

US Spending in Haiti: The Need for Greater Transparency and Accountability

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The devastating 2010 earthquake in Haiti killed over 220,000 people, displaced several million, and flattened much of Port au Prince. Damage and losses have been estimated at \$7.8 billion, an amount greater than Haiti's 2009 GDP. In response to the tragedy, the country has received an unprecedented amount of support and aid. On the basis of available data sources, we estimate that a total of \$9 billion has been disbursed in public and private funding since the 2010 quake. The United States alone pledged \$3.85 billion in response and has disbursed \$2.25 billion in public funds. Yet some have referred to the response as a "gold rush" for private contractors and NGOs, and some have raised questions about who really benefited from this money.¹ Three years after the

quake, Haiti has seen little progress, especially in rebuilding infrastructure.

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, how it has been spent, or what it has achieved. The organizations delivering relief efforts in Haiti are operating with little oversight and no clear guidelines for baseline measurement, reporting, or evaluation standards. The US government owes it not only to the American public but also to the Haitian government and people to improve transparency of and accountability for the funds spent on earthquake relief in Haiti.

Where Has the Money Gone?

The UN Office of the Special Envoy reports that as of December 2012 the United States had disbursed \$2.25 billion in Haiti

1. Ansel Herz and Kim Ives, "Wikileaks Haiti: The Post-Quake 'Gold Rush' for Reconstruction Contracts," *The Nation*, June 15, 2011, www.thenation.com/article/161469/wikileaks-haiti-postquake-gold-rush-reconstruction-contracts.

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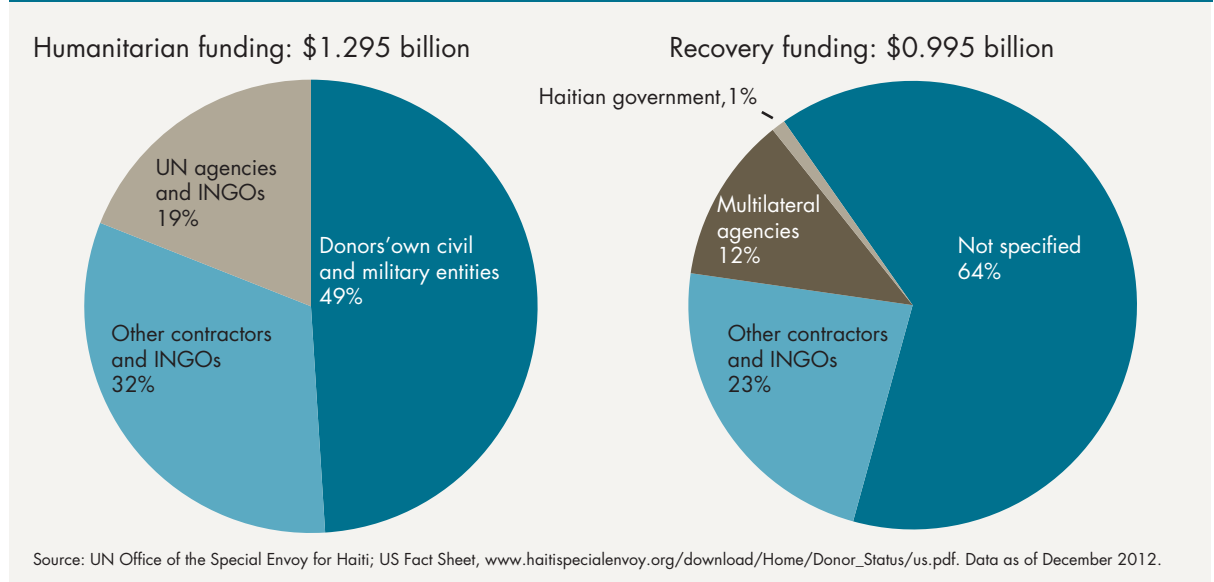


Summary

An estimated \$9 billion of public and private funding has been spent on disaster recovery in Haiti since the 2010 earthquake. Of that, \$2.25 billion in public funding has been disbursed by the United States alone. But despite the large amount of public money involved, it is nearly impossible to track how it has been spent and what has been achieved. The transparency and accountability of US spending in Haiti needs to be improved. Here we suggest three steps to do so:

1. Require prime contractors to report subcontracting data
2. Adopt the International Aid Transparency Initiative
3. Require systematic and publically available evaluations by NGOs and contractors

Figure 1. US Disbursements for Haiti since 2010: Much Is “Not Specified”



since the 2010 earthquake, the sum of \$1.3 billion in humanitarian funding and \$955 million in recovery funding. The UN office reports only on the direct recipients of the funding—these are the organizations that carry out relief and recovery efforts on the ground. Yet even this information is incomplete: \$611 million (64%) of disbursed US recovery funding is labeled “not specified” (see figure 1).

The data are even murkier when one looks to find the organizations, agencies, and firms that actually received grants or contracts. The website USASpending.gov reports that \$1.5 billion has been spent on “prime Assistance and Contracting” for Haiti since the 2010 earthquake.² This is only 67.5 percent of the total \$2.25 billion, but it is the only source we are aware of with details about prime, or direct, awardees.³ From USASpending.gov, it is possible to list the top private contractors and NGOs which directly received contracts from the US government. The top three are Chemonics

International, Inc., the International Organization for Migration, and ACC Construction–McKnight Joint Venture. The top ten are listed in table 1.

The largest private contractor, Chemonics International, received 20 percent of all US contract funding in Haiti. And this is where the trail goes cold. How did the prime contractors spend the money? Who received subcontracts? USASpending.gov has subcontracting data available for \$154 million of the total—a mere 10 percent of contracts and assistance grants in the database. For the other 90 percent of spending, \$1.5 billion, there is no information on implementation or on the share of funds that were awarded to subcontractors. In fact, the vast majority of prime awardees do not report subcontracting data. Reporters and researchers have submitted Freedom of Information Act requests for development contractor spending, only to receive documents with cost information and subcontracting organizations redacted.⁴ A report from Associated Press recounts that a reporter who asked for a budget breakdown from FHI 360 was told by their spokeswoman, “We were pulling [a budget breakdown] for you but were told that it

2. USASpending.gov aggregates US government and prime recipient spending data from several sources to report prime and subcontract level data for all funding from the US federal government. Data are from the Federal Procurement Data System, Federal Assistance Award Data System, Smart pay, Census Bureau, and the FFATA Subaward Reporting System, among others. Data as of January 22, 2013.

3. Prime awardees and contractors refer to entities that receive direct federal awards, as defined in the Federal Funding Accountability and Transparency Act of 2006.

4. For instance, see Jake Johnston, “Op-Ed: Haiti’s Fight for Transparency,” *Caribbean Journal* May 3, 2011, www.caribbeanjournal.com/2012/05/03/op-ed-haitis-fight-for-transparency/.

Table 1. Top NGO and Private Contractor Recipients of US Contracts and Assistance in Haiti, 2010–2012 (\$US millions)

Chemonics International	153
International Organization for Migration	86
ACC Construction–McKnight Joint Venture	81
DAI/Nathan Group	69
World Vision	56
PAE Government Services	54
Catholic Relief Services	50
Management Sciences for Health	39
Family Health International/FHI 360	35
Haitian Study Group Kaposi Sarcoma (GHESKIO)	31

All data from USASpending.gov as of January 22, 2013.

was proprietary by our funder [USAID].”⁵

It is problematic that donors push the Haitian government to make their budgets more transparent when the international aid community itself fails to provide spending information to the public. Pierre Eroid Etienne, director-general of the Haitian Ministry of Finance noted that the “real problem is that we do not have, or I should say we have only very little, overall information on aid. . . . We are required to be transparent. We publish the financial information relevant to the execution of our budget. All we ask is for the same transparency from our donor friends, which should help both us and them.”⁶

There is also very little evidence available on the performance of NGOs and contractors in Haiti. Some of the large international NGOs do compile annual reports and publish financial data, but these are few and far between. Most rely on

case studies and other descriptive instances of success while negative outcomes or failures are almost never documented. Of the 45 evaluation reports we categorized from NGOs operating in Haiti after the January 2010 earthquake, more than one-third do not have specific project data and only *four* have any specific detail about how the money was spent.⁷

Policy Recommendations

The transparency and accountability of US spending in Haiti needs to be improved. The US government owes it to its citizens and to the Haitian government and people provide more information about how its money has been spent and what its accomplishments have been. We suggest three way for the US government to improve.

1. Require Prime Contractors to Report Subcontracting Data

Subcontracting and implementation data from the largest international development firms and USAID implementing partners should not be proprietary information. The lack of transparency prevents the Haitian government from taking a leadership role in managing aid flows or even monitoring where, and to whom, the money is flowing. Prime contractors and grant awardees that receive federal funding from USAID, the State Department, or any other US government agency are required to report first-tier subawards pursuant to the Federal Funding Accountability and Transparency Act of 2006; there are few reasons to believe that such information should be considered proprietary or classified. Compliance by prime awardees should be monitored and an enforcement mechanism put in place, such as the suspension of future contracts if required information is not released, for entities that do not report. This would ensure that all prime awardees report first-tier subawards for federal contracts and grants in a timely matter to improve transparency for the American public and Haitian government.

5. Haiti Relief and Reconstruction Watch, “Inspector General Finds Lack of Oversight of Chemonics...Again,” www.cepr.net/index.php/blogs/relief-and-reconstruction-watch/inspector-general-finds-lack-of-oversight-of-chemonicsagain, October 1, 2012, last accessed February 14, 2012.

6. United Nations Office of the Special Envoy for Haiti, *Can More Aid Stay in Haiti and Other Fragile Settings?* (New York, 2012), www.haitispecialenvoy.org/download/Report_Center/osereport2012.pdf.

7. Vijaya Ramachandran and Julie Walz, “Haiti: Where Has All the Money Gone?” CGD Policy Paper 004 (Washington: Center for Global Development, 2012), www.cgdev.org/content/publications/detail/1426185.



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2. Adopt the International Aid Transparency Initiative and Require Compliance by Partners

The International Aid Transparency Initiative (IATI) is a multistakeholder initiative that has developed a standard for publishing information about aid spending. Donors, partner countries, and civil-society organizations can publically disclose information on volume, aid allocation, and results of development expenditure. Large donors such as the United States and the UK are IATI signatories, along with international institutions and agencies from the World Bank to the Global Fund to Fight AIDS, Tuberculosis and Malaria. Organizations such as Oxfam Great Britain and the International HIV/AIDS Alliance have published data to IATI as well.⁸ IATI is a reporting standard which provides a single, coherent, underlying, machine-readable dataset, which is user-friendly for all country and international data systems.

The United States signed on to IATI in November 2011, but its progress toward compliance has been slow. The State Department and USAID published an implementation schedule in December 2012 that outlines the plan to be fully compliant by the end of 2015.⁹ Progress toward full adoption in a timely manner should be continued. But its not just government agencies that should comply. NGOs and private contractors receiving contracts over \$1 million should also sign on. The UK Department for International Development (DFID), for instance, requires its largest NGO grantees to be IATI compliant, and it is considering how to extend the requirement to smaller grantees and subcontractors. The United

States should follow this lead and collaborate toward a single, uniform platform of IATI compliance.

3. Require Systematic and Publicly Accessible Evaluations

USAID and other contracting agencies should require all implementing partners and recipients of contracts over \$1 million to publish systematic evaluations of programs. They do not have to be randomized control trials. Evaluation is defined as a systematic and objective performance assessment of the design, implementation, and results of a project or program. Guidelines for development evaluation from the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC) emphasize relevance, effectiveness, efficiency, impact, and sustainability.¹⁰ How were the program's objectives achieved? Were activities cost-efficient and timely? How many people have benefited? How did the benefits of the project continue after funding ended? There are six key criteria that we would like to see in evaluations:

1. Independence (should be carried out by a third party, not the organization itself)
2. Clear methodology that explains how the evaluation was conducted
3. Clear project data about the number of services provided and number of people benefiting
4. Cost breakdown or budget report
5. Discussion of alternative programs, cost comparisons, or other uses for the money
6. Recommendations for improvement

8. For more information, see www.aidtransparency.net.

9. IATI Implementation Schedule for the United States Government, December 2012, available at <http://foreignassistance.gov/Documents/IATI%20Implementation%20Schedule.pdf>.

10. OECD, "DAC Criteria for Evaluating Development Assistance," www.oecd.org/dac/evaluationofdevelopmentprogrammes/daccriteriaforevaluatingdevelopmentassistance.htm, accessed January 25, 2013.



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