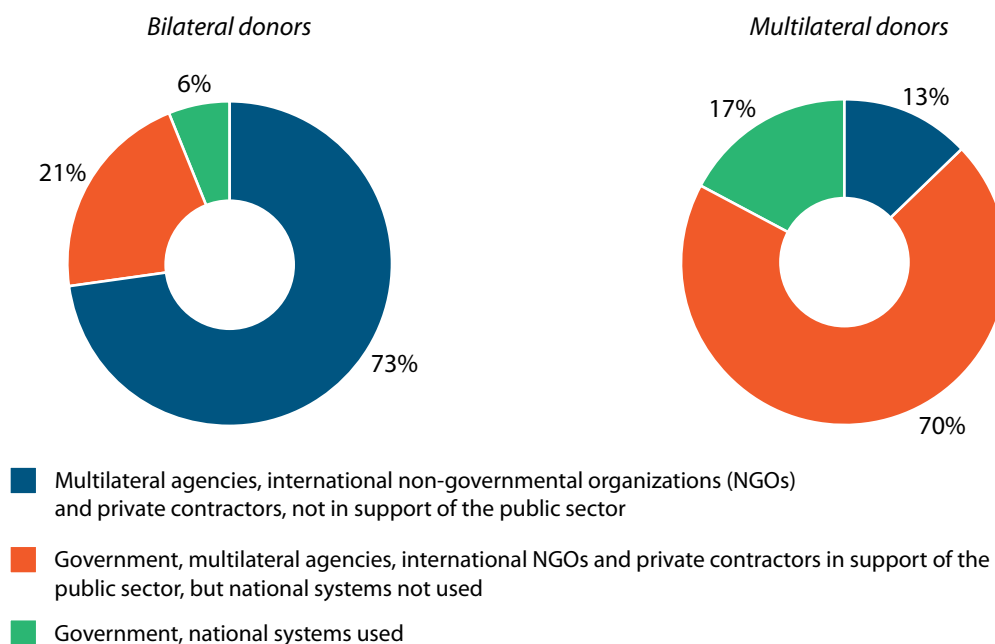
- ▶ 27 percent (\$100 million of \$367 million) was disbursed by bilateral donors in support of the public sector; and
- ▶ 87 percent (\$275 million of \$316 million) was disbursed by multilateral donors in support of the public sector.

Of the \$100 million disbursed by bilateral donors in support of the public sector:

- ▶ 23 percent (\$23 million) was provided to the government to manage through its own public financial management systems;³³ and
- ▶ 77 percent (\$77 million) was provided as grants or technical cooperation managed by the government, project implementation units (PIUs, aid management structures created outside of the existing management and staffing of national implementation agencies),³⁴ multilateral institutions, or other non-state service providers including international NGOs and private contractors.

< 1/2 Portion of funds pledged to the Government of Haiti's 2004-2007 development plan that were disbursed by September 2007

Figure 3: ODA to Haiti (public sector and non-public sector) in 2007 by recipient



Source: OECD and donors

Of the \$275 million disbursed by multilateral donors in support of the public sector:

- ▶ 20 percent (\$55 million) was provided to the government to manage through its own public financial management systems; and
- ▶ 80 percent (\$220 million) was provided as grants or technical cooperation managed by the government, PIUs or other non-state service providers, including NGOs and private contractors.³⁵

Aside from the aid to the public sector, the remaining 45 percent (\$307 million) aimed to support non-public sector entities, including the private sector and civil society, and thus was received by NGOs or private companies.

The OSE was unable to find more specific information on funding provided directly to Haitian civil society and private sector organizations in 2007.

Aid and accountability

According to the World Bank, of the funding pledged in support of the government’s development plan for 2004-2007, 47.5 percent had been disbursed by September 2007.³⁶ More recently, of funding pledged in response to the 2008 hurricanes in Haiti, 12 percent had been disbursed by December 2009.³⁷ A report by the OECD in 2008 found that the predictability of worldwide aid flows remained a problem, with just over one-third of pledged aid disbursed on schedule.³⁸



AID TO HAITI AFTER THE EARTHQUAKE

Overview of all flows

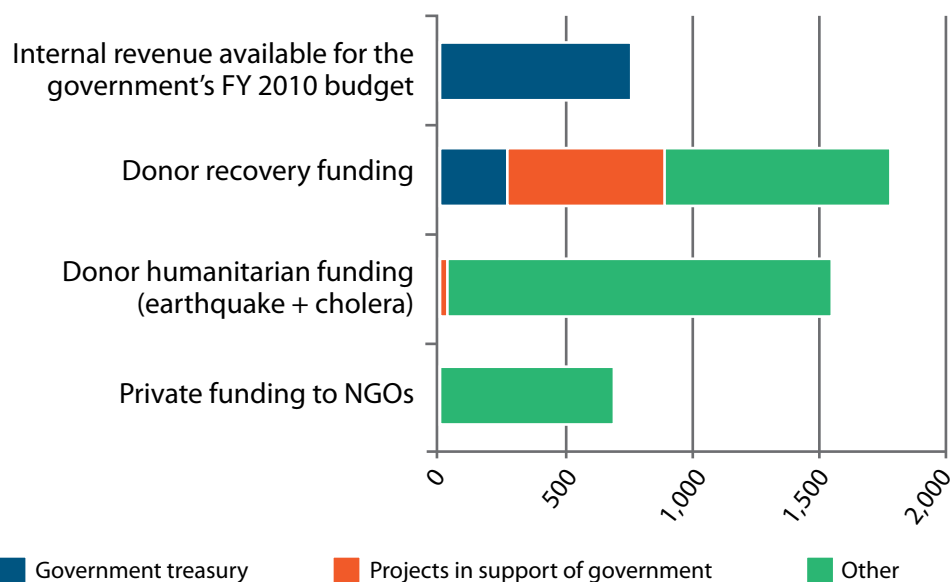
This section details the assistance that donors provided to the relief and recovery efforts in 2010 and the first half of 2011 based on information gathered by the OSE in support of the Haitian government and the IHRC, and in collaboration with donors.³⁹ The OSE figures for post-earthquake aid should be considered unofficial estimates; official figures will be released by the OECD.

After the earthquake, Haiti received pledges of unprecedented support from around the globe. Bilateral and multilateral donors pledged over \$5.6 billion for recovery efforts in 2010 and 2011. Individuals and private companies gave at least an additional \$3.10 billion in private donations to NGOs responding to the disaster.⁴⁰

Since the earthquake, bilateral and multilateral donors have disbursed⁴¹ approximately \$1.69 billion in relief aid (\$1.55 billion in 2010 and \$140.0 million in 2011 to date) and \$2.12 billion in recovery aid (\$1.73 billion in 2010 and \$392.6 million in 2011 to date).

Thus donors disbursed \$1.55 billion (approximately \$155 per Haitian) for the relief efforts and \$1.73 billion (approximately \$173 per Haitian) for longer-term recovery efforts in 2010 only. These figures do not include donor contributions to peacekeeping operations or private donations to NGOs in 2010. Alone, these flows of relief and recovery aid significantly exceed—by more than a factor of four—the government’s internal revenue (approximately \$753.8 million) available to support its 2010 annual budget.⁴² These sources of funding are compared in Figure 4.

Figure 4: Aid disbursement by source and recipient in 2010, in USD millions



Source: Office of the Special Envoy for Haiti

While in practice it may be difficult to distinguish between activities in Haiti that exclusively support either the relief or recovery efforts, there are different funding pools and associated regulations that determine how donors provide aid to each. In addition, donors also adopt different approaches to meet immediate needs—such as food, shelter, water and sanitation—than for recovery and long-term development. This report distinguishes between relief and recovery activities based on the funding pools that were used to support them.

Relief aid architecture

Members of the international community activated their emergency response mechanisms on the day of the earthquake in response to the extensive devastation in Port-au-Prince and surrounding areas, and the needs of those displaced. The Government of Haiti was severely affected by the earthquake, and in this context no Haitian-led, overarching plan or coordination mechanism for relief was established. Donors, as well as the UN, the Red Cross movement and international NGOs, conducted their own assessments, prepared their own plans, and issued their own appeals for funding.

Coordination efforts fell into two main categories. First, *ad hoc* mechanisms were established by the international community in the immediate relief phase to promote coordination between military actors (including MINUSTAH and donor countries' own military forces mobilized as part of the relief efforts) and traditional humanitarian actors (including UN agencies and international NGOs).⁴³ The establishment of these mechanisms was in part due to the significant resources that were channelled through the civilian or military agencies of donor governments tasked with administering life-saving goods and services.

Second, the UN-managed cluster system, a global humanitarian response framework, was also activated in Haiti immediately after the earthquake⁴⁴ and continues to operate, including as part of the cholera response. The cluster system provides a basic coordination framework for UN agencies and major international NGOs for assessment, planning and fundraising, with individual cluster members responsible for implementation and results tracking.⁴⁵ The post-earthquake performance of the cluster system was independently evaluated⁴⁶ and the results achieved by the various cluster partners in 2010 were compiled by the UN.⁴⁷

As part of the cluster system, the UN Office for the Coordination of Humanitarian Affairs (OCHA) issued funding appeals based on the needs identified by UN agencies and NGOs working in the clusters. The appeal is a mechanism to coordinate the provision of funding for specific projects from donors directly to cluster partners (funding is not channelled through OCHA), although donors also have the option to contribute through pooled funding mechanisms managed by OCHA.⁴⁸

Relief aid by modality

An estimated 111 bilateral and multilateral donors⁴⁹ disbursed approximately \$1.69 billion in humanitarian funding in response to the earthquake and the subsequent cholera outbreak in 2010 and the first half of 2011. An additional \$740.6 million has been committed.⁵⁰

1%

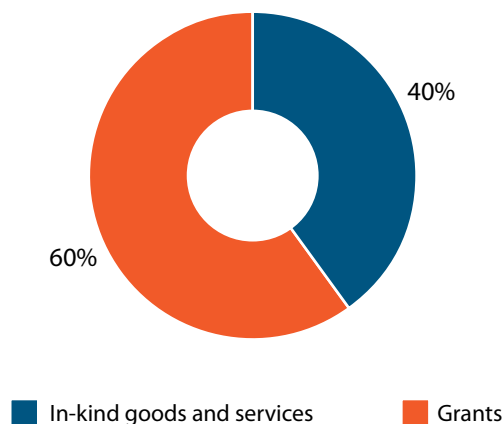
Portion of disbursed Haiti relief aid received by the country's government

Of the total \$2.43 billion committed or disbursed, approximately 92 percent (\$2.23 billion) was provided by bilateral donors and 8 percent (\$189.8 million) was provided by multilateral agencies. Of the total \$2.4 billion committed or disbursed in humanitarian funding:

- ▶ 40 percent (\$975.8 million) was provided as in-kind donation of goods and services; and
- ▶ 60 percent (\$1.45 billion) was provided as grants, as shown in Figure 5.

Almost half of the grant funding (\$674.9 million) was channelled to projects listed in the UN appeals. In 2010, OCHA managed an appeal totalling \$1.50 billion, which was 75 percent funded (with \$1.12 billion) at the end of 2010 by bilateral and multilateral donors, as well as private individuals and companies.⁵¹ In late 2010, OCHA released a 2011 appeal, which included funding needs for the UN's cholera response plan, totalling \$910.8 million, of which 22 percent (\$168.6 million) has been funded to date.

Figure 5: Relief aid to Haiti in 2010 by modality (January 2010 – March 2011)



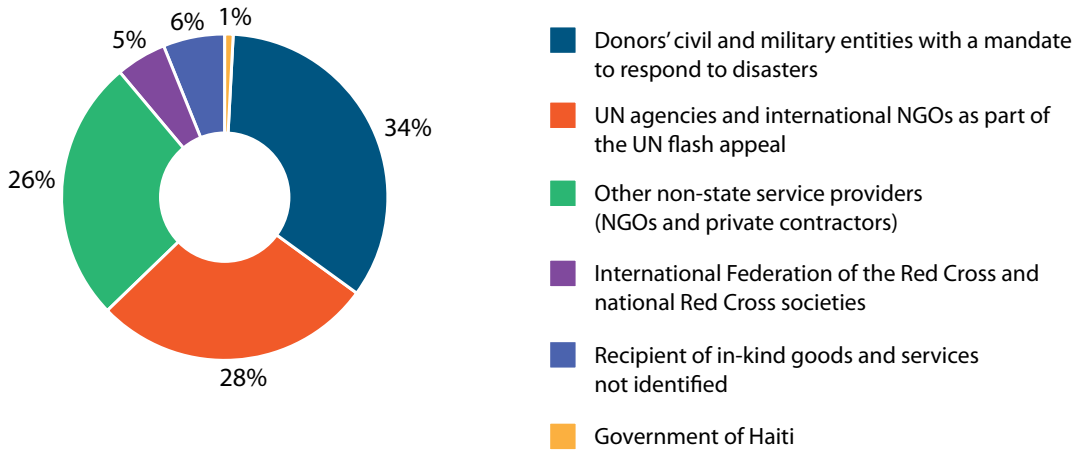
Source: Office of the Special Envoy for Haiti

Relief aid by recipient

Relief aid for Haiti by recipient is shown in Figure 6. Of the \$2.43 billion committed or disbursed in humanitarian funding:

- ▶ 34 percent (\$824.7 million) was provided to donors’ own civil and military entities for disaster response;
- ▶ 28 percent (\$674.9 million) was provided to UN agencies and international NGOs for projects listed in the UN appeal;
- ▶ 26 percent (\$632.5 million) was provided to other international NGOs and private contractors;
- ▶ 6 percent (\$151.1 million) was provided (in-kind) to unspecified recipients; and
- ▶ 5 percent (\$119.9 million) was provided to the International Federation of the Red Cross and national Red Cross societies
- ▶ 1 percent (\$25.0 million) was provided to the Government of Haiti.

Figure 6: Relief aid to Haiti by recipient (January 2010 – March 2011)



Source: Office of the Special Envoy for Haiti

The OSE was unable to find more specific information on the overall funding provided directly to Haitian civil society and private sector organizations. Of the funding provided to projects in the UN appeal (\$674.9 million), none was provided by bilateral or multilateral donor directly to Haitian civil society organizations. The UN appeals did not include the funding needs of the government and provided limited opportunities for Haitian organizations to seek funding. The initial appeal document included the funding needs of UN agencies and international NGOs only; no Haitian NGOs were included in the first version of the appeal. Approximately 10 Haitian NGOs were included in later versions of the appeal, requesting a total of \$5.4 million (0.4 percent of the \$1.50 billion requested).



Number of Haitian NGOs included in the first post-earthquake flash appeal

Two Haitian organizations received funding for projects listed in the appeal (but not directly from donors) in the form of two contributions totalling \$0.8 million (15 percent of the funds requested by Haitian NGOs)—one from OCHA's pooled fund for Haiti (\$0.3 million) and one from its international partner agency (\$0.5 million).⁵²

Recovery aid architecture

In contrast to the relief efforts, the government and the international community have together established a common plan and coordination structure for the recovery efforts. The Haitian government successfully presented its Action Plan for National Recovery and Development to donors at the March 31 International Donors Conference "Towards a New Future for Haiti".⁵³ The action plan, which was informed by a post-disaster needs assessment (PDNA), set out the government's immediate and longer-term priorities. Despite limitations in both the PDNA and the action plan due to their creation in a very protracted time frame, they did set out a general framework and cost estimates that were the basis for decision-making at the time.⁵⁴ The Government of Haiti requested a total of \$3.86 billion in funding to support the recovery efforts for 2010 and 2011 through the action plan, against which 55 donors pledged \$5.60 billion for those years.

The action plan also described the government's intention, later formalized by presidential decree on 22 April 2010, to establish the Interim Haiti Recovery Commission (IHRC). The IHRC was established to conduct strategic planning and coordinate donor resources over a period of 18 months, with transparency and accountability as major goals.⁵⁵ It is not a funding body or an operational agency, but a mechanism to promote coordinated and effective action through the work of its board members. The IHRC board, which at the time of writing has met six times, is comprised of voting and non-voting members.⁵⁶ Voting members include representatives of the Haitian executive, legislature and judiciary; representatives of the Haitian trade unions and the private sector; and donors who have committed to provide at least \$100 million over two years.⁵⁷ Representatives of local and international NGOs, the Haitian diaspora, and the Organization of American States are non-voting members.

One of the key roles of the IHRC to date has been to provide a high-level forum for donor coordination, which is complemented by the existing donor coordination meetings chaired by the UN with the Group of 12 donors (G12, formerly the G11).⁵⁸ To advance coordination and progress of

the recovery efforts, the IHRC presented a strategy for the remainder of its mandate at the December 2010 board meeting. The strategy sets out programme and funding targets for the international community to support the implementation of the government's action plan in eight key recovery areas through to the end of the IHRC mandate.⁵⁹

The IHRC has also supported key line ministries to begin to re-establish government-led sector coordination mechanisms, which are designed to facilitate coordinated planning and programming. These coordination efforts are crucial given that the 12 main donors to Haiti are each providing grants across an average of 10 sectors of the action plan.⁶⁰ Information gathered through the IHRC's project review process will also be used to guide these coordination efforts. The IHRC's project review process also provides the initial entry point for partner entities seeking funding from the Haiti Reconstruction Fund (HRF). (See Annex 1 for further explanation of the HRF.) To date, the IHRC has approved 87 projects with a total value of \$3.26 billion, of which \$1.8 billion is secured. The IHRC also established a performance and accountability office to conduct in-depth monitoring of approved projects.

Recovery aid by modality

Donors have disbursed⁶¹ \$2.12 billion in support of the recovery and development efforts. Of this \$2.12 billion, \$1.74 billion is from the pledges made at the New York conference in support of the action plan (excluding debt relief)⁶² and \$389.3 million from other pools of funding for recovery and development efforts in Haiti.⁶³ An additional \$1.94 billion has been committed, including \$1.61 billion from the pledges made at the New York conference and \$330.7 million from other pools of funding.

The modalities used to channel these funds are shown in Figure 7 and are explained further in Annex 1. Of the \$2.12 billion disbursed, 64 percent (\$1.35 billion) was disbursed by bilateral donors and 36 percent (\$774.2 million) was disbursed by multilateral donors.

Of the \$1.35 billion disbursed by bilateral donors in recovery and development funding:

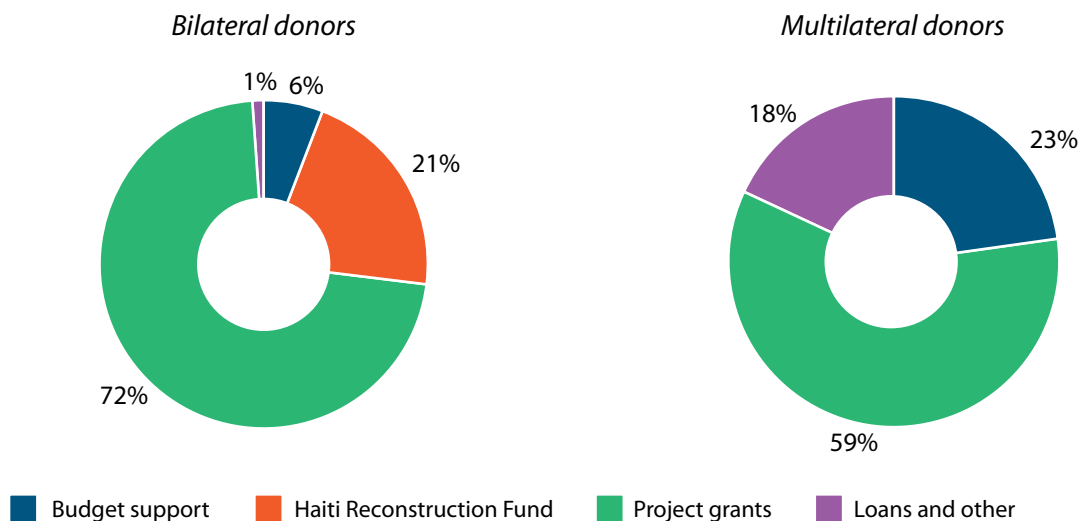
- ▶ 72 percent (\$969.1 million) was through project grants;
- ▶ 21 percent (\$280.9 million) was through the HRF;
- ▶ 6 percent (\$90.3 million) was as budget support; and
- ▶ 1 percent (\$10.0 million) was through loans or other modalities.

Of the \$774.2 million disbursed by multilateral donors in recovery and development funding:

- ▶ 59 percent (\$456.4 million) was through project grants;
- ▶ 23 percent (\$174.8 million) was as budget support; and
- ▶ 18 percent (\$143.0 million) was through loans or other modalities.⁶⁴

Since the earthquake a total of \$204.1 million has been disbursed as budget support directly to the national treasury and \$61.0 million has been disbursed through the HRF. According to the IMF, the volume of budget support is likely to decrease from \$225 million in the 2010 fiscal year, to \$170 million in the 2011 fiscal year (although only \$48.8 million has been disbursed by donors in the 2011 fiscal year to date).

Figure 7: Recovery aid by modalities from bilateral and multilateral donors (2010 – March 2011)



Source: Office of the Special Envoy for Haiti data

In accordance with an IHRC framework, projects that were initiated after 17 June 2010 should be submitted to the IHRC for review and approval. Of the funding disbursed to project grants, including direct projects and projects funded by the IHRC:

- ▶ 53 percent has been channelled to projects that started prior to the earthquake; and
- ▶ 47 percent has been channelled to projects that started after the earthquake.

Of the funding disbursed to projects that started after the earthquake:

- ▶ 64 percent has been channelled to projects that have not been approved by the IHRC; and
- ▶ 36 percent has been channelled to IHRC-approved projects.⁶⁵

Recovery aid by recipient

Recovery aid by recipient is shown in Figure 8. Of the \$1.35 billion disbursed by bilateral donors in recovery funding:

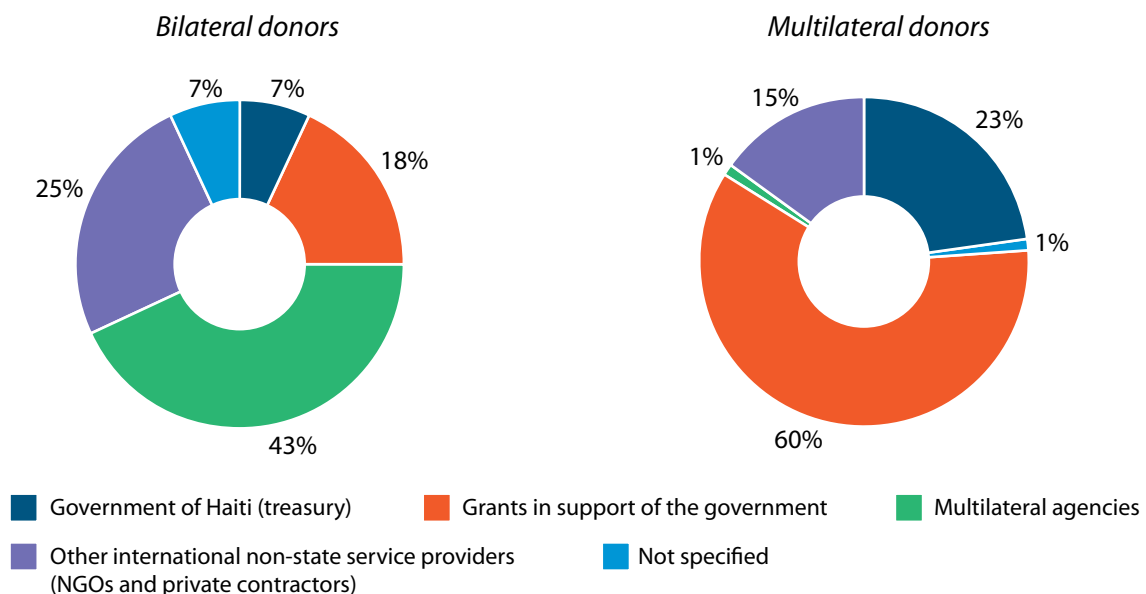
- ▶ 43 percent (\$582.3 million) was disbursed to multilateral agencies (including via the HRF);
- ▶ 25 percent (\$339.5 million) was disbursed to international non-state service providers (including NGOs and private contractors);

- ▶ 18 percent (\$239.7 million) was disbursed as grants in support of the government (although the OSE does not have specific information on the recipients of the funding, which may include the government, PIUs and non-state service providers);
- ▶ 7 percent (\$90.3 million) was disbursed to the government using national systems; and
- ▶ 7 percent (\$98.5 million) was disbursed to unspecified recipients.

Of the \$774.2 million disbursed by multilateral donors in recovery funding:

- ▶ 60 percent (\$463.8 million) was disbursed as grants and other funding in support of the government (although, as with bilateral donors, the OSE does not have specific information on the recipients of the funding, which may include government, PIUs and non-state service providers);
- ▶ 23 percent (\$174.8 million) was disbursed to the government using national systems;
- ▶ 15 percent (\$116.3 million) was disbursed to international non-state service providers;
- ▶ 1 percent (\$11.8 million) was disbursed to multilateral agencies; and
- ▶ 1 percent (\$7.6 million) was disbursed to unspecified recipients.

Figure 8: Recovery aid by recipient from bilateral and multilateral donors (January 2010 – March 2011)



Source: Office of the Special Envoy for Haiti data

4X

Factor by which bilateral and multilateral aid to Haiti exceeded the government's internal revenue in 2010

Aid and accountability

With respect to relief funding for the earthquake response, 111 donors allocated⁶⁶ \$2.32 billion in aid following the earthquake, of which 68 percent (\$1.57 billion) has been disbursed. An additional \$695.3 million is committed. With respect to relief funding for the cholera response, \$161.6 million was allocated, of which 71 percent (\$114.7 million) has been disbursed. An additional \$45.3 million is committed.

With respect to recovery funding,⁶⁷ bilateral and multilateral donors who attended the New York conference pledged \$5.6 billion in aid for Haiti in 2010 and 2011. Donors were asked to make pledges by year, with reference to their planned disbursements, and donors are encouraged to amend their pledges should planned disbursements change.

For 2010, donors pledged approximately \$2.09 billion for programmes (excluding debt relief in the amount of \$985.2 million),⁶⁸ of which 67.9 percent (\$1.42 billion) was disbursed in 2010. For 2010 and 2011, donors pledged \$4.58 billion for programmes (excluding debt relief in the amount of \$1.01 billion),⁶⁹ of which 37.8 percent (\$1.74 billion) had been reported as disbursed as of June 2011. An additional \$1.61 billion has been committed.⁷⁰

The timeliness of contributions to budget support has the greatest impact on the government's planning. Over 50 percent of the budget support disbursed after the earthquake arrived in the last two months (August and September 2010) of the Haitian fiscal year, more than eight months after the earthquake. According to the IMF, only 29 percent of the budget support pledged for the 2011 fiscal year has been disbursed by donors, although over half of these funds remain in the HRF and have not yet reached the government. The delayed disbursements to budget support negatively impacted the government's ability to effectively plan activities.⁷¹

Timing of contributions to the HRF is also crucial so that the government and the IHRC are able to set the priorities for use of funding. The HRF, established in April 2010, received over 50 percent of contributions for 2010 in the last quarter of the calendar year. In effect key allocations to debris removal and housing were approved in December 2010, with funding reaching the lead agency in the first quarter of 2011.



BEYOND 2010: AID AND ACCOMPANIMENT IN HAITI

Has aid to Haiti changed since the earthquake? A comparison of the data in Sections 1 and 2 identifies three tentative changes in aid during 2010. First, aid to Haiti tripled between 2009 and 2010 in support of the relief and recovery efforts, but it is likely to decrease in 2011 due to a reduction in humanitarian disbursements. Second, donors fulfilled much of their promises, disbursing over 67 percent of pledged funds for 2010; however over 60 percent of funds pledged for the combined 2010 and 2011 timeframe remain undisbursed. Third, donors doubled their contributions to budget support between the 2009 and 2010 fiscal years; yet with only three months left in the 2011 fiscal year paid budget support contributions stand at half of the 2009 total.

Overall, examining the broad trends, to date there have been limited changes in who receives aid and how it is channelled to Haiti. Most aid is still channelled in the form of grants directly to international multilateral agencies, and non-state service providers (NGOs and private contractors). For example, bilateral donors provided approximately 99 percent of relief aid and at least 75 percent of bilateral recovery aid through multilateral agencies and non-state service providers.

This section poses some key questions for consideration by the international community about how aid to Haiti is channelled based on “accompaniment,” the concept that the OSE has used to advocate for more effective aid. An analogy commonly used to illustrate the concept is that of health professionals interacting with and providing continuous care to an individual patient over time as he or she moves toward better health. As an aid principle, accompaniment stresses the importance of the Haitian government and its citizens being “in the driver’s seat,” with the international community listening to Haitian priorities, as a vital precondition for long-term positive change.

Accompaniment draws on and complements other principles, including the aid effectiveness and human rights agendas, in calling for donors and implementers of aid to Haiti to focus on creating a robust public sector and a healthy private sector that between them provide meaningful opportunities for Haitian citizens. As an implementation strategy, accompaniment recommends the transfer of more resources and assets directly to Haitian public and private institutions. This will strengthen their systems; improve their management of resources; promote accountability between the government and its citizens; and increase the collective impact of our efforts. It will also create jobs and build skills for the Haitian people.

Donors can do much to increase the proportion of funds channelled through the Haitian public and private sectors as part of recovery efforts. To explore these possibilities, the OSE plans to work with the Haitian government, the IHRC and donors to discuss the questions outlined below. This work will draw on donors’ best, most innovative practices in Haiti, as well as effective aid efforts in similar contexts.

Can donors help to create a more robust public sector by changing aid modalities and recipients?

Strengthening the Haitian public sector to oversee the delivery of key services such as health, housing, education, and water and sanitation requires action on the parts of both the government and donors, and will take time. Evidence from Haiti and other contexts, as well as aid effectiveness and human rights principles, suggest that aid is most effective at strengthening public institutions when it is channelled through them.⁷²

As noted in Section 1, prior to the earthquake donors were providing significant funding with the aim of strengthening Haitian public institutions; significant volumes of this aid were nonetheless channelled outside national systems and institutions. Both Sections 1 and 2 highlight the need for greater understanding of project grants made in support of the public sector and the volume of resources that are, in fact, received by the government. This information will enable further consideration of how additional resources could be channelled directly to Haitian public institutions when exploring the following questions:

- ▶ What are the necessary steps to providing increased funding to key line ministries? These may include steps that the government and donors need to take separately or together, such as a strategic division of labour, strengthened sector coordination mechanisms, and formalized sector programming to promote closer partnerships. It may also involve enhanced understanding of the limitations and flexibility in regulations about how donors provide aid to governments.
- ▶ What is the potential impact of increased aid provision to key line ministries versus non-state service providers? The impact may vary according to the modality used; that is, whether the government receives budget support, project grants or aid through other channels.
- ▶ What can donors do to ensure that non-state service providers whom they fund with the aim of strengthening Haitian public institutions do, in fact, work alongside the government? This may include steps by donors to ensure that non-state service providers work within government registration, coordination and monitoring frameworks; work in support of relevant line ministries; and transfer skills and resources to the government and/or Haitian organizations.

Can donors improve the benefits of aid for Haitian citizens by changing modalities and recipients?

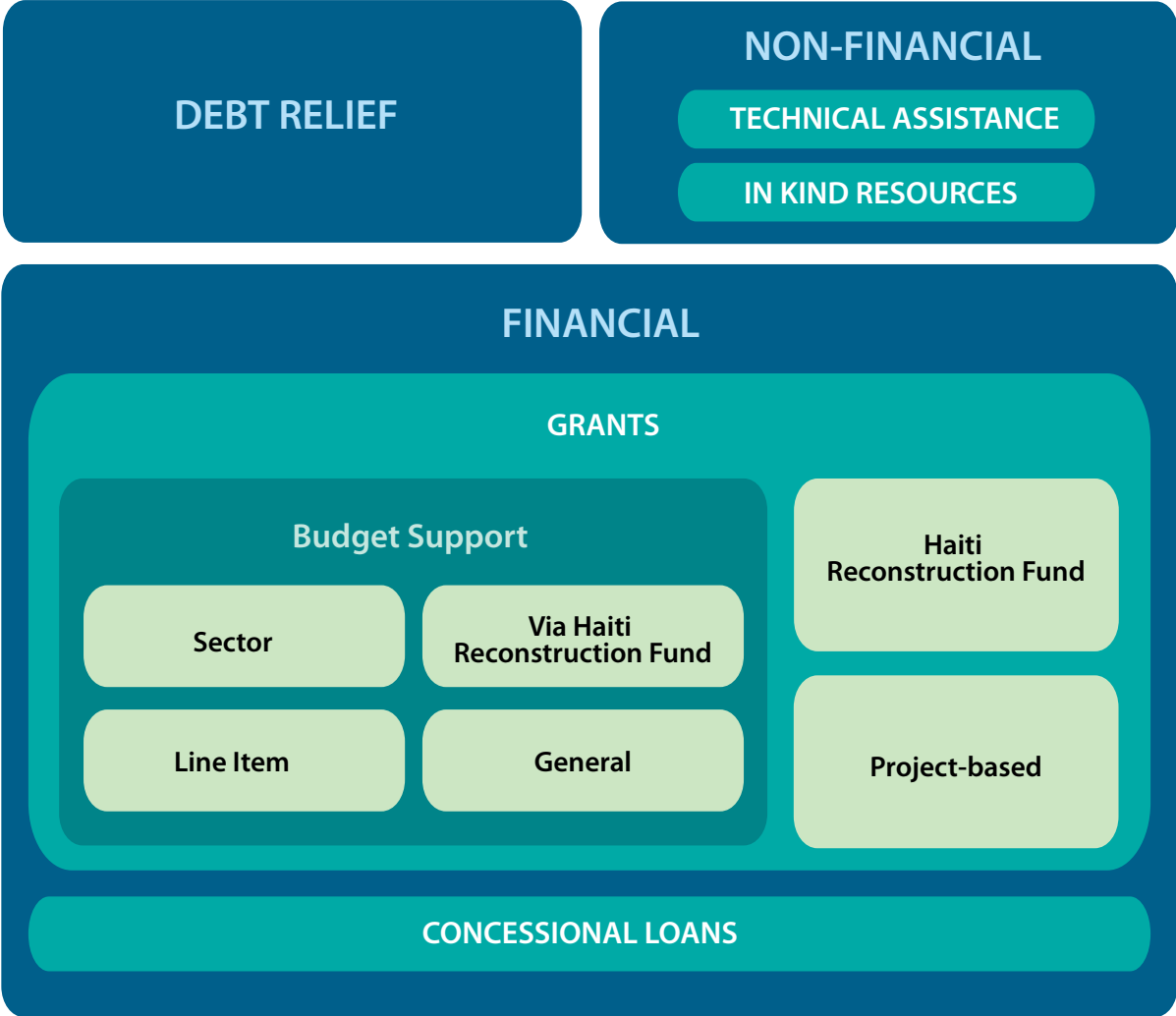
As noted above, significant funding continues to flow to multilateral agencies, and international NGOs and private companies. Limited evidence exists on the secondary impact on economic growth and job creation of aid provided through these channels, as well as alternative local recipients such as Haitian private companies (through local procurement) and citizens (through cash transfers). Such evidence may provide strong rationale for providing increased aid through alternative channels. In addition to aid, donors also provide funding to MINUSTAH and their own diplomatic operations in Haiti; more of these funds, when used for procurement, could be spent with Haitian private companies.

There is significant donor interest in maximizing this second, and potentially more important, dividend of their investments. In collaboration with key partners, the OSE will address local spending by international actors by exploring the following questions:

- ▶ What are the necessary steps for donors and international non-state service providers to increase local procurement? This may include increasing understanding among local actors of the limitations and flexibility in donor procurement regulations, and the development of concrete strategies to help them garner contracts. It may also involve exploring limitations faced by local suppliers in working with members of the international community.
- ▶ What would be the economic impact of a “Haiti First” policy⁷³, by which donors and international non-state service providers give equal consideration to Haitian companies in procurement processes? This may involve developing evidence of the economic impact of local procurement on economic growth in Haiti, as well as understanding the existing capacities in key industries.
- ▶ What are donors’ and government experiences with cash transfers in Haiti and elsewhere? This may involve considering the pros and cons of different models of cash transfer and salary support in Haiti and elsewhere, as well as other approaches, such as microfinance.

ANNEX 1: RECOVERY AID MODALITIES

Aid modality is a term used to refer to the channel through which aid is disbursed. Modalities and their sub-modalities include:



The OSE tracks financial resources available to support the recovery efforts including contributions to budget support, the HRF, and project-based grants that are outlined below. This data is available at www.haitispecialenvoy.org.

Budget support is support to the national budget through a transfer of money to the Haitian treasury. The funds are managed in accordance with Haitian budgetary procedures. Funds transferred to the Haitian treasury that are managed in accordance with procedures other than the Haitian budgetary procedures, including donor procedures, are not considered budget support, but project-based grants (see below).⁷⁴

The Haitian government's budget support needs are related to budget gaps—the difference between total budgeted expenditures and available existing resources (both internal and external).⁷⁵ Budget support contributions are fungible, mixed with existing resources managed by the Haitian treasury that are used to finance both recurrent spending, including civil servant salaries, and investment spending.

Types of budget support to Haiti include general budget support—a contribution to the Haitian government's overall annual budget—and sector budget support, which is earmarked for a specific sector (with any conditionality relating to these sectors). A third type of budget support is line item support, provided in support of a particular item in the government's budget.

Since the earthquake, donors can provide budget support directly to the Haitian treasury, or indirectly through the Haiti Reconstruction Fund (HRF). Budget support that is provided through the HRF is first transferred to the World Bank, which acts as trustee of the HRF; then, on approval from the HRF steering committee, to the relevant partner entity⁷⁶ (the World Bank or the IDB); and finally, to the Haitian treasury. The partner entities do not charge fees if the contribution can be combined with their existing budget support operations.

Budget support is coupled with donor involvement in policy dialogue aimed at setting conditions for the provision of support, as well as technical assistance aimed at increasing the capacity of key ministries to achieve policy reform. General budget support contributions are usually associated with dialogue on public financial management practices, whereas sector budget support contributions are associated with reform or performance targets in that sector (e.g., the number of teachers trained in the education sector).

The Haitian government reports on its budget expenditures on the website of the Ministry of Finance on a quarterly basis.⁷⁷ The government is also accountable to donors for meeting the conditions on which they provided budget support. The International Monetary Fund, in its most recent report to its board on Haiti, indicated that the country had met the conditions set in the 2006-2010 IMF programme.⁷⁸

Post-earthquake budget support

Donors have disbursed \$265.1 million in budget support, including 97 percent (\$258.0 million) as part of the pledges made at the New York conference and 3 percent (\$7.1 million) from other funding.

Approximately \$249.7 million in budget support was disbursed by donors in 2010 and \$15.4 million was disbursed in the first quarter of (calendar year) 2011.⁷⁹

Of the total, 77 percent (\$204.1 million) was channelled directly to the Haitian treasury, and 23 percent (\$61.0 million) through the HRF. Of the \$61.0 million channelled through the HRF, 41 percent (\$25 million) has been received by the government and 8 percent (\$5 million) has been disbursed to the IDB for transfer to the government as part of a sector-specific project.

Of the budget support total, 86 percent (\$228.3 million) was channelled as general budget support; 5 percent (\$14.0 million) as sector budget support; and 9 percent (\$23.9 million) as line item budget support.

General budget support provided directly to the Haitian treasury was the Haitian government's preferred modality for aid provided in response to the earthquake.⁸⁰ Following the earthquake the Haitian government appealed for increased budget support as it had lost revenue as a result of the disaster and needed to restart the critical functions of the state.⁸¹

In May 2010, the Budget Support Working Group, consisting of representatives of the Haitian government and key donors, adopted performance targets for the continued provision of general budget support in the 2010 and 2011 fiscal years. These performance targets relate to six key public financial management issues: budget execution, revenue collection, financial management, civil service reform, auditing, and transparency and accountability.⁸²

The **Haiti Reconstruction Fund** (HRF) is a partnership between donors and the Haitian government to help finance post-earthquake recovery priority projects. It was established in April 2010 by the World Bank upon request by the Haitian government. The HRF is a pooled fund, often referred to as a multi-donor trust fund, a single account to which donors contribute money. The World Bank's International Development Association acts as trustee of the HRF account.

The HRF steering committee is chaired by Haiti's minister of finance, and includes representatives of the Haitian government and those donors that have contributed over \$30 million to the HRF (currently Brazil, Canada, France, Japan, Norway, Spain and the US). Non-voting members of the steering committee include the four partner entities of the HRF (currently the IDB, the UN, World Bank, and the International Finance Corporation) and the trustee of the HRF (the World Bank, giving the bank two representatives on the steering committee).⁸³ Representatives of Haitian civil society, the Haitian private sector, and international NGOs are observers on the steering committee.

The main role of the steering committee is to approve allocations from the HRF account to specific projects that support the implementation of the government's action plan. Before reaching the steering committee, project proposals are submitted to the IHRC project review process and approved by the IHRC. The IHRC also selects projects for consideration for HRF funding. The steering committee then reviews and approves a project proposal on an in-principle basis with resources set aside pending submission of the complete project document.⁸⁴

For a project proposal to be approved by the steering committee, it must involve at least one HRF partner entity. (HRF partner entities are agencies that have met the World Bank's procurement standards.) The partner entities work with implementing agencies including the Haitian government, international NGOs and Haitian civil society organizations on specific projects.

Once a project proposal is approved by the steering committee, the partner entity submits a full project document for approval by the steering committee and the IHRC on a no-objection basis. The trustee (the World Bank) enters into a contractual agreement with the relevant partner entity and disburses funding to it. The partner entity is responsible for overseeing implementation of the project, and is accountable to the HRF trustee for financial reporting and to the steering committee for achieving the programmatic results set out in the project document.

Funding from the Haiti Reconstruction Fund

Donors have disbursed \$280.9 million to the HRF for grants (in addition to \$61.0 million for budget support). All contributions to the HRF count toward fulfilment of pledges made at the New York conference.

Of the \$280.9 million received, a total of 10.5 percent (\$29.5 million) was disbursed by the HRF for projects in 2010; 51 percent (\$143.0 million) was disbursed for projects in the first half of 2011.⁸⁵ \$1.7 million has been disbursed to the HRF secretariat for operating costs.

Of the funding disbursed or set aside by the HRF for projects, 18 percent (\$36.5 million) was provided to the IDB, 49 percent (\$96.0 million) to the UN, and 33 percent (\$65 million) to the World Bank's International Development Association.

The steering committee has met six times, each session following an IHRC meeting. In December 2010, the government and the IHRC called upon donors to provide an additional \$500 million to the HRF to help achieve the IHRC priority targets.

Project-based grants include funds provided in support of the Haitian public and private sectors, as well as civil society organizations, based on specific activities with limited objectives, budgets and timeframes to achieve results. Project-based grants may be received by the Haitian government, project implementation units (PIUs),⁸⁶ multilateral agencies, international and Haitian NGOs, and private contractors.

The recipient of a project-based grant maintains a direct relationship with the donor, formalized by contract. The recipient must account for the funds in accordance with the donor's procedures or, if the recipient has an existing formal or informal partnership with the donor, its own procedures. In both scenarios the recipient is accountable to the donor for achieving the agreed results. When the recipient is not the Haitian government, the relevant government authority should nonetheless be involved in project planning and monitoring.

With respect to project funding to the government, project-based aid is distinguished from budget support in two scenarios: when it is not provided to the Haitian treasury, or when money provided to the treasury is not subject to Haitian budgetary procedures. Project-based aid to the public sector may be received by the government (ministries or departments), PIUs or other service providers.

Other service providers include multilateral agencies, international non-governmental and private organizations, and Haitian civil society and private organizations that manage project-based grants. Each of these service providers maintains programme and financial management systems. Under the Haitian government's aid recovery architecture, each of these actors is responsible for submitting new projects to the IHRC for review and approval. Some organizations are also responsible for registering with and reporting to the Ministry of Planning and External Cooperation,⁸⁷ and in some cases, the relevant line ministry.⁸⁸

Funding to project grants post-earthquake

Donors have disbursed \$1.42 billion in project grants; \$116.8 million in loans for which the debt has been cancelled;⁸⁹ and \$36.2 million in loans.

Of the \$1.42 billion in project grants, 39 percent (\$550.5 million) was disbursed to projects in support of the government; 22 percent (\$313.2 million) was managed by multilateral agencies; 39 percent (\$560.4 million) was disbursed to international NGOs and private contractors and other service providers. The OSE does not have specific information on the recipients of the grants made in support of the government; these recipients may include government, PIUs and non-state service providers.

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- ¹ Michel Martelly, President-elect of Haiti, statement at the National Press Club, Washington, D.C., 21 April 2011.
- ² Angel Gurría, Secretary-General of the Organization of Economic Cooperation and Development, “Haiti: Are we on course to build back better?,” statement at the OECD, Paris, 14 April 2010. Available from www.oecd.org/document/20/0,3746,en_21571361_44315115_44988564_1_1_1_1,00.html.
- ³ Such mechanisms include: (a) the framework established by the Paris Declaration on Aid Effectiveness, reviews of implementation of the Paris Declaration, and the High-Level Forum on Aid Effectiveness coordinated by the OECD; (b) the International Aid Transparency Initiative coordinated by donors, multilateral agencies and academia; and (c) donor peer reviews conducted by the OECD’s Development Assistance Committee (DAC).
- ⁴ OECD DAC, *Action-oriented policy paper on human rights and development* (DAC, Paris, 2007). Available from www.oecd.org/dataoecd/50/7/39350774.pdf. For an example of national legislation on human rights and development, see Canada’s *Official Development Assistance Accountability Act 2008*, section 4, which requires ministerial confirmation that all aid is consistent with international human rights standards. See also the *European Consensus on Development and the Humanitarian Consensus* which guide the European Commission’s aid, highlighting the importance of human rights to effective and equitable development.
- ⁵ All figures are in US dollars unless otherwise indicated.
- ⁶ Brazil, Canada, France, Haiti, Spain, United Nations and United States, “Final Communiqué,” statement at the International Donors Conference: Towards a New Future for Haiti, New York, 31 March 2010. Available from www.haiticonference.org/communiqu.html
- ⁷ The Haitian Ministry of Planning and External Cooperation (MPCE), with support from UNDP, has said that it will soon launch an aid management information system, which will fill this gap and provide micro-level information on projects. The MPCE will also take over responsibility for tracking donor accountability to their pledges.
- ⁸ OECD DAC, *Survey on Monitoring the Paris Declaration* (Paris, 2007), Chapter 20. Available from www.oecd.org/dataoecd/62/9/42543794.pdf. Note that the next round of surveys is currently being conducted in 2011 in preparation for the Fourth High-Level Forum on Aid Effectiveness, 29 November–1 December. See also: OECD DAC, *Monitoring the Principles for Good International Engagement in Fragile Contexts and States* (Paris, 2010), Chapter 4. Available from www.oecd.org/dataoecd/15/49/45600837.pdf.
- ⁹ The World Bank and IMF, *Republic of Haiti, Annual Progress Report of the Poverty Reduction Strategy Paper*, (Washington D.C, June 2009). Available from www.web.worldbank.org/external/default/main?pagePK=51187349&piPK=51189435&theSitePK=338165&menuPK=64187510&searchMenuPK=4962178&theSitePK=338165&entityID=000334955_20090619061535&searchMenuPK=4962178&theSitePK=338165. See also the World Bank, *Public Expenditure Management and Financial Accountability Review* (Washington D.C., 2008).
- ¹⁰ While in practice it may be difficult to distinguish between activities in Haiti that exclusively support either the relief or recovery efforts, there are different funding pools and associated regulations that determine how donors provide aid to each. In addition, donors also adopt different approaches to meet immediate needs—such as food, shelter, water and sanitation—than for recovery and long-term development. This report distinguishes between relief and recovery activities based on the funding pools that were used to support them.
- ¹¹ These comparisons do not include private funding to NGOs or public funding to MINUSTAH.
- ¹² It is likely that this is the first time donors have disbursed such a high proportion of funds pledged but data is only available since 2004.
- ¹³ UNDP, *Human Development Report* (New York, 2010). Available from www.hdrstats.undp.org/en/countries/profiles/HTI.html
- ¹⁴ *Ibid.*

- ¹⁵ *Op. cit.* 8. See also Terry Buss, *Haiti in the Balance: Why Foreign Aid has Failed and What We Can do About It*, (Washington D.C., Brookings Institution, 2008); and Keith Crane, James Dobbins and others, *Building a more resilient Haitian state* (Santa Monica, RAND Corporation, 2010).
- ¹⁶ OECD DAC, International Development Statistics Online. Available from www.oecd.org/dataoecd/50/17/5037721.htm. (In current USD.)
- ¹⁷ OECD DAC, *Aid to Fragile States: Focus on Haiti* (Paris, 2009). Available from www.oecd.org/document/10/0,3746,en_21571361_44315115_44454474_1_1_1_1,00.html
- ¹⁸ Republic of Haiti, *Decret Etablissant le Budget Rectificatif de L'exercice 2009 - 2010* (Ministere de L'economie et des Finances, Port-au-Prince, 2010); and Republic of Haiti, *Rapport de Verification Des Comptes Generaux de l'administration Centrale, Exercice 2004-2005* (Cour Superieure des Comptes et du Contentieux Administratif, Port-au-Prince, 2006). In the fiscal year 2004-2005 approximately \$376.4 million in internal revenue was recorded by the government and in the calendar year 2005 net ODA was \$425.6 million (in current USD millions). In the fiscal year 2008-2009 approximately \$806.1 million in internal revenue was recorded by the government and in the calendar year 2009 net ODA was \$1.1 billion (in current USD millions).
- ¹⁹ *Op. cit.* 17. These figures include all contributions, including troop contributions, to peacekeeping operations.
- ²⁰ *Op. cit.* 17. In 2008 net ODA amounted to \$912 million and peacekeeping funding amounted to \$575 million (in current USD millions).
- ²¹ These plans include the Interim Cooperation Framework (2004 – 2006); the Interim Poverty Reduction Strategy Paper (2006-2007); the Growth and Poverty Reduction Strategy Paper (2008 – 2010); and the Economic Reconstruction and Recovery Programme (2009 – 2011).
- ²² The World Bank stopped making new loans to the Government of Haiti in January 2005 in accordance with a change in policy for assisting the least developing countries. The IDB did not provide new loans to the Government of Haiti between 2007 and 2009. During this time Haiti received grants from the IDB Grant Facility (GRF), which was established in 2007 to make grants to countries in special circumstances. (Haiti is the only country to receive funding from the GRF to date.)
- ²³ The Government of Venezuela and the International Monetary Fund (IMF) still provide loans to Haiti. The Government of Venezuela and the IMF have recently cancelled existing debt on loans to the Government of Haiti.
- ²⁴ International Monetary Fund, "Haiti budget support data 2004 onwards," email to author, 11 November 2010.
- ²⁵ *Op. cit.* 16.
- ²⁶ *Op. cit.* 8. Donors that responded to the OECD's 2008 survey on monitoring the implementation of the Paris Declaration in Haiti include: Canada; European Commission; France; the Global Fund to Fight AIDS, Tuberculosis and Malaria; IDB; International Fund for Agriculture Development; IMF; Japan; Spain; United States; United Nations; and the World Bank.
- ²⁷ *Op. cit.* 8. Note that the figure used in the report for aid provided by these donors in 2007 is \$682 million. The OSE has used the figure of \$683 million as it is the sum of the donor contributions listed in the report.
- ²⁸ This figure is an assumption. The OECD survey does not include an indicator for grants, but the OSE has assumed that the remaining balance of ODA has been provided through grants.
- ²⁹ *Op. cit.* 8.
- ³⁰ *Op. cit.* 28.
- ³¹ *Op. cit.* 8.
- ³² *Ibid.*
- ³³ There is no available breakdown between general and sector budget support available in the report, but based on overall trends it is assumed that most funding was channeled as general budget support. A proportion of these funds were directed towards debt service repayments.
- ³⁴ For more information about PIUs, see OECD DAC, *2011 Survey on Monitoring the Paris Declaration: Survey Guidance* (Paris, 2011), p.28. Available from www.oecd.org/dataoecd/24/28/46138662.pdf. As described by the OECD, a "parallel PIUs" are aid management structures created outside the existing management and staffing of national implementation agencies. They maintain separate accounts and/or administer funds with procedures that differ from the existing Haitian budgetary procedures. Parallel PIUs also maintain accountability directly to donors and have separate structures from the line ministries with which they are working.

- ³⁵ *Op. cit.* 8. Note: This analysis is different from the figures provided by the OECD in the report based on its knowledge of donor programming and correspondence with donors.
- ³⁶ The World Bank, *Op. cit.* 9, p. 16.
- ³⁷ OSE, "Status of pledges made at the Washington D.C donors conference," New York, 2010. Available from www.haitispecialenvoy.org.
- ³⁸ OECD DAC, *Survey on Monitoring the Paris Declaration* (Paris, 2008). Available from www.oecd.org/dataoecd/58/41/41202121.pdf.
- ³⁹ As many real time data collection efforts, the OSE data gathering and analysis is at best a reflection of trends and progress. Other established databases will provide more definitive sources once compiled.
- ⁴⁰ OSE, "Overall Financing: Key Facts," New York, 2011. Available from www.haitispecialenvoy.org.
- ⁴¹ The OSE uses the following definition: disbursed funds are those that have been transferred to an implementing partner (e.g., the Government of Haiti, an NGO or other non-state service provider).
- ⁴² *Op. cit.* 18.
- ⁴³ Alan Butterfield, Robert Dolan and Ronaldo Reario, "The United Nations Humanitarian Civil–Military Coordination response to the Haiti earthquake," *Humanitarian Exchange Magazine*, Issue 48, October 2010. Available from www.odihpn.org/report.asp?id=3133
- ⁴⁴ The cluster system was managed by the UN in 2008 in response to Hurricane Gustav.
- ⁴⁵ The cluster system divides responsibility by "clusters" or sectors: agriculture, camp coordination and management, early recovery, education, emergency telecommunications, food, health, logistics, nutritious, protection, shelter and WASH (water, sanitation and hygiene). More information about the cluster system in Haiti is available from www.oneresponse.info/Coordination/ClusterApproach/Pages/Cluster%20Approach.aspx
- ⁴⁶ Francois Grunewald, Andrea Binder and Yvio Georges, *Interagency real time evaluation in Haiti: three months after the earthquake*, United Nations Inter-Agency Standing Committee (Paris, 2010). Available from www.gppi.net/fileadmin/media/pub/2010/binder_2010_haiti-RTE.pdf.
- ⁴⁷ United Nations, *Report of the United Nations in Haiti in 2010* (MINUSTAH, Port-au-Prince, 2010). Available from www.un.org/en/peacekeeping/missions/minustah/documents/un_report_haiti_2010_en.pdf.
- ⁴⁸ These include the Emergency Response Relief Fund for Haiti (ERRF), a specific pooled fund for Haiti, and the Central Emergency Response Fund, a humanitarian global pooled fund used to provide initial funding to cluster partners in emergencies. Both funds are managed by OCHA.
- ⁴⁹ Some donors (such as the Ireland, IDB, Japan, Switzerland and World Bank) have supported humanitarian activities from their New York recovery pledges. The OSE has included this funding in the analysis of recovery expenditure.
- ⁵⁰ The OSE uses the following definition: committed funds are those for which projects have been approved or agreements/contracts have been signed or are in the process of being transferred/dispensed. Committed funds are exclusive of disbursed funds.
- ⁵¹ OCHA, Financial Tracking Service. Available from www.ochaonline.un.org/humanitarianappeal/webpage.asp?Page=1841. The appeal was initially launched for \$575 million to cover six months of relief activity. One month later, the flash appeal was more than fully funded. The appeal was amended in mid-February 2010 to \$1.4 billion and again in mid-July to \$1.5 billion. There is no cumulative information available on the expenditure of funding for projects in the flash appeal although some UN and other implementing agencies reported the status as part of publicly available in their 2010 annual reports.
- ⁵² *Op. cit.* 48. This analysis was conducted by reviewing all agencies that recorded contributions to projects listed in the flash appeal. The agencies were coded as international and Haitian based on the location of their headquarters verified through an online search. The two Haitian organizations that recorded funding in support of their projects listed in the UN appeal were \$0.48 million from Adventist Development and Relief Agency (ADRA) International to ADRA Haiti and \$0.31 million from the ERRF to Perspectives pour la Sante et le Développement (Prospects for Health and Development).
- ⁵³ Haiti, Action Plan for National Recovery and Development (Port-au-Prince, 2010). Available from www.haiticonference.org/Haiti_Action_Plan_ENG.pdf
- ⁵⁴ Crane, Dobbins and others, *op. cit.* 15.

- ⁵⁵ Haiti, presidential decree to establish the Interim Haiti Recovery Commission, *Le Moniteur* (Port-au-Prince, No. 30, 30 April 2010). Article 9.
- ⁵⁶ *Ibid.*, Article 4.
- ⁵⁷ Under the IHRC presidential decree, donors qualify as board members if they pledge to contribute at least \$100 million for the reconstruction of Haiti as a gift over a period of two consecutive years or at least \$200 million in debt relief. Donors who are full voting IHRC board members include: Brazil, Canada, European Union, France, IDB, the International Federation of the Red Cross, Japan, Norway, Spain, United States, the World Bank and Venezuela. The IMF acts as an observer.
- ⁵⁸ The G11 included the following donors: Canada, European Union, France, the IDB, the IMF, Japan, Spain, United Nations, United States Agency for International Development, World Bank and a representative of Argentina, Brazil or Chile. The group now includes Norway and is now referred to as the G12.
- ⁵⁹ These areas include debris management, energy, education, health, housing, job creation, water and sanitation, and capacity development. Further information is available from www.cirh.ht/sites/ihr/en/Goals/Pages/default.aspx.
- ⁶⁰ OSE, International Assistance Tracker. Available from www.haitispecialenvoy.org.
- ⁶¹ *Op. cit.* 41.
- ⁶² The OSE has excluded debt relief execution from the analysis of disbursement of the pledges made at the New York conference because it is aiming to provide an accurate overview of the funding that is available for humanitarian and recovery activities in 2010 and 2011. While debt relief obviously plays an important role in putting the Government of Haiti back on a sustainable fiscal path in the longer term, it does not equate to new funds available for recovery activities in the short term (2010 and 2011). For debt relief granted on loans that were provided within the same period, the OSE treats the funding as other funding. Refer to footnote 64.
- ⁶³ Other funding includes resources available through ongoing multi-year development programmes that were established before or after the earthquake.
- ⁶⁴ *Op. cit.* 22. Other funding includes \$116.8 million (SDR 73 million) provided by the IMF as a new loan to Haiti post-earthquake. The debt on this loan was cancelled as part of the debt relief (totaling \$279 million or SDR 178 million) executed in November 2010. These resources will be used in support of the Government of Haiti's economic recovery in 2011 and over future years. Approximately \$68.4 million has been allocated to the Haitian budget for the fiscal year beginning 1 October 2010.
- ⁶⁵ *Op. cit.* 60. All projects funded by the HRF have been approved by the IHRC.
- ⁶⁶ In this context allocated means the total available funding for the earthquake relief efforts.
- ⁶⁷ With respect to relief funding, donors made announcements of intended funding both immediately after the earthquake and through 2010.
- ⁶⁸ *Op. cit.* 62. More information on debt relief is available from www.haitispecialenvoy.org.
- ⁶⁹ *Ibid.*
- ⁷⁰ The combined total amount disbursed and committed in 2010 is greater than the amount pledged to 2010 as donors have committed funds that they plan to disburse in 2011.
- ⁷¹ See IMF, *Staff Report for the 2010 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility* (Washington D.C., 2010).
- ⁷² *Op. cit.* 8. See also OECD DAC, *Transition Financing: Building a Better Response* (Paris, 2010). Available from www.oecd.org/document/2/0,3746,en_2649_33693550_45347394_1_1_1_1,00.html.
- ⁷³ The Haiti First Policy is promoted by Peace Dividend Trust. See www.peacedividendtrust.org.
- ⁷⁴ *Op. cit.* 34. The OECD defines direct budget support as: "Direct budget support — including general and sector budget support — is defined as a method of financing a partner country's budget through a transfer of resources from a donor to the partner government's national treasury." For more information on budget support, see: Tim Williamson and Catherine Dom, "Making sector budget support work for service delivery: an overview," Overseas Development Institute Project Briefing No 36, London, 2010. Available from www.odi.org.uk/resources/download/4609-english.pdf.

⁷⁵ Haiti is unique in that it does not have mandated ceilings that would otherwise place a cap on its total budget. This means that there are no international restrictions on the total amount of internal and external resources – including budget support – made available to its budget.

⁷⁶ A partner entity is the organization that receives funding directly from the Haiti Reconstruction Fund. In order to qualify as a partner entity an agency must meet the financial and procurement standards met by the trustee (the World Bank).

⁷⁷ *Op. cit.* 71. Available from www.mefhaiti.gouv.ht/index.htm.

⁷⁸ *Ibid.*

⁷⁹ According to the IMF the government of Haiti received \$225 million in the fiscal year 2010 (including pre-earthquake contributions) and has received \$48.8 million in the fiscal year 2011.

⁸⁰ *Op. cit.* 53.

⁸¹ *Op. cit.* 53 pp. 50-51. See also Haiti, *Press release following Budget Support Working Group mission*, (Port-au-Prince, 17 May 2010). Available from www.mefhaiti.gouv.ht/publication.htm. For the 2010 fiscal year (October - September), the government's action plan appealed for \$350 million in budget support for 2010; based on increased revenue projections, the Ministry of Finance subsequently amended its budget support request to \$250 million. For the 2011 fiscal year, donors pledged \$170.3 million, of which \$48.8 million has been disbursed.

⁸² Haiti, *Press release following Budget Support Working Group mission* (Port-au-Prince, 17 May 2010). Available from www.mefhaiti.gouv.ht/publication.htm.

⁸³ For more information, see www.haitireconstructionfund.org/hrf/.

⁸⁴ Haiti Reconstruction Fund (Secretariat), "Rebuilding Together: Six Month Progress Report," Port-au-Prince, 2010. Available from www.haitireconstructionfund.org/hrf/sites/haitireconstructionfund.org/files/lores_eng_rpt_spreads.pdf.

⁸⁵ The first funding provided from the HRF was a \$25 million contribution for general budget support approved on 15 June 2010 and transferred to the Government of Haiti in mid-August. Two grants were approved on 18 August 2010 and disbursed in December: \$12.5 million to the IDB to co-fund and establish a partial credit guarantee fund, and \$17 million to the UN for debris management. Three projects totaling \$30 million were approved on 7 October 2010 and disbursed in the first quarter of 2011. Four projects totaling \$102 million were approved on 15 December, and disbursed in the first half of 2011, including \$65 million to the World Bank for housing. Two projects totaling \$35 million were approved on 1 March 2011 and one was disbursed in the second quarter of 2011 (\$25 million for housing remains undisbursed). One project totaling \$1 million was approved electronically and has been disbursed. More information is available from www.haitispecialenvoy.org.

⁸⁶ *Op. cit.* 34.

⁸⁷ This includes international non-government organizations (NGOs) that are required to register with the NGO Coordination Unit in the Ministry of Planning and External Cooperation.

⁸⁸ This includes international NGOs and private companies who are providing medical or education services and are required to register with the ministries of health and education respectively.

⁸⁹ *Op. cit.* 64.

ACRONYMS AND ABBREVIATIONS

G11, G12	Group of 11, Group of 12
GDP	gross domestic product
HRF	Haiti Reconstruction Fund
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IHRC	Interim Haiti Recovery Commission
MINUSTAH	United Nations Stabilization Mission in Haiti
NGO	non-governmental organization
OCHA	Office for the Coordination of Humanitarian Affairs
OECD	Organization for Economic Cooperation and Development
OSE	United Nations Office of the Special Envoy for Haiti
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
PDNA	post-disaster needs assessment
PIU	project implementation unit
UN	United Nations
UNDP	United Nations Development Programme



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