



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

**CANCÚN, MEXICO**

AB-2736  
CII/AB-1214  
23 March 2010  
Original: French

*Address by the Governor for Haiti  
at the third plenary session*

*Ronald Baudin*

1. It is a pleasure to add my voice to the voices of the Governors who preceded me at this podium to thank, on behalf of the Haitian delegation that I have the honor of heading, as well as personally, the Mexican government and the mayor and people of Cancún for their gracious hospitality and the excellent arrangements for this Fifty-first Annual Meeting of the Inter-American Development Bank and Twenty-fifth Annual Meeting of the Inter-American Investment Corporation. I extend my warmest congratulations to the Office of the Secretary of the Bank which, as always, has spared no effort to contribute to the success of these meetings.
2. I would also like to extend a special vote of gratitude to President Moreno for the commitment he has shown to the Haitian people. These thanks also go to the Governors and Management of the IDB for their great solidarity with the Haitian people after the earthquake last 12 January which, as you all know, caused losses of human life and material destruction that are unprecedented in the history of our country and, perhaps, in the history of the hemisphere. I take this opportunity to bring you all fraternal greetings from the government and people of Haiti, and their condolences to all who may have lost countrymen in this tragedy. I extend these condolences to the government and people of Chile who, like us, have been victims of one of the strongest quakes ever recorded.
3. The earthquake of 12 January 2010 came at a time when our country was beginning to enjoy the fruits of many years of efforts to restore fiscal health, strengthen the macroeconomy, expand our infrastructure, and improve governance.
4. Government revenues were steadily rising; our gross domestic product posted positive growth rates for four consecutive years, despite the shocks to our economy and the 2008 international financial crisis. The country was irreversibly committed to the path to modernization, tackling a number of challenges such as providing education for all, improving the lives of society's most disadvantaged, improving the business climate to

attract investment, creating jobs, and reducing poverty. The challenges also involved the consolidation of democratic institutions, the fight against corruption, environmental protection, restoration of security for people and property, and the battle against the drug trade and human trafficking. To reclaim its place in the community of democratic nations and commit to modernization, our country was working to surmount all these challenges.

5. And then came 12 January 2010. The earthquake was a terrible shock. But it was unable to break our will to build a better Haiti. On the contrary, it has demonstrated, among other things, that overcentralizing everything in Port-au-Prince, our country's capital, has not served the cause of development. It is telling that the destruction of Port-au-Prince gave the impression that the whole country had been devastated.

6. The catastrophe of 12 January 2010 is something of a wake-up call that reminds us that we will not be able to replicate the pre-quake Haiti. That is why a week after the New York conference, I have come to tell you that the Republic of Haiti will present an ambitious reconstruction plan which, obviously, will tackle the problem of the areas that have been destroyed, but will also take a configurational approach to the issue of harmonious and balanced development of the country as a whole. The vision that underpins this plan is dominated by a clear option in favor of deconcentration and decentralization.

7. In this roadmap, the government proposes to:

- invest heavily in infrastructure;
- promote partnerships with the Haitian and international private sector to create wealth and jobs;
- protect the environment; and
- implement social policies that offer more opportunities for youths, women, farmers, and persons with disabilities.

8. This ten-year plan will be financed through a multidonor trust fund. The entity that will be responsible for managing that fund and coordinating the implementation of programs and projects will initially be co-chaired by the Prime Minister and a representative of the international community. Its board of directors will be mixed. Later on it will become a Haitian institution, although the international community will continue to have a seat on an advisory board.

9. The Haitian people are brave and impatient to begin rebuilding their country. But our resources are limited. Reconstruction cannot take place without the contribution of our friends in the international community. And inside this community, we anticipate that the role played by the IDB Group will continue to be central.

10. As for the economy, the government intends to modernize it through a strategy focused on:

- i) Establishing a solidly-structured productive base with an appropriate system of incentives;
- ii) A very broad spatial base, harnessing the potential of our regions;
- iii) The ongoing pursuit of growth and competitiveness;

- iv) Economic development that favors harmonious social balance;
- v) Openness to the world while respecting national strategic interests.

11. I would like to draw your attention once again to the need to remove certain constraints as soon as possible so that we can tackle reconstruction with equanimity. First, because of the damage sustained by our tax and customs administration facilities and the loss of personnel who were victims of the earthquake, these agencies' collection capacity has been severely impaired. As well, many businesses have been destroyed. This has led to a dramatic drop in public revenues. Despite efforts to restore our collection capacity, revenues will be barely half the figure programmed before the earthquake for the entire fiscal year. This will create a deficit of US\$350 million.

12. We urgently need to help the hundreds of thousands of people who still have not found temporary shelter. Both the damaged zones and zones outside the path of the quake must be protected against flooding, since the rainy season has already arrived. We must provide the necessary aid to our farmers now so they can take advantage of the rainy season and not jeopardize the harvest. We must reopen schools so as not to add to the misery of our thousands of students at every education level, teachers and professors, and parents.

13. For all these reasons, supplementary budget support is indispensable so that we will not be forced to look to the Central Bank for monetary financing, which would fuel inflation, weaken our currency, and erase the benefit of years of effort to improve economic governance. I therefore repeat my request that the Bank be authorized to go above the US\$30 million in budget support already planned before the earthquake, given the exceptional nature of this catastrophic event.

14. Further, because of the destruction of many of our businesses and the damage suffered by our banks, a large part of bank loan portfolios is at risk. Accordingly, banks have virtually stopped granting loans, which is a great obstacle for the survival of the economy.

15. That is why I endorsed the recent mission by the Governor of our Central Bank to the IDB regarding the proposal to establish a partial guarantee fund which, in our opinion, is one of the best ways to relaunch credit in Haiti. I thank President Moreno and his team for the work they have done on this initiative. I ask you to treat this matter as a priority since our economy will be unable to survive a credit crunch for long.

16. I congratulate the Board of Governors for the consensus declaration adopted for a Ninth General Increase in Capital of the Bank and I also thank the Governors for their unanimous decision to cancel my country's IDB debt and to provide us with US\$200 million in grant funds every year for ten years.

17. The government is committed to continuing the reforms already begun and to undertake whatever reforms are necessary to rebuild the Haitian State. In particular, we are going to transform our revenue agencies into modern tax and customs administrations. This is the only way to build back their full collection capacity and to make a substantial contribution to financing the country's reconstruction.

18. Along the same line, we undertake to institute competition in public procurement, to practice transparency, and to stress accountability in the management of public

resources. This position is consistent with the efforts we are making with the support of the international community to follow best practices in governance.

19. I would also ask the Bank to accelerate implementation of ongoing projects in the provinces to help with environmental protection, create jobs, and settle the population outside the capital.

20. In conclusion, climate change, earthquake hazards, and poor environmental management have left the countries of the region very vulnerable to natural catastrophes. In Haiti, degradation has reached the point where the lightest rainfall can create great concern. I invite my esteemed colleagues to turn Haiti into a model that shows how our Bank can help a member country get back on its feet and rebuild after such an extraordinary shock. By doing so, you will have helped us create a stronger Haiti out of the rubble of Port-au-Prince.

21. Before leaving the podium, I would like to thank Ms. Dora Currea who has been in charge of the Haiti brief for the last three years; Mr. Ciro de Falco who, after the quake, has come back to work on the Haiti file; and I welcome Mr. Agustin Aguerre who now has direct responsibility for this file in the IDB.