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HAITI: IS U.S. AID EFFECTIVE?

HEARING

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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HAITI: IS U.S. AID EFFECTIVE?

WEDNESDAY, OCTOBER 9, 2013

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m. in room 2172, Rayburn House Office Building, Hon. Ed Royce (chairman of the committee) presiding.

Chairman ROYCE. Last call for members to take their seat, and this hearing will come to order.

Today we meet to discuss the situation in Haiti. In January 2010, a massive earthquake struck Haiti doing major physical, social, and economic damage to the country that is the poorest country in the Western Hemisphere. It was a devastating blow to a nation already struggling from centuries of violent repression, endemic corruption and from extreme poverty.

The international community, led by the U.S., rapidly organized an unprecedented humanitarian response. International donors pledged $13 billion to support immediate relief and recovery. Private charities also provided another $3 billion, and that year Congress approved $1 billion in appropriations for Haiti of which $651 million was provided to the Agency for International Development to support post-earthquake reconstruction.

Now it is 3 years later, and the results are not impressive. Of the $2 million Haitians impacted by the earthquake, an estimated 320,000 remain in squalid displacement camps. Efforts to provide permanent housing have been undermined by weak property rights, unemployment is very high, corruption again is rampant, and the business climate is very poor.

Under the leadership of Chairman Emeritus Ros-Lehtinen, the Government Accountability Office was tasked with studying USAID's efforts, and in particular this committee was concerned about shelter projects in the development of the Caracol Industrial Park in the northern part of the country. As we will hear today, the GAO, unfortunately, has found that these programs have been slowly implemented, more costly than planned, and of questionably lasting impact. While much has been promised, little has been effectively delivered.

Following this discouraging report, the ranking member and I sent a bipartisan delegation of committee staff to Haiti to review the GAO's findings, and they were left asking some basic questions, and those questions are why does USAID still lack an engineer for the proposed port in the Caracol Industrial Park? Question one.

Question two: Why did the U.S. set expectations for massive permanent housing projects in a country where the overwhelming majority of people do not have secure property rights to begin with? And number three: Why aren't intended beneficiaries occupying the few housing units that have actually been built?

Haiti has suffered too many natural disasters, but it is weak institutions and endemic corruption that perpetuate the poverty of the country. The World Bank has found that the chances of reducing poverty under these conditions in the World Bank's estimate "approaches zero."

The absence of a transparent, legally enforceable system of property rights—and Hernando de Soto has done a lot of work on this issue in Haiti—which would allow Haitians to secure and invest capital or open and expand a business, is debilitating. Without these basics, no level of assistance would put Haiti on the right economic path.

The Haitian Government's failure to hold long-delayed elections is also troubling. Fully one-third of the Senate in Haiti remains vacant, making a quorum difficult. Even worse, without elections, the President may end up governing by decree.

I believe the Haitian people deserve better. I know American taxpayers deserve better. If aid is to continue, we need a viable partner in development, a viable partner there in democracy.

And our ranking member, Eliot Engel, was instrumental in bringing this hearing together and also in helping organize the focus on Haiti, and I am now going to turn to him for his opening remarks.

Mr. ENGEL. Mr. Chairman, I would like to begin——

Mr. Chairman, I would like to begin by thanking you for holding this hearing. I have been focused on U.S. policy toward Haiti for many years, and I sincerely appreciate your willingness to bring this issue before the full committee.

The January 2010 earthquake in Haiti focused world attention on the plight of that country in a new and different way. The international community and especially the United States responded to the urgency and the sheer devastation with both generosity and determination. Our post earthquake assistance in Haiti currently stands as one of the most significant U.S. aid commitments in the world.

Even before the dust had settled from the aftermath of the earthquake, 150 donor countries and organizations rolled up their sleeves and, together with the Government of Haiti, began to craft a rebuilding plan. All agreed that this plan would not be business as usual, and that it would seek to have a sustained and unprecedented impact on the future of Haiti. The U.S. piece of that plan after 3-plus years is the central focus of this hearing.

Pursuant to a request by me and Congresswoman Ileana Ros-Lehtinen, the GAO issued a report in June of this year that reached some troubling conclusions. This committee dispatched a staff delegation to Haiti last month to dig deeper into these issues and to help us set the stage for this hearing.

The GAO report is the most recent official statement on United States assistance to Haiti. Today's hearing will provide GAO, State, and USAID an opportunity to update and clarify that information.

I will leave it to the GAO witness to summarize the conclusions of their report. Suffice it to say that some of their findings came as a surprise to many of us in Congress, and it gave rise to some tough questions.

For example, the number of houses to be built with U.S. assistance dropped from roughly 15,000 to 2,649. The estimated number of beneficiaries declined from roughly 80,000 to approximately 14,000. A back-of-the-envelope calculation tells us that the costs per unit have doubled and sometimes tripled.

We now know that the Haitian Government prevailed upon U.S. officials to build bigger and better housing. The problem, of course, is that this benefited a much smaller pool of people. Even though it misrepresented a dramatic change in the terms of reference for the expenditure of these funds, Congress was not consulted about the decision. Had we been consulted, would we have gone ahead with that plan? Who knows. And was it a good decision to devote a third or more of earthquake-reconstruction funding to an industrial park, a power plant to run it, and possibly a new port to service it in a part of the country that was largely unaffected by the earthquake?

In terms of process, the GAO report pointed out that the administration has not always provided sufficiently detailed information that Congress needs to assess and evaluate our Haiti programs. It is my hope that greater transparency in the administration's execution of these programs for us and for the Haitian people is among the changes that result from this oversight effort.

I will be submitting a series of questions for the record to begin to rebuild the reservoir of information on our Haiti programs. In addition, we may call upon the GAO to conduct an additional study regarding our Haiti assistance.

Finally, we may look at streamlining—streamlined reporting to Congress such as that included in H.R. 1749, the Assessing Progress in Haiti Act, introduced by Rep Barbara Lee. And let me say I am glad that our colleague is here today with us.

Another issue I hope we can focus on today relates to how we partner with NGOs and the Haitian Government on these programs. On their recent trip, committee staff learned that Haitian officials consistently expressed concern that U.S. Aid largely circumvents the Haitian Government. Some say Haiti has become a republic of NGOs. The down side of operating this way is that we lose the opportunity to strengthen the capacity of the Haitian Government and to increase the ownership of the Haitian Government in people. That ownership is a critical ingredient in the sustainability of our system. I understand that there are significant accountability barriers here that must be overcome, but the Haitian Government is the essential partner in this effort.

That said, I must be clear about the Haitian election issue that currently overhangs this entire effort. Haitian congressional municipal elections are 2 years overdue. The Haitian Senate is operating with 10 of its 30 seats vacant, and President Martelly is claiming that the terms of 10 of the Senators end in 2014. The donor community does not agree with this assessment, and I don't either.

In any case, if that were to occur, the Haitian Congress would effectively be incapable of carrying out its legislative duties, and we

would face the unacceptable prospect of President Martelly governing by decree.

This matter is already significantly affecting the patience of the donor community, and I know it will greatly affect how the U.S. Congress approaches our assistance in Haiti. I call on President Martelly to find a quick constitutional resolution to this matter and hold elections as soon as practicable.

The threshold question we need to ask today is not whether we are on track to rebuild Haiti to a pre-earthquake standard, but, rather, if we are helping to build Haiti back better. I hope very much that in 2015, when we reach the 5-year anniversary of our post-earthquake assistance program, we can answer that question in the affirmative.

So, Mr. Chairman, thank you again for holding this hearing. I look forward to the testimony of our witnesses.

Chairman ROYCE. Thank you, Mr. Engel.

We now go to Representative Salmon of Arizona, chairman of the Western Hemisphere Subcommittee.

Mr. SALMON. Thank you, Mr. Chairman.

I would like to commend Chairman Royce and Ranking Member Engel for convening this important oversight hearing on Haiti, the GAO's report on aid to Haiti, and the status of the U.S. reconstruction projects and our investment in economic development there.

Although the rubble has been largely cleared away, I believe the Haitian people have a right to be frustrated with the lack of progress on reconstruction and for a perceived lack of coordination on the part of the international donor community. The GAO's report was critical in many respects when it comes to USAID overpromising and under delivering on many fronts, and we are here today to try to find out why. But I also would like to use my time to point out a couple of areas where the bipartisan staff delegation reported back some positive findings.

In particular, I was told that some specific projects regarding USAID partnering with the Government of Haiti to provide healthcare services in underserved rural areas seem to be working quite well. In addition, I heard some exciting agricultural programs are being made possible by a unique partnership between USAID and the University of Florida that are making a real difference for the lives of Haitian farming families and having a positive impact in the local agricultural community by trying to bring their farming techniques and practices into the 21st century.

I was also impressed with what I heard regarding the training and professionalism of the Haitian National Police and the Government of Haiti's partnership with our DEA to combat the narcotraffickers.

In conclusion, I would like to add my voice to Chairman Royce's concerning the importance of Haiti going forward with finally holding elections. This is a crucial step that the Government of Haiti must take if we are able to count on them as reliable partners going forward. Failure to conduct elections in the near term will cause many of us to question the use of taxpayer dollars in recovery efforts as we will have little confidence in the Haitian Government.

I look forward to hearing more today and making sure U.S. taxpayer dollars are being spent wisely and most cost-effectively as they possibly can in Haiti.

Thank you, Mr. Chairman. I yield back.

Chairman ROYCE. Thank you.

We go now to Mr. Sires of New Jersey, ranking member of the Western Hemisphere Subcommittee.

Mr. SIRES. Thank you, Mr. Chairman.

Good morning, and thank you to our witnesses for being here today.

The 2010 earthquake in Haiti unleashed an unthinkable amount of death and destruction to what was already the poorest country in the Western Hemisphere. More than ¼ million people died, 200 million people were displaced, and ever since, a cholera outbreak has plagued the island, and more than 300,000 displaced people remain in camps.

Through a June 2013 GAO report, we know that the USAID efforts in Haiti have been grossly inadequate and marred by incompetence. Reports submitted to Congress have been untimely and shallow. We know little of how money has been spent, and there is a failure to recruit appropriate technical expertise when necessary. And amongst the most disturbing accounts is how the USAID increased the funding allocated for housing by 65 percent while decreasing the projected number of houses to be built by 80 percent.

I understand the post-earthquake environment was chaotic, and that the Haitian Government has not been entirely cooperative at times. Nonetheless, these lapses are unacceptable. USAID efforts are an effective and critical component of our foreign policy; however, the accounts outlined by the GAO report undercut these efforts and overshadow our goodwill. At a time when the Congress is deadlocked over funding the government, our U.S. agencies must do better. Thank you.

Chairman ROYCE. Thank you.

This morning we are going to hear first from Dr. David Gootnick, Director of International Affairs and Trade at the Government Accountability Office. He has been in that position since 2011.

Although not a common committee practice, Dr. Gootnick will be followed by a second distinguished panel consisting of representatives from the Department of State and from USAID.

Earlier this year GAO issued a critical report of the administration's efforts, and I think the format of allowing the GAO to testify first is going to give members an opportunity to fully understand the GAO's findings before asking questions of the administration.

So, without objection, the witness' fully prepared statement will be made part of the record. Members here will have 5 days to submit statements or questions or extraneous materials for the record.

And we will now ask Mr. Gootnick to summarize his statements. And you have 5 minutes, Mr. Gootnick.

STATEMENT OF MR. DAVID B. GOOTNICK, DIRECTOR, INTERNATIONAL AFFAIRS AND TRADE, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. GOOTNICK. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, thank you for inviting GAO to participate in this hearing. As you indicated, Mr. Chairman, today, more than 3 years after the earthquake, nearly 300,000 Haitians remain in temporary shelter, and nearly 80 percent of the population lives in poverty.

Roughly 6 months after the earthquake, Congress provided more than $1.1 billion in a supplemental appropriation for Haiti's reconstruction. USAID is responsible for the single largest share, directly implementing $651 million of this amount. As of June 2013, USAID had obligated just over half and disbursed about one-third of this funding.

My statement today updates GAO's recent report on two of USAID's key activities: First, the construction of the power plant and port to support a new industrial park known by its acronym CIP in northern Haiti; and second, construction of permanent housing in and around Port-au-Prince, St-Marc and Cap-Haitien, three designated development corridors.

Regarding the industrial park, 1 year after the earthquake, the U.S. and Haitian Governments, the Inter-American Development Bank, and a South Korean garment maker entered into a public private partnership for development of the CIP. Specifically the bank was to provide funding to the Haitian Government to construct the park complex; the U.S. Government would build the power plant, contribute to building a nearby port, and support construction of 5,000 housing units near the industrial park; and the Korean firm would be the anchor tenant with plans to hire 20,000 Haitian workers.

AID did complete the initial phase of the power plant in time to supply the first CIP tenant with electricity, and as of last month, 1,500 workers are employed at the park. USAID has funding to cover operations and maintenance for 3 years, expand the distribution of power, add solar energy, and increase the plant's generating capacity.

However, port construction is delayed about 2 years from its original plan. In addition, funding for the port is insufficient to cover most of the projected costs, and it is unclear whether the Haitian Government will find a private-sector partner willing to cofinance all phases of the project as originally envisioned.

The lack of a port engineer at USAID's Haiti mission is an important factor in these planning challenges. After two unsuccessful efforts to recruit a qualified engineer, USAID is now working with U.S. Army Corps for this expertise.

Turning to the permanent housing, USAID's New Settlements Program is a response to the severe post-earthquake housing shortage and supports the Haitian Government's goal of expanding economic activity in areas outside Port-au-Prince. However, USAID's original housing numbers and cost estimates for both site development and home building proved to be optimistic.

The program's original goals were for USAID and its partners to build 15,000 new homes at a cost of roughly $2,000 per plot and $8,000 per house. However, the program is now projected to complete less than 20 percent of the originally planned homes, and costs to date are about $10,000 per plot and over $24,000 per house.

These shortfalls are due to a number of factors. In particular, the initial cost estimates used inaccurate comparisons to earlier projects and did not take into account the level of site infrastructure that USAID has designed and built into these sites. To a lesser extent, the Haitian Government's request for larger and improved houses also increased costs. Problems securing land title and donor coordination also delayed construction.

Most of this housing will be located near the industrial park with only 15 percent located in the earthquake-affected area. The residents at the first site have just started moving in, and USAID is working to address sustainability risks, such as affordability and community development. However, funding for these efforts is limited. GAO's recent report recommended that USAID hire a port engineer and provide timely community-support mechanisms for each new settlement. USAID agreed with both recommendations, and we will monitor their progress in this regard.

Mr. Chairman, this completes my remarks. I am happy to answer your questions.

[The prepared statement of Mr. Gootnick follows:]

United States Government Accountability Office

Testimony

Before the Committee on Foreign Affairs, House of Representatives

For Release on Delivery
Expected at 10:00 a.m. EDT
Wednesday, October 9, 2013

HAITI RECONSTRUCTION

USAID Infrastructure Projects Have Had Mixed Results and Face Sustainability Challenges

Statement of David Gootnick, Director
International Affairs and Trade

GAO-14-47T

GAO Highlights

Highlights of GAO-14-471T, a testimony before the Committee on Foreign Affairs, House of Representatives.

Why GAO Did This Study

On January 12, 2010, an earthquake in Haiti is estimated to have caused about 230,000 deaths, resulted in 300,000 injuries, and displaced about 2 million persons. Following immediate relief efforts, Congress provided $1.14 billion for Haiti reconstruction in the Supplemental Appropriations Act, 2010. USAID, which is responsible for implementing $651 million of this amount, has allocated about $268 million of this and other funding to construct a power plant and port to support the CIP in northern Haiti and permanent housing in several locations in the Port-au-Prince, St-Marc, and Cap-Haïtien areas.

This testimony draws from GAO's June 2013 report on Haiti reconstruction and further examines (1) USAID's funding obligations and disbursements; (2) USAID's progress in two CIP-related activities—a power plant and port; and (3) USAID's progress in constructing permanent housing. For this statement, GAO updated funding information and data regarding progress, based on information from USAID and Department of State officials.

What GAO Recommends

GAO is not making new recommendations in this testimony. In its June 2013 report, GAO recommended that USAID (1) hire a port engineer to oversee port planning and construction and (2) provide timely community support mechanisms for each new settlement to help ensure the sustainability of its permanent housing program. USAID agreed with both recommendations.

View GAO-14-471T. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

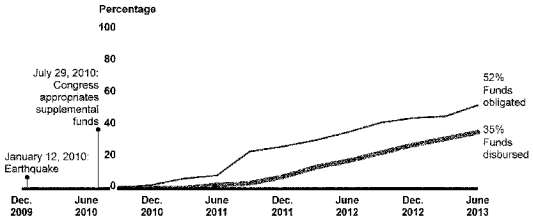
October 9, 2013

HAITI RECONSTRUCTION

USAID Infrastructure Projects Have Had Mixed Results and Face Sustainability Challenges

What GAO Found

As of June 30, 2013, the U.S. Agency for International Development (USAID) had obligated $336 million (52 percent) and disbursed $229.5 million (35 percent) of $651 million in funding for Haiti earthquake reconstruction from the Supplemental Appropriations Act, 2010.



Source: GAO analysis of USAID data.

Note: This report defines obligations as the total amount of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or future period. Nonetheless, consistent with 31 U.S.C. §1501, which defines when an agency can record an obligation, USAID generally treats as obligations the bilateral agreements it makes with other countries, such as Haiti, to deliver assistance.

USAID has allocated $170.6 million to construct a power plant and port to support the newly developed Caracol Industrial Park (CIP). According to USAID documents and other studies, the CIP, power plant, and port are interdependent; each must be completed and remain viable for the others to succeed. USAID completed the first phase of the CIP power plant in time to supply the first CIP tenant with power. Port construction will begin more than 2 years later than originally planned, in part because of a lack of USAID expertise in port planning at the Haiti mission. According to current estimates of port construction costs, USAID funding will be insufficient to cover a majority of projected costs. The estimated gap of more than $117 million to $189 million is larger than initially estimated, and it is unclear whether the Haitian government will be able to find a private sector company willing to finance the remainder of the project.

USAID has reduced the targets for its permanent housing program in Haiti, to which it has allocated $97.3 million. The agency decreased the projected number of houses by more than 80 percent, from 15,000 to 2,649. The estimated number of beneficiaries was reduced from a range of 75,000 to 90,000 to its current estimate of approximately 13,200 to 15,900. These reductions resulted from inaccurate original cost estimates that used inappropriate cost comparisons and from the Haitian government's request for larger houses with improvements such as flush toilets. USAID currently estimates that construction will be completed more than 2 years later than initially scheduled. Delays occurred primarily because of difficulties in securing land titles and coordinating with partner donors. USAID is attempting to mitigate potential sustainability risks, such as affordability and community cohesion, through community development mechanisms. However, it is uncertain whether these mechanisms will fully cover all sites.

Chairman Royce, Ranking Member Engel, and Members of the Committee:

Thank you for this opportunity to discuss our recent work reviewing U.S. efforts to aid Haiti in its reconstruction from the earthquake that struck on January 12, 2010.[1] That earthquake, centered near Port-au-Prince, Haiti, caused physical, social, and economic devastation to the poorest country in the Western hemisphere. The earthquake is estimated to have caused approximately 230,000 deaths, resulted in 300,000 injuries, and displaced approximately 2 million people from their homes. In June 2013, the International Organization for Migration estimated that about 279,000 displaced persons remained in camps. According to Department of State (State) and U.S. Agency for International Development (USAID) officials, the disaster generated the largest international humanitarian relief effort ever undertaken and prompted the international community to pledge billions for reconstruction, including a pledge of $1.15 billion over the first 2 years by the U.S. government—more than triple the average annual assistance provided by the U.S. government to Haiti between 2006 and 2009.

In July 2010, the U.S. Congress passed the Supplemental Appropriations Act, 2010,[2] which provided more than $1.14 billion in reconstruction funds for Haiti, including $651 million provided to USAID for bilateral reconstruction activities. USAID has allocated approximately 40 percent of this supplemental funding,[3] as well as other funds, to support the construction of (1) a power plant that will provide electricity for the new Caracol Industrial Park (CIP) in northern Haiti; (2) a new port near the CIP; and (3) permanent housing in new settlements in the Port-au-Prince, St-Marc, and Cap-Haïtien areas. My statement draws from our June 2013

[1]GAO, *Haiti Reconstruction: USAID Infrastructure Projects Have Had Mixed Results and Face Sustainability Challenges*, GAO-13-558 (Washington, D.C.: June 18, 2013). We also previously reported on U.S. reconstruction efforts in Haiti in *Haiti Reconstruction: U.S. Efforts Have Begun, Expanded Oversight Still to Be Implemented*, GAO-11-415 (Washington, D.C.: May 19, 2011); and *Haiti Reconstruction: Factors Contributing to Delays in USAID Infrastructure Construction*, GAO-12-68 (Washington, D.C.: Nov. 16, 2011).

[2]Supplemental Appropriations Act, 2010, Pub. L. No. 111-212, 124 Stat. 2302, 2323 (July 29, 2010).

[3]The Haiti reconstruction funding provided in the 2010 supplemental appropriations law is appropriated for the Economic Support Fund account.

report that reviewed (1) USAID's funding obligations and disbursements; (2) USAID's progress on the CIP-related power plant and port; and (3) USAID's progress in constructing permanent housing.[4]

For our June 2013 report, we reviewed reports, documents, and funding data and interviewed officials from USAID and State in Washington, D.C., and Haiti. To assess the reliability of funding data, we examined USAID and State data sources and conducted interviews with USAID and State officials. We determined that the data we used were sufficiently reliable for our purpose of reviewing U.S. funding provided for Haiti reconstruction. In Haiti, we visited sites under construction or planned for construction for the power plant, port, and permanent housing, and visited the CIP.[5] For this statement, in August 2013, we updated funding information, assessed the reliability of these funding data and determined the data to be reliable, and further assessed progress based on information provided by USAID and State officials. The information contained in this testimony was reviewed for technical accuracy by USAID officials.

The work on which this testimony is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In response to the destruction caused by the earthquake, Congress provided more than $1.14 billion in reconstruction funds for Haiti. As table 1 shows, USAID received $651 million of these funds for bilateral reconstruction activities.

[4]GAO-13-558.

[5]Our June 2013 report contains a detailed description of its scope and methodology.

Table 1: Fiscal Year 2010 Supplemental Funding for Post-Earthquake Reconstruction in Haiti, as of June 30, 2013

Dollars in millions	
Recipient	**Reconstruction amount**
State and USAID	$917.7
State	144.7
USAID	773.0[a]
Bilateral reconstruction activities	651.0
Transferred to Haiti Reconstruction Fund[b]	120.0
Treasury	219.8
USAID Inspector General	4.5
Total	**$1,142.0**

Source: USAID and the Supplemental Appropriations Act, 2010 (Pub. L. No. 111-212).

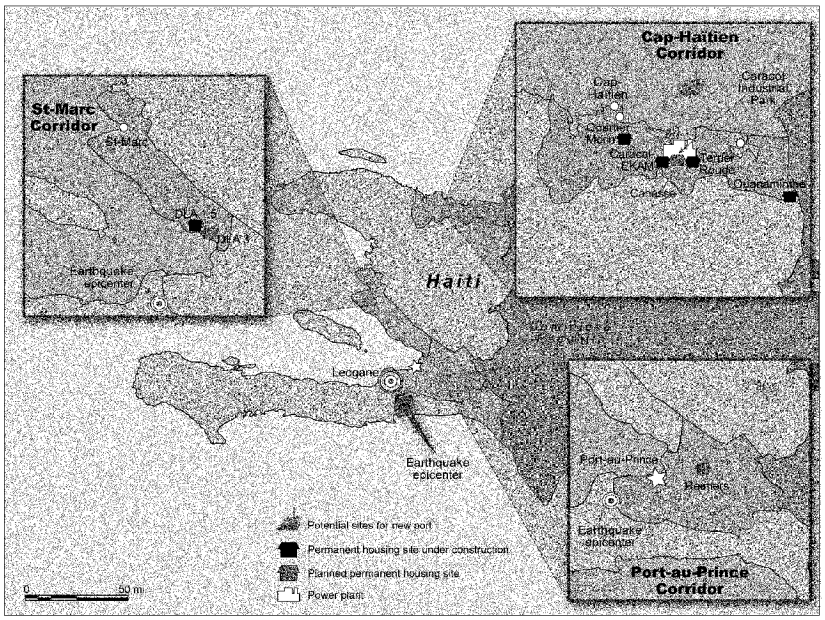
USAID = U.S. Agency for International Development

[a]Out of the $773.0 million provided to USAID, the agency transferred $2.0 million to the Smithsonian Institution.

[b]The Haiti Reconstruction Fund is a multidonor trust fund organized to help finance high-priority post-earthquake reconstruction projects.

In January 2011, the U.S. government released its 5-year strategy for Haiti, titled the *Post-Earthquake USG Haiti Strategy: Toward Renewal and Economic Opportunity*. This strategy encourages reconstruction and long-term economic development in three regions of the country, known as "development corridors." In addition to assisting with reconstruction in the Port-au-Prince corridor, which suffered the most damage from the earthquake, the strategy notes the U.S. government's intent to provide assistance to the Cap-Haïtien region on Haiti's northern coast and the St-Marc region on Haiti's western coast (see fig. 1).

Figure 1: Development Corridors and Selected Sites Targeted by U.S. Post-Earthquake Assistance



Source: Multiple U.S. government agencies, *Post-Earthquake USG Haiti Strategy: Toward Renewal and Economic Opportunity* (Washington, D.C., January 2011); U.S. Agency for International Development planning documents; Map Resources (map).

On January 11, 2011, the U.S. government, the Haitian government, the Inter-American Development Bank (IDB), and a private South Korean garment manufacturer, Sae-A Trading Co. Ltd. (Sae-A), signed an agreement to support development of the CIP that included the following commitments.

- The IDB committed to provide funding to the Haitian government to build the CIP and some associated facilities;
- the U.S. government committed to build a power plant, contribute to the building of a nearby port, and support the construction of 5,000 nearby housing units; and
- Sae-A committed to be the anchor tenant and hire 20,000 local employees at the CIP.

Progress is ongoing in building the CIP and filling it with tenants. Sae-A moved into the first CIP building in March 2012, and two other companies, a paint manufacturer and a textile manufacturer, have since moved into the CIP, together employing about 1,450 Haitian employees as of August 2013, according to State officials. According to State's Senior Advisor for the CIP, these tenants project that they will create approximately 21,000 jobs by 2016. As of August 2013, according to State officials, the government of Haiti was progressing in talks with another four potential tenants.

USAID developed the New Settlements program to address the severe post-earthquake permanent housing shortage in Haiti and to support the Haitian government's goal of moving economic growth from Port-au-Prince to other areas, such as near the CIP. USAID's goal was to construct up to 15,000 new houses in the three development corridors. USAID planned to provide funding for the preparation of all of the settlement sites,[6] which would each comprise a certain number of plots on which USAID or a partner nongovernmental organization (NGO) would build houses. USAID was to build 4,000 of the 15,000 planned houses and NGOs and other donor partners were to build 11,000. USAID estimated that about 75,000 to 90,000 people would occupy the completed houses as beneficiaries.

[6]Site preparation includes activities such as grading the land and providing proper drainage, access roads, pedestrian pathways, and infrastructure for delivery of utility services.

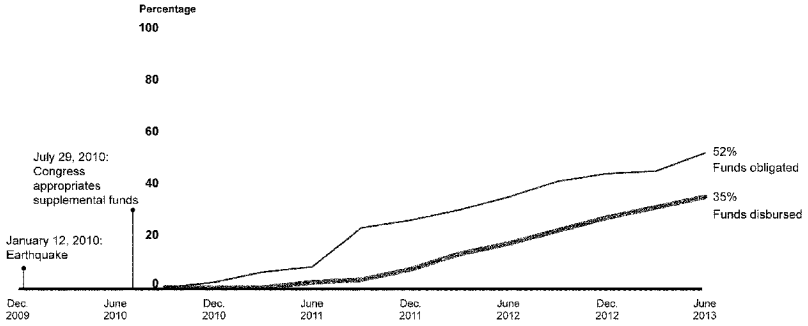
Most of USAID's 2010 Supplemental Funds Have Not Been Disbursed

As of June 30, 2013, almost 3 years after passage of the 2010 Supplemental Appropriations Act, USAID had obligated[7] $336.0 million (52 percent) and disbursed $229.5 million (35 percent) of the $651 million it allocated for bilateral earthquake reconstruction activities in Haiti.[8] Figure 2 shows the percentage of funding obligated and disbursed.

[7]An obligation is a definite commitment that creates a legal liability of the U.S. government for the payment of goods and services ordered or received. See GAO, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP (Washington, D.C., Sept. 1, 2005). This report defines obligations as the total amount of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or future period. USAID labels these actions "subobligations." In State's reports to Congress on Haiti funding, for USAID-managed accounts, funds listed as "total obligations" or "obligated" refer to these subobligations. Nonetheless, consistent with 31 U.S.C. §1501, which defines when an agency can record an obligation, USAID generally treats as an obligation the bilateral agreements it makes with other countries to deliver assistance. USAID therefore considers all Haiti supplemental funding to have been obligated upon the signing of a bilateral agreement with the government of Haiti, within the period of availability for obligation defined in the appropriation.

[8]According to USAID, supplemental funds provided for Haiti post-earthquake recovery were scheduled to be disbursed over the 5-year period that began with the January 3, 2011, issuance of the *Post-Earthquake USG Haiti Strategy*.

Figure 2: USAID Supplemental Funding for Haiti Earthquake Reconstruction Obligated and Disbursed as of June 2013



Source: GAO analysis of USAID data.

Note: This report defines obligations as the total amount of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or future period. Nonetheless, consistent with 31 U.S.C. §1501, which defines when an agency can record an obligation, USAID generally treats as obligations the bilateral agreements it makes with other countries, such as Haiti, to deliver assistance. USAID therefore considers all Haiti supplemental funding to have been legally obligated upon signing the bilateral agreement with the government of Haiti, within the period of availability for obligation defined in the appropriation.

USAID = U.S. Agency for International Development

The amount of funds obligated and disbursed varies among six sectors of activities, as shown in table 2.

Table 2: USAID Sector Activities and Amounts of Supplemental Funding Allocated, Obligated, and Disbursed as of June 30, 2013

Dollars in millions

Sector of USAID Activity	Allocated	Total obligations[a]	Percentage obligated	Disbursements	Percentage disbursed
Shelter[b]	$83.1	$49.2	59	$40.0	48
Energy[b]	135.1	51.9	38	36.4	27
Ports and transportation[b]	84.2	4.3	5	4.1	5
Food security	82.5	59.6	72	26.0	32
Health and disabilities	99.4	38.4	39	18.3	18
Governance and rule of law	120.4	95.4	79	72.6	60
Operating and other expenses[c]	46.2	37.2	81	32.2	70
Total	**$651.0[d]**	**$336.0**	**52**	**$229.5[d]**	**35**

Source: GAO analysis of USAID data.

USAID = U.S. Agency for International Development

[a]This report defines obligations as the total amount of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or future period. Nonetheless, consistent with 31 U.S.C. §1501, which defines when an agency can record an obligation, USAID generally treats as obligations the bilateral agreements it makes with other countries, such as Haiti, to deliver assistance.

[b]Amounts of funding shown for the shelter, energy, and ports and transportation sectors include all fiscal year 2010 supplemental funding for those sectors. Funding for these sectors includes funding for the New Settlements Program, the CIP power plant, and a new northern port, which we discuss in this testimony.

[c]Operating and other expenses apply to all sectors and are not a specific sector of USAID activity.

[d]Because of rounding, the allocated and disbursed amounts shown do not sum to the totals.

USAID Completed Power Plant's First Phase, but Port Is Delayed and Their Sustainability Depends on CIP's Success

USAID Completed First Phase of Power Plant in Time to Deliver Power to CIP

As of June 30, 2013, USAID had allocated $98.1 million to the CIP power plant project and had obligated 22 percent of these funds. Using this funding, USAID completed the first phase of the power plant with a designed capacity of 10 megawatts, [9] began to distribute some electricity outside the CIP, and procured a contractor to handle the operations and maintenance of the power plant for 3 years.[10] The power plant was commissioned in June 2012, 5 months later than initially planned but in time to provide power to the CIP as needed. The power plant project benefited from the mission having a Senior Energy Advisor on staff from April 2011 through February 2013, who used his background in electrical engineering to oversee and manage the project.

USAID is planning to undertake other activities related to the power plant, including further expanding distribution of electricity to local communities over the next 2 years;[11] building a solar energy farm with 2-megawatts capacity; and expanding the power plant's capacity to at least 25 megawatts, as needed.

[9]Although the initial power plant has a designed capacity of 10 megawatts, it currently produces 1.7 megawatts based on customers' current electricity needs. Megawatt is the standard term of measurement for bulk electricity, such as the output of power plants. One megawatt equals 1 million watts, enough for 16,666 60-watt light bulbs.

[10]After 3 years, the Haitian government will take over plant operations.

[11]USAID has begun to connect some local customers to the CIP power plant. The first several residences were connected in October 2012, and 374 local customers had been connected as of May 2013.

Port Project Is Delayed, and Current Estimates for Construction Costs Are Higher Than Expected

USAID has allocated $72.5 million to plan and contribute toward building a new port in northern Haiti; however, as of June 2013, the agency had obligated only $4.3 million (6 percent) because of planning delays. A lack of staff with technical expertise in port planning, construction, and oversight, such as a port engineer, at the USAID mission in Haiti contributed to these delays.[12] According to a USAID planning document for the port sector, the agency planned to complete a feasibility study by March 2012, to initiate construction in spring 2013 through a private company that would supplement USAID's funding contribution for port construction, and to complete construction in fall 2015.[13] However, the feasibility study was not completed until February 2013 because of unrealistic initial time frames; delays in awarding the contract for the study; and a statement of work for the feasibility study that did not require the contractor to include all information necessary to help select a port site. Lacking staff with port expertise, USAID consulted with officials from the U.S. Army Corps of Engineers (USACE), the U.S. Environmental Protection Agency, and the National Oceanic and Atmospheric Administration, who informed USAID officials that more studies should be undertaken to identify the additional economic, environmental, technical, and other information necessary to make a final site selection and design the port. According to USAID officials, USACE estimates that the necessary studies and design will take an additional 18 months to 2 years. As a result of these planning delays, port construction will not begin until more than 2 years later than initially planned. USAID officials also initially estimated that port construction would take 2.5 years but have since learned that port construction may take up to 10 years, depending on the complexity of the port designed.

Port construction costs remain uncertain because the port site, design, and needed mitigation measures have not been determined. However, rough estimates in the February 2013 feasibility study project that the cost of port construction will range from $185 million to $257 million. Excluding

[12]According to USAID officials, USAID has not constructed a port anywhere in the world since the 1970s and does not have a port engineer or port project manager among its direct-hire staff. In January 2011 and May 2013, the mission in Haiti made unsuccessful attempts to fill a vacant port engineer position.

[13]According to USAID documents, obtaining a private sector partner for the port will allow USAID to leverage funds and expertise from the private sector. A private company would contribute to port construction and then operate and retain revenues from the port for the term of a concession contract.

funding for feasibility studies, $68 million of USAID's allocation to the port project remain for planning, design, and construction. USAID does not know what portion of this funding is needed for the additional planning and design; however, it is clear that the amount remaining will be a significantly smaller portion than USAID had initially planned to contribute to the port's total construction cost, given the estimated funding gap of at least $117 million to $189 million.[14] As a result, USAID officials recognize a risk that private companies interested in operating the port may not be willing to cover the remaining construction costs.[15] Thus, the Haitian government may need to secure additional donor funding to build the port.

Because of the complexity of port construction and the lack of port expertise at the USAID mission, we recommended that USAID fill the vacant port engineer position at its Haiti mission within time frames that will help avoid future project delays. In written comments on the report, USAID agreed with this recommendation, noting that it issued a solicitation for a ports advisor in May 2013. According to USAID officials, this solicitation did not result in any qualified applicants; thus, as of September 2013, the mission was in discussions with USACE about this agency providing a port advisor to fill the position.

Sustainability of CIP, Power Plant, and Port Are Interdependent and Rely on Haitian Government Capacity

The sustainability of the CIP, port, and power plant are interdependent in several respects.

- The CIP depends on a functioning power plant and port access. Before the CIP, northern Haiti did not have the energy infrastructure or port capacity to support a completed industrial park. The existing ports in Haiti have high port costs and ports in the Dominican Republic are distant from the CIP, raising the cost of doing business at the CIP.

[14]USAID initially estimated that construction would cost $103 million, approximately $40 million of which would be paid for by a private sector partner.

[15]In addition, the Haitian government has considered charging $260 for each container coming into the northern port, which the port feasibility study concluded would make the project financially infeasible.

- The port and power plant depend on revenues from the CIP, so the viability of these projects will depend on the Haitian government finding additional tenants and maintaining the park.
- All three projects depend on Haitian government capacity to maintain and manage the CIP and power plant and oversee the private company that will operate the new port. USAID documents and external studies on these projects have cited concerns about the ability of the Haitian ministries to succeed in these areas because of limited staff and technical resources as well as the need for legal, regulatory, and management reforms.

USAID's New Settlements Program Has Been More Costly and Slower Than Expected, and Sustainability Challenges Remain

USAID's Cost Estimates Increased Sharply and Program Funding Has Significantly Increased

USAID allocated $97.3 million to the New Settlements Program[16] and as of June 30, 2013, had obligated about $50.3 million (52 percent) of this amount. USAID underestimated the construction costs of its New Settlements program. These costs are comprised of two main categories: (1) cost of site preparation per plot and (2) cost of construction per house. In its 2010 planning documents, USAID originally estimated costs at $1,800 per plot and $8,000 per house. However, as of April 2012, when USAID had awarded contracts for construction at its first two settlements—Caracol-EKAM and DLA 1.5—the total cost for a plot and house had increased by 151 percent, to $24,625. These cost increases

[16]On the basis of original estimates, USAID initially allocated approximately $59.0 million to the New Settlements program. USAID increased program funding to $97.3 million, or by about 65 percent, after receiving multiple bids from private sector contractors for site preparation and housing construction. USAID's total allocations to the New Settlements program include $83.1 million from fiscal year 2010 supplemental funding and about $14 million from other appropriations in fiscal years 2009, 2010, and 2012.

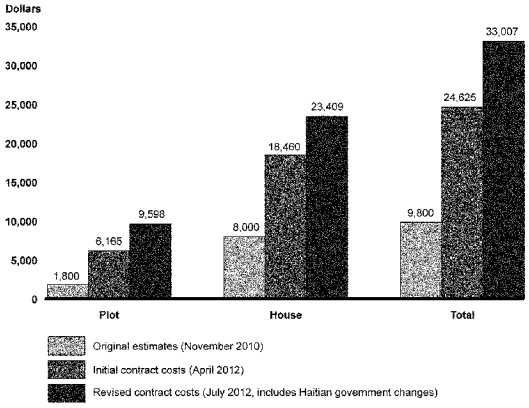
stemmed primarily from the inaccuracy of USAID's original estimates, which were based in part on costs reported by the World Bank and an NGO that was building houses in northern Haiti. As a result, according to USAID officials, the original estimates did not adequately consider the stringent international building codes and disaster resistance standards planned for New Settlement houses and did not take into account the extent or complexity of service infrastructure USAID intended to provide. Furthermore, USAID officials noted that the demand for and cost of construction materials had increased.

After USAID awarded these initial contracts, construction costs increased further as a result of Haitian government requests for design changes. The requested changes included an increase in the size of housing units, from about 275 square feet to about 450 square feet, and the inclusion of flush toilets rather than the traditional dry toilet system.[17] The Haitian government's design changes increased the total cost for a plot and a house by an additional 34 percent, to $33,007. Therefore, as of April 2013, average costs based on awarded contracts at the first two sites to undergo construction had increased by 433 percent per plot and by 193 percent per house.[18] Figure 3 compares the original estimates, initial contract costs, and revised contract costs.

[17]In addition to causing cost escalation, the use of flush toilets has led to potential public health concerns. Only one permanent wastewater treatment plant capable of processing sewage from septic tanks exists in Haiti, near Port-au-Prince. Another temporary treatment facility has been built at the CIP, with plans to replace it with a permanent facility. The number of settlement sites that will be served by these two facilities is unclear. In addition, one senior USAID official stated that failure to regularly empty septic tanks would cause a potential public health risk.

[18]We performed this analysis in April 2013 for our June 2013 report. In August 2013, USAID signed a contract for site preparation at three additional sites that reflects a per-plot cost for site preparation of $17,068, significantly higher than the weighted average of the per-plot costs at the first two sites.

Figure 3: USAID Cost Estimates for Preparation of One Plot and Construction of One House in Haiti, as of April 2013



Source: GAO analysis of USAID data.

Note: Cost estimates depicted are the weighted average costs of site preparation and house construction as of April 2013 for two active settlement sites designated by USAID as Caracol-EKAM and DLA 1.5. The costs are different at the two sites and may vary at future sites.

USAID = U.S. Agency for International Development

USAID Reduced Projected Numbers of Houses and Beneficiaries

As of August 2013, USAID had reduced the number of houses it expects to complete, and therefore the number of beneficiaries, by more than 80 percent. Of the 15,000 houses that it originally planned, USAID expects that only 2,649 will be completed across eight settlement sites. USAID plans to fund the construction of 906 of these houses and expects NGOs and other partner donors to fund the construction of the remaining 1,743. USAID also reduced the total number of projected beneficiaries, from an original estimated range of 75,000 to 90,000 to its current estimated

range of approximately 13,200 to 15,900.[19] Approximately 74 percent of these houses are to be built in the Cap-Haïtien corridor, with the remainder in the Port-au-Prince and St-Marc corridors (see table 3).[20] According to USAID officials, the first 26 families moved in to DLA 1.5 at the end of September 2013, with more families planned to occupy houses at DLA 1.5 and Caracol-EKAM in October 2013.

Table 3: Numbers of Houses to Be Funded by USAID and Partner Donors, as of August 2013

Development corridor	USAID houses	Partner donor houses	Corridor totals
Cap-Haïtien	750	1,217	1,967
St-Marc	156	148	304
Port-au-Prince	0	378	378
USAID and partner donor totals	**906**	**1,743**	**2,649**

Source: GAO analysis of USAID data.

USAID = U.S. Agency for International Development

Land Title Issues and Reduced Partner Donor Participation Have Delayed New Settlements Program

The U.S. government's January 2011 strategy projected that all USAID permanent housing construction and site preparation under the New Settlements program would be completed by July 2012, but completion of some sites will likely occur more than 2 years later than planned.[21] The following factors have mainly accounted for these delays.

- **Land titling issues.** According to USAID officials, USAID spent substantial time trying to secure clear title to private and government-owned land. In the end, USAID was able to acquire only one site from private owners because of difficulties in confirming legitimate

[19]The numbers of settlement sites, houses, and beneficiaries that USAID currently projects may differ from the final numbers achieved, given that USAID has not obtained firm commitments from partner donors for all sites where the agency expects donors to fund housing construction.

[20]USAID had initially planned for 67 percent of the houses to be built in the Port-au-Prince and St-Marc corridors and 33 percent to be built in the Cap-Haïtien corridor.

[21]According to USAID officials, the agency projects that the first two sites will be completed in fall 2013 and that site preparation of three more sites will be completed in March 2014. The officials said that the USAID has no estimated completion dates for the remaining sites for which there are not yet partners or procurement has not begun.

ownership. In addition, USAID found that secure land title for some government-owned sites could not be confirmed because of unclear or disputed ownership, which further reduced the number of site options and delayed site selection.

- **Difficulties partnering with NGOs and other donors.**[22] Plans for USAID's New Settlements program relied heavily on partners, which led to delays in the program when these partnerships encountered difficulties. For example, in January 2011, the American Red Cross (Red Cross) announced that it would partner with USAID to build homes on at least two sites; however, USAID did not sign an agreement with the Red Cross until August 2013 and the agreement was for just one site. According to USAID officials, that partnership did not develop as planned because of the delays in securing land title and because of turnover in Red Cross leadership that resulted in shifting approaches to housing in Haiti.

New Housing Settlements Face Sustainability Challenges

The sustainability of the new housing settlements will depend on factors such as available economic opportunities and support for community development. USAID is attempting to ensure the sustainability of new settlements by locating them in areas with employment, health care, education, and transportation. If those efforts do not provide adequate economic opportunities, beneficiaries may not be able to afford the fees and services connected with their new homes or may have to relocate altogether. The sustainability of the settlements will also depend on their ongoing support, maintenance, and management by local governments and community members. Specifically, beneficiaries will face site-specific issues such as affordability and community cohesion.

- **Affordability.** The Haitian government has determined that beneficiaries must make monthly payments of 1500 Haitian gourdes for 5 years before receiving title to a house.[23] These monthly fees will go toward the maintenance of housing, public spaces, and septic tanks; management costs incurred by the Haitian government; and

[22]Examples of partner donors that are not NGOs include the Qatar Haiti Fund, the Inter-American Development Bank, and the Fund for Economic and Social Support, a Haitian government entity.

[23]As of September 2013, the monthly fee of 1500 Haitian gourdes was equivalent to approximately $35.

incidental expenses. Beneficiaries will also face charges for utilities and services, such as electricity and water.

- **Community cohesion.** The New Settlements program currently plans to create eight new "communities," each consisting of 148 to 1,283 households, with beneficiaries from various locations in Haiti and with varied income levels. USAID officials acknowledged that discord may arise among the beneficiaries or between the settlements and surrounding communities.

To mitigate these concerns, USAID has put community development programs in place at two sites and plans to fund or pursue NGO partnerships to support such programs at the remaining sites. For Caracol-EKAM, USAID obligated about $4.8 million to develop and manage the beneficiary selection process, establish a provisional community management committee,[24] and create other mechanisms to support community development. In addition, in August 2013, USAID signed a $1.5 million agreement with another implementing partner to provide support for the phased occupation of Caracol-EKAM and management of the settlement, among other activities designed to help ensure its sustainability. For community development activities at DLA 1.5, USAID has entered into a partnership with an NGO that is providing such support through its own funding. USAID has allocated an additional $3.3 million to support community development efforts, including beneficiary selection and site management and operations, at the eight new settlement sites. In addition, USAID plans for partner organizations to contribute to these activities at some of the settlement sites. For example, the memorandum of understanding between USAID and partner donors building houses on three sites notes that partner donor funds are to be provided for community development activities at those settlements; however, that memorandum does not fully secure such a financial commitment. In addition, it is unclear whether such partnerships will be available to support all of the remaining settlements. USAID officials have

[24]Community management committees are self-governing bodies made up of selected beneficiaries to promote social cohesion, serve as decision-making entities, and act as the residents' representatives with government counterparts. The provisional committee for Caracol-EKAM was formed from an initial pool of beneficiaries, but a permanent committee will be formed once all beneficiary households have moved in. Members will be trained to engage with local and national authorities to help ensure that community services such as grounds keeping, infrastructure maintenance, and solid waste collection are undertaken.

stated that it is crucial that these support mechanisms are in place to ensure a smooth transition when beneficiaries move in and to set the tone for interaction among beneficiaries.

In our June report, we recommended that the USAID Administrator direct the mission in Haiti to ensure that each new settlement has community support mechanisms in place prior to beneficiary occupation, including by making funds available as necessary to help ensure this support. USAID agreed with this recommendation and noted that the mission is prepared to provide additional resources if they are needed to finance community development activities. USAID also elaborated on the ongoing and planned activities to facilitate community development and sustainability at the first two settlement sites. We acknowledge USAID's efforts to provide community development support at these two sites and support the agency's intentions to implement our recommendation at future settlement sites.

Chairman Royce, Ranking Member Engel, and Members of the Committee, this concludes my prepared statement. I would be pleased to respond to any questions you may have at this time.

Contacts and Staff Acknowledgments

If you or your staff have any questions about this statement, please contact me at 202-512-3149 or gootnickd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony include Leslie Holen (Assistant Director), Lynn Cothern, and Heather Latta. Michael Armes, Ashley Alley, Etana Finkler, Justin Fisher, Courtney LaFountain, Mary Moutsos, and Brian Tremblay provided technical assistance.

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Chairman ROYCE. One of the questions I would like to ask you is, how big a factor was the USAID's inability in this case to secure land titles in moving forward? And I see the project was delayed by 2 years, and knowing what we know about property rights in Haiti in some of the past discussions we have had about this issue, were the goals realistic given the morass of inability to fix title and so forth?

Mr. GOOTNICK. Right. I think there is no question that land titling and land ownership in Haiti is, at best, arcane historically, a paper record system at most; that many of the archives that did contain what existed of property records were damaged or destroyed in the earthquake. It is worth recognizing that most of the government's structures were literally collapsed in Port-au-Prince after the earthquake. Seventeen percent of Haitians, the Haitian Government, and civil servants, were killed in the earthquake. And probably a third were substantively displaced or left their positions.

But with respect to land titling, in particular the building of homes in Port-au-Prince, I think, was sacrificed by the absence of land title, the ability to gain land title, and very limited options for government land in the immediate Port-au-Prince area, so that the original plan was to build most of the homes in Port-au-Prince, but eventually most of the land was available outside.

Chairman ROYCE. Who in the Haitian Government, if you happen to know, insisted upon the very costly design changes, and what was the purpose? What was their purpose?

Mr. GOOTNICK. I would have to get you the answer on who exactly within the Haitian Government made that request. I do know that it came at the ministry level from the Haitian Government, and that the interest was for larger homes and to include indoor plumbing so that these would be exceptional homes by Haitian standards, without question. At this point they are built at approximately 450 square feet, and they are excellent homes that are built to a very high standard.

Chairman ROYCE. Reportedly a few Haitian Senators decided they were not getting a big enough—I guess "kickback" would be the word to use here—on construction in their districts, and so they insisted upon costly design changes. You never know, when you are reading these accounts or hearing these accounts, what is behind a delay like this, but the argument was that those changes could not be justified. And the question, of course, would be did USAID roll over in a situation like this and finally concur in order to move forward with something that seriously, on the face of it, couldn't be justified?

And that speaks to the broader issue of the endemic corruption and the exposure of U.S. assistance to waste, fraud, and abuse in a situation like this. And indeed what can be done to counter these types of circumstances where something goes on years longer, Dr. Gootnick, than had been intended?

You look at the cost overruns. We underestimated the cost by 433 percent per plot, I guess, in your study and then 193 percent per house, and the scheduling is 2 years behind schedule. Your observations on that.

Mr. GOOTNICK. Well, the cost escalation occurred really in a number of different phases, and this is outlined in our report. The initial estimate of $2,000 per plot and $8,000 per home came originally in some of the activity approval documents, the early documents that USAID submitted for review that formed the basis of their initial goals and their costs, the estimates of the costs.

Subsequently USAID got formal independent government estimates, just before letting contracts and found that the cost had risen. So that was the first escalation. A second escalation occurred when they first got bids back which were found to be actually higher than the independent government estimates. And then finally, the Haitian Government's request for the larger improved homes added yet another cost increase.

I am not specifically familiar with the issue of corruption that you mentioned, although it is fair to say corruption is felt to be endemic in Haiti. I will say that one of the features of the rising costs would be the interest in using local building materials. I know that USAID would have wanted to use local building materials, but, for example, with respect to concrete, when some testing was done, it was found to be inadequate and would not have proved to be a sufficient home.

Chairman ROYCE. I understand.

We will go now to our ranking member Mr. Engel from New York.

Mr. ENGEL. Thank you. Thank you very much, Mr. Chairman.

In your report you said that USAID and State did not brief Congress adequately. What specifically should or could be done about this?

Mr. GOOTNICK. Right. Our report cited the directive in the supplemental appropriations and the Senate report to the supplemental appropriations which directed State to provide reports to the Appropriations Committees and to the Congress broadly every 6 months for the first 2 years of the supplemental. What we did is we went back and looked at those reports and studied the extent to which those reports fully complied with the various directives and found that the reports were somewhat limited at times in their candor and in their thoroughness about the progress and the challenges that were being faced by the reconstruction effort.

I think it is fair to say that from State and USAID's point of view, in addition to those reports, they would willingly come up here and provide information at the request of various Members and committees and had briefed on the Hill numerous times. That said, we felt that the reinstitution of the reporting requirement would assist Congress in its oversight.

Mr. ENGEL. Thank you.

How does USAID's reliance on contractors and NGOs impact the effectiveness of USAID in Haiti, in your opinion?

Mr. GOOTNICK. Yeah. I don't think USAID could do its work without contractors and NGOs in Haiti. I think one of the interesting questions related to your question would be the extent to which large either U.S. or multinational nongovernmental organizations versus local organizations could be used. And it is my general understanding that part of the reason the costs escalated for these homes was that the prime contractor or the prime builder

USAID wanted to ensure was a fully responsible contractor who was going to build according to the standards and specs that they had sought, and that does raise the price.

With respect to the actual digging in the earth and laying of the bricks and mortar, I think they have worked as hard as they can to identify local NGOs who can hire local labor to do that work.

Mr. ENGEL. I am going to give you some quotes I would like you to comment on.

After the earthquake, the administration said we must "do things differently" and explained that we had to work with the Haitian Government "as partners." It said we couldn't have a "scattered array of well-meaning projects," and we needed to "coordinate our aid and hold ourselves accountable."

Obviously, I am not sure we have done those things. I would like you to comment.

Mr. GOOTNICK. Right. Well, I recall that immediately after the earthquake, when I think the spirit of cooperation and the endeavor to build back and build back better first emerged, there was an intention to work as closely as possible and to assist in rebuilding Haitian Government capacity to take charge of this rebuilding. And the first structure that was developed after the earthquake, something called the IHRC, the Interim Haiti Recovery Commission, which was cochaired by the then-Prime Minister of Haiti and former President Bill Clinton, was an effort to have the multilateral—the U.S. and the multilateral community—join with the Haitian Government in an effort that ultimately could be Haitian-led.

Unfortunately, that effort did not yield a highly functioning Haitian Government entity or ministry that could take over development. There has been an effort to restart a similar process just in the past 6 months. I don't—the State Department may be able to give you additional information. I don't believe it has proceeded particularly far at this point.

Mr. ENGEL. What are—the report said, I know, a lot, but if you could highlight the major—the major criticism, the major thing that jumped out at you, what would that be?

Mr. GOOTNICK. Well, the first thing I would want to do is put this in context that we were asked by yourself and Ms. Ros-Lehtinen to look at two of the key efforts that USAID has undertaken, so the industrial park project and the permanent housing, two, arguably, key features, the signature features of the development and reconstruction post earthquake.

They are by no means the only activities that USAID has undertaken, but with respect to those two key activities, I would say the key takeaways for me are, one, there is a tremendous challenge in completing the feasibility studies, selecting a site, and then going through all the steps that are required to construct a port that would be part of the larger apparatus of this industrial park, the power plant, the port, the housing units and the complex itself. So the first takeaway is the challenges getting that port up.

The second one is the housing. I think it is fair to say that the initial estimates were just too optimistic. That, with the best of intention, there was a goal of 15,000 houses that between land, donor coordination, cost of building materials and some weakness in the initial estimates were just not destined to come to fruition.

Mr. ENGEL. Thank you.

Thank you, Mr. Chairman.

Chairman ROYCE. We go now to Ileana Ros-Lehtinen from Florida, chairman of the Middle East Subcommittee.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman, and thank you, Ranking Member Engel.

As we discussed more than 1 year ago on June 22, 2012, then-Ranking Member Howard Berman and I requested that GAO investigate reconstruction efforts in Haiti specifically pertaining to shelters and development of the surrounding areas of the Caracol Industrial Park in Cap-Haitien. Thank you, Director, and thank you to your team members who did a thorough job in this GAO report. We commend you.

I was shocked to read the findings of the report and deeply disappointed that our foreign aid continues to suffer from a lack of real, targeted, comprehensive strategy to improve the situation on the ground for the people of Haiti.

While Haiti, unfortunately, remains one of the poorest countries in the Western Hemisphere, U.S. taxpayers have been extremely generous in providing millions of dollars in foreign aid and humanitarian relief to this Caribbean country. In fact, Haiti is the largest recipient of foreign aid in the region; however, it is our responsibility to ensure that these dollars are being spent wisely and are showing the impact and the results that are intended.

While I recognize that the environment in Haiti may be difficult, we must do our due diligence in this committee to hold U.S. officials accountable for the mistakes made in Haiti. Over 3 years ago, this body acted to provide emergency relief funds for Haiti to help the recovery efforts after the earthquake. It is appalling that we find out from this GAO report that only 50 percent of the funds have been obligated, and a mere 35 percent have been disbursed.

Mr. Director, why do you think that USAID and State have been so behind on getting these crucial dollars out the door? And I am going to continue, also, given the fact that no U.S. dollars go directly to the Government of Haiti, do you believe that our government has correctly prioritized relief efforts through reliable NGOs?

Another alarming finding from your report relates to housing. USAID decreased the projected number of houses they anticipated from 15,000 homes to now just 2,600 homes. This means that less people will be helped, from 75,000 as originally planned to now just 13,000 people. This translates to less homes for less people at double the cost. This is beyond unacceptable. It is scandalous.

And lastly, I would like to discuss the report—the port in Cap-Haitien, as you pointed out in your report. According to the GAO report, this port is 2 years behind schedule, may take up to 10 years in finishing, and, in addition, as of June 2013, USAID has yet to fill the position of a port engineer to oversee the project. These misguided decisions are reckless and only hinder our ability to help the people of Haiti, which is our objective.

Let me be clear. USAID does not have the expertise, the knowledge, or the background to build this port. Mr. Director, do you agree with this assessment? To your knowledge, has USAID ever built a port to this scale in the past and been successful?

Mr. GOOTNICK. Thank you, Congresswoman. Let me take a couple of different parts of that.

I have one figure that I think will perhaps speak to the obligations and disbursements, the other one, because you mentioned, Ms. Ros-Lehtinen, that only 50 percent had been obligated and one-third disbursed.

This is a graphic that shows the timeline of the supplemental and the obligations and disbursements. So, on the horizontal axis you see time and on the vertical axis you see percent disbursed. Way to the left you can see the January 2010 earthquake. Somewhat to the right you see the timing of the supplemental. Then what you see is the slow curve upward of obligations and expenditures, and a couple of things to remark about that.

Money did not start to flow for about 1 year because there was some time that was invested in planning and building programs on the ground, and then what you see is a steady curve upward over the ensuing 3 years now since the supplemental.

At 35 percent disbursed at 3 years, I would say that a project like this, USAID would probably typically think of a 5-year course for disbursement, and so I would think they would want to see that curve bend upwards somewhat, but they are on a trajectory where if, on some of these larger capital projects, outlays increase toward the latter part of the project, that they would be able to meet a large percentage of the spending within 5 years. So that would be a perspective on the obligations and disbursements.

You asked a number of other things. Let me mention the knowledge on the ports. You are correct that to the best of our research—and I think USAID concurred they have not built a port of this magnitude for many decades, and they did seek the expertise of a port engineer—what I think you will hear from them is that the challenges recruiting a qualified, highly qualified individual to come and live and work in this environment, they had two solicitations they were unable to fill with a qualified person. It may have taken them a couple of years to sort that out. At a point here——

Ms. ROS-LEHTINEN. Thank you. I am sorry. I am out of time, and I like to be cognizant of that.

Thank you, Mr. Chairman, for your generosity.

Thank you, sir, again for an excellent report. We want to help.

Mr. GOOTNICK. Thank you.

Ms. ROS-LEHTINEN. We really do. We need to do better.

Chairman ROYCE. Mr. Gregory Meeks.

Mr. MEEKS. Thank you, Mr. Chairman.

Let me ask you, listening to your testimony, it seems as though one of the big mistakes that was made early on is the estimates that were done on the cost to build the homes, the cost of the port, et cetera. Can you—you know, did your study tell us how was that so wrong? Because that seems to be causing a lot of the problems today because of where we started in the beginning as far as the estimates. How did we go so wrong with the estimates? Could you give us a——

Mr. GOOTNICK. I think it is very clear with respect to the housing that the initial estimates were based on homes that had been built in Haiti prior to the earthquake, in part, and that those estimates, while they would have formed a reasonable basis for comparison,

were probably used more directly than they ought to have been to estimate the price of a home.

Secondly, I think USAID, as it proceeded through its design, did not anticipate the costs that would be incurred to build the site to the specs that they have achieved. So, if you think about the complex of homes, they are building roads, retaining walls, putting in electricity, putting in a form of a sewage system, building—putting in street lights, putting in walkways and the like, and that level of infrastructure, to build a community from a greenfield, essentially, I think, was an underestimation of the cost.

Mr. MEEKS. Now, and just—that was—the other questions I had was the infrastructure itself, because when I hear that there was a question from the government in regards to indoor plumbing as opposed to outdoor plumbing, it just seems to me all of that should be—should have been done in the infrastructure, because in my mind, in 2013, the best way to do something is to have indoor plumbing so that you could have a sewer system.

That should be—should have been computed in an estimate in doing infrastructure, and then the coordination of the funds, because when you have between the Haiti construction fund, the USAID money, and then, I don't know, CAD who—I don't know whether they had coordinated, any of that coordination, so that that then gives you, I would think, a better idea of what you are doing and how much it costs.

How did that coordination go, and why then—you know, at the beginning stages we were not looking at indoor plumbing as opposed to—as opposed to just having, you know—I can't even imagine to say having outhouses in 2013.

Mr. GOOTNICK. I will be honest with you, Mr. Meeks. It is not entirely clear to me exactly how the request for indoor plumbing—where it came from in the Haitian Government, how it was processed by the U.S. Government, and how the U.S. Government came to its—how USAID came to the decisions to respond to that. That we simply report as having happened. It is a bit of a black box. I think USAID, I am sure, and State can answer that for you. I would also be happy to try to look into that on your behalf and get you an answer. I think it is fair to say that the Haitian Government asked and we agreed to have this improvement built into the structures.

Mr. MEEKS. Let me also ask, I was just looking at what your recommendations were, and I think—I don't know if you had a chance to answer Ms. Ros-Lehtinen's question, but it says that the GAO recommends that we hire a port engineer to oversee port planning and construction. Has that been done?

Mr. GOOTNICK. Right. At the time we issued our report, USAID issued its second solicitation for a port engineer, roughly timed with the issuance of our report. So they agreed with our recommendation. They indeed proceeded with a recruitment effort. That recruitment effort, as I understand it, did not yield a qualified individual who was willing to move to Haiti under the circumstances of the job offer, and so they reinvested, I think, in working with Federal Government agencies, particularly the U.S. Army Corps of Engineers, who have that expertise.

Mr. MEEKS. So then basically you are saying they could not find that person, so you are trying to—you go onto plan B since that person has not—couldn't find it, correct?

Mr. GOOTNICK. I think that is a fair characterization.

Mr. MEEKS. Okay. And second it says, provide timely community support mechanisms for each new settlement to help ensure sustainability of its permanent housing program. Has that been done?

Mr. GOOTNICK. Right. A little context in that. If you think about taking a greenfield and converting that into hundreds of homes, and then identifying beneficiaries, and providing them with that housing, particularly where employment opportunities may not be entirely proximate to the housing development, there are a range of community development challenges that emerged. First of all, how do individuals pay the rent? What kinds of rents are required? Are they building toward ownership? Who runs this community? Who is the community—where is the community leadership? Where is community structure? What are some of the rules? And USAID had funded efforts to obtain services, expertise basically, to allow communities to help—to help communities build that kind of expertise.

That has been made available to some of the early communities, but we have not been given certainty that there is funding to do that in each of the communities that is to be built. We think that is important, and it will enhance the sustainability of these communities that are being developed.

Mr. MEEKS. Thank you.

Chairman ROYCE. We go now to Mr. Dana Rohrabacher, subcommittee chairman for the Europe Subcommittee.

Mr. ROHRABACHER. Eurasia and Emerging Threats. That is the exact title.

Chairman ROYCE. That is the full title. You have 5 minutes, Chairman.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I think that when we are coming to grips with—here in the United States with our ever-increasing debt that is—as we all realize it is unsustainable for our own economy, it behooves us to take a look at what we are doing as a government and to see if there are not ways that we can do things more effectively and efficiently, and what we can afford and what we can't afford to do, and that, in particular, deals with how we are dealing with exactly the situations that we are examining today in terms of our assistance to other countries.

I think that, Mr. Chairman, and specifically, we are going to have to determine whether the United States can still be involved in long-term development, or whether the limited amount of money that we have now because of our own debt situation will mean that we have got to focus instead on emergency and disaster assistance as the essence of American foreign aid as compared to long-term development, or especially I don't think that we can any longer afford ongoing subsidies to foreign governments, especially when the foreign government seems to indicate that there are corruption problems within that society.

First of all, specifically, the homes that were being built that we are talking about here in Haiti, are they owned by the occupants of the house?

Mr. GOOTNICK. It is a good question. What my understanding is of the way this will work is, as beneficiaries move in, they will be paying, and I think the first settlement is approximately $35 per month.

Mr. ROHRABACHER. To whom?

Mr. GOOTNICK. To the Haitian Government.

Mr. ROHRABACHER. To the Haitian Government.

Mr. GOOTNICK. I would actually want to make sure I am correct. Yes, to the Haitian Government. And what that will do is that will build toward ownership of the home. Because it is government land, they will not in the end own the land, but they will own their home, so essentially they are paying the mortgage.

Mr. ROHRABACHER. So, we are having—we are setting these people up. They don't really own the home until they have made their payments. The Haitian Government may end up owning the homes.

Mr. GOOTNICK. Well, but the homes were built on Haitian Government land. Universally the permanent shelter that is being constructed is, at the end of the day, on Haitian Government land. The U.S. Government is the donor of this effort. And I would defer to my colleagues at State and USAID, but——

Mr. ROHRABACHER. Sounds like we set up another scenario of corruption there, to be frank. And it is one thing for us to—for us to have come into this project at all, we should have expected the Haitian Government—Mr. Chairman, we should have expected the Haitian Government to donate the land to whoever occupied the house rather than leave whatever petty bureaucrats in that country who rape their own people with that kind of power over a project that we are financing. Anyway, that sounds like something we need to pay attention to.

You know, the Chinese do things a lot differently than we do when they have projects like this, but let me ask you. We used—and are we using local contractors to build these homes?

Mr. GOOTNICK. We are using a range of partners that are primarily larger NGOs or in some cases multilateral institutions that have the capacity to perform as the prime contractor. In turn, it is my understanding that a lot of the actual labor is being conducted by Haitians.

Mr. ROHRABACHER. Okay. So we are giving money to an organization that then doles it out to build the homes that then actually the Haitian Government ends up controlling.

The Chinese, by the way, just so you will know, I am sure you are already aware of this, they come in, they don't do that. What they do is they bring in their own workers, their own people, and when they—they build a project, and then they leave the project. They say, here are the homes, this is what we are giving you, but they are not deeply involved with the murky bills of doing business in a Third World country where there is so much corruption and so much of the money then is wasted through corruption.

Let me ask you a little bit about the specifics. Well, I have got about 9 seconds, but I understand Cheryl Mills, because this was

such an emergency situation and the task was so daunting, that she was given certain authority and a vehicle of trying to make this work in Haiti that it went out of the normal process the State Department uses for such emergency measures. How has that worked out as compared to what the normal procedures would have done?

Mr. GOOTNICK. I would have to defer to the State Department on that. In general we have been working with the Haiti Task Team and the Office of the Haiti Reconstruction Coordinator, USAID and State Department respectively. If they are working above that level within their own respective departments, I am less familiar with that.

Mr. ROHRABACHER. Well, we are going to have to find better ways of how we have limited amount of money now as compared to what we have had in the past. Our own country can't sustain the course we are on. We have got to do things better, and frankly, there is just as much corruption as there ever has been.

Thank you very much.

Chairman ROYCE. We go now to Mr. Sires of New Jersey.

Mr. SIRES. Yes. Okay. Did you mention before that the houses were 450 square feet? Is that what you said?

Mr. GOOTNICK. Four hundred fifty square feet. Four hundred fifty square meters. I will have to get the precise answer for you, but my understanding was 450 square feet.

Mr. SIRES. And this is a request by the government to make it that large?

Mr. GOOTNICK. Yeah. They went from about 200 and—I am going to look this up for you, but I believe they went from about 275 square feet to 450 square feet.

Mr. SIRES. 275 square feet. That is a room.

Mr. GOOTNICK. It is a small house. As they are constructed, they are a one-bedroom with a concrete pad where the resident, if they choose to, could add a second bedroom. So, it is a bedroom, a living area, a small bathroom, and a kitchen.

Mr. SIRES. I mean, I don't think it is outrageous that the government requested that you make it a little larger and put a bathroom in there. I assume that is the reason we agreed to it.

Mr. GOOTNICK. Again, I am not—I wouldn't claim to have a great deal of knowledge about the discussions that took place between the U.S. and the Haitian Government to agree to it. I simply know that rather late in the day, the Haitian Government asked for this improvement, and the U.S. Government agreed to it.

Mr. SIRES. And you say they own the land, the government owns the land?

Mr. GOOTNICK. Yes. In all cases there are eight sites that have been developed. We have a map in our report that will show you the location of the eight sites. One is in the Port-au-Prince area, four are around the industrial park, and two are in the St-Marc corridor, and in each case, at the end of the day, these ended up being on government land. Initially USAID had hoped to work with private entities who would donate the land. Part of their—maybe a large landholder would donate something in exchange for enhanced value of their own land and the like. My understanding is that, at the end of the day, this did not work out.

Mr. SIRES. Do you know if any homes have been built where they would own the land?

Mr. GOOTNICK. The homes are all being built on government property, and, as I indicated, they will pay a form of rent where after a period of time they will own the home. They will not own the land.

I think that what—my understanding is that between the U.S. and the Haitians, there has been some assurances that given the vagaries of land ownership and title in this country, that the homeowners have been assured that when they pay their mortgage, if you will, and ultimately own that house, that they will have a secure title to their home.

Mr. SIRES. And the land.

Mr. GOOTNICK. The best of my understanding, not the land. That is correct.

Mr. SIRES. So no matter what you paid, you still don't own the land that you are there.

Mr. GOOTNICK. Don't own the land. Don't own the land, you own the house.

Mr. SIRES. So if the government ever wanted to do anything and take the land, they could basically remove these people.

Mr. GOOTNICK. Right. It is fair to say that the vast majority of Haitians, certainly in Port-au-Prince, do not own—even if they own their home, they don't necessarily own the land. If they are a tenant, they don't necessarily—their landlord and him or herself doesn't necessarily own the land. Land ownership is obscure, I would say, in much of Haiti.

Mr. SIRES. Can you talk a little bit why you think there were so many delays in the reports and the omissions in the report? Is it because maybe the—we just didn't do it right, or the government is not a good partnership in this process?

Mr. GOOTNICK. With respect to the 6-monthly reporting requirement that State Department had, I think it is fair to say that the reports emphasized the more positive aspects of the development—the reconstruction effort, and that we felt that additional candor about problems and challenges would give a more rich context and more accurate view of what was taking place.

Mr. SIRES. Do you know if the government is a partner or an obstructionist in all this?

Mr. GOOTNICK. Haitian Government?

Mr. SIRES. Yes.

Mr. GOOTNICK. I would let, again, the agency comment on that.

Mr. SIRES. You take the Fifth? Okay.

Thank you, Mr. Chairman.

Mr. SALMON [presiding]. Thank you.

Mr. Gootnick, according to your report, USAID will build only 2,649 of the 15,000 houses originally. And I am just wondering, is this an acceptable outcome? I have heard other folks talk about, you know, the—why we have had the mistakes in projections and everything, but, realistically, could this have been avoided?

Mr. GOOTNICK. I think it is regrettable that the goal will not be achieved or anything like the original goal. I think when you step back from the permanent—the question of permanent housing, it might be also useful to look at some of the efforts regarding the se-

vere housing shortage, indeed the disaster around housing that occurred after the earthquake, so that in the immediate aftermath, there were a range of efforts, some of which the U.S. Government took the lead on, some of which they were a participant in, anything from simply removing rubble to getting some of the—the initial temporary shelter in the camps established, to getting basic safety and sanitation in some of the camps, to some of the transitional housing structures that were built, some of the damage assessment in Port-au-Prince that was done. So these are housing-related activities where I think it is fair to say that the U.S. Government played a key role and did achieve some very positive results.

With respect to the permanent housing, there have been some real shortcomings in what they hoped to achieve and what they have achieved.

Mr. SALMON. Also, USAID has committed $170.3 million to construct a power plant and a port to support the newly developed Caracol Industrial Park. And according to a recent USAID feasibility study, the park port will cost anywhere between $117 million and $189 million, more than the $68.1 million USAID planned to invest.

Is it likely that the Haitian Government or private-sector investors will ever cover the shortfall? And what happens if USAID can't get the additional investment? Would it have been wise to secure funding agreements prior to construction?

And then, finally, USAID has informed the committee it plans to hire a port engineering expert by the end of this year. I heard you talk about the fact that they haven't had any responses yet. But even if they do get that engineer, would that alone be sufficient to cure the problems they are facing, and what else should be done?

Mr. GOOTNICK. With respect to the shortfall on the funding of the port, I think it is important to recognize that USAID's investment was not intended to be the entire investment required to build and operate this port. The port is being—has been envisioned as a four-phased project. And right now USAID's $60-some million that remains in that sector will cover the majority, but I don't believe all, of phase one. USAID I believe hopes that phase one would be enough to get the port up and running, although would not have the full capacities, obviously, of the completed construction over the four phases.

For the four phases, there is a significant shortfall. And the—the effort is to identify someone in the private sector who wants to—who will invest in the building of the port and then obtain a concession for the running of the port and thus recoup some of their investment.

Mr. SALMON. [Inaudible.]

Mr. GOOTNICK. I wouldn't say I am the best person—have the best expertise to answer that.

I would say it would be a large investment, and the private partner would need a concession at the port that was sufficient to recoup their investment. And that is a private-sector calculation I couldn't—I can't do for you.

Mr. SALMON. With that kind of a shortfall, would it be prudent of us maybe to hold back on that money until there is a successful game plan?

Mr. GOOTNICK. Well, I think there is some degree to which the port, the power plant, the housing, and the industrial park are interdependent. That is not specifically to say that, without the port, the other parts of that larger project couldn't survive. But it certainly is standard economic logic to suggest that that port will reduce the transportation costs for the industrial park, allowing them to expand, hire more folks, provide more wages that will support housing, make more use of the power plant, and support payment for the utilities that the power plant provides. So there is some synergy to these projects that I think would make it a greater challenge for the larger project to succeed without the port.

Mr. SALMON. I guess what I was trying to get at, though, is does it make sense, if it is going to be that much of a shortfall, would you recommend that we don't spend that $68 million and build something that may not be able to be completed?

Mr. GOOTNICK. We have not made that recommendation. We have made no recommendation to halt funding or otherwise withdraw funding. I would say that USAID has already invested a couple years in feasibility, is continuing to invest in feasibility, and has real plans to move forward.

Mr. SALMON. Thank you.

Mr. Connolly.

Mr. CONNOLLY. Actually, Mr. Chairman, I would be glad to defer to Ms. Bass.

Ms. BASS. Thank you very much, Mr. Connolly.

I have a couple of categories of questions I wanted to ask you about. One is Feed the Future and the status of Feed the Future.

But before that I wanted to understand more about the contractors that are used, and not necessarily for building the port, but all of the other projects that are going on. I think you said they are all NGOs?

Mr. GOOTNICK. My understanding is that they are nongovernmental organizations; in one case, it is a development bank. There are other large actors who are involved in the primary contracting to build the homes.

Ms. BASS. And how do we find the NGOs? You know, are they U.S.-based NGOs? International? Haitian?

Mr. GOOTNICK. Well, the cost of this home is largely the cost that is—the funds that are transferred to the builder. The builder then has outlays to achieve the project and as an NGO is not in—anticipating meeting a profit, but providing the service.

Ms. BASS. Right. And I am just trying to get at understanding the vetting process and how we hold NGOs accountable, whether they are nonprofit or whether they are making profit. How do we recruit them, vet them, hold them accountable?

Mr. GOOTNICK. Right. It is an important question, and I think it is a key priority for USAID throughout its entire enterprise. It has been a priority of the USAID Administrator to use local NGOs and improve capacity of local NGOs wherever possible.

I think the challenge, which USAID could speak to, is, just as you articulate, ensuring that you have a partner there who can act accountably with respect to the funding and also provide the service that you have asked them to provide.

Ms. BASS. So from your point of view, though, in terms of the accountability and the vetting, you wouldn't know; is that what you are saying? I know you are not—I know you are not USAID, but——

Mr. GOOTNICK. Right. We have done a variety of studies at GAO in other parts of our portfolio where we have looked at USAID's oversight of its grants and its contracts. And I think what we found is that there is this tension: When you are working with a U.S. NGO, you have an enhanced ability to ensure accountability; when you are working with a local NGO, you have an opportunity to improve local capacity. And this is a balance and a—and progress that USAID is trying to make with its USAID forward, but it faces real challenges in this regard.

Ms. BASS. So "challenges" means there is a method of accountability or——

Mr. GOOTNICK. I would say it is not a one-size-fits-all. You have got to look in a case by case. So if you look at Haiti in particular, by and large the prime recipient of funding has not been a local NGO. I can't say that without exception across all of the reconstruction effort, but with respect to the projects we are looking at, they have not gone directly to the Haitian—Haitian civil society, public sector or private sector to do this work. Indirectly——

Ms. BASS. So who have they gone to?

Mr. GOOTNICK. Haitian laborers contributing to the building.

Ms. BASS. Got that. I understand that. And I think that is great. But who does the money go to? If it is not Haitian NGOs, who is——

Mr. GOOTNICK. Well, I mean, there are a number of large NGOs, some whom you would recognize. The American Red Cross and the like are the types of organizations that are prime recipients.

Ms. BASS. Okay. And are you able to comment about the status of Feed the Future?

Mr. GOOTNICK. Excuse me?

Ms. BASS. Are you able to comment about the status of Feed the Future in Haiti, the $88 million that has been spent so far?

Mr. GOOTNICK. You know, I would be happy to take questions for you and get back to you on that. I am not our agency's expert on that issue. I certainly know that hunger in Haiti was on the rise prior to the earthquake, and it has become more acute and particularly with the cholera epidemic and certain natural disasters subsequent to the earthquake, two hurricanes that have buffeted the island. There have been real challenges. And deforestation is a huge problem.

Ms. BASS. Okay. Well, we could save that for the next panel. Thank you very much.

Mr. CONNOLLY. Mr. Chairman?

Mr. SALMON. Mr. Connolly.

Mr. CONNOLLY. I would ask unanimous consent that our colleague Barbara Lee be allowed to participate in this hearing.

Mr. SALMON. Absolutely.

Mr. CONNOLLY. I thank the chair.

Mr. SALMON. Chair recognizes Mr. Marino.

Mr. MARINO. Thank you, Chairman.

Over here, sir. Thank you for being here.

Have you or anyone from State, if you can speak to it, any U.S. entity or person, discovered corruption, fraud, or theft taking place in Haiti on these projects?

Mr. GOOTNICK. On these two projects I am not aware of any specific charges or findings of corruption.

Mr. MARINO. Is there an entity or is there a person responsible for investigating the potential for corruption?

Mr. GOOTNICK. With respect to ensuring that both the financial and programmatic controls are in place such that the funds are being used for intended purposes, USAID is going to have grants, or contracts managers, or oversight functions within its—within the Office of the Haiti Coordinator—excuse me, within the Haiti Task Team within the USAID mission that are looking to ensure that the funds are being spent as intended.

Again, I don't have any specific observations about corruption or lack of accountability on these projects. That said, they are, with respect to housing, clearly not meeting some of their targets.

Mr. MARINO. Do you have access or have you had access to any of these reports that may have been put together to determine whether the money is going where it is supposed to be going and we are getting the product in return?

Mr. GOOTNICK. You know, that was not a key part of the scope of this project, so I would have to honestly say I could look into that and get back to you. But I don't have specific information for you.

Mr. MARINO. Is there a U.S. entity on the ground, for example, let us say someone to review initial plans and prints, someone to review initial cost; if a load of concrete is coming in, is it the grade that was spec'd out, is it being properly laid, are the materials that are used to build a house, are they materials that were spec'd out, or are they ending up being a lesser quality? Is there anyone that reviews this on the ground as the building is taking place?

Mr. GOOTNICK. Right. In general I think I would point to two types of oversight of that kind of accountability challenge. One, the initial contractor or grantee is going to be required to provide reports to the—to USAID. And, secondarily, at the USAID mission there is going to be oversight of those reports and—and then that information that comes forward.

The inspector general is also—the regional inspector, again, based in El Salvador has done a lot of work on the ground in Haiti. But the general accountability and oversight, the general controls for those projects are—tend to be managed within the USAID mission.

Mr. MARINO. So you stated that—previously that much of the labor is and should be the Haitian people, correct?

Mr. GOOTNICK. That is my understanding, yes.

Mr. MARINO. Now, if an individual, a business person, man or woman, in Haiti has a construction—has a cement company, is there someone—is there ever a situation where a representative from the United States is on the ground making sure that the product that is on site is the product that we originally paid for?

Mr. GOOTNICK. Right. Well, I mean, concrete is a good example because it is my understanding that in these building projects there has not been sufficient information to suggest that locally

procured building materials are satisfactory. And so part of the escalation of costs is the importation of a lot of the building materials to satisfy the demands for quality.

Mr. MARINO. Don't you think, then, there could be a cost savings, there could be time savings if there is actually a representative of the U.S. as a project manager on site making certain that we are getting what we pay for, or a series of managers?

Mr. GOOTNICK. Honestly, Congressman, I think that is a question I am going to have to let you direct to USAID. I don't have the answer for you.

Mr. MARINO. I have 30 seconds left. Can you again expand on a little bit how is private—what is USAID doing and what is your conception of more private enterprise getting involved in projects like this?

Mr. GOOTNICK. Well, the port itself is an effort to build a public-private partnership as to say for USAID to partially fund the port after feasibility studies have been done, designs have been completed, and to identify what would be a large—in Haitian terms, a very large investor to contribute to completing the port and becoming the concessionaire. So there is one example.

Mr. MARINO. I see my time has expired, and I want to keep within my 5 minutes. Thank you, Doctor.

Mr. SALMON. Mr. Vargas.

Mr. VARGAS. Thank you very much, Mr. Chair. Appreciate the opportunity.

I have to say I was much more scandalized before I got here, because now that I am here, I think some of the answers—some of the questions have been answered. I looked at the 15—that you are going to build 15,000 homes. That was the original. But turns out that that was a pie in the sky, that those numbers were way off, one; and, two, that you were looking at building them in Port-au-Prince where it would be infill as opposed to raw construction. So infill is a lot cheaper. I think any of us who have worked in the business know that. So infill would have been a lot cheaper, but because the property wasn't secure, you couldn't get simple fee title there, you had to build somewhere else, so you have to put in the infrastructure.

Then secondly, interestingly, the houses were going to be 275 square feet. Just so you understand what that is, a house of 15 times 18 feet is 270 square feet. The average family size of a Haitian family is four people. So you are going to put four people in a room of 15 by 18. So someone came up with the outrageous idea that they should put them instead in a room of 21 by 22 square feet.

I know that area well because a few years ago I built my garage. That is how big my garage is. So somewhere the scandal is that you are going to build a house the size of an American suburban garage to put in four people, and the outrageous thought that they might have a bathroom.

You know, my daughter spent the last two summers, the summer before last summer, in Nicaragua, up in a place called Los Lipes, way up in the jungle, and she didn't have a bathroom, which I was grateful for because now she doesn't complain at home, a 16-year-old. And this year she was in Paraguay for the summer working

for Los Amigos de Las Americas. Again, they didn't have a bathroom, it was about 100 feet away, which, again, was fantastic. So she does not complain at home again about any of the issues we have.

But the notion that we couldn't build a bathroom for these people, I think of course we should. You know, we are there to help.

And the other thing I guess I was thinking was this. You know, we—this is a 7.0 quake that they had, and they lost—go through the statistics—they lost so many people. We had a 7.2 3 months later in Baja, California, about 100 miles from my house. In fact, I thought it was the big one, and I grabbed my 6-year-old daughter and was running out the door because I thought, oh, hell, this is the big one. But it turns out it was 100 miles away. We had four people die, only four people. We had, you know, some damage. We didn't have hundreds of thousands of people; we didn't have that kind of damage.

So you don't want to build houses that are so cheap that they are going to fall down again. That would be stupid. So we build these houses, you know, little tiny ones. People get in there, they fall in them. Whose fault? It is our fault. You know, so I—the scandal that I thought I was going to have and beat you up on kind of got answered, just to be frank.

So I—I guess I would—I would just ask a little bit more about the issue of that port, because the home one kind of got answered for me. But the issue of the port. It is very difficult to build that kind of infrastructure, it is difficult to get an engineer there. How is that going to be worked out ultimately?

Mr. GOOTNICK. Well, I think what—what USAID is thinking at this point is there is an increased recognition that the time needed to design and build a port was longer than was originally put forward in the activity approval document and the U.S. strategy. So I think there has been a rethinking of just the time horizon necessary do something of this scale.

Mr. VARGAS. Okay. And the other thing I guess that I thought, I thought more money had actually been spent on the project. A lot of the money still hasn't been spent——

Mr. GOOTNICK. Right.

Mr. VARGAS [continuing]. Right? So they still seem to have the ability to pay for these things, Right?

Mr. GOOTNICK. Well, some of the money that is projected to go into the port and some of the money that is going into this housing, the vast majority of it is from the supplemental. There are some funds that are being contributed from annual appropriations, ESF appropriations, that have plussed up some of these over time to ensure there is enough funds to do the—to do the work.

Mr. VARGAS. Thank you. I yield back. Thank you, sir.

Mr. SALMON. Thank you.

Mr. Weber.

Mr. WEBER. Thank you.

Dr. Gootnick, you are the Director of International Affairs and Trade at the GAO. How many employees are in your particular department?

Mr. GOOTNICK. The International Affairs and Trade team is about 120, 125. GAO-wide we are, with downsizing, under 3,000 now.

Mr. WEBER. But I am most interested in the department that has oversight of what we are discussing here today. One hundred twenty under your supervision?

Mr. GOOTNICK. No, no. One hundred twenty in the group as a whole. We work in a matrixed effort and work with staff across a number of different engagements.

Mr. WEBER. And how about under your supervision?

Mr. GOOTNICK. Well, to do this work, for instance, there would have been three or four of us over time.

Mr. WEBER. Three or four of us over what time period?

Mr. GOOTNICK. This work was done over the course of about a year, okay, but not by any means full time by all of those individuals.

Mr. WEBER. So we are—Congress has appropriated this money. Are you telling me that three or four individuals are responsible for watching all that goes on over in Haiti——

Mr. GOOTNICK. No——

Mr. WEBER [continuing]. As it relates to this project, this relief effort?

Mr. GOOTNICK. No. I think we respond primarily to requests from committees of jurisdiction, and also respond to mandates or directives that are put in legislation. So when the supplemental was established, we were asked to do work, and this is our third report. In addition to GAO, you are going to have the inspector general doing work based out of El Salvador, and then you are going to have the internal oversight of the program itself.

Mr. WEBER. So all in all would you say there is 10 American—or, I guess, government employees watching this process? Twenty? Thirty?

Mr. GOOTNICK. I would have a hard time trying to put that kind of a number on it, sir. I would say that there are different parts of the oversight community that are brought to bear on——

Mr. WEBER. So safe to say it would be a good move for us to try get a particular number, somebody who has accountability and responsibility for oversight in its entirety.

When you say the inspector general from El Salvador—I am looking at a map here—I can't help but notice that the Dominican Republic is immediately east of Haiti. You have got Puerto Rico, British Virgin Islands, Jamaica. Of course, it is southeast of Cuba; looks to be, I don't know, 20 or so miles maybe. Are all of these countries helping in any form or fashion?

Mr. GOOTNICK. Well, the—the inspector general at USAID was provided $5 million, I believe—I will check to make sure that is correct—in the supplemental appropriation to provide oversight of these funds. So there is one way in which the oversight of the project was resourced, if you will.

GAO does not operate in quite the same way. We are not looking for a directed appropriation for a specific project. We operate with our annual appropriations to try to respond to congressional interest——

Mr. WEBER. Okay. Let me move on just a little bit here. Do you have any knowledge, is the Dominican Republic, Puerto Rico, Jamaica, and others, are they helping with the relief effort?

Mr. GOOTNICK. Many countries have been involved. I can speak to the largest donors. None of those, I think, fall within the very largest donors. Puerto Rico obviously part of it.

Mr. WEBER. Okay. You also mentioned that there was a South Korea garment facility, I think, in your comments?

Mr. GOOTNICK. Right. A very large South Korean firm was a key part of the public-private partnership that was the genesis of this industrial park.

Mr. WEBER. Have they invested money?

Mr. GOOTNICK. Sure. They are operating a—they are operating a firm. They are producing clothing and shipping it to the United States as we speak.

Mr. WEBER. Do we have sufficient safeguards in place that they won't use what we would—is tantamount to either slave labor or child labor?

Mr. GOOTNICK. It is an important question. I think it has been looked at. There is a minimum wage in Haiti, which is $5—approximately $5 a day, as I understand it, and they are being paid at minimum wage. I can't speak directly, but I am certainly aware through—through press and other sources that labor conditions are being observed and monitored.

Mr. WEBER. Okay. Let me just comment on the 450-square-foot homes. When I was in the Texas Legislature, my wife and I are RVers, recreational vehicle owners, and we travel and camp. I have a 40-foot Fifth Wheel that is 8 feet wide. It is 320 square feet. It sleeps 12 people. Wouldn't want to live in it full time if I didn't have to. But I can't tell you how much—and I did for 6, 5 months out of each—every other year in the Texas Legislature. But I can tell you that you make do with what you can.

And I lived and we have had kids live in the 320-square-foot area for a week or 2 at a time. It is not the most optimal, but, you know, a grateful people, of course, ought to say 450 square feet with a bathroom would be just tremendous. So I just want to make that comment. Thank you, Doctor.

Mr. GOOTNICK. And I would just add for the record that if you look at studies of the poor in Haiti, there are many studies that show that of the—of those in extreme poverty in Port-au-Prince, the amount of square footage that you have to sleep, you may literally need to sleep in shifts because there aren't—there isn't enough square footage for people to lie down.

Mr. WEBER. Thank you very much.

Mr. SALMON. Mr. Bera.

Mr. BERA. Thank you, Mr. Chairman.

Thank you, Dr. Gootnick, for your testimony. Let me just look at some of the numbers. Six hundred fifty-one million dollars was what was allocated for housing; is that correct?

Mr. GOOTNICK. Six hundred fifty-one million dollars was allocated across USAID's entire portfolio in a supplemental appropriation.

Mr. BERA. Okay. Great. And the goal was 4,000 new homes, and then leverage that with 15,000 plots, and again leverage it for 11,000 additional homes.

Mr. GOOTNICK. Correct.

Mr. BERA. Is that correct?

I found Mr. Vargas' comments actually very interesting. We are not talking about large dwellings; we are talking about, you know, by U.S. standards, you know, very small dwellings and very small shelter. But what worries me is, looking at our briefing materials, is it correct that 54 percent of the population lives on about $1 a day?

Mr. GOOTNICK. Yeah. I think of it as 70-plus percent live on $2 or less, so some subset of that is going to live on $1 a day.

Mr. BERA. So it almost—you know, again, as I am thinking about it, you know, as we have questioned USAID and interacted with USAID, we are almost addressing issues at U.S. standards as opposed to looking at it in capacity building from Haitian standards. You just commented on, you know, the square footage that, you know, is available for a vast percentage of the population having to sleep in shifts. More a comment as opposed to a question: I just wonder if there is a better way to leverage the funds to impact a larger percentage of the population, and I would be curious as to your thoughts, and it may be a question better for the USAID folks.

Mr. GOOTNICK. I would only comment that this is a population that has lived in deep and endemic poverty for many, many decades. And so how you reach a high percentage of those citizens with scarce dollars is probably the challenge that our development agencies struggle with every day.

Mr. BERA. But we are talking about pretty large sums by Haitian standards in terms of the amount of aid that was raised and, you know, even the amount of dollars that Congress allocated. It seems as though a fairly large amount and a very poor country that is going to address a small segment of the population as opposed to really going after root-cause issues to try to develop some systematic change to actually address the folks that probably were most impacted by the earthquake as well, which I would imagine the poor were disproportionately impacted.

Mr. GOOTNICK. I think with respect to the housing, that is a very fair criticism, that at the end of the day, a relatively small number of individuals will be beneficiaries. I think in fairness to the program effort it has to be looked at in the context of other—of the activities that related to shelter in the immediate aftermath and in the months and years that ensued that don't end up yielding permanent housing, but maintain people's roof over their head for some period of time after a huge natural disaster.

Mr. BERA. And if I look at some of what is in our briefing, Haiti also has one of the largest wealth disparities in the world with 68 percent of the total national income accruing to the wealthiest 20 percent.

I have to also believe that, you know, in construction and land ownership and so forth, with the level of corruption, I am worried that some of those dollars that we are investing also disproportionately are benefiting the wealthiest as opposed to leveraging those

dollars to benefit the folks that are most affected. Would that be a fair——

Mr. GOOTNICK. Yes. Haiti, I think, in—is one of the most inequitable society—government—countries in the world. And there is plenty of academic literature to suggest that the more inequality, the harder it is to achieve development outcomes.

Mr. BERA. I have got about 45 seconds left. One other thing, in a prior hearing in this full committee, in terms of promoting democracy, promoting fairness, one of our witnesses said one of the keys is land ownership, is property ownership, even if it is a small plot, to give you something and give you a stake in the game. And if I understand correctly, land ownership is very rare, and property rights are very rare. Is that—that is correct in Haiti?

Mr. GOOTNICK. Yes. I would characterize it as obscure and arcane. But I think it is fair to say that in many cases it is not clear who owns land that an individual or group of individuals may be living on, and in all likelihood, with respect to being able to actually claim full title to land, it is a very small number of large landholders.

Mr. BERA. So I would suggest—and I am out of time—but one way to perhaps start fundamentally changing and putting in the seeds of democracy and stability would actually be looking at that rule of law and looking at that land ownership. We can't mandate that, but, again, if there is a way that we can leverage our resources to try to put in some of that rule of law and some of those land ownerships. That is just a comment, not a question.

Mr. GOOTNICK. And if I could just remark, I think that is a very important comment, and there are programs through this reconstruction effort that are trying to get at that we, GAO, did not look at and may be a good topic for discussion with the subsequent witnesses.

Mr. BERA. Thank you.

Mr. SALMON. Mr. Perry.

Mr. PERRY. Thank you, Mr. Chairman.

And, Dr. Gootnick, thanks for coming. I understand and recognize that you are not a representative of USAID, you are GAO. So this is frustrating to listen to, quite frankly. And I know you don't have all the answers, but you are the person in front of us right now.

And being a proponent of foreign assistance, and we have a lot in America, so we have a lot of responsibility, and these folks are our neighbors, and we should help. But it is hard to advocate to my constituents, the taxpayers who are paying the bill, who are willingly paying the bill, but say, you know, we want to get the most out of our dollar, and you are sending it here, and we are obviously not.

And I wonder, what are the systems of accountability? I mean, I see this report from the GAO, the Government Accountability Office, and the answer is kind of like, well, more reporting to Congress will help. More reporting of bad information to Congress won't help. What will help is either the same amount of reporting, more reporting, or less reporting of good information, of things that happened where we got the most bang for the buck. But more reporting is not going to change that. We are just going to be un-

happy with the results. So what are the current systems of accountability for the money that is being spent?

Mr. GOOTNICK. Well, I think with respect to our recommendation for reporting, we cited not only the end of the reporting requirement under the supplemental, but the quality of the reporting that came forward during the supplemental. And just as you implied, it would be more helpful in Congress' oversight to the extent that the reporting that was provided gave a full and accurate picture of the progress, but also the challenges and shortcomings of the effort that had taken place.

With respect to the accountability and oversight broadly, as I think we have discussed, there are a range of mechanisms that seek to get at oversight and accountability of government expenditures in this kind of environment.

Mr. PERRY. They don't seem to be working, in my estimation, based on what I have heard. And I don't know if I am getting partial information, but these statistics, if we—if we live by them in our personal lives at home, we are going to build this many houses, and we are about a third of that for the same amount of money, and somehow we would accept that as okay, we would not accept that. We would not accept that anywhere here. Somebody's head would be on a platter.

Who in—is there one point of contact? Is there one person at USAID that is responsible for this project? Who is at the top?

Mr. GOOTNICK. I think that would be the Office of the Haiti Coordinator would be the first place you would want to go.

Mr. PERRY. All right. So I would recommend to the committee that that person come—come to this committee and give us a report. I——

Mr. GOOTNICK. I think he is your next witness.

Mr. PERRY. Is he? Good. That would be great. That would be great. So get ready.

You know, I almost don't know where to start. I mean, it seems to me when you are living in a cardboard shack in a tropical country, having a 450-foot home—arguably, it is a—it is a probably a square cinder block or concrete structure with a roof over the top of it, and maybe a window, a couple windows and a door. If you are used to living or you have been forced to live in a cardboard home with a mud floor, with an open sewer out front—because I have been to some of these Third World countries, not particularly to Haiti, but I have been to other environments that are similar—it is a great step up to move into 450 square feet of concrete, enclosed, roof-covered domicile where you cannot be subject to the bugs and the environment, and you can move on with the rest of your life.

And it seems to me that that should have been our primary focus. And if I found a contractor in my own hometown and said, I want to build a development of X amount of houses, they would know immediately. This is open ground. We are not talking about tearing down the city and building new—we are talking about an open field. We just start digging and putting stuff in. You don't need a sidewalk the first day. You don't need running water the first day. You need a place to put your stuff and get out of the weather.

That is what we should be focusing on. And it is appalling to me, and I think it would be appalling to most citizens, that that is not what we are focused on. And I beseech you as the GAO representative for us, that is what you should be focusing on; not the efficacy of reporting, the efficacy of getting something accomplished for the best bang for the buck.

I gotta tell you, I am disappointed in this. This isn't going to tell us, well, you are going to report more to Congress. La-di-da. That is great. It is going to be the same, we failed to provide, we failed to spend the taxpayers' money wisely. That is what we are going to be hearing more of.

Should I be—this is rhetorical, but should we be happy with this? What can you do? Is there something that we are not doing to empower you more? How can we help you help us?

Mr. GOOTNICK. Well, I think I need to think about that question before I give you an off-the-top answer. But in general I would say that, you know, sunlight is helpful. That is to say the more something is observed is, the more likely it is going to be accountable, it is going to be more transparent, and you may get more for the investment.

Mr. PERRY. Thank you, Mr. Chairman. Thank you. I yield.

Mr. SALMON. Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman.

And before I begin, I would ask unanimous consent that our colleague, the gentlelady from California Maxine Waters, also be permitted to participate in this hearing.

Mr. SALMON. Without objection.

Mr. CONNOLLY. I thank the chair.

Dr. Gootnick, how often have you been to Haiti?

Mr. GOOTNICK. I have been to Haiti twice since the earthquake, and a couple of times prior.

Mr. CONNOLLY. Okay. Just personally, on a scale of 1—zero to 10, in that time period have you seen some progress? How would—what—assign it a number.

Mr. GOOTNICK. Well, the first time after the earthquake that I visited Haiti was about 6 months, right about the time of the supplemental appropriation, just after. And what you saw at that point in time was, in Port-au-Prince, rubble that had been only partially removed. So the challenge of removing the rubble, I think, is something I could not have envisioned until I was there 6 months later and then observed the scale of rubble that still existed, where main thoroughfares were a maze, trying to get around piles of rubble that hadn't literally been removed, but had just been moved, and rubble was not simply removed, but was moved from place to place before it could be ultimately removed to its final location.

Mr. CONNOLLY. And to what do you ascribe that? I mean, there have been other disasters. The tsunami, for example, almost a decade ago, devastating parts of Sri Lanka, Indonesia, and that corner of the world, and yet recovery certainly—you know, rubble was removed. You said——

Mr. GOOTNICK. I would say the density of the infrastructure in Port-au-Prince, the quality of the infrastructure in Port-au-Prince, and the level of dysfunction in the city, the unworkable city that

it—I think many people would say that it had been prior to this disaster.

Mr. CONNOLLY. Can we just focus on that a little bit, the dysfunction in the city? In various questions you have indicated that, you know, home—ownership, land ownership, which creates stakeholders in a community, is fairly rare actually among ordinary people; is that correct?

Mr. GOOTNICK. Yes, I think it is rare. And most people—most people who live in—at $2 a day or less, and even those who live in better circumstances, are renters.

Mr. CONNOLLY. Would you describe a vibrant civic life existing in Haiti before or after the earthquake?

Mr. GOOTNICK. Yes. I would say one of the things that is impressive about Haiti is the vibrancy and resiliency of the citizenry.

Mr. CONNOLLY. And the government, functional?

Mr. GOOTNICK. I would say the government has faced many challenges and has been seen to be a corrupt government for a long time.

Mr. CONNOLLY. You were just asked questions about oversight and accountability. Is the problem that USAID adopted good, heroic metrics that, just upon reflection, were unrealistic in terms of meeting its goals and disbursing its—its funding?

Mr. GOOTNICK. Right. I think the goal of 15,000, which originally came, as I have said, in both the activity approval document, which was the first sort of project document submitted, and also in the U.S. Government strategy for Haiti that was issued about a year after the earthquake, was—probably grew—in retrospect grew out of a spirit of wanting to make this better and wanting to do the maximum amount that the U.S. Government possibly could to achieve a better outcome for Haitians. So it was overly optimistic.

Mr. CONNOLLY. Mr. Chairman, I understand the time limitations. And I—first of all, if I can suspend my time for a second, I would also unanimous consent that the gentlelady from New York, Yvette Clarke, also be allowed to participate in this hearing.

Mr. SALMON. Without objection. We will go ahead and allow all the noncommittee Members to ask questions and speak after the second panel.

Mr. CONNOLLY. Is that agreeable?

I thank the chair.

Mr. SALMON. Thank you.

Mr. CONNOLLY. I was going to actually defer to my colleague Barbara Lee to give her an opportunity because she came here first. So I now would yield to my colleague, the gentlelady from California Ms. Lee.

Ms. LEE. Thank you very much, Mr. Chairman. And thank you for giving us the opportunity to participate with you today in this hearing. I served on this committee for over 10 years, and with Chairman Hyde and Chairman Lantos, and I am glad to see it still remains bipartisan, given the—what we are dealing with here. So thank you again.

Just a couple questions on this. As it relates to the report, I—and also the legislation, Assessing Progress in Haiti, and some of—and your presentation really reaffirms the need for this legislation. And I wanted to know, if you have had a chance to look at it, what

your suggestions would be, and also just wanted to ask you in your report you mentioned that .4 percent of the funds so far that have been allocated went to domestic Haitian NGOs and businesses. Have you drilled down a little bit on that to find out what the reason is for that and how that can be addressed? And we will ask USAID that question also.

Mr. GOOTNICK. Right. With respect to 1749, the legislation that you sponsored, because a large share of that contains a directive for GAO to do work, as is our practice, we have reached out to your staff and staff of some of the other cosponsors of the legislation and had, I think, very good discussions about those parts of that directive to us that we think would—we would be—we could most effectively accomplish.

Particularly those things that pertain to U.S. programs or activities, we believe that the first part in particular of the directive to GAO in 1749 is something that we would be eager to pursue. When you are looking at the extent to which Haitian—Haitian civil society, Haitian actors have been involved in the process and the relationship amongst those different entities, it is harder for us, because we are—it is not a direct look at a U.S. program and activity for us to give you satisfactory answers to some of those questions. It relates to our audit authority and our access authority. We have made that clear to your staff, and I think we are looking at some maybe revisions in that regard.

The other thing is you have outlined a project there that I think we would not be able to responsibly do in a 6-month time window. So we would look for additional time to do that.

Ms. LEE. Thank you.

Mr. CONNOLLY. Mr. Chairman?

Mr. SALMON. Yes.

Mr. CONNOLLY. I am guilty of an oversight. I was so dazzled by the hat, I overlooked, and I regret my oversight. I would also ask unanimous consent that our colleague, the gentlelady from Florida Ms. Frederica Wilson, also be recognized for participation in this hearing.

Mr. SALMON. I welcome all our noncommittee colleagues who are here today based on their long-standing interest in Haiti-related issues. And although the House and committee rules only entitle noncommittee members to nonparticipatory attendance, I ask unanimous consent that they also be allowed to question the witnesses after all committee members, both majority and minority, have had their opportunity to do so after the second panel.

Mr. CONNOLLY. I thank the chairman.

Mr. SALMON. Okay. Mr. Yoho.

Mr. YOHO. Thank you, Mr. Chairman.

Dr. Gootnick, I appreciate your being here. And I want to start off with kind of agreeing and disagreeing with Ms. Ros-Lehtinen in that the American people are very generous, they are very giving, very charitable. I agree 100 percent with that. But giving to foreign aid, I disagree with that, especially if our money is going, and it is not accountable, it is not being held accountable.

We hear it all the time from our constituents, you know, stop the foreign aid. And, you know, I know a certain amount of that is necessary, and we will probably continue that. But to throw good

money on top of bad, nobody wants to do that, and I know you guys don't either. So I am going to kind of reiterate, and I feel a lot the way Mr. Rohrabacher feels about it. If we are going to go in there, we should have American workforces in there.

And some of my questions are going to be along the lines of what you have already heard. Who is running that country? Who is in charge of that country?

Mr. GOOTNICK. Well, Haiti has had a storied political past. Right now there is a President who was elected, Martelly.

Mr. YOHO. President Martelly.

Mr. GOOTNICK. Yes.

Mr. YOHO. I mean, the report I have right here in front of me, I mean, it says Haiti is a hellhole. Not the people; the people are great, the country is beautiful. It is the government, the corruption that has been there for the last 30, 40 years that has kept those people repressed. It has—it has prevented the growth of that economy, and it is a corrupt government.

So Dr. Martelly is in charge. He is the President. The former government, is it a democracy?

Mr. GOOTNICK. Mixed presidential-parliamentary system, where there is a Prime Minister and a bicameral legislature.

Mr. YOHO. In your opinion, how stable do you think it is?

Mr. GOOTNICK. Well, there have been in the past, since the earthquake certainly, challenges to holding—fully holding elections that are considered legitimate and also to form a government. So——

Mr. YOHO. And the next election is in 2015?

Mr. GOOTNICK. You said the last election. The election—the election of President Martelly was, I believe, the first time that there had been a peaceful transition from one President to another of a different party. It has occurred within the same party; this was a transition to a different party. That was marked by a lot of fractiousness in terms of the President's ability to appoint a Prime Minister.

Mr. YOHO. Okay.

Mr. GOOTNICK. And that took a better part of a year, and some of the Prime Ministers have not——

Mr. YOHO. In your opinion, how efficient is that government as far as doing the basic fundamental needs that a government should provide to their country?

Mr. GOOTNICK. Well, I can speak better to the capacity constraints of the civil service.

Mr. YOHO. Okay.

Mr. GOOTNICK. I think the civil service there is weak. It is not always paid or paid properly and on time, and that is a situation that is a setup for corruption.

Mr. YOHO. Okay.

Mr. GOOTNICK. And at the same time there is—like many places, while there is an educated cadre, there is a lot of brain drain, and many of the most educated individuals in Haiti are coming to the United States and Canada and elsewhere.

Mr. YOHO. Right. I am from Florida, so I am aware of that.

Let me ask you this: They have a Constitution; right?

Mr. GOOTNICK. Yes.

Mr. YOHO. And that Constitution, does that provide for individual property rights, to own property?

Mr. GOOTNICK. You know, you——

Mr. YOHO. Does the government acknowledge that?

Mr. GOOTNICK. I would have to look into that and get you an answer.

Mr. YOHO. If you could give me an answer, I would love that.

Now, along those lines, you were talking about these houses around 4-, 450 square feet. Do you know on a cost estimate per house what we are paying for that?

Mr. GOOTNICK. Yeah. At this point the cost of the—a plot is about just shy of $10,000.

Mr. YOHO. For a house.

Mr. GOOTNICK. That is for the plot, and the house itself about the 23-——

Mr. YOHO. I thought you said the government owns the land.

Mr. GOOTNICK. The government owns the land.

Mr. YOHO. So why is it costing $10,000?

Mr. GOOTNICK. The cost of the plot is really the cost of the site, the land on which all of the homes in the community are being built, divided by the number of homes. So the cost of a plot is the prorated share of the road, the grading, the retaining walls.

Mr. YOHO. Okay. Let me stop you there. If we are paying $10,000 for a plot that has a 450-square-foot house, that is $200 a square foot building costs. I mean, that is outrageous in a country that they are paying $5 a day for labor? And then those people have to pay $35 a month to rent a house they don't even own?

That whole system is wrong, and for us to throw money on top of that would be like building a great ocean liner and loading it up with all the things you need in the ocean liner, but having an incompetent person running that. And that would be the government. And so for us to continue to do that, I just can't find—until we change the government and the way—I don't want to change the government. But until we have a more accountable, to throw money on something like that is just—we have already spent half of $651 million, roughly?

Mr. GOOTNICK. Obligated that amount, yes.

Mr. YOHO. To continue that at this point in time in our economy when we are furloughing people, we can't have our parks open, is just unconscionable to the American people. And for us to continue this, to keep Haiti in that kind of a deadlock to where they are not going to grow out of that economically, I think we need to rethink this whole process.

And I appreciate your time here, and I yield back. Thank you.

Mr. SALMON. Thank you.

Mr. Sherman.

Mr. SHERMAN. It is interesting to have you say that paying your civil servants on time is a sign of competent government.

How has the U.S. Government shutdown affected our activities in Haiti?

Mr. GOOTNICK. I think—I would ask you to direct that question to State and USAID. I can tell you that with respect to GAO, to the oversight that we are able to do, our routine oversight has been shut down.

Mr. SHERMAN. This hearing is about aid, but trade is more effective. I would hope that you would respond for the record what we could do to import less textiles from China and more from Haiti. Whether that would involve declaring China a currency manipulator, which has the additional advantage of being true, or using the old textile quota system to allocate less to China and more to Haiti, what we could do to give Haiti access to the U.S. markets on more favorable terms. I don't know if you have any preliminary comments on that.

Mr. GOOTNICK. Well, you are outside my area of expertise a little bit, but I can tell you that the two pieces of legislation, the so-called HOPE Act and the HELP Act, which are trade preferences, in one case for Haiti, in another case for the broader Caribbean, are important tools of U.S. policy that have encouraged exports from Haiti and elsewhere in the Caribbean, particularly in the area of textiles.

Mr. SHERMAN. But that was not a circumstance where we reduced imports from China; we just increased exports from the Caribbean.

With that, I would like to yield to the gentlelady from California Maxine Waters.

Ms. WATERS. Thank you very much.

I have wanted to get into our concerns about Haitians being able to participate in the opportunities that are present for redevelopment. I spent some time in Haiti looking at this question, and I took a look at the information that is put out in proposals and found that none of that information is in Creole, that some of the requirements of the USAID contracts are such that it requires certain kind of experience that you know that Haitians do not have. And I have been looking for more joint ventures so that Haitians could, you know, realize, you know, income from USAID projects and be able to improve their communities and create jobs.

So why is it you have not been able to provide the kind of assistance, technical and otherwise, to Haitians so that they would be able to respond to these requests for proposals or participate in joint ventures?

Mr. GOOTNICK. I think that is a good question perhaps to direct to State and USAID. I think one of—as we were discussing earlier, this is a balance. When funds are moving through a U.S. firm or a U.S. large NGO, you have more assurances and more ability to ensure accountability. On the other hand, it is a priority in development to try to empower and to provide—have services provided by the local—local service providers, local NGOs, local civil society and firms wherever possible.

Ms. WATERS. If I may, the Haitians will never be able to provide you with the kind of experience that would be required in these proposals unless you do more joint venturing and require that of major corporations to do check training and bring people into those proposals in ways that they can learn and they can eventually respond themselves. But you have no requirements anywhere, and then you don't have the language in the proposals. So really you don't have a program, USAID. Really you don't have a way by which you are empowering Haitians to do business with you.

Mr. GOOTNICK. Right. As GAO as the oversight entity, that is something we could look into on your behalf. But as the implementer, I think you need to direct that question to USAID itself.

Ms. WATERS. Oh. All right. Whoever would like to respond. Okay. Thank you. Okay.

I yield back the balance of my time.

Mr. SHERMAN. One more question would be what can we do to analyze the issue of whether we need to provide more quantity of housing or more quality of housing? Is there an argument to be made, or are we pretty much building the type of housing that meets minimum standards and tries to make a dent in the overall demand?

Mr. GOOTNICK. Right. I think that is a really excellent question, and I am not sure I can answer it, but I would add one more dimension to it. That is to say in addition to quality versus quantity or size versus cost, I would add location. So if you look at the initial plans where housing would be built, there was more of an effort to build houses in the earthquake-affected areas. That turned out to be a particular challenge, and most of the housing is being built outside. So I would look at where as well.

Mr. SHERMAN. Thank you.

Mr. SALMON. Thank you very much, Dr. Gootnick. We appreciate your testimony, and we would like to excuse you and seat the next panel.

Mr. GOOTNICK. Thank you.

Mr. SALMON. In September 2010, Thomas C. Adams was named Special Coordinator for Haiti by then-Secretary of State Hillary Clinton. Mr. Adams' career with the U.S. Government has spanned more than 35 years, with much of it focused on managing foreign assistance.

Thank you for being here.

Elizabeth Hogan is the Senior Deputy Assistant Administrator for USAID's Bureau of Latin America and the Caribbean. Previously she served as the Director of the agency's Haiti Task Team, overseeing reconstruction efforts after the 2010 earthquake.

We will now ask our witnesses to summarize their statements, beginning with Mr. Adams.

STATEMENT OF MR. THOMAS C. ADAMS, HAITI SPECIAL COORDINATOR, U.S. DEPARTMENT OF STATE

Mr. ADAMS. Thank you, Chairman Salmon, members of the committee. Thank you for this opportunity to appear before you with my colleague Beth Hogan from USAID to discuss the U.S. Government's engagement with Haiti with a particular focus on our foreign assistance. I welcome the chance to provide a brief overview of where we are in those efforts, to describe next steps, and to answer your questions. With your permission, I would like to submit my full testimony for the record and make a brief oral statement.

The ties that link the United States and Haiti are broad and deep. Following the devastating January 2010 earthquake, an estimated one out of two U.S. households made some contribution to relief efforts for Haiti. Congress, likewise, was quick to respond to that country's needs, appropriating $1.3 billion in supplemental funding. Even.

Before the earthquake in 2009, this administration was conducting a whole-of-government review of U.S. engagement in Haiti—with Haiti to help put the country on a more solid and sustainable foundation. The result was a new tack, focusing on economic development and growth and encouraging decentralization. This approach mirrors that of the Government of Haiti in its post-earthquake reconstruction plan.

So where do things stand now in helping Haitians build a better future? Clearly there is still much to be done. To be frank, we all hoped we would be further along by now. Nevertheless, there are signs of progress in Haiti, reasons to consider the glass half full, if you will, and we are not finished.

It is worth bearing in mind the point at which Haiti started. The 2010 earthquake traumatized a country already facing uphill struggles. And like the country's population as a whole, Haiti's weak governing institutions were left shocked and reeling from the earthquake, and as a result, crucial decisions to recovery were often deferred or delayed.

Furthermore, 2010 was an election year in Haiti. In March 2011, Michael Martelly was elected after two rounds of voting as President of Haiti. He entered his office in May of that year on a pledge to speed up Haiti's rebuilding.

Overdue elections are a current concern in Haiti, with nearly all municipal offices and one-third of the Senate seats expired. The Haitian executive and legislative branches have yet to agree on the timing and the scope of these overdue elections. We, along with other donor countries and international institutions, including the Organization of American States and the United Nations, have urged the President and Parliament to reach agreement, and we remain engaged on this important issue.

Besides the effect of the earthquake, Haitians' resilience was also repeatedly tested over the past 3 years as the country experienced an outbreak of cholera, suffered a significant drought, and was buffeted by hurricanes and tropical storms. Under all these circumstances, Haiti has perhaps made about as much progress in its recovery as history might lead one to expect.

No one would deny that much remains to be done in Haiti, but, as I said, there is progress to report. If you visited Haiti today, you would remark on the virtual absence of earthquake rubble, and that camps for internally displaced persons, which used to take up every square inch of free space in Port-au-Prince, are dramatically reduced in size and number.

While focusing our assistance on the most pressing humanitarian needs immediately following the earthquake, we have also made headway against broader systematic challenges. We currently provide approximately 50 percent of Haiti's population with access to health care. With our help, the Government of Haiti is taking increasing ownership of this system.

The key to sustainable improvement in Haiti lies not in the generosity of donors, but in the creation of economic opportunity. There is not enough donor money to fix everything wrong in Haiti. U.S. Support for Haiti's Caracol Industrial Park is one example of our comprehensive effort to help Haiti attract investment and to create needed jobs. Congress, through the HOPE, the HOPE II,

and HELP Acts, has helped to make Haiti a more attractive place to invest with 8,000 new apparel-sector jobs created since 2007 in Caracol and the other industrial parks.

Agriculture is another area where our efforts to boost economic opportunity are yielding significant results. Our agricultural programs are benefiting some 100,000 farmers, hoping to increase crop yield, create new markets, and boost farmer income.

Building durable Haitian institutions remain a priority of the U.S. and other donors. Without good governance, economic growth in Haiti is built on unreliable foundations. We speak plainly and often with Haitians about the need for new laws and reforms to strengthen the rule of law and improve the business climate, and we complement these discussions with programs to help the Haitians advance these priorities, including providing specialized expertise to Parliament and funding an integrated financial management system for the Government of Haiti.

With strong U.S. support, Haiti, in 2012, took a significant step toward judicial reform with the establishment of a Superior Judicial Council, a new body that will provide independent oversight of the judiciary and to which we are providing technical support. We are working to build capacity in the Haitian National Police, providing equipment, uniforms, food, and other essential supplies for new police cadets.

I have been describing the progress that U.S. assistance has helped Haiti achieve in its effort to rebuild, but I do not mean to minimize the challenges still ahead. Make no mistake, it will take many more years to make the kinds of far-reaching and lasting improvements we all wish to see in Haiti. Toward that goal, we need to maintain an open and frank dialogue with the Haitians and focus on how we can help that country's institutions build their capacity to be effective providers of basic services to the Haitian people.

To a very real degree, that type of progress cannot move more quickly than the Haitians are capable of taking on, but I take a positive view of this challenge and believe that our continued long-term commitment, the United States is helping Haiti's Haitians to achieve a better future.

Thank you, Mr. Chairman.

Mr. SALMON. Thank you.

[The prepared statement of Mr. Adams follows:]

Testimony
Thomas C. Adams, Haiti Special Coordinator
Department of State, Office of the Haiti Special Coordinator
House Committee on Foreign Affairs
Hearing: "Haiti: Assessing U.S. Aid Effectiveness"
October 9, 2013

Mr. Chairman, Ranking Member Engel, Members of the Committee:

Thank you for the opportunity to appear before you to discuss the U.S. government's engagement with Haiti, with a particular focus on our foreign assistance. I welcome the chance to provide a brief overview of where we are in those efforts, to describe next steps, and to answer your questions.

The ties that link the United States and Haiti are broad and deep. Many are personal and involve direct experience. There is probably no American town of any size in which you will not find individuals or groups, non-governmental organizations, churches, schools or medical teams, trying – through fund-raising, visits, sponsorships, training, on-site assistance – to help Haitians. Following the devastating January 2010 earthquake an estimated one out of two U.S. households made some contribution to relief efforts for Haiti. Congress likewise was quick to respond to that country's urgent and longer-term needs, appropriating $1.3 billion in Supplemental funding in September 2010. The U.S. government's assistance efforts are a tangible reflection of the concern and commitment Americans feel towards Haiti.

In 2009, before the earthquake, this Administration conducted a whole-of-government review of U.S. engagement with Haiti. To help put the country on a more solid and sustainable foundation, we would take a new tack, focusing on economic development and growth and encouraging decentralization to better balance Port-au-Prince, home of roughly one fifth of the country's population, with the rest of Haiti. This approach would not be effective, however, if the United States tried to impose it from above. To attract essential investment, Haitians themselves would have to show engagement and commitment in building capacity, fighting corruption, and increasing stability. The sudden enormous destruction caused by the earthquake gave these tasks even greater urgency.

Where do things stand in helping Haitians build a better future? Clearly, there is still much to be done. To be frank, we all, Haitians and Americans both, hoped we

would be farther along by now. Nevertheless, there are often overlooked signs of progress in Haiti, reasons to consider the glass half full. And we are not finished.

It is worth bearing in mind the point from which Haiti started. Even before the earthquake, Haiti suffered from very limited capacity in its governmental and civic institutions. The country's brain drain, which has resulted in more than 80 percent of the small number of Haitians with a college education using their talents and energy outside the country, compounded this problem. A long history of corruption and weak rule of law also held Haiti back.

The January 2010 earthquake, which in its human and material losses was the most destructive natural disaster in Haiti's recorded history, traumatized a country that was already facing uphill struggles. Like the country's population as a whole, Haiti's already weak governing institutions were left shocked and reeling. As a result, decisions crucial to recovery were often deferred or delayed. Furthermore, 2010 was an election year in Haiti, with the outcome determining who would lead the country through the next stages of its rebuilding, and under what policies. The November 2010 presidential and parliamentary elections were extremely contentious, and conducted under flawed conditions that left some initial results suspect and disputed. The United States and others in the international community successfully pressed for a review of electoral irregularities to ensure that the election reflected the will of Haiti's voters. In a second round of voting in March 2011 Michel Martelly was elected the 44th President of Haiti, getting about two out of three votes cast.

President Martelly entered office in May 2011 having pledged to speed up progress on Haiti's rebuilding. He brought to that task energy, determination and a formidable ability to communicate with the Haitian public. Even so, every new administration experiences a learning curve, and President Martelly was new to governing. As Members of Congress know, establishing a working relationship between the legislative and executive branches can be challenging, even in a system with longer practice in this than Haiti. It took several months to name and win parliamentary approval of a prime minister and cabinet. That prime minister served for only four months, and approval of a successor prime minister and cabinet took additional time. The president and the parliament are, on the whole, interacting more smoothly now, but frictions remain as they continue to learn to grapple with Haiti's challenges. There are important decisions that need to be made and key steps to be taken to move Haiti's recovery forward, and this requires effective governance by Haitians themselves.

These political adjustments were not the only factor affecting Haiti's recovery. Haitians' resilience was repeatedly tested over the past three years as the country experienced an outbreak of cholera, suffered a significant drought, and was buffeted by hurricanes and tropical storms. Taken together, those calamities made a difficult working environment even more challenging.

Under the circumstances, Haiti has perhaps made about as much progress in its recovery as history might lead one to expect. There are steps that can be taken to improve this, and we discuss this candidly with the country's leaders. Working with Haiti's governmental and civic institutions to build capacity is critical to our assistance strategy. But there are no shortcuts to this process; progress is more often incremental, and there is no magic wand. We cannot move faster than the Haitians themselves do. We have learned that the only sustainable path to better conditions for the people of Haiti is one that reflects Haitian priorities and is Haitian led.

This is not to say that the reasons Haiti's rebuilding has not further progressed lie exclusively with the Haitians. Staffing challenges slowed U.S. efforts. The earthquake exacted a toll of trauma, exhaustion, injury and, sadly, even loss of life for some American and Haitian personnel, our most crucial resource in pursuing our goals. Getting in place the right mix of people with the right combination of skills to implement all parts of our assistance strategy took time. This affected our rate of procurement and contracting, which also took longer than originally planned. These factors, together with delays in Haitian decision-making regarding land and sites, mean that commitments on building hospitals, law enforcement facilities, housing and a new port are not as far along as we had hoped.

None of these projects would be possible without the support Congress has shown Haiti. The House and Senate are our invaluable partners in Haiti's recovery. Assistance money is a trust, and sustaining that support requires communication on the part of us in the Department of State. We strive to ensure that you have accurate, timely information, but also recognize that there can be room for improvement. We welcome and indeed encourage your visits to Haiti to see firsthand what U.S. assistance is accomplishing.

No one would deny that much remains to be done in Haiti. Nevertheless, there is also progress to report in Haiti particularly in the areas of rubble removal, relocating displaced persons, improving health indicators, raising crop yields and farmer incomes, establishing a new economic hub in Haiti's north, and improving security through a larger and better trained police force .

If you visited Haiti in the first eighteen months after the earthquake and were to return now, you would be struck by how much of the debris is gone. Close to three quarters of the estimated ten million cubic meters of rubble created by the natural disaster have been removed, and the United States funded the removal of approximately 36 percent of that total. You would also see a dramatic reduction in the size and number of camps for internally displaced persons – IDPs. From a peak of approximately 1.5 million people living in those camps in summer 2010, the number of internally displaced persons has reduced to fewer than 280,000. The Government of Haiti has a realistic target of reducing this to no more than 100,000 people by the end of this calendar year.

The United States has played an important role in this resettlement effort by providing transitional shelters, repairing damaged houses, and providing support to host families who housed displaced people, and rental vouchers. This assistance reached more than 65,600 households. We are also helping Haitians return to their areas of origin and re-establish pre-earthquake social and economic networks through a resettlement program that is focused on neighborhoods and that is built in close coordination among the community members, the Government of Haiti, donors, and implementing partners. While this approach often takes longer than simply constructing shelters, helping Haitians increase their ownership of the solutions to housing issues is a trade-off worth making.

The United States government focused its assistance first on the most pressing humanitarian needs following the natural disaster, but since then we have made headway against broader systemic challenges. One case in point is health care in Haiti, which is showing signs of improvement. Through a network of almost 300 U.S. government-funded sites, we currently provide approximately 50 percent of Haiti's population with access to health care. We have renovated 20 clinics around the country, in such places as Cap Haitian, Quartier Morin, Caracol, Ouanaminthe, St. Marc, Cabaret, and Martissant. We have supported a national measles, rubella, and polio immunization campaign that reached over 90 percent coverage. Our assistance has enabled 45,000 people living with HIV to obtain anti-retroviral treatment, including 90 percent of HIV+ pregnant women. USAID recently signed two new health contracts to further expand maternal and child health services and family planning.

In health care, as in other areas, we aim to help the Haitians strengthen their ownership of an effective, adaptable public health system and reduce their

dependence on donor support over time. In June 2012, the U.S. government and the Government of Haiti signed a five-year Health Partnership Framework that lays out steps to that goal. Together under this framework, we are building hospitals and clinics. In cooperation with the governments of Haiti and of France, we initiated the renovation and reconstruction of the University Hospital; the renovated emergency room opened in late 2012 and the renovated maternity ward in the spring of 2013. Just last year Haitian schools graduated 300 doctors and 1,000 nurses. We want to help the Government of Haiti keep these crucial skills in the country. To assist with this, we are paying the salaries of 6,000 healthcare staff.

The international community has not stinted in its support for Haiti; the various pledges of assistance total approximately $14 billion, including debt forgiveness, over the 2010-2020 period. But the key to sustainable improvement in Haiti lies not in the generosity of donors, but rather in the creation of economic opportunity. This is an explicit priority in both the Government of Haiti's Action Plan and in the U.S. government's strategy for Haiti, one we are pursuing through a range of projects. The flagship effort is the Caracol Industrial Park, a public-private partnership between the Haitian and U.S. governments, the Inter-American Development Bank, and Sae-A, the Republic of Korea's leading garment manufacturer. Caracol has the potential to generate an estimated 65,000 direct jobs as the park reaches full capacity. After just a year in operation, Caracol is already employing some 1,500 people, and additional prospective tenants are awaiting the completion of the next factory buildings. Congress, through the Haitian Hemispheric Opportunity through Partnership Encouragement Act (HOPE), HOPE II, and Haiti Economic Lift Program Act of 2010 (HELP) legislation, has helped make Haiti a more attractive place to invest, with 8,000 new apparel sector jobs created since 2008.

Our investment in the industrial park is complemented by other U.S. initiatives aimed at making Caracol a catalyst for economic growth outside Port-au-Prince. We have funded a 10 Megawatt power station that since June 2012 has been serving Caracol and neighboring communities, some of which never had electricity before. To ensure reliable service, in May we awarded a three-year contract for the operation and maintenance of the power plant, which has the capacity to expand to 25 Megawatts as demand increases. The United States is also supporting the construction of housing near the Caracol Industrial Park to provide safe and durable residences, and we have worked with the Haitians to develop a fair and transparent process to select beneficiaries of that project. In response to requests from Haitian officials, the specifications of those houses have changed since the

original plan. Unfortunately this, in addition to initial low estimates on our part, has reduced the total number of structures and delayed their construction. Finally, the United States is funding technical studies to examine the options for improved port facilities in Haiti's North, expanding Caracol's access to world markets.

Our efforts to promote economic growth also encompass agriculture where we are impacting some 100,000 Haitian farmers. Although roughly 60 percent of Haiti's population works in that sector, the country imports almost half its food. Agriculture in Haiti is an area in which even modest inputs can translate into significant improvements. The introduction of improved seeds, fertilizer, and technologies to more than 13,000 farmers has increased rice yields by 129 percent, corn yields by 341 percent, and bean yields by 100 percent, in early 2012. Sales by farmers supported through our Feed the Future West program have increased from $4.8 million to $12.2 million. Our programs have increased the income of 5,000 cacao growers by a minimum of 25 percent through partnerships with private-sector entities to train farmers in cocoa production. By providing mobile collection centers, sorting tables, and 6,000 plastic crates for mango harvesting, the United States has increased mango sales by three farmer associations to exporters by 25 percent. Our support to improvements in infrastructure for agriculture includes irrigating thousands of hectares and building kilometers of roads. Sustainable natural resource management and conservation are integral to all our efforts in Haitian agriculture.

Without good governance, economic growth in Haiti is built on unreliable foundations. Corruption, red tape and antiquated procedures are impediments to both donor support and foreign investment. We speak plainly with the Haitians about this, about legislation and reforms necessary to promote rule of law and improve the business climate. And we complement those discussions with our assistance programs to help the Haitians to advance these priorities.

We work with your counterparts in Haiti's legislature. The United States is providing specialized expertise to help Parliament draft, debate, and pass priority legislation, including bills on anti-money laundering and adoptions; an improved law on adoptions consistent with international standards was passed in September. We work with the executive branch, funding the deployment of an integrated financial management system to 34 Haitian government offices. This network is designed to promote transparency and accountability through automated financial functions, enhanced control of all the expenditures of the Government of Haiti, and facilitation of investigations. And we work with the judicial branch. With strong U.S. support, Haiti in 2012 took a significant step toward judicial reform through –

the establishment of a Superior Judicial Council, a new body that will provide independent oversight of the judiciary. We are providing technical support to the Council, including to the Judicial Inspection Unit, which will conduct the vetting and certification of 1,000 judges. And we provided assistance to the Criminal Code Reform Commission to complete revisions to Haiti's outdated penal and criminal procedure codes. The revised codes were submitted to the Government of Haiti in 2012 but are still awaiting consideration by Parliament.

The Haitians, the United States and others in the international community support conditions-based consolidation of the United Nations Stabilization Mission in Haiti, or MINUSTAH, working toward the goal of MINUSTAH one day completing its important mission in Haiti. To accomplish this we are working to build capacity in the Haitian National Police, or HNP. The United States is providing equipment, uniforms, food and other essential supplies for new HNP cadets. We are also supporting the recruitment and training of new officers through repairs to the national police academy, including construction of additional classrooms, renovation of three instructor barracks, and completion of a 900-seat multi-purpose facility. The New York City and Miami-Dade Police Departments have provided technical training, in many cases by Haitian-American officers, and we have funded the participation of 70 HNP officers in training courses in Colombia, Brazil and the United States. Haiti's goal is to grow the HNP from its current size of approximately 10,000 to 15,000 officers in 2016. The improvements in law enforcement are tangible to the Haitian public, which in multiple surveys has repeatedly ranked the HNP as one of the most respected institutions in the country.

To assist the HNP with personnel and resource management as the department grows, we are in the process of constructing six commissariats and two new prisons, one of which will serve exclusively as a women's facility.
To aid the HNP in its capacity-building and professionalization efforts, we have provided five special advisors and technical assistance in the areas of management, administrative capabilities, and strategic planning. We will also support the HNP's efforts to improve facilities maintenance, and equipment and vehicle management.

I have been describing the progress that U.S. assistance has helped Haiti achieve in its effort to rebuild. But, I do not mean to minimize the challenges still ahead. Make no mistake: it will take many more years to make the kinds of far-reaching and lasting improvements we all wish to see in Haiti. Toward that goal we need to maintain an open and frank dialogue with the Haitians and focus on how we can help the country's institutions build their capacity to be effective providers of basic

services to the Haitian people. To a very real degree, this type of progress cannot move more quickly than the Haitians are capable of taking it on. But I take a positive view of this challenge and believe with our continued long-term commitment, the United States is helping Haitians achieve a better future.

Mr. SALMON. Ms. Hogan.

STATEMENT OF MS. ELIZABETH HOGAN, ACTING ASSISTANT ADMINISTRATOR, BUREAU FOR LATIN AMERICA AND THE CARIBBEAN, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

Ms. HOGAN. Mr. Chairman, Ranking Member Engel, and members of the committee, thank you for the opportunity to appear before you today. I appreciate the committee's interest in USAID's efforts in Haiti. I, too, have submitted a written testimony for the record and will proceed with a short opening statement.

Nearly 4 years after the earthquake, we have seen notable success across our portfolio. We have helped boost the income of small-scale farmers, whose crop yields sharply increased from USAID's interventions. We have helped fund shelter solutions for more than 328,000 formerly displaced persons. To accelerate the job-creating potential of the private sector, we are assisting financial institutions to provide small businesses with access to credit. And according to the latest demographic health survey, health indicators, particularly for women and children, have improved dramatically over the last 5 years.

Central to the U.S. Government's assistance strategy in Haiti is a commitment to doing business differently. As we implement our program, USAID is building the capacity of key Haitian institutions, like the Ministries of Health, Finance, and Agriculture. Our goal in Haiti, as in the rest of the region, is to strengthen local capacity to the point where the country can lead and finance its own development.

In addition to partnering more closely with the Haitian public sector, we are tapping into the resources, markets, and technologies of the private sector. For example, we are working with Coca-Cola and the local Heineken subsidiary to improve the productivity and incomes of small-scale farmers.

We also launched an innovative business plan competition that provides matching grants to small businesses to expand their operations and create jobs. One of the winners is a Haitian entrepreneur who founded a recycling company that works to clean up public spaces while providing extra cash to over 6,000 Haitians who turn in discarded bottles. He was able to expand his operations, collecting, compacting and shipping nearly 300 million plastic bottles for further processing last year alone.

But ultimately, donor and private-sector resources will not solve Haiti's development challenges, which is why building the capacity of government institutions is so critical to our long-term success. USAID is helping to strengthen local municipality's efforts to raise revenues to pay for basic services. In the Carrefour municipality, for instance, USAID supported a program to help increase tax collection, and between 2011 and 2012, they increased their tax revenues by 481 percent in just 1 year.

Over the years our programs and approach have improved thanks to extensive consultations with Congress, Haitians, civil society and the diaspora community. As such, we welcome the scrutiny and recommendations of the GAO. We are pleased that the

GAO acknowledged that we completed the power plant for the Caracol Industrial Park on time and under budget.

The GAO report also examined the construction of a new greenfield port. According to the U.S. Army Corps of Engineers and other agencies with port expertise; planning, and designing a new port can take up to 5 years. We are on schedule to complete the planning and design work in that timeframe.

To address a GAO recommendation, we are finalizing an agreement with the Army Corps of Engineers to embed a ports advisor in our Haiti mission.

In regards to the GAO comments on our shelter program, we acknowledge that we face challenges meeting our original expectations. Construction costs significantly exceeded the initial estimates. These initial estimates did not adequately address the cost of meeting international building codes, Federal building standards, disaster resistance standards, and underestimated the rising of cost materials in a post-disaster setting. The Government of Haiti's design changes also added to the increased cost. Other factors, such as complications in clarifying land title and reduced donor participation, also led to construction delays and reduced housing estimates.

We are working to ensure that USAID-funded settlements are sustainable and do not slip into disrepair. To mitigate these risks, and in line with the GAO's recommendation, we are funding community development programs to ensure proper maintenance and sustainability.

It is important to note that Haiti faced large-scale housing shortages even before the earthquake; therefore, new housing construction was never considered to be the sole answer to meeting Haiti's housing needs. Looking forward, we are working on a full range of approaches that will provide shelter solutions to many more than the 328,000 beneficiaries we have reached so far.

For example, we are partnering with Haitian financial institutions to stimulate a local housing finance market. We are also piloting a program in an informal settlement to help residents access loans for housing repairs and construction of new homes.

In conclusion, I want to thank Congress for its generous support of our work in Haiti. USAID is committed to keeping you informed on our progress as well as our challenges as we move forward. Thank you again for this opportunity to testify, and I look forward to your questions.

Mr. SALMON. Thank you.

[The prepared statement of Ms. Hogan follows:]

Elizabeth Hogan
Acting Assistant Administrator for the Latin American and Caribbean Bureau
U.S. Agency for International Development
House Committee on Foreign Affairs
October 9, 2013; 10:00 am
"Haiti: Assessing U.S. Aid Effectiveness"

Mr. Chairman, Ranking Member Engel and Members of the Committee,

Thank you for the opportunity to appear before you. I am grateful for the Committee's interest in the U.S. Agency for International Development's (USAID) efforts in Haiti, and want to thank Congress for its generous support of our work in Haiti. It is an honor to appear before you today and I look forward to your advice and counsel. I am pleased to testify alongside my colleague from the Department of State, Haiti Special Coordinator Tom Adams.

As is well known, Haiti has long struggled with serious development challenges. The devastating 2010 earthquake, coupled with periods of political unrest, other natural disasters, and limited capacity of government institutions, exacerbated these long-standing issues. USAID's program has seen notable successes in overcoming these challenges. However, the long-term sustainability of these programs and the development of Haiti depends on the Government of Haiti's ability to maintain the advances made through these activities and to take the sometimes difficult steps needed so it can better meet the needs of their citizens.

Through my many visits to Haiti over the past two years I see the gains we are making. Since the 2010 earthquake, 74 percent of the rubble has been removed. USAID interventions in agriculture are helping 100,000 farmers improve their agricultural practices. Maize yields have increased by 341 percent, rice by 129 percent, beans by 100 percent, and plantains by 21 percent. USAID efforts in health have seen a 50 percent decrease in prevalence of underweight children under 5 years of age, childhood vaccinations have increased from 53 percent in 2006 to 62.5 percent, and mortality for children under 5 has also decreased from 112 deaths to 88 deaths per 1,000 live births. The number of internally displaced persons in camps has decreased by 80 percent as USAID has helped more than 328,000 people, or approximately 65,600 households (more than 20 percent of those displaced by the earthquake) find shelter solutions, which includes a range of solutions from transitional shelters, repairs to damaged houses, support to host families who took in displaced people, and rental vouchers.

USAID's work in Haiti is designed to create jobs and boost the standard of living. With more than 60 percent of Haitians reliant on agriculture for income, this sector is key to Haiti's long-term development. For several decades, Haiti has struggled with food security and nutrition issues. Many of these difficulties are directly related to environmental degradation of approximately 85 percent of the country's watersheds. Farmers experience frequent floods, erosion, a lack of groundwater for irrigation, and depletion of basic soil nutrients.

USAID has developed an integrated approach for sustainably increasing farmers' production, income, employment, and food security, while improving the environment through two of our signature agricultural programs.

Successes in our agricultural programs are transforming natural resource management, as farmers using greenhouses built through USAID programs are able to move away from unsustainable hillside agriculture. Using greenhouses, farmers can now generate more income on 70 square meters than on one hectare of land; furthermore, their crops are less subject to adverse weather conditions and damage by pests. Greenhouses also free more land for tree planting and farmers can now afford to wait for their trees to reach maturity before harvesting the wood or tree fruits, which translates into more money for their families.

USAID is also empowering Haitian farmers by strengthening market linkages, which are essential to increasing small farmers' incomes. Farmers' associations can now bypass middlemen and market their crops under their own brand name. USAID supported and strengthened more than 200 associations, representing 100,000 small growers. Haitian farmers are even enjoying success outside of the Caribbean. Today, you can buy their mangoes in Whole Foods.

Furthering our work to spur job creation and economic growth, USAID is encouraging private investment by strengthening supportive value chains, providing business development services and access to finance to micro, small, and medium size enterprises (MSMEs), and providing vocational training so people will be prepared to fill the new jobs coming to Haiti.

The U.S. Government (USG), together with other donors, is helping the Haitian government to put in place a more business-friendly regulatory environment to lower the cost of doing business, ensure greater competition, allow easier access to markets and increase both domestic and foreign investments. To leverage improvements in the business-enabling environment, USAID provides assistance in practical vocational training, build local firm capacities to provide such training, and provide business development services to MSMEs to enable them to increase sales and employment.

We are providing support to more than 30 financial institutions to increase their ability to lend to underserved populations and MSMEs. More than 15,000 agricultural loans will enable farmers to improve crop production and allow agricultural cooperatives to access markets directly. We also have finalized four new Development Credit Authority agreements, guaranteeing loans at local commercial banks, microfinance institutions, and credit unions. The guarantees cover a nine-year period and will contribute to rebuilding Haiti's private sector through increased local lending to MSMEs and hard-to-reach populations.

USAID launched an innovative business plan competition that provides matching grants to promising entrepreneurial small businesses investing their own scarce capital to expand their businesses. We have awarded six grants so far. One of the winners is a Haitian entrepreneur who founded a recycling company that works to keep the streets, canals, and vacant lots of Port-au-Prince clean while providing needed extra cash to over 6,000 Haitians who turn in discarded bottles. As a result, he was able to expand his operations which resulted in the collection,

compacting and shipping of nearly 300 million plastic bottles for further reprocessing last year alone.

As mentioned, USAID health interventions have seen notable success assisting the Haitian Government's efforts to strengthen the national health care system, including: disease surveillance; improving care for persons with disabilities; training health workers; and ensuring community-based health and prevention activities are in place.

We recognize the importance of building the Government of Haiti's capabilities to care for the health of its citizens. Last year, the USG and the Government of Haiti signed a five-year Health Partnership Framework that aims to advance the Government of Haiti's ownership and oversight of an adaptable and self-correcting public health system, while also aiming to reduce its dependence on donor support over time. With funding from the President's Emergency Plan for AIDS Relief (PEPFAR), we are building partnerships to provide integrated prevention, care, and treatment programs for persons living with HIV/AIDS as well as to support orphans and vulnerable children.

We are also supporting the Government of Haiti's efforts to improve the quality of basic education. To address this issue, USAID's education program focuses on improving reading skills for children in first through third grades in the USG three development corridors. Over the course of two years the program will provide more than 28,000 children and 900 teachers with innovative reading curricula that meet international standards for best practice literacy instruction. This initiative could eventually reach more than one million children nationwide as the Government of Haiti and other partners extend the program's reading curricula and training methods to other parts of the country.

To achieve long-term stability and economic growth, Haiti needs strong governmental institutions that deliver quality public services to citizens. The Haitian Government is determined to improve the quality and scope of these services, but it faces a critical problem — lack of revenue. Haiti's rate of tax receipts as a share of gross domestic product is one of the lowest in the world. However, a USAID-piloted tax mobilization program in the city of St. Marc proved that it is possible to raise local revenues to pay for quality local services. Building on that success, USAID expanded its work to the densely populated urban municipality of Carrefour. Working with a Haitian nonprofit organization, USAID sparked a significant jump in Carrefour's municipal revenue — taxes collected increased from $309,000 in 2011 to $1.8 million in 2012. With the increased revenue, the municipality plans to construct four footbridges and two schools, pave a kilometer of road downtown, build two community cisterns, dredge canals, and replace broken sewer grates—all prioritized through a municipality-wide participatory planning process.

While we have made progress, significant challenges remain and we welcome a recent U.S. Government Accountability Office (GAO) report which captured progress to date in Haiti. Indeed, independent audits and evaluations of our assistance complement USAID's own monitoring and evaluation efforts.

USAID worked closely with the GAO during the report's preparation. We agree with the GAO's recommendations and are currently working to implement their suggestions particularly as relates to work on the port and in shelter.

As reported by the GAO, USAID completed the first phase of the power plant for the Caracol Industrial Park on time and with less funding than allocated. We have also started projects that will connect 6,800 nearby households in Caracol to the grid, helping to improve the quality of life for these local residents and creating the conditions for economic growth. We expect to continue expanding reliable electricity services to meet the needs of future park tenants, as well as businesses, schools, hospitals, and households in Northern Haiti.

In addition to constructing the power plant in the North, in the energy sector USAID also funded the rehabilitation of five substations in the Port-au-Prince area to reduce losses and strengthen the government electric utility system's capability to serve customers effectively. Due to that effort, an estimated 72,000 customers will have access to improved electricity services, and these numbers will grow once new power generation is added to the grid.

The GAO report also examined plans for the construction of a new "greenfield" port in the north of Haiti. USAID's goal in this sector is to create the most effective means of addressing the export and import requirements in this region of Haiti, which is a large and complex undertaking. According to the U.S. Army Corps of Engineers (USACE) and other USG agencies with ports expertise, planning for a "greenfield" port will require up to five years to complete the required technical, economic, and environmental impact studies. We are on schedule to complete these detailed studies within that timeframe. We are conducting proper due diligence, ensuring that we provide decision makers with the data required to make an informed decision.

To address the GAO recommendation to bring on a ports expert, we are finalizing an agreement with USACE to embed a long-term resident ports advisor in our Mission in Port-au-Prince by the end of 2013.

While USAID is committed to helping improve Haiti's port systems, it is important to note that U.S. Government financing will not cover all of the costs. From the beginning, the port has been envisioned as a public-private partnership, and resources for construction need to be identified from the Government of Haiti and private-sector businesses. We are working with partners to determine the level of private sector interest in collaborating to construct a greenfield port in the north.

The GAO report also looked at our new settlements program, which is the final phase of U.S. Government post-earthquake reconstruction and recovery support for housing. We fully acknowledge the challenges we faced in meeting our original targets. Construction costs exceeded the initial, post-earthquake housing construction estimates derived from earlier NGO experience in the field. These initial estimates underestimated the higher cost of building materials in post-earthquake Haiti. The Government of Haiti's design changes among other factors also added significantly to the expenses. Aside from these requests, other factors, such as complications in clarifying land title and reduced donor participation, led to construction delays and reduced housing estimates.

Consistent with the GAO's recommendations, we are working to ensure that USAID-funded settlements are sustainable in the long term. The emphasis of the sustainability effort is in four areas: 1) Site management; 2) Household-level support and capacity building; 3) Community relations and governance; and 4) Services to support the broader community. To mitigate risks that these communities will fall into disrepair, we will monitor the settlements and the overall sector to see if our support needs to be augmented and will move quickly to avoid problems rather than react to them.

Haiti faced a large-scale housing shortage even before the earthquake. The Government of Haiti estimates that over the next 10 years, the Port-au-Prince region alone will require up to 500,000 additional housing units to make up for the pre-earthquake housing shortage, replace stock lost during the disaster, and accommodate the significant amount of expected urban growth. New housing construction, financed by the USG, was never considered to be a stand-alone strategy for addressing shelter needs in Haiti. Going forward, we are working on approaches that will target many more beneficiaries, reaching beyond those who are able to move into houses that USAID constructs.

One such approach is to encourage local financial institutions to lend for new construction as well as provide loans to repair and expand existing homes. For example, part of USAID's Development Credit Authority guarantees with Haitian financial institutions is allocated toward housing finance and construction. Additionally, USAID and the Overseas Private Investment Corporation, with support from the Clinton Bush Fund, are involved in a mortgage facility for housing micro-finance and construction loans for small business premises.

We also are piloting a program that will formalize internally displaced persons (IDP) settlements and provide durable housing solutions and associated infrastructure to the families residing in an IDP camp in Port-au-Prince. This pilot program aims to initially create 125 permanent households with the intent of scaling up as the program progresses.

Rigorous monitoring and evaluation (M&E) is an important component in ensuring the success of U.S. assistance to Haiti. USAID's programs in Haiti are evaluated regularly and the results are made public. In FY 2012, USAID conducted three final performance evaluations of Haiti projects and several more performance evaluations are currently planned for the near future. All evaluations will be made available through USAID's online archive, the Development Experience Clearinghouse. Additionally, we have conducted a rigorous baseline household survey in the areas in which we are working, and plan to repeat the survey to assess program impact. As with all USAID funded programs, we routinely monitor the performance and progress against planned objectives. These efforts are complemented by increased oversight by a USAID Regional Inspector General team. All of these public and internal reporting mechanisms not only help USAID to be more transparent, but also more accountable to both Congress and American taxpayers.

Again, I would like to thank you for the opportunity to testify before you today. I hope I have been able to provide insight not only on USAID's accomplishments, but also how we are incorporating lessons learned into our future programming. While USAID is fully committed to providing long-term assistance, the sustainability of our programs ultimately depends on the

capacity of the Government of Haiti to maintain the improvements made through U.S. Government-funded programming and meet the needs of their citizens. USAID is committed to supporting the Haitian people to build a more prosperous and secure nation.

Mr. SALMON. I would like to direct my questions to Mr. Adams.

The United States has invested hundreds of millions of dollars in Haiti in the form of aid, and governments of both the U.S. and Haiti encourage American enterprise invest in Haiti. However, we do not have a bilateral investment treaty that would provide U.S. investors an assurance of fair treatment in that country and afford them international arbitration of disputes with the Haitian Government. Bilateral investment treaty was negotiated by the U.S. and Haiti in 1983, but it has not yet been ratified. Isn't it time to put that treaty in place?

Mr. ADAMS. That is an excellent point, and I have had discussions with my colleagues in the United States Treasury Department, who, as you know, negotiate those, and encouraged them to do it. And the simple answer is that Treasury prioritizes, because of lack of resources to do all of these at once, to the largest trading partners, and Haiti being a relatively small one, they are down the list. But I will certainly convey to them your interest in seeing this one moved up the line, and I agree with it.

Mr. SALMON. Well, as we continue to invest U.S. taxpayer dollars in supporting Haiti's reconstruction, we have also got to make sure that the Haitian Government is creating an environment that allows the private sector to play a role in the country's development. Is the Government of Haiti providing a level playing field to our foreign investors, to American investors?

Mr. ADAMS. That is a very good question. I think the answer is generally yes. Haiti does allow for international arbitration in contracts, and it abides by the ruling of international arbitrators. And given the state of Haiti's judicial system, investors are reluctant to trust the Haitian courts to resolve commercial disputes, so that is one way to get around it.

So, yeah, I do think—I do think American firms have a level playing field. An American firm just won the largest contract I think, the Government of Haiti has given out recently in rebuilding the port in Port-au-Prince for some $70 million.

Mr. SALMON. Members of the committee have received some reports of an American company, Trilogy International Partners of Bellevue, Washington, that has been put through a 1-year ordeal by Haitian tax authorities in a process that has lacked transparency and does not appear to be grounded in the due process of law. Can you provide an update on that situation and what treatment of Trilogy says about the investment climate in Haiti?

Mr. ADAMS. Yeah, I talk to Trilogy quite often on this. And I can't go into too much detail because of confidential business information, but our Economic and Commercial Section of the Embassy has been actively engaged with Trilogy and with other U.S. firms who have disputes there, and all I can say is I think the differences between the Government of Haiti—this is a tax issue basically—have been narrowed considerably, and I think that one—I think we can resolve this with a little more time.

Mr. SALMON. Appreciate anything you could do.

Mr. ADAMS. Thank you, sir.

Mr. SALMON. I yield back, and I recognize Mr. Engel.

Mr. ENGEL. Thank you. Thank you very much, Mr. Chairman.

Let me—let me, first of all, welcome both of you. I want to also welcome our colleagues who are not members of the committee, but each of whom have interest and a lot of good work behind them through the years involving Haiti: Ms. Waters, who certainly has worked hard on the issue; Ms. Lee, who we mentioned before, who has been relentless in doing it; Ms. Wilson, who has the largest Haitian American community, I believe, of any community, any district in the country, in her Florida district; and of course, Yvette Clarke of my home State of New York, the largest Haitian community of New York.

So, welcome. We are all united and care very, very much about what goes on in that island and the responsibility.

I have so many questions to ask you, both of you, that I can hardly get it in in the allotted minute, but let me say this. In my opening statement I made reference to the fact that Haitian authorities are feeling left out of the decision-making process as well as the implementation process of our assistance. Among the goals of our assistance program, we have tried to resolve the capacity problems in the Haitian Government, because obviously they remain our indispensable partners in doing this.

Can you, both of you, please describe the current capacity of the Haitian Government to decide upon and implement aid programs? Have efforts to improve the capacity of the government been successful? Are other governmental and nongovernmental donors going around the Haitians or working closely with them?

Ms. Hogan, why don't we start with you.

Ms. HOGAN. Thank you very much for that question.

As I said in my opening statement, we are doing business differently in Haiti, and we are not working around the government. Rather, we are embedding advisors in key government ministries in order to help them develop the infrastructure, both governance, procurement, management information systems, merit-based staffing, et cetera, so that they can ultimately get to the point where they can manage without the need for external assistance.

I think we are seeing results already. For example, they have an integrated financial management system that we have now seen through the Ministry of Finance that connects up all government ministries' budgets so that it will provide for the first time control and transparency of Government of Haiti expenditures.

That is a very important first step; however, we have a long way to go. One of the things we would like to ultimately be able to do is work government to government and fund government agencies directly. I think we are further advanced with the Ministry of Health than we are anywhere else, because along with the World Bank, USAID has been working with them for several years now in developing their internal systems, but we are still, as I say, a ways off before they are going to be able to account for every dollar that is invested. We are on a path, we are not there, but we are heading in the right direction.

Mr. ENGEL. Thank you.

Mr. Adams.

Mr. ADAMS. Let me just add one thing to that. What you describe usually takes the form of the Government of Haiti asking us to provide budget support; i.e., funding directly the Government of Haiti

while they are running it through contractors and grantees. And they had a meeting of their first—their first meeting of their new coordinating mechanism, which they are in charge of, and on the margins of that, we reached agreement, donors and the Government of Haiti, because they ask this of all donors, that we will support measures to increase governmental transparency there, because that is our biggest complaint. And the reason we don't give money directly to the Government of Haiti is because we don't have any assurances that it will be accounted for accurately.

The Prime Minister took this up. He has appointed very good people on this, and 2 months ago we kicked off this transparency initiative, and hopefully—the two biggest complaints we have on transparency is they don't audit government expenditures and income, and the other complaint is they don't prosecute people for public corruption. So I think those are sort of two benchmarks that we want to work with them on resolving.

Mr. ENGEL. Thank you.

Our first witness is from the GAO, and according to the GAO report, of the 15,000 houses originally planned, only 2,649 are expected to be completed—that is really not good—with USAID building 906 houses and NGOs and other partner donors estimated to build 1,743. In addition, cost estimates were widely off base, over 300,000 percent.

So can you break this down for us, and what caused the changes in the overruns, and looking forward, what are the key issues that have been learned regarding this issue, and what changes and improvements do you plan to make?

Ms. Hogan.

Ms. HOGAN. Thank you very much for your question.

Actually our housing numbers have been revised slightly since the GAO report was submitted to you, and we are now estimating that we will build 3,100 homes. This is in part due to cooperation that we have had with the American Red Cross and the Government of Qatar, that have also given us resources to build houses on the sites that we will develop for them. So, in total, we will build 3,100 homes, and we have another 533 plots that have been serviced and are ready and available if other donors or if other buyers want to come in and build homes there.

Mr. ENGEL. But why were we so off——

Ms. HOGAN. Right.

Mr. ENGEL [continuing]. On the estimates of how many homes we would build and what the cost would be?

Ms. HOGAN. Thank you.

We were significantly off in terms of what our original estimates were. We based that on a survey, a very quick survey, we did in the middle of the crisis when we were trying to stand up our new strategy of what NGOs spent in building homes in Haiti, and at that time it was roughly $10,000 a home.

When we got on the ground and were able to do our own government independent cost estimate, that number doubled, and so we realized early on that our estimates were off. Then when we put the procurement out to bid and got back bids from offerors who were going to actually build these homes, the estimates were increased even further.

Again, it is because of the requirements that we put into our solicitation document that it meet international building codes, comply with Federal building standards, and that these materials would be disaster- and hurricane-proof. We also required that they insure their workers and that they provide safety equipment to their workers. These are higher standards that we are accountable for as a U.S. Government than would be local actors, and so all of that increased the cost of those individual homes.

And what we realized, as we were going into this and that we would only be able to afford the 3,100 new homes, is that new homes isn't the solution for Haiti. The solution for Haiti is helping to generate a local housing finance market so that people can access microloans to either improve their homes, or to expand their homes for rental opportunities, or to build new homes.

We have had an excellent experience in one community in Port-au-Prince called Ravine Pintade, where we were able to rehabilitate 620 houses by investing about $8.5 million there. We were able to help them build retaining walls, improve their drainage, improve their sanitation, helping them do rainwater harvesting, and also develop footbridges, streets, lighting, et cetera.

So, we see that neighborhood reconstruction is really the way to go forward to be able to reach the numbers, in fact, beyond the numbers than we would have reached through single-family housing.

Mr. ENGEL. Can you come to Congress and brief us on this program, because I think it would be very, very important. And I know I am way over my time, Mr. Chairman, but I just want to ask one question.

One of the primary obstacles to reconstruction is secure land tenure, and how has USAID prioritized this issue to ensure the security of U.S. investments and the long-term development in Haiti?

Ms. HOGAN. Thank you for the question.

Let me begin by saying that the land tenure situation in Haiti is more a political problem than it is a technical problem, and the Haitians need to take the lead in revitalizing a land tenure system. We are prepared to help them, but they need to take the tough political choices in order to be able to move forward.

What we have done, however, is, through a local coalition of housing organizations, helped for the first time develop a booklet that is both in French and Creole that explains how one legally acquires land title in Haiti. This has never been written or done before there. This is why you have two or three or five people who all have title to the same land, because depending which notary you go to, you will get different advice. So at least now we have transparency established and a very clear line that has been accepted by all of the stakeholders as the way in which one goes about securing land title in Haiti. So it is a big step forward, but there are big political decisions to make as well.

Mr. ENGEL. Thank you, Ms. Hogan.

Thank you, Madam Chairman.

Ms. ROS-LEHTINEN [presiding]. Thank you, Mr. Engel, and thank you to our witnesses.

I guess it takes much more U.S. taxpayer dollars to be wasted for a Member of Congress to call it a scandal. In the 2010 supple-

mental, $651 million was allocated to USAID to support, relief, and reconstruction efforts. Three years later, just 35 percent of these funds have been spent as delays mount and goals are scaled back. In Fiscal Year 2011, $370 million was allocated to Haiti programs, but yet only a little more than half, $194 million, has been distributed to date. In Fiscal Year 2012, $351 million was allocated, and only $90 million has been disbursed.

This backlog of funding and the amount of money left in the pipeline for Haiti is in the hundreds of millions of dollars, and I am concerned that the team in place cannot handle the oversight over these crucial funds. This amount of money should give us the necessary leverage to help even more people in Haiti. The American people deserve better, and, more importantly, the Haitian people deserve better. So, yes, colleagues, this is a scandal.

I recognize that our work in Haiti continues to be a challenge, and the conditions on the ground are not easy. However, the narrative of let us blame the Haitians for our own faults needs to stop now. As representatives of USAID and State, your agencies are in charge of U.S. taxpayer dollars that are being used in Haiti. The findings in the GAO report were alarming, and to make matters worse, Congress and specifically members of this committee were not consulted nor briefed over these serious deficiencies in our programming.

When it comes to the port, for example, the project is seriously delayed. We do not have a private-sector partner at this time. We do not even know what the final cost will be, yet the success of the north industrial park is dependent upon the completion of the port. The administration estimated that the park would produce 20,000 to 65,000 much-needed jobs. It is discouraging that not even 2,000 Haitians are employed at the park at the moment.

Moving on to the housing shelters, I am concerned about the plumbing situation at the housing settlements because it has more than doubled the cost of these homes. If not maintained well, we risk endangering the health of the very people that we are trying to help in these communities.

In addition, I am concerned with the families in these settlements, whether they own the houses we have talked about. They own the house, but not the land. The land is owned by the Haitian Government. What mechanisms do we have in place to stop the government from overtaking these homes? And, Assistant Administrator Hogan, what specific changes in your office are you making to fully comply with all of the GAO recommendations, or do you not agree with some of the recommendations?

I am also concerned about the security situation in Haiti. While the U.N. Stabilization mission in Haiti is planning on shutting down their operations, more emphasis needs to be given to the Haitian National Police, known as HNP. I am very pleased that Secretary Brownfield and the INL, which handles the narcotics and law enforcement at State, has partnered with our very fine Miami-Dade police department in helping to train the Haitian National Police, the HNP. To this date, more than 60 HNPs have been trained in south Florida, and I hope more to come.

The security situation has to be stable in order to hold free, fair, and transparent elections in Haiti. It is so disappointing that local

and senatorial elections in Haiti have been delayed for more than 2 years, and I urge the President of Haiti to call the Haitian Parliament back into session to agree to an electoral law and schedule elections as quickly as possible.

Let me be clear. Ruling by decree or dissolving Parliament is not acceptable. Can you provide us with an update on the elections? What are we doing to foster civil society engagement?

And lastly, private businesses are very worried that the Haitian Government is not abiding by its obligations to promote fair business practices. U.S. companies have grievances against the Government of Haiti. Special Coordinator Adams, given the fact that U.S. investors are already reluctant to invest in Haiti due to uncertainty, can you please describe what the business environment is right now for Haiti and for U.S. businesses operating in Haiti? Thank you. Thank you.

Mr. ADAMS. Sure. I will start. I think there were four or five questions in there.

On the business climate, the Government of Haiti has come out and said Haiti is open for business. We want to get business, but they have done precious little to really make Haiti open for business in the sense that a number of key laws need to be passed by Parliament. The Haitian Parliament has been singularly unproductive this last year, passing something like nine laws in total, and obviously they need to pick up their game. Haiti needs new anticorruption law. They need modern laws to allow for electronic signatures and better business practices. They need law to make it easier to register a new business. They need a law to make it easier to get a construction permit. I could go on and on, but you get the idea.

And so part and parcel of that is having this political peace between the executive and the Parliament. I was down there last week meeting with them, saying they need to find a better way to work together. The irony wasn't lost on them about our own situation, I should mention.

Ms. ROS-LEHTINEN. No. If you will excuse me, I know that that is a cute dig, but you surely are not comparing the United States Government——

Mr. ADAMS. And I tell them that.

Ms. ROS-LEHTINEN [continuing]. With any government in the world. I mean, we are talking about——

Mr. ADAMS. I agree. I agree.

Ms. ROS-LEHTINEN [continuing]. A country we are trying to help, which have invested millions of dollars, and they don't have elections. They are not registering people. They are not calling for elections.

Do you think that having U.S. businesses do business in Haiti, in a place where there is no due process, we have U.S. companies that have filed complaints with the Haitian Government, and we want to say that Haiti is open for business? What about all of the complaints that U.S. firms have already filed?

And you can make digs——

Mr. ADAMS. Right.

Ms. ROS-LEHTINEN [continuing]. At the U.S. Government, but please don't compare——

Mr. ADAMS. Yeah. Yeah.

Ms. ROS-LEHTINEN [continuing]. My adopted homeland, the greatest country on Earth, to any country in the world.

Mr. ADAMS. No. And I am sorry if I gave that impression.

Ms. ROS-LEHTINEN. Impression?

Mr. ADAMS. But there are—we have a very active economic commercial section, which helps Americans get business down there and helps resolve disputes. And I can't go into cases too much, but let me just say not all American businesses that go down to Haiti are purely ethical and honorable, so sometimes the disputes, while there is a dispute between an American company, the Haitians are right. Often the Haitians are wrong. And so we sort these cases out individually.

On at the elections, they are 2 years overdue, and we constantly tell the Haitians that we have some expectations of the Haitian Government. One is that they be seen as democratic. Democracies have elections on schedule. They have free and fair elections. We also expect them to curb corruption, to work to curb corruption. There has been some progress there. There needs to be more. This government has filed more anticorruption cases than any of their predecessors have. The weaknesses: They don't prosecute them successfully because they need a new anticorruption law. They say their current law is—makes that difficult.

They also need to address human rights issues.

Ms. ROS-LEHTINEN. I am sorry. I am over time as well.

Mr. ADAMS. Okay.

Ms. ROS-LEHTINEN. So, sorry. I did not realize. I apologize to our members. Thank you, and I am sorry I did not give you a chance. Thank you.

Mr. Meeks is recognized.

Mr. MEEKS. Thank you very much.

Ms. ROS-LEHTINEN. And we can go over because we both went over.

Mr. MEEKS. Let me first ask, I guess, Ms. Hogan. One of the issues that we are seeing that we—the first mistake was made in the underestimation. So my first question is in the beginning did we do any consultations with the Haitians on the size, et cetera, because as I said to Mr. Gootnick, that it seems to me, in 2013, to build a home without the infrastructure necessary to at least have a sewer system so that people could have plumbing in their homes, that would have been a nonstarter in the beginning. And I would imagine that if you talked to anyone from Haiti initially in that regard, then that would have come up then at the time of the initial estimates, and we wouldn't be talking about overruns now, which then causes the difficulties that we have here in trying to move forward.

So I was wondering what, if any, consultation you had with the Haitians in the beginning process with reference to coming up with the estimates that we are coming up with as to what the size, you know, and what should be there.

Ms. HOGAN. Thank you for your question. Yes, indeed, we did have initial consultations with the Government of Haiti in terms of its expectations. One of the drivers of the cost, however, was not so much the indoor plumbing, but whether it was rain-fed or piped.

We had initially anticipated doing pipe stands so that people could collect water outside their home and bring it inside, and also have cisterns above their roofs to collect rainwater and feed it that way.

What the Government of Haiti really wants to do is create a prototype for what is dignified housing for low-income populations, and I should say that they are using the same design for the housing that they are building with their own resources. They have a social housing site, infrastructure site now, which is the first of its kind in Haiti, funded by the Government of Haiti, that has about 2,000 units under construction, and it is very similar in size to the houses that we have built, and it also includes this indoor plumbing as well. So they are not holding us to a higher standard than themselves. And, in fact, I think that this is, although a very modest home by anyone's standards, it is a dream come true for whoever gets to live in that kind of space.

Mr. MEEKS. But clearly, then, their expectations of what they are asking for, the aspirations of their people is not out—they are not asking for mansions. They are asking for something that would be reasonable for, you know, the situation that you have in Haiti. And, you know, at a time after the terrible earthquake, what the thought was, well, here we have an opportunity to start from scratch, "scratch" meaning infrastructure building, et cetera, and thereby including what—you know, what the people want, because they are going to have to live there for a long time and needs to be something that is sustainable, not something that has to be done again in the next 5 or 10 years. And I think that, from what I am hearing, what they were talking about is something that would be more sustainable and more long-lasting. And, I mean, I think that is kind of—should be very important to include that in.

Let me—you also talked about a number of capacity-building projects. Now, what metric are you using? How many—you know, can tell us how many companies that are Haitian that are receiving help to build this capacity? What number? What is the percentages? Are there any goals that you have set in place? Do you have that information?

Ms. HOGAN. Yes, I do. I would want to say that, first, in terms of reaching local Haitian institutions, we have gone from $1 million of direct awards to Haitian institutions in 2011 to $10.1 million. So we have a metric of increasingly working through local institutions, and the metric is up to 17 percent. We are trying to reach 17 percent of our overall budget to be channeled through local institutions.

It is a very time-consuming goal because it requires us to hire CPA firms to work with those institutions to develop the kind of accounting systems that would allow us to invest USG resources and for them to be accountable. It is a worthy goal, because ultimately they have got to develop that capacity in order to manage their own development programs.

Another example is in the health sector, where we have performance-based contracting now in place whereby the Government of Haiti has to reach certain benchmarks. The Government of Haiti's Ministry of Health has to reach certain benchmarks, and these are negotiated with them up front in terms of health gains, and then

we pay as they reach those gains. So that is another way in which we are building the capacity of the health system going forward.

Mr. MEEKS. Let me ask. And, Mr. Adams, in your testimony, in reviewing your testimony, you talked about that there were staffing issues that slowed the process especially, as well as procurement and contracting challenges. Is there a mechanism in your procurement and contracting challenges for—and I think—I think Congresswoman Waters was going in that direction earlier—for joint venture projects with Haitian companies and Haitian businesses, and are there any goals in that regard so that there are Haitian businesses that are being stabilized and able to come up so that they can live on their own?

Mr. ADAMS. Yeah, that is a very good question.

Staffing after the earthquake, we had staffing challenges for a number of reasons. One is our employees needed to be in safe housing. A lot of our housing was destroyed during the earthquake, so we had some constraints on sending people down there, particularly long term, and we still have those to a certain degree. I think the USAID mission, for example, is understaffed, frankly, and we need to grow its capacity and are taking some steps to do that.

Similarly, other U.S. Government agencies working on their own contracting. The Bureau of International Narcotics and Law Enforcement, as well as USAID, has had some contracting challenges, we admit. I think we have strengthened our teams working in both these areas, both for INL and for USAID, and I think we can claw back at the backlog of procurement that we have down there.

Mr. MEEKS. Lastly, let me just ask this, because there is a number of individuals in the Haitian diaspora who are tireless in these efforts to raise the awareness in the plight about the Haitian people and what is happening there. Is there a role that you see that the Haitian diaspora can play in helping you develop, and if so, what is that role? And, you know, what are the opportunities that members of the Haitian diaspora can participate so that they can be involved there?

Mr. ADAMS. Certainly. I talk often to the diaspora. In fact, I have traveled to many cities in this country, along with Beth and others from USAID, to talk to the diaspora about how they can contribute and how they can get U.S. Government contracts and grants, which many of them seek, but also other ways to help in Haiti.

Many members of the diaspora are helping in Haiti in any number of ways, large ways, large and small, and certainly two members of my own staff are Haitian/Americans, very valuable ones. And we are always glad to talk to the diaspora about helping, but I think two things need to be borne in mind here. One, they often ask for a set-aside for Haitian/Americans, and we have to remind them that that is against our law. And the other thing is to tell them that our goal is really to create jobs for Haitians, and that is an overriding effort on our part. But we do—we do work very closely with the diaspora and appreciate their contributions.

Beth may want to add to that.

Ms. HOGAN. I would like to point out that the first housing complex where people are now moving in was built by a Haitian/American firm, and we are very happy with the quality of what we have

seen that firm produce. So we are very excited about people actually getting keys, moving in and starting new lives.

I also want to say that with the Haitian diaspora, what Haiti needs more that anything is investments, and so one of the things that we are trying to seek through our business plan competition that I mentioned in my opening remarks is opportunities for Haitian diaspora and other investors to invest in these small businesses so that they can expand their operation and create jobs, because that is ultimately what Haiti needs more than anything, is job creation so that people can afford to buy homes, send their kids to school, meet their health needs, et cetera. I think there is a huge role for the Haitian diaspora to play in that regard.

Ms. ROS-LEHTINEN. Thank you so much. And that is the limit of our going over, so thank you.

My good friend, Karen Bass from California, is recognized.

Ms. BASS. Madam Chair, I would like to yield my time to Congresswoman Waters.

Ms. ROS-LEHTINEN. Without objection.

Ms. WATERS. Thank you very much, Congresswoman Bass, for yielding time to me. I am very appreciative for that.

And I would like to thank our ranking member Mr. Engel for his interest and concern in Haiti. We have traveled there, and I would like to say to him, if you and the chairman can arrange a codel, many of us would like to go back very soon to look at some of the work that we have been involved in.

And I would like to say to Mr. Adams and Ms. Hogan, this is not easy work, and we understand that. It is very difficult, and I appreciate whatever progress that you have made. And I am really concerned about the Haitians being able to create jobs and to do joint ventures.

And I held a meeting up at Henry Saenz's home in Haiti where, you know, the middle-class Haitians all gathered, and I had USAID come up to show me the forms that you use, your requests for proposal. They were not—nothing in Creole, no technical assistance, two local businesses. The kind of experiences that are being asked and the assets that are being asked about, I mean, it is just unreasonable. So I would really like to see some movement in that area, because as you will hear from most of us who work with Haiti, who love Haiti, we really want to see Haitians empowered to be able to run their own country, to run their own businesses, et cetera.

Having said that, and not being able to say everything I would like to say, I sincerely believe that until we get governance right in Haiti, that you are not going to be able to do the best job that you can do. Until we provide the technical assistance to Haiti, we are not going to be able to have the kind of institution that you allude to to do what needs to be done.

Now, I know that you were just down there, Mr. Adams. I talked to you before you left, and you probably got a copy of my letter that I sent to the Secretary. And I know that Haiti is sovereign country, and we can't just go and tell them what to do, but I think they want our technical assistance, and I think a lot of the missteps is about a lack of knowledge and understanding about how to get some of this done.

Now, you know that I am very, very concerned, and in that letter that I sent to the Secretary, and I cc'd you, I said that I am especially concerned about the political challenges facing the Haitian Senate. Under the Haitian Constitution, the Senate should consist of 30 Senators, each of whom is elected to serve for 6 years. However, one-third of the seats in the Senate are currently vacant. These 10 Senators' terms ended in 2012, and Haiti has yet to hold or even schedule elections to replace them. This has forced the Senate to function with only two-thirds of its full complement and made it extremely difficult for the Senate to assemble a quorum and conduct legislative business.

A second group of 10 Senators took office in 2009, and their 6-year terms are scheduled to expire 2015. Unfortunately, it appears that elections to replace these Senators may not be held on schedule either, and, of course, there is widespread rumor within Haiti and among the Haitian diaspora that the Haitian Government does not intend to allow the Senators elected in 2009 to serve out their full 6-year terms. This rumor has it that the government intends to force these 10 Senators to leave office in January 2014, leaving the Senate completely unable to function, and this, of course, renews old concerns about dictatorship.

Now, I am not going to go any further except to try and make this point, that we are providing a lot of aid, and it has done a lot of good. I want us to continue to provide aid. I want housing built. I want potable water. I want all of those things. But I also want us to have some conditions, and part of those conditions have to do with the Constitution and the ability to have a government that functions. And I want us to assign resources to help them get these elections together so that people can make decisions, and you are not down there trying to make decisions that you shouldn't have to make.

And so my question, if I still have time to ask it, is, Mr. Adams, did you take a message down there that—when you went that you were willing to provide technical assistance to get these elections done?

Mr. ADAMS. Yes. Short answer is we have offered $10 million to support these next round of elections. The cost is estimated to be about $34 million. The Government of Haiti will put in about $14 million, and other donors will make up the difference.

So money is not the issue on the elections. Again, we are—we have helped Parliament through a parliamentary strengthening program that it has to analyze their electoral laws and help produce laws, and that has had some results, but as I mentioned, we think they can do better there.

I think on the elections, I think you are right, they do want us to help them schedule a whole series of elections next year. I don't have time to go into how that might work, but I will be glad to talk to you or your staff about sort of how we think that is going to work out. But your letter was very helpful. They had—they were aware of it, so thank you for sending it.

Ms. WATERS. You are welcome. Thank you.

And I yield back the balance of my time, and I thank you, Congresswoman Bass. But she left. Thank you.

Ms. ROS-LEHTINEN. Thank you very much.

And now we will go to the esteemed Members of Congress who are not on this committee, but who have earned the right to be recognized and ask questions. We are honored to have Barbara Lee, who was first here, recognized for her questioning. And you may go over the time limit, too, Ms. Lee.

Ms. LEE. Thank you very much, Madam Chair, and thank you once again for your leadership and also for your assistance last Congress in getting our legislation, Assessing Progress in Haiti Act, passed, and I look forward to working with you on this reintroduction.

Ms. ROS-LEHTINEN. I am blessed to work with you. Thank you.

Ms. LEE. Thank you very much.

And to our ranking member Mr. Engel, thank you so much for your continued leadership as it relates to the Caribbean region. I have served on the Western Hemisphere Subcommittee for many years with Mr. Engel, and he ensured that we had some focus and priority on the Caribbean, and especially Haiti. So thank you again.

Let me ask you a couple of things. First of all, just to mention to Mr. Adams, you know, we have—while set-asides may not be legal, you said against the law, we had minority business requirements in statute, and believe you me, I know how State and USAID conduct their contracting, and you-all have a pretty dismal record in terms of contracting with minority and women-owned businesses. And so I would hope that you would go back to the drawing board and look at how you can engage more with Haitian businesses, Haitian and the diaspora businesses, as well as African American companies, and other minority companies who want to participate.

You mentioned the $70 million contract for the port construction that was just let. I wanted to ask you if you know how much of that contract was minority-owned in terms of subcontracting, or requirements for subcontracting for either Haitian-owned businesses or minority-owned businesses. That is the first question.

And then second, on the involvement of Haitian Americans, Haitians and the diaspora, we had a specific requirement that USAID make it as a priority not only to talk to the Haitian Americans, but to engage in funding some of these technical exchanges and professional exchanges. And so I want to see how that is working and if, in fact, that has been a priority within your funding mechanism.

Mr. ADAMS. Yeah. On the port contract, that was a contract let by the Government of Haiti, not the United States of America, so I don't know what minority contracting provisions they put in there. I think it was just a simple contract with a port construction company.

Ms. LEE. Is it a—I don't remember whether you said—is it a Haitian-owned company or a U.S. company?

Mr. ADAMS. It is a U.S.—it is a Florida company. Actually it is a U.S. subsidiary, a fully owned U.S. subsidiary of an Italian company, but it is a U.S. company.

Ms. LEE. Yeah. Could you look into that for us and let us know?

Mr. ADAMS. Sure.

Ms. LEE. What the elements of that contract are?

Mr. ADAMS. Sure.

Ms. LEE. Okay. Thank you very much.

And then on the Haitian American exchanges, the technical exchanges, the support for Haitians in diaspora to go back to Haiti to contribute to their homeland?

Ms. HOGAN. Yes. Indeed, we have initiated a program similar to what a Fulbright scholarship might look like to send and embed Haitian Americans into key ministries for a period of up to 1 year to work side by side with government counterparts to try to improve their institutional capacity.

Ms. LEE. How many do you have now, and how is that broken down? We worked on this for many, many years, and I would like to get sort of an update on that.

Ms. HOGAN. Okay. I will defer to State since State runs that program.

Mr. ADAMS. Yeah, it is run by our Educational Cultural Affairs Bureau. There were three last year, and there are three—there are going to be three more replacing him about now actually. They are changing over. It has been very successful.

Ms. LEE. You mean three individuals?

Mr. ADAMS. Yeah, three. They are academics largely. They are—I mean, they can come from anywhere. They happen to be Haitian Americans, for the most part. One was assigned to the Ministry of Health, one to the Prime Minister's office, and one to the Ministry of Planning, and they were very well received, and we are going to repeat it.

Ms. LEE. Well, I would like not only repeat it, we need to enhance this and make it a priority. And I don't think three is sufficient for what we had initially suggested as some of the goals for engaging the Haitian diaspora.

Mr. ADAMS. Yeah, I agree with you. Some of the limitations are security generated, and I would be glad to discuss that with you later.

Ms. LEE. Yeah. I think I would like to follow up with that.

Also, a couple of things on the Haiti strategy plan. This GAO report, again, I just have to say really reinforces the need for legislation. On the results framework within the Haiti strategy plan, how does the United States assess the assistance activity, USAID activities, how they are impacting the lives of Haitians? We asked about this performance management plan, which includes all the benchmarks used to measure performance and effectiveness. How do you do that?

And then also I know that we had requested a detailed program-by-program description of USAID activities by, you know, your goals, your objectives, and the amounts of funds obligated for each program. That was part of the report that the Senate Committee on Appropriations had requested, as well as all of the other requirements that we asked for. You know, what is happening with that?

Ms. HOGAN. Yes. In fact, I want to say that just in the last couple of months, we have launched what we call the Foreign Assistance Dashboard that now lists all of our programs by country, by amount, by contracting agency or NGO. So that is a huge step forward in meeting President Obama's Open Government Initiative. I

just want to reaffirm that we are completely committed, as an agency, to full transparency in what we are doing.

Ms. LEE. Could we receive a copy of that report?

Ms. HOGAN. Well, it is a dashboard. It is an electronic system, so you actually go into it, but we can certainly send you the link for it. Happy to do that.

And as I say, we are not only committed to providing information, but to making it accessible, hence the dashboard. So I think we are going to keep building on that over time. And it is not just USAID's resources; in fact, it is all USG assistance, so it includes State, it includes Treasury, it includes some of the DOD activities that they are doing on international development. So this is just the beginning, but it is getting built out as we speak, and I think it is going to be a huge resource for Congress and other interested stakeholders.

Ms. LEE. Okay. And then in the GAO report—this is my final question on—which was really quite shocking and appalling when I saw this—.4 percent of funds went to domestic Haitian NGOs and businesses? Point-four percent? What is that about?

Ms. HOGAN. It is much too low, and as I say, we have a target of getting up to 17 percent, and even getting to 17 percent is going to be difficult because of the low capacity. But we are committed to putting resources into building that capacity so that we will be able to——

Ms. LEE. But this has been going on for years and years and years, and so what is the problem?

Ms. HOGAN. I think we have put aside funds specifically to build capacity for people to meet our requirements for grant management, so that is what is different, and that is going to help us meet that goal.

Although very little of our money goes directly—as I said, $10.1 million last year went directly to Haitian institutions—we have spent $50 million through grants and subgrants and subcontracts to Haitian institutions. And so we are increasing our numbers both through subs as well as direct, but ideally we are going to get to direct, and one——

Ms. LEE. Could you break down those institutions, though, and send us the report on them?

Ms. HOGAN. Certainly.

Ms. LEE. Again, that is a——

Ms. HOGAN. Certainly.

Ms. LEE [continuing]. Requirement of my legislation.

Ms. HOGAN. One thing I would like to highlight for you is a very innovative condition that we put into our new agricultural program in the north, which we call Feed the Future North, and in that contract that has been awarded to a U.S. company, their performance fee is going to be tied to the degree to which they can "graduate" Haitian subcontractors to the point that they can then become primary contractors in their own right. I think this is the first time we have done it as an agency, and we are doing it in Haiti.

Ms. LEE. That is a very good idea, makes a lot of sense. Again, I want to see your U.S. companies, any Haitian-owned U.S.-based companies, or minority-owned companies.

Ms. HOGAN. Certainly.

Ms. LEE. U.S. Thank you.

Chairman ROYCE [presiding]. Frederica Wilson from Florida.

Ms. WILSON. Thank you for holding this hearing. I will not have time to ask the many questions that I have that have been submitted to me by my constituents, so I am going to leave them for you—for staff to get answers to them. But the one thing they are concerned about is what is being discussed here today: How do they become a part of the rebuilding of Haiti? This is what they want to do. They feel left out.

And you talked about the laws of the United States, but what about the laws of Haiti? When you said the Haitian Government let out a contract for the port. Will the Haitian Government make sure that there is minority participation, and will they make sure that Haitian companies are involved?

They also have some criticisms of USAID, and they have criticism of the Haitian Government, and one is—another one is the taxes on any money transfers into Haiti. There is a tax put on the money to improve education, and they need to find out is there any oversight of this money that is being sent to Haiti? Is it really being used for education? Who is making sure that they are building schools? Because people in the diaspora go over and they build schools, they build churches, orphanages, community centers, but they don't ever get any return for that. So they are not getting contracts; they are doing this on their own time and money.

And also, there was a ruling in the Dominican Republic the other day about Haitians—that will render stateless four generations of Haitian Dominicans. Will our government do anything to help with this problem? It is a real issue. And if we continue to say that the Haitian Government lacks capacity, how are we going to build it?

So there are many, many questions about the restavecs, and are we following these children? What are we doing as a government to make sure? Because the problem has increased since the earthquake. There are problems of insecurity, deprivation, hunger, and lack of prevention.

And those are some of the issues, but I have a long list that I would like to get answers for so that I can—I am going to have a tele-town hall meeting with the Haitian community to make sure that they have appropriate answers for this. They are concerned about the elections, and they are saying in the community in Miami that when the President does not allow for the elections, he is appointing people to these Senate seats, and he is appointing people to mayorships and different elected positions when the people should be electing them. The President is appointing his friends to these different positions. So there is a lot of criticism against the Government of Haiti and a lot of criticism against USAID.

So I will submit the questions to you. But just try to answer the one about the Dominican Republic. Is anything happening with that?

Mr. ADAMS. Sure. I will be glad to speak to that.

On September 23rd, the Dominican Supreme Court issued a ruling which basically said that those residing in the country of Haitian origin were only transients and weren't entitled to citizenship. This prompted the Government of Haiti to withdraw its Ambassador, and a number of international organizations, U.N. agencies,

protested this result as being in violation of international law and norms, and particularly a 2005 judgment by the Inter-American Court of Human Rights, which states that children do not inherit the illegal status of their parents.

So there is a lot of controversy here. We have engaged, at very senior levels, with the Government of the Dominican Republic in a way to figure out how we can ameliorate this situation, and there are a number of avenues that could take place on that, but it is fairly complicated. I will be glad to brief you on that separately, but rest assured, we are engaged diplomatically in this.

Ms. WILSON. Thank you.

Chairman ROYCE. Okay. We go now to Yvette Clarke from New York.

Ms. CLARKE. I thank you, Mr. Chairman, and I want to thank Congressman Engel for extending the invitation to sit in and to listen. And I think most of the colleagues have really hit some of the more salient points and concerns that I have. I look forward to the responses that were requested by colleagues. However, I do have a question about the minimum wage.

During the questioning of Dr. Gootnick, he spoke to the issue of the minimum wage. And Haiti's minimum wage is among the lowest among countries that export apparel, and it is the lowest in the Western Hemisphere. In addition, garment factory owners, including those in the Caracol Park, which is heavily subsidized by U.S. funding and benefits from trade preferences under HOPE II, are violating U.S. law and Haitian laws. The Better Work Haiti Program established by the International Labor Organization and the International Finance Corporation reported that every single one of Haiti's 24 garment factories is failing to pay the minimum wage. Therefore, is the State Department and USAID aware of this issue, and if so, are you-all engaging the factory industries to be more compliant?

Mr. ADAMS. That is an excellent question, and let me give you a fairly extensive answer on that.

The Haitian minimum wage law requires a base wage of 200 gourds a day for those involved in export industries. The Better Work Haiti report found that all the export factories are pretty much in compliance with that lower wage tier. The Haitian law is unclear, however, and requires that piece work in these factories—anyone engaged in piece work be given an opportunity to earn a higher 300-gourd wage, but it never defined how that wage was to be established.

Ms. CLARKE. Can you translate the gourd in gourd dollars?

Mr. ADAMS. About 44 gourds to a dollar.

Ms. CLARKE. Okay.

Mr. ADAMS. Okay.

Ms. CLARKE. 44 gourds to a dollar

Mr. ADAMS. So, the 200-gourd wage is about 5 bucks. The 300-gourd wage is about 7 bucks.

Ms. CLARKE. And that is 5 bucks a day?

Mr. ADAMS. Yes, ma'am, which is higher than Asian wages, I might add.

But at any rate, the Government of Haiti has worked with the factory owners, with labor and others to define how that 300-gourd

wage is reached, and I think they have gotten everybody in agreement, and when that is promulgated by the Government of Haiti, it will clarify this whole area.

All of the factories in Haiti cannot export to the U.S. unless they meet core labor standards. So we have found that with—with—as we resolve these issues, they are very resolvable, there is incentive on both sides to do it, and I am firmly convinced that this—this unclear area of Haitian wage law will be clarified very shortly, and that the factories will be in compliance with it.

Ms. CLARKE. I think it is critical, because if we are subsidizing that, then we become complicit. And, you know, we are here to help the Haitian people, that is our moral obligation, and for us to sit and twiddle our thumbs while these folks are exploited does not bode well for us as a Nation.

Mr. ADAMS. Rest assured, we are not twiddling our thumbs. The U.S. Department of Labor is engaged in this, providing help and assistance to both sides.

Ms. CLARKE. Do we have a sense of when this will be resolved, how this will be proclaimed, how people will know their rights as workers, and, you know, how we hold these factories accountable? I mean, if you are inclined to get away with paying people, you know, below minimum wage, then you are inclined to do that notwithstanding, you know, what we set. You know, we should not have our dollars invested in these types of companies.

Mr. ADAMS. No, I think this has been a good story by and large, the compliance with core labor standards, and I think this will continue to be a good story.

Ms. CLARKE. I would just like to add my voice to that of Congresswoman Waters about the governance concerns. We have got to fix that. You know, everything else we are saying here becomes moot if this government tilts toward a dictatorship. And, you know, this is a very, very serious issue. Whatever we must do, we must do to get them on the right track and make sure that democracy continues down the road to strength.

Thank you.

Mr. Chairman, I yield back, and I thank you for the opportunity today.

Chairman ROYCE. I thank the gentlelady. And let me also thank our witnesses for their willingness to come here and to testify today, Ms. Hogan, Mr. Adams. And as I said in my opening statement on this issue of lack of rule of law and lack of transparency in Haiti, both the Haitians and the U.S. taxpayers deserve better.

I would like to share some good news. Earlier this year some private charitable groups were having problems getting an air ambulance program approved for Medor, Haiti, and we raised this issue with Tom Adams, and we want to express our appreciation because you along with the Haitian authorities, helped resolve the issue. The committee learned just yesterday that verbal permission has been given by the civil aviation authorities to proceed with a free emergency air ambulance program into Medor, and, additionally, that you were present at the meeting with the Haitian Government when this happened. So we thank you for that, Mr. Adams, and just want to convey that the committee appreciates your good work on behalf of these charitable groups.

And again, thank you both for your testimony here today.
Mr. ADAMS. Thank you, sir
Chairman ROYCE. We stand adjourned.
[Whereupon, at 1:10 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

October 9, 2013

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live via the Committee website at http://www.ForeignAffairs.house.gov):

DATE: Wednesday, October 9, 2013

TIME: 10:00 a.m.

SUBJECT: Haiti: Is U.S. Aid Effective?

WITNESSES:

Panel I
Mr. David B. Gootnick
Director
International Affairs and Trade
U.S. Government Accountability Office

Panel II
Mr. Thomas C. Adams
Haiti Special Coordinator
U.S. Department of State

Ms. Elizabeth Hogan
Acting Assistant Administrator
Bureau for Latin America and the Caribbean
U.S. Agency for International Development

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Wednesday* Date *10/09/13* Room *2172*

Starting Time *10:10 P.M.* Ending Time *1:10 P.M.*

Recesses *0* (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Edward R. Royce, Chairman, Rep. Matt Salmon, Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

Haiti: Is U.S. Aid Effective?

COMMITTEE MEMBERS PRESENT:

See Attendance Sheet.

NON-COMMITTEE MEMBERS PRESENT:

Rep. Barbara Lee
Rep. Maxine Waters
Rep. Yvette Clark
Rep. Frederica Wilson

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Engel
Rep. Meeks
Rep. Connolly

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *1:10 P.M.*

Jean Marter, Director of Committee Operations

HOUSE COMMITTEE ON FOREIGN AFFAIRS

Full Committee Hearing

Present	*Member*
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
X	Ileana Ros-Lehtinen, FL
X	Dana Rohrabacher, CA
X	Steve Chabot, OH
	Joe Wilson, SC
	Michael T. McCaul, TX
	Ted Poe, TX
X	Matt Salmon, AZ
X	Tom Marino, PA
	Jeff Duncan, SC
X	Adam Kinzinger, IL
	Mo Brooks, AL
X	Tom Cotton, AR
	Paul Cook, CA
	George Holding, NC
X	Randy K. Weber, Sr., TX
X	Scott Perry, PA
	Steve Stockman, TX
	Ron DeSantis, FL
	Trey Radel, FL
X	Doug Collins, GA
X	Mark Meadows, NC
X	Ted S. Yoho, FL
	Luke Messer, IN

Present	*Member*
X	Eliot L. Engel, NY
	Eni F.H. Faleomavaega, AS
X	Brad Sherman, CA
X	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
	Brian Higgins, NY
X	Karen Bass, CA
	William Keating, MA
X	David Cicilline, RI
	Alan Grayson, FL
X	Juan Vargas, CA
	Bradley S. Schneider, IL
X	Joseph P. Kennedy III, MA
X	Ami Bera, CA
X	Alan S. Lowenthal, CA
X	Grace Meng, NY
X	Lois Frankel, FL
	Tulsi Gabbard, HI
	Joaquin Castro, TX

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Institute for Sustainable Communities
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W. Douglas Jackson
Project C.U.R.E.
Sarah Kambou
NRW
Dr. Arthur Keys
International Relief and Development
Elizabeth MacNeam
Handicap International USA
Ruth Messinger
American Jewish World Service
Jonathan Quick
Management Sciences for Health
Jonathan Rockford
Habitat for Humanity
William S. Reese
International Youth Foundation
Alison Smith
NetAngel
Kathy Spahn
Helen Keller International
David Weiss
Water Communities

October 9, 2013

Dear Chairman Royce and Ranking Member Engel:

I applaud the attention and oversight that the House Foreign Affairs Committee is giving to the critical issue of U.S. aid to Haiti. It is essential that Americans know where and how their money is being spent, and what type of results it is achieving. InterAction supports efforts to make U.S. foreign assistance activities as transparent as possible in order to provide accountability to the American people on their investment in these important programs.

It is equally important to keep in mind the incredible strides we have made in the last several decades to help people improve their lives around the globe and create a more stable, prosperous, and peaceful world. In the last two decades, the number of undernourished people in the world has fallen by a third; child deaths have been cut nearly in half; and twice as many women give birth with help from a doctor or midwife than did 20 years ago. More than 100 million children receive a set of basic immunizations each year, and tens of millions more receive supplemental immunizations against polio, measles, and other killer diseases.

While challenges still exist and we must do more to root out waste and abuse, it is essential that we always remember how effective foreign assistance can be when it is transparent and properly overseen. We applauded the House's passage of the Foreign Aid Transparency and Accountability (FATA) Act in the last Congress and look forward to its consideration and passage again in this Congress.

With your help and oversight, we can continue the crucial work of improving people's lives, enhancing our national security and creating new markets overseas.

I thank you again for your attention to these issues and look forward to working with you in the future. Please let me or my staff know if we can be of any further help.

Sincerely,

Sam Worthington
President and CEO

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Statement for the Record

Submitted by the Honorable Gregory W. Meeks

Three and half years ago, Haiti experienced a catastrophic earthquake. Over 230,000 Haitians lost their lives, 300,000 were injured and approximately 2 million people were displaced. The entire welfare of the country crumbled as basic services and infrastructure failed. In 60 seconds, Haiti became the worst humanitarian and economic disaster experienced in the Western Hemisphere. The United States provided more than $1.14 billion dollars in aid and $651 million specifically for USAID-led reconstruction efforts. I thank Ranking Member Engel and Representative Ros-Lehtinen for requesting this much needed GAO audit, to provide transparency and accountability of USAID reconstruction efforts.

The nation of Haiti faces many challenges to her recovery. Even prior to the earthquake, Haitians lived on less than $2.00 a day and 75% were unemployed. A cholera epidemic, coupled with weak infrastructure, political corruption, and an ineffective central government, further inhibit reconstruction efforts. Despite these challenges, the United States remains an ardent leader for change and progress in our Caribbean neighbor.

The Haitian Diaspora in the United States has stood as a clear advocate and proponent for recovery. This issue is particularly close to home for me. In my district, I have witnessed the Haitian community work tirelessly to raise awareness about the plight of the Haitian people, and serve as a resource for navigating the challenges to the recovery process. I hope in this hearing to learn more about how the Haitian community and affiliated NGOs in the United States can more closely cooperate with the donor community and complement USAID efforts. Many are frustrated at the pace of the reconstruction efforts. We are over half way through the United States' five year reconstruction strategy for Haiti and progress has been painfully slow. The earthquake, while devastating, was an opportunity to build a foundation for sustained economic growth and development in Haiti. As we move forward in this process, I want to learn how we in Congress can support greater transparency and efficiency in U.S. and international efforts towards long-term success for Haiti.

Statement for the Record
Submitted by the Honorable Gerald E. Connolly

The international response to and aftermath of reconstruction attempts in Haiti is a case study in what happens when a government hollows out its primary development agency. When crisis strikes, as in the case of the Haiti earthquake, the United States and the international community are eager and willing to help a country in need by promising large sums of money. As development professionals will tell you, money is not a panacea for disinvestment in the development apparatus. In the case of Haiti, there was a blind spot when it came to key issues, including the lack of: capacity in the host nation, coordination among various development entities and companies, and expertise within USAID due to a long-term absence of investment in the agency and its people. In other words, we set up our development professionals to fail and then pontificate about the waste of funds when our professionals fail to see challenges and obstacles down the line.

The Supplemental Appropriations Act of 2010 appropriated $2.9 billion in aid to Haiti after a 7.0 earthquake left 230,000 people dead, 300,000 injured, and 2 million displaced. The 2010 Supplemental included $1.6 billion for relief efforts, $1.1 billion for reconstruction, and $147 million for diplomatic operations. The total sum for the 2010 Haiti reconstruction supplemental was $1.14 billion. The international community also responded to the Haiti earthquake on a massive scale and pledged $13.3 billion to support immediate humanitarian and recovery efforts.

The most recent GAO report regarding Haiti reconstruction was published in June of 2013 and focused on a specific tranche of funds allocated for a discrete purpose—namely $651 million of the 2010 Supplemental appropriated to USAID for reconstruction. The report cites several issues, including:

- USAID's allocation of $170.3 million to construct a power plant and port to support the newly developed Caracol Industrial Park (CIP), "with mixed results."
- A two year delay in constructing the port "due in part to a lack of USAID expertise in port planning in Haiti."
- USAID's underestimation in funding needed for the New Settlements housing program.

To its credit, USAID has accepted GAO's recommendations and is working to rectify the issues that GAO cited. According to today's USAID witness:

> *Consistent with the GAO's recommendations, we are working to ensure that USAID-funded settlements are sustainable in the long term. The emphasis of the sustainability effort is in four areas: 1) Site management; 2) Household-level support and capacity building; 3) Community relations and governance; and 4) Services to support the broader community. To mitigate risks that these communities will fall into disrepair, we will monitor the settlements and the overall sector to see if our support needs to be augmented and will move quickly to avoid problems rather than react to them.*
>
> *Haiti faced a large-scale housing shortage even before the earthquake. The Government of Haiti estimates that over the next 10 years, the Port-au-Prince region alone will require up to 500,000 additional housing units to make up for the pre-earthquake housing shortage, replace stock lost during the disaster, and accommodate the significant amount of expected urban growth. New housing construction, financed by the USG, was never considered to be a stand-alone strategy for addressing shelter needs in Haiti. Going forward, we are working on approaches that will*

> *target many more beneficiaries, reaching beyond those who are able to move into houses that USAID constructs.*

Immediately after GAO published its report, USAID released a statement acknowledging the realities the agency faces on the ground. The USAID statement said GAO outlined "some of the challenges we continue to work to overcome in our development cooperation with Haiti." The statement went on to acknowledge:

> *Reconstructing Haiti is a long-term challenge… The goal was never to spend the money within three years of the earthquake, but to invest in sustainable projects that will contribute to Haiti's long-term economic growth and development.*

There are other negative news items that have plagued the Haiti reconstruction effort. For example, criticism arose about the slow pace of recovery and misallocation of funds—something not entirely under USAID's control. Moreover, a June 2010 cholera outbreak infected over half a million Haitians and killed about 8,000. The outbreak was traced to a military camp run by the UN Stabilization Mission in Haiti (MINUSTAH). In February, over 5,000 individuals affected by the cholera outbreak filed suit against the UN demanding reparations and an apology, among other things.

All the negative press about Haiti reconstruction should not cloud the work that USAID professionals are doing on the ground. In my view, they are doing the best they can with the meager resources they are given. The case of Haiti has shown us that development professionals need long-term support to build expertise and have funding to hire infrastructure experts on a short and long-term basis. Last, all this investment can be nearly meaningless when a host country lacks significant capacity to build long-term partnerships with the goal of sustainability. I hope we can use today's hearing as an opportunity to really get at why USAID struggled in Haiti, and how we can support the agency to prevent such struggles the next time we call on it to address significant development issues.

Thank you, Mr. Chairman.

Question for the Record
Submitted by the Honorable Joseph P. Kennedy III
To Special Coordinator Thomas Adams

Question:

The findings in the GAO's June 2013 report are particularly concerning given that the region could face further instability due to a recent ruling by the high court in the Dominican Republic. Under the arbitrary ruling of the *Tribunal Constitucional*, those born to foreign parents since 1929 – even those with valid Dominican birth certificates and whose families have lived as Dominican citizens for generations - will have their citizenship revoked. The implications of the court's decision are wide-ranging and threaten to leave 240,000 of people stateless without access to health care, education, and vital civil services.

In light of current obstacles that U.S. foreign assistance programs already face in Haiti, what steps are USAID and the State Department taking to ensure that the recent Constitutional Tribunal decision in the Dominican Republic (TC/0168/13) does not result in mass expulsions to Haiti, leave hundreds of thousands of individuals stateless, and create thousands of displaced individuals who are vulnerable to human rights abuses, labor violations, and trafficking? Given Haiti's limited capabilities to provide for the already internally displaced individuals from the earthquake, how can the U.S. government ensure that the recent Constitution Tribunal decision does not further threaten rebuilding efforts in the region?

Answer:

We remain concerned that the Constitutional Tribunal's decision may lead to discrimination, denial of basic services, or unfair treatment of some workers. Thousands of individuals live in the Dominican Republic without documentation, including children born in the Dominican Republic to parents of Haitian descent, are unable to acquire documentation. The lack of documentation can lead to statelessness, thereby preventing enrollment in school, limiting access to health care and other essential services, and increasing exposure to violations of labor rights and other human rights. The United States is concerned about the recent ruling of the Constitutional Court in the Dominican Republic that could exacerbate the practice of revoking or denying identity documents to individuals of Haitian descent born in the Dominican Republic, many of whose parents and grandparents were born and received citizenship in the Dominican Republic.

Historically, Haitian migrants and individuals of Haitian descent born in the Dominican Republic have encountered discrimination, fear of deportation, and poor labor conditions. The United States supports and funds a number of programs that address the needs of these vulnerable populations. We currently fund programs with the United Nations High Commissioner for Refugees and the International Organization for Migration to assist Haitians and individuals of Haitian descent born in the Dominican Republic, including refugees, with documentation services for persons at risk of statelessness and other services for vulnerable migrants. We will continue to work with our partners to promote non-discrimination of vulnerable populations and to address the consequences of statelessness and lack of access to civil registration and basic services.

We will continue to use our diplomatic engagement with the Government of the Dominican Republic to ensure Haitians and individuals of Haitian descent born in the Dominican Republic are treated humanely with due respect to Dominican law and in keeping with the standards set forth in international agreements to which the Dominican Republic is a signatory.

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