

RELEASE IN PART B6

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Sunday, January 24, 2010 1:05 PM
To: H
Subject: FW: READ BELOW RE: DONOR COORDINATION AND A HRA

FYI

From: Jean-Louis Warnholz [mailto:
Sent: Sunday, January 24, 2010 12:55 PM
To: Mills, Cheryl D; Curtis, Meghann A
Subject: RE: READ BELOW RE: DONOR COORDINATION AND A HRA

Thanks Cheryl

I am now at my desk. I agree with concerns below. The cementing of the monopoly by Preval for the public container port is a prime example how elite capture runs directly counter to job creation and social welfare.

Assets (land, heavy equipment, cement, petroleum) that are in high demand during a construction boom are in the hands of a few. The risk is that price spikes will severely drive out the potential gains from aid dollars. Dual signatures and injecting foreign experts into a HRA task force to review projects for eligibility will counteract obvious forms of corruption.

The much harder task is to determine realistic benchmarks for project costs, given transfer pricing and de facto cartels. Injecting competition and open bidding is needed to counteract this. The problem is that any Haitian firm will loose business to US or Chinese contractors with much more favorable pricing structures (but limited spillovers to local economy). A middle ground may be to invite joint ventures between Haitian and international companies to build up the local workforce and overall skill base.

Best, JL

From: remaguire
Sent: Sunday, January 24, 2010 11:43 AM
To: Mills, Cheryl D
Subject: Re: RE: RE: RE: from GOH - Montreal meeting talking points

Enforced transparency will countermand it.

I thought Collier's earlier idea of an Independent Service Authority was interesting as long as it was transitional (toward a strengthened GOH) and had GOH authority from the get go.

I like your idea. At this point a reconstruction authority with Bellerive at its head makes sense. I like your idea of a donor's coordination mechanism that I saw in your policy review powerpoint, with coordination on 'our' side under the UN Special Envoy mechanism.

Maybe within the authority, there can be a private sector sub-group coordinated and monitored by the larger authority? This sub-group might also include non-Haitians, including Dominicans.

Haiti's private sector will be less interested in decentralized investment, I think, especially if it focuses on

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intensive labor and providing dignity and liveable wages to Haiti's people. This is a public works/public sector initiative, in conjunction with international public sector organizations.

Sachs idea of the decentralized growth poles is also interesting - perhaps a way to mobilize decentralized investment.