Report exposes fraud of US aid to Haiti

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On June 18, the US Government Accountability Office released a report criticizing USAID's handling of aid to Haiti in the more than three years since 2010's catastrophic earthquake.

Of the $1.14 billion of aid approved by the US Congress in the 2010 Supplemental Appropriations Act, $651 million was allocated to projects run by USAID (the United States Agency for International Development). The GAO audit found that, as of March 31, 2013, USAID had disbursed only $204 million (31 percent) of these funds and obligated $89 million more for various projects. In other words, 55 percent of the original $651 million is still sitting in US government coffers.

Among the underfunded USAID projects is the construction of new homes for Haitian workers. Out of 15,000 that were planned, only 2,649 have been built. USAID blames the shortfall, in part, on the Haitian government's insistence that the new houses have flush toilets, instead of more "traditional" waste systems. In its response to the audit, USAID did not explain why it won't spend additional money on houses or why it didn't plan for adequate sanitation in a country which has been wracked by cholera.

As of the end of May, the cholera epidemic introduced into Haiti by UN troops had killed 8,100 people and sickened more than 650,000. The epidemic, which fluctuates in intensity, is likely to get worse during this summer's rainy season.

Of the reduced number of houses built, the GAO states bluntly that officials "noted that USAID would commit no further funds to housing construction."

The United States government as a whole has disbursed far less aid money than it pledged after the earthquake. In February, the Center for Global Development reported that the US had disbursed $2.25 billion of its total pledges of $3.85 billion, or less than 60 percent. The CGD report went on to state that "with very little data and few evaluations, it is nearly impossible to track who has received the $2.25 billion that the US government has disbursed."

A February 2013 interview with author Jonathan Katz by NPR offered a partial answer to the question: after the earthquake, "the Pentagon [was] writing bills to the State Department to get reimbursed for having sent troops down to respond to the disaster."

The USAID funds were intended all along to bolster the interests of international capital. The three projects audited by the GAO were the housing construction program, an industrial park for garment manufacturers near the northern city of Cap HaÏtien, and a new port to ship goods manufactured there.

According to the GAO report, fully 33 percent (5,000 out of 15,000) of the houses planned by USAID were to be built near Cap HaÏtien. The remainder were to be in Port-au-Prince and the coastal city of St. Marc, just to its north. Of the 2,649 houses that were actually built, nearly 1,800 are near the Caracol Industrial Park (CIP), which in turn is situated near Cap HaÏtien.

According to the GAO audit: "in part, USAID's program aimed to support the Haitian government's goal of decentralizing economic growth outside of Port-au-Prince by increasing the housing stock in communities near the industrial park planned for northern Haiti."

On this same note, a January 2011 State Department strategy document—released less than a year after the earthquake killed more than 300,000 people—stated that the "changing distribution of Haiti's population may offer a window of opportunity to develop new development corridors." Furthermore, according to the strategy document, "the USG has elevated development alongside diplomacy and defense as core pillars of American power."

The industrial park is expected to provide one million square meters of factory space, most to be used in the manufacture of textiles, paint, and clothing. The State Department's strategy document bemoaned the decline in underpaid Haitian textile jobs after the 1994 coup against Jean-Bertrande Aristide and the subsequent economic embargo of Haiti: "in the late 1980s, the industry employed an estimated 80,000 urban residents, mostly women; today its workers number only about 25,000."

Undaunted, the State Department writes that "Haiti's proximity to the US market is complemented by a competitive labor force and trade preferences that make Haiti an attractive sourcing location for garments." It notes that, in 2009, clothing exports accounted for 10 percent of Haiti's GDP.

Most workers at the new industrial park "are projected to receive the minimum wage," according to the GAO. It estimates 37,000 permanent jobs earning in aggregate $150 million per year, or $4,054 per worker. It is hard to imagine how such a wage would pay even a subsidized rent or mortgage for a new house. In addition, those fortunate enough to get a house will be dependent on either the CIP or the new port for jobs.

USAID blames cost overruns in the home construction program on the Haitian government's request for flush toilets and bigger houses than originally planned. As planned, each house was to be 275 square feet, with Haiti asking for 450.

Because of the drastic cut in the number of homes actually built, the number of people to be housed was reduced dramatically. USAID originally expected between 75,000 and 90,000 people to live in the new houses, but now estimates that only between 13,200 and 15,900 will fit into those actually built. Using the low end of this range, 13,200 people in 2,649 houses results in an average of five per house. A 250 square foot house would give each of these people a space equal to five by ten feet.

The electric infrastructure built so far with USAID funds is also inadequate. GAO found that, as of 3/31/13, the 10-megawatt power plant for the industrial park was 89 percent complete, while planned infrastructure for residential distribution was only 10 percent complete.

It also found that the US government is reluctant to share the garment industry's profits with the Haitian government. In response to a Haitian proposal to charge a $260 fee on each container coming into the country—with the proceeds to be used for social programs—USAID's "port feasibility study concluded that such a government surcharge would make the project financially infeasible."

In its audit, GAO takes USAID to task for arrogance and incompetence, noting the lateness of its congressionally-mandated reports and the fact that of all USAID funds spent so far, the cost category with the highest disbursement rate is "Operating and Other Expenses;" that is, overhead.

Of the industrial center's planned port, which has not gotten past the stage of a Feasibility Study, GAO reports that "according to USAID officials, USAID has not constructed a port anywhere in the world since the 1970s, and USAID does not have a port engineer or port project manager among its direct-hire staff." No explanation is offered for why the project wasn't assigned to an agency with more experience.