

Building Back Better?

The Caracol Industrial Park
and post-earthquake aid to Haiti

January 2015

PEOPLE FROM THE LIMONADE/CARACOL AREA
AT A COMMUNITY MEETING TO DISCUSS THE
IMPACTS OF THE INDUSTRIAL PARK.

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Executive Summary

On January 12, 2010, a 7.0 earthquake hit Haiti's capital, Port-au-Prince and shook the city to the ground. There were massive casualties: between 230,000 and 316,000 people lost their lives and 1.5 million were left homeless. In the aftermath of the disaster, \$9 billion was committed by international donors to help Haiti "build back better."

But one year after the earthquake, 366 families were displaced from their land in northern Haiti to make way for the flagship project of post-earthquake reconstruction and development: the Caracol Industrial Park (CIP). Also negatively impacted by the CIP were 720 agricultural workers and thousands of resellers, food processors and pastoralists, as well as rural community members who relied on the agricultural production of the land for food and livelihood or used it to access water. This report examines how the earthquake justified advancement of a pre-existing proposal – the Caracol Industrial Park – resulting in seizure of the land and livelihoods of communities located nearly 200 miles from the epicenter of the quake.

This report also highlights how relief efforts that were touted as a turning point for Haiti, instead expanded a development paradigm that has disenfranchised Haitians of their land rights for decades, inflicting grave damage on the 60% of the population who rely on agriculture for their food security and livelihoods.

The role of the US Government and its promise to "build back better" are also explored, shedding light on the priorities of Haiti's largest and most powerful donor. US aid to Haiti, far from "building back better," failed to construct even 10% of the houses promised to those most affected by the earthquake, while at least a quarter of USAID reconstruction funds were used for an industrial park.

LIST OF ACRONYMS

AA – ActionAid

ADTC – Association for the Defense of Caracol Workers
(Association pour la Défense des Travailleurs de Caracol)

ALENAC-TDN – Association des Leaders Naturels de Caracol
et du Trou du Nord

BWH – Better Work Haiti

CFI – Center for the Facilitation of Investments
(Centre de Facilitation des Investissements)

CAFTA – Central America Free Trade Association

CEDAW – Convention on the Elimination of all forms of Discrimination
Against Women

CFS – United Nations Committee on World Food Security

CIAT – Interministerial Committee for Territorial Planning
(Comité Interministériel d'Aménagement du Territoire)

CIP – Caracol Industrial Park

CODEVI – Compagnie de Développement Industriel,
free trade zone on Dominican Republic border

DGI – Direction Générale des Impôts

EPZ – Export processing zone

ESMR – Environmental and Social Management Report

GAO – United States Government Accountability Office

GDP – Gross Domestic Product

GHI – Global Hunger Index

GOH – Government of Haiti

HELP – Haiti Economic Lift Program Act

HOPE – Haitian Hemispheric Opportunity through Partnership
Encouragement Act (2006)

HOPE II – Haitian Hemispheric Opportunity through Partnership
Encouragement Act (2008)

ICARRD – International Conference on Agrarian Reform
and Rural Development

IDB – Inter-American Development Bank

IDP – Internally displaced person

IFAD – International Fund for Agricultural Development

IFC – International Finance Corporation (World Bank)

INARA – National Institute of Agrarian Reform

IMF – International Monetary Fund

IRIN – International Regional Information Networks

LAC – Latin American Countries

NAFTA – North American Free Trade Association

NGO – Non-government Organization

PDNA – Haiti's Post Disaster Needs Assessment

PGES – Environmental and Social Management Plan
(Plan de Gestion Environnementale et Sociale)

SHADA – Haitian American Agricultural Development

SME – Small and medium-sized enterprises

SONAPI – National Society of Industrial Parks
(Société Nationale des Parcs Industriels)

TGs – Voluntary Guidelines on the Responsible Governance of Tenure
of Land, Fisheries and Forests in the Context of National Food Security

UDHR – Universal Declaration of Human Rights

UNDP – United Nations Development Programme

USAID – United States Agency for International Development

USG – United States Government

USTR – Office of the US Trade Representative

UTE – Technical Execution Unit, Haiti Ministry of Finance
(Unité Technique d'Execution)

WB – World Bank

Introduction

In January 2011, on a beautiful Caribbean winter morning, representatives of the Government of Haiti (GOH) arrived near the village of Caracol with trucks and bulldozers. The bean fields were full and almost ready for harvest. Farmers were given little time to react or organize before the crops they had painstakingly cultivated were rolled over and replaced with miles of concrete.

"We had five days' notice. They came and said they are taking the land, and were going to inform us about how it was going to happen" explained one farmer.

Elie Josué is a farmer from one of the 366 families that lost their land in January 2011 to the construction of the Caracol Industrial Park. He had a plot of 4.5 hectares and provided jobs to members of the local community. Here he is holding a ledger containing the names of the people who worked for him each day.

"I farmed my land for 21 years and was then forced to leave for the construction of this park. I grew black beans, cassava, corn, peanuts and bananas on my land and raised all of my children because of that land. I would hire 100 seasonal workers during our planting seasons. I paid them 150 gourdes a day and two meals. If we had the support we needed to farm our land, we would be doing well. Now that I've lost my land, I don't have a penny."



The land grab that launched the Caracol Industrial Park project was not unprecedented. Just a few miles east, an almost identical process was used in 2002 to appropriate the fertile land of farmers on the Maribahoux Plain (one of Haiti's few irrigated production zones) to build the free trade zone at Ouanaminthe. With no warning or consultation, farmers in Ouanaminthe and nearby villages watched in shock as bulldozers started to clear their land. Forty landowners and hundreds of state farmers were pushed off their land in the second most fertile area in Haiti and are still awaiting the compensation that was promised to them.¹

Haiti's government claimed the Caracol-Chambert land despite the fact that farmers had been cultivating food on the fertile plots there for nearly three decades. According to the oral history of the community, the land was originally granted to a General de Plaisance for his service during Haiti's war of independence. A number of Haitian owners succeeded the General, who used the land to service a debt.

In the 1920s, 35,000 hectares of land were appropriated by the GOH and given to different companies for large-scale production of first sisal, then sugar cane, resulting in decades of grave social and economic impact on the local communities. In 1986, the departure of Dictator Jean-Claude Duvalier provided communities the opportunity to return to and cultivate the land which had been taken away from them.

When the GOH once again decided to seize the land for the creation of the CIP, it claimed that the land belonged to the state. Yet, the Action Plan for the Compensation of the People Impacted by the Caracol Industrial Park in the Northern Region (Action Plan) clearly acknowledged that 3 individuals had titles to the land; 72 were 'fermiers de l'état' with legal rights to use the land, and those remaining had a variety of land rights widely recognized by local communities.²

There is no verified account of how much land the Haitian Government owns, a fact which itself suggests that the government is unsure of the extent of its holdings. Various governments have used opaque land transactions to further their political agenda, at times confiscating from communities that have no recourse, except to wait and quietly repossess their land once that government is no longer in power. To protect their assets, these communities have remained 'andeyò' (outside) the legal system, not only to stay under the radar of predatory government machineries, but also to avoid the prohibitive cost and requirements of registering titles or paying property taxes out of the limited resources of Haitian smallholder farmers who receive little to no support from the government.

According to Haitian law, citizens who rent private land have "a preemptive right to acquire" it after 5 years if they formally register with the government.³ Yet even the Action Plan supports the contention that effectuating legal ownership of land in Haiti is a highly problematic process, which encourages the customary practices used by the majority of Haitians.

As importantly, very little accurate, official data exists on land ownership in Haiti. Only 5% of land in Haiti is formally mapped and titled. This fact alone indicates that the vast majority of Haitian land is governed customarily or informally.⁴

The impact of this situation on post-earthquake reconstruction has been significant. As the US Government Accountability Office, noted in a June 2013 report:

According to State and USAID officials, USAID faced difficulties trying to secure proper land title ... USAID spent a substantial amount of time trying to secure clear title to private and government-owned land but was able to acquire only one site through private owners because of difficulties in confirming legitimate ownership ... Additionally, land titling issues arose with government-owned land. For example, although USAID officials reported that the agency had conducted due diligence and approved 15 potential housing sites in November 2010, USAID later found that the secure land titles for some of these sites could not be confirmed due to unclear or disputed ownership, and thus reduced the number of site options and further delayed site selection."

The Haitian Government reportedly used a March 2010 decree to claim that the land at Caracol belonged to the state, then took it without giving so much as a warning to the farmers who relied on it for their livelihoods. The communities were not consulted as to the type of development policies and projects that would best meet their needs, and the decision to allocate their land to an export-focused project was made without and despite them.

According to the communities, the government did not begin talking to them until after the land was taken. Despite land being appropriated in January 2011, a plan to compensate the displaced families was not signed until eight months later. The first payments made in December 2011 were intended to compensate for the lost harvest that year.

Philomise Pierre explained, *"I had half a hectare (1.2 acres) of land. I had peppers; I had papaya; I had mango trees. I had all kinds of things there. I had a lot of things growing on my land: corn, manioc, black beans, etc. When (the representative of the Government) came here, he came to all the farmers and made them believe a bunch of things about their land. He said we would receive a sum of money that even when our children had children, it would be more than they needed. That's what he said. They pressured us, too. We gave the land because they required us to give it, but said we would make a profit. Now for my half of a hectare (1.2 acres) they gave me 47,630 gourdes (\$1,190 US)."*¹⁵

Pierre Vincent shared a similar story: *"I had half a carreau (1.6 acres) where I planted all kinds of fruits. I had grapefruit, sweet oranges, mangoes – everything – I had all kinds of fruits there. In fact, it was pigeon beans that I harvested and sold in Okap (Cap-Haitien) so I could send my children to school. But now, everyone is just sitting and waiting. We are empty. We have nothing to do for ourselves."*¹⁶

The land was to house a new industrial park, the flagship of Haiti's reconstruction after the devastating January 2010 earthquake. Highly touted as the potential site of 65,000 new jobs, the project also included housing for workers. With an estimated 1.5 million people left homeless in the quake-affected area, the prospect of jobs with homes made the proposal particularly appealing.

From the beginning, the CIP project has been driven by international donors. Nearly \$500 million US has been committed,⁷ including approximately \$280 million from the US Government. The remainder includes IDB funds and an investment from Korean-based clothing manufacturer SAE-A, both of which are thought to be strongly influenced by US decision-makers.⁸ Caracol is the single biggest project in the IDB's Haiti portfolio.⁹

As funds began to flow for the industrial park at Caracol, internally displaced people living under horrific conditions in tent camps continued to await relocation. This housing crisis was complicated by the fact that many land and home owners lack proper documentation for their property. Even when non-governmental organizations (NGOs) had funding to build housing or repair existing homes, it proved nearly impossible to build temporary or permanent housing where there was no land title. Even in situations where families owned the land where their homes sat damaged or collapsed, no work could begin until proof of ownership was verified.

Meanwhile, Haiti's Minister of Finance, with the support of international donors, particularly the United States and the IDB, selected a location in the north for the industrial park. Two hundred miles from the epicenter of the earthquake, a five-hour bus ride from Port-au-Prince, the industrial park would be built at Caracol-Chambert.

The industrial park would be built on fertile food-producing land in the midst of a complex and fragile ecosystem that includes endangered species, a critical watershed in the Bay of Caracol, northeast Haiti, recently designated as Haiti's first Marine Protected Area – all this despite the existence of other sites where an industrial park could have been built without jeopardizing the environment and violating the rights of poor and vulnerable communities.

The 5-year anniversary of the earthquake is a critical opportunity to examine reconstruction efforts thus far. Although this report presents a strong critique of post-earthquake development priorities and the CIP as the flagship of these efforts, it also offers recommendations that can improve existing projects while ensuring that lessons learned and best practices guide future development interventions in Haiti.

Marie Marthe Rocksaint is a smallholder farmer and mother of two, who was forced to leave her land when construction of the Caracol Industrial Park started. Hers was one of 366 families that lost their land when the industrial park was given the go-ahead.

"I had farmed my land for twenty-two years, but was made to leave without any compensation. Afterwards, the government sent investigators who were asking for all kinds of information from us but they never told us how much compensation they were going to give us. There were no negotiations, we were told to accept the compensation that was offered. We thought the park was going to benefit us. First they promised us land, then housing, then all we got was a small amount of compensation."



The 2010 Earthquake and the Promise to “Build Back Better”

On January 12, 2010, a 7.0 earthquake hit the town of Léogâne, just west of Haiti's capital. The earthquake was one of the worst natural catastrophes in modern history.¹⁰ Eighty percent of the buildings in the capital city of Port-au-Prince collapsed. The confluence of overpopulation and anarchic building practices led to a death toll estimated at between 230,000 and 316,000, more lives lost than in the 2004 Indian Ocean tsunami.

Roughly 3 million people were directly affected by the disaster, and 1.5 million left homeless. Families stayed where they slept the night of January 12th, creating tent cities and camps of internally displaced people throughout the devastated capital. These overcrowded mazes of tarps became a powerful symbol of the earthquake's impact.

The international community responded with great compassion and generosity. The total economic loss was estimated at \$7.8 billion, approximately 120% of Haiti's 2009 GDP. Over \$9 billion dollars in short and long term assistance was pledged to Haiti, including \$5.4 billion¹¹ over 5 years at the March 2010 United Nations donor conference. The US government has designated \$4 billion for relief, recovery and development to Haiti since the earthquake,¹² of which \$3.1 billion has been disbursed.¹³

While some progress has been observed¹⁴, it is unclear how most of the post-earthquake financial assistance has been spent. It remains unclear which funds have been merely committed to an implementing organization, which have been transferred to implementers on the ground in Haiti, and which have actually been spent. A recent report from the Center for Policy Research refers to US Government aid to Haiti as a virtual 'black box.'¹⁵

In June 2013, the US Government Accountability Office (GAO), the Congressional agency that investigates spending by the federal government, reviewed how funds from the US Agency for International Development (USAID) had been used in Haiti. USAID was the principle agency tasked with implementing post-earthquake projects in Haiti for the US, allocating \$267 of its \$651 million Haiti supplemental appropriations to support the establishment of the Caracol Industrial Park (CIP). The GAO itself characterized the Caracol project as having “mixed results.”¹⁶

Of the funding channeled through USAID, \$59 million was allocated for permanent housing. The GAO report found that USAID had severely underestimated the costs involved, subsequently increasing its budget for permanent housing by almost 60%, to \$97.3 million.¹⁷ The original goal had been to build 15,000 permanent homes with the capacity to house 95,000 of the 1.5 million people left homeless after the quake.¹⁸ But by the time the GAO evaluated USAID's work in 2013, the projected number of houses had been reduced by more than 80%.¹⁹ The majority of these houses were connected to the CIP, thousands of miles away from the area most impacted by the 2010 earthquake. And in October 2014, news reports revealed that 750 of them were of such poor quality that an additional \$4.5 million was awarded through a no-bid contract to repair them.²⁰

The movement of huge numbers of people to the countryside in the immediate aftermath of the earthquake provided an opportunity to accomplish the much-needed decongestion of Port-au-Prince while creating secondary population centers throughout the country. During a meeting of over 60 Haitian and international NGOs only three weeks after the quake, participants urged that some of the earthquake aid be distributed in secondary cities outside the capital to encourage people to stay there instead of flocking back to ground zero.²¹ But accomplishing this without harming existing rural communities would require a careful, participatory process to identify their needs. The goal of such a process would be development and investment initiatives that enhance food security and create jobs without harming existing rural communities that rely on the land.

Rather than seize on this opportunity, aid followed a typical disaster relief pattern: short-term emergency aid was characterized by inadequate coordination between actors and very little consultation with communities. Although housing was an urgent priority, initiatives to provide it were not given adequate resources. Internally displaced people were left in parking lots, construction yards and other open spaces for years, effectively abandoned by the GOH. Today, approximately 100,000 still live in camps,²² while there are concerns that the majority of people who have been relocated through vouchers have not found permanent housing.²³

Whereas the international community dubbed their reconstruction efforts “building back better,” Haitian President Martelly and his administration had another mantra: “open for business,” reflecting a development strategy based on the expansion of tourism and manufacturing, with an emphasis on foreign investment. The land grab at Caracol would become a symbol of the Haitian Government's efforts to implement this strategy in the wake of the earthquake.

Land at the Center


In Haiti, land is an essential asset for millions of rural women and men who depend on it for food and livelihood. Land is their place to build a home and raise a family, a source of cultural identity and social connection, and a tool for political participation. The Haitian people call their land 'kòd lonbrik' or 'umbilical cord' to describe the indispensable resource that it represents to them.

The importance of land in Haiti is hard to overstate. After independence was won in 1804, Haitians worked to re-establish agriculture throughout the country. For many Haitians, owning the land they worked was a symbol of their hard-won freedom. In the end, Haiti's agricultural land was divided into small farming plots that diminished in size as each subsequent generation inherited land from their parents.

Haiti is a small and mountainous country, with a land surface of just 27,750 square kilometers, about the size of the state of Maryland. More than half of the land has slopes with grades exceeding 40%. When the revolution ended in 1804 there were already more farmers than the available flat fertile farmland could sustain. As time passed and the number of farmers grew, the steep hillsides were the only place to go. The soil in these nearly vertical garden plots was particularly vulnerable to erosion.

Jean Jocelyn, a 38-year-old farmer works a small plot of land just outside the town of Limonade, next to Caracol where the industrial park is located. He grows oranges, bananas and manioc (pictured) to feed his family and generate a small income when sold at the local market. Black beans, corn and peanuts are also common crops grown by farmers in the rich soil in and around Caracol.





Sixty percent²⁴ of the Haitian population depends on agriculture for food security and livelihoods. In rural areas, the figures are even higher, with 75% of economic activity coming from agriculture. At the same time, rural communities are among the poorest in Haiti²⁵ – fully 75% of the rural population lives below the poverty level,²⁶ and the poorest among them are female heads of household and landless people.²⁷ Women are particularly vulnerable as bearers of primary responsibility for feeding their families and attending to their needs, all while earning less than their male counterparts for the same type of work.²⁸

According to Haiti's National Agricultural Investment Plan, published in May 2010, agriculture represents the principal economic activity in rural areas. As a sector, agriculture produces 22.4% of the country's GDP, yet basic services are practically non-existent in rural areas. Only 10% of rural Haitians have access to electricity and 8% to clean drinking water.²⁹ In 2009 the World Bank claimed that nearly 67% of Haiti was agricultural land.³⁰ Still, as a mountainous country devastated by deforestation and at high risk of environmental disasters, including a five month long hurricane season, arable land is a rare and highly valued commodity in Haiti.³¹ According to the Haitian National Agricultural Investment Plan, only about 7,700 km² (29%) of the land has exploitable potential. Demographic pressures and climate change, among other factors, are driving farmers to cultivate marginal land currently unfit for agricultural production, especially yearlong farming.³² When land on steep hillsides is cleared for agricultural use, the rich layers of topsoil are vulnerable to erosion. For the last hundred years, Haiti's most fertile soil has literally been washing out to sea. In addition to the steep mountainous land, Haiti's population pressure means that land is almost never left unplanted to renew itself. The nutrients that make the soil rich are never replenished resulting in diminished harvests.

"Economic data has shown that a 1% rise in agricultural per-capita GDP reduces poverty five times more than a 1% increase in GDP in other sectors, especially amongst the poorest people. Ensuring that women and men smallholder farmers, pastoralists and fisher folk have secure rights over land and natural resources is therefore essential to combatting poverty and hunger, to upholding people's social, economic and cultural rights, and to ensuring they can live life with dignity." ³³

UNITED NATIONS ENVIRONMENT PROGRAMME NEWS CENTER JUNE 4, 2013

Low levels of rainfall combined with unfavorable socioeconomic conditions have led to reduced crop production in the Southern peninsula, the Central Plateau, the North and the North-East. Poor households in the most affected areas could experience a deterioration in their food security situation through March 2015.³⁴

USAID FOOD ASSISTANCE FACT SHEET, DECEMBER 18, 2014

Nearly 5 years after the 2010 earthquake, Haiti ranks 10th from the bottom in food security among 129 countries around the world³⁵ and is constantly on the brink of a food crisis.³⁶ The last five years have placed the country on a roller coaster ride of food insecurity, with a series of hurricanes and a long drought. The donor community and the Government of Haiti rightly intervened to stabilize food prices on the local market, and the country saw an increase in agricultural production in 2013. Yet, in 2014, the country faced an unprecedented drought, and the Northeast region where the CIP is located saw a 60-80% decrease in its agricultural production.³⁷ The prognosis for Haiti is grim, especially if farmers experience further losses in the first quarter of 2015.³⁸

While land is fundamental to the livelihood of the majority of Haiti's families, community and individual land rights are extremely vulnerable. Haiti's constitution provides for the protection of land rights and the country has ratified the International Covenant on Economic, Social and Cultural Rights (ICESCR), which includes protections for the right to food, land and livelihood.³⁹ Unfortunately, neither of these legal vehicles have effective enforcement mechanisms. In fact, for the last century Haiti's economic development has been predicated on the erosion of land rights for the vast agrarian majority.

One of the major turning points in the history of land rights in Haiti was the US military occupation of the country from 1915-1934. Whereas land ownership had been restricted to Haitians only, the US drafted a new Constitution for Haiti and suspended the legislature when they refused to ratify it. Haiti's eleven regional centers were subsequently replaced with one political and economic center: Port-au-Prince. By the 1920s, American firms were buying land from the Haitian Government for agribusiness enterprises. Thousands of smallholder farmers were displaced as vast tracts of land were deforested to make way for production of sugar and other export crops.⁴⁰

In the 1970s Haiti fell prey to the next big trend in economic development: the establishment of export processing zones (EPZs). By the mid-1980s, Haiti had dozens of EPZs and at least two hundred and forty multinationals operating in the country. The factories were established in and around Port-au-Prince. A short-lived boom at its height, the industry employed as many as 80,000 women, most assembling t-shirts and underwear.⁴¹ However, total employment levels were always modest, and agriculture remained the main source of livelihoods. In fact, the t-shirt sector has never employed more than 100,000 people, far less than agriculture even today.

When the Duvalier dictatorship ended in 1986, after a brutal period spanning nearly thirty years, the era of large-scale agribusiness ended with it. According to community leaders, in places like Caracol the unrest that occurred during the rebellion to unseat Duvalier gave local farmers a chance to reclaim land that had been lost in previous decades through unfair expropriation practices or outright political violence and repression.

Shortly after the fall of Duvalier, Haiti was pressured by the international donor community into following a structural adjustment program (SAP), ostensibly to strengthen the economy. Haitians referred to the SAP as "plan la mort" – "The Death Plan." It was a package of economic austerity measures similar to those being implemented in most developing countries at the time, including the privatization of state-owned enterprises, the reduction of protections for national production, the elimination of tariffs on food imports, and public sector downsizing, including slashing spending on social services.

The elimination of market protection for locally-produced food combined with the abrupt opening of the economy to food imports, led to foreign produce flooding the market. This development marked the beginning of the end for the Haitian rice industry while taking a significant toll on smallholder agriculture. As smallholders watched their livelihoods evaporate, they faced diminishing harvests as a result of environmental degradation.

Building on a trend that began with the establishment of Haiti's first factories in the 1970s, the country saw an unprecedented expansion of shantytowns and impoverished inner city neighborhoods in and around Port-au-Prince. This rural to urban migration was fueled above all by an economic development model that failed to provide incentives for people to stay in rural areas. This model set the stage for Haiti's capital – originally built to house 100,000 people – to swell to nearly three million.

Flagship of the Reconstruction: The Caracol Industrial Park

The Caracol Industrial Park consists of multiple large metal buildings at various stages of construction sitting on 608 acres of farmland, much of which is now covered in concrete. According to the Haitian government and international donors, these buildings will soon house industrial equipment and thousands of workers.⁴² Salaries from newly created jobs at the park are supposed to inject millions of dollars into the local economy,⁴³ providing more than 100,000 local people with electricity,⁴⁴ and prompting the growth of a thriving northern industrial corridor.

According to GOH sources, the Caracol site was chosen because of its proximity to the US (less than 700 miles to the north), the Dominican Republic (just 43 miles to the east), and the Trou du Nord River, critical for the absorption of a large volume of treated water from the factories at the CIP. But an IDB-commissioned feasibility study, conducted by Koios Associates⁴⁵ found that the CIP site was “likely [to] cause significant negative environmental and associated social impacts, or have profound implications affecting natural resources.” In the end, the site was chosen before a comprehensive Environmental and Social Impact Assessment was carried out per the IDB’s own procedures, leading the US representative on the Board of the IDB to abstain from the vote to fund its construction.⁴⁶

ONE OF THE BUILDINGS AT THE CARACOL INDUSTRIAL PARK. PRIOR TO CONSTRUCTION OF THE PARK, THE US STATE DEPARTMENT SAID THAT IT WOULD PROVIDE UP TO 65,000 JOBS BY 2020. TO DATE, ONLY 4,500 LOW-PAYING JOBS HAVE BEEN CREATED, AND DESPITE CONTINUOUS INVESTMENT IN THE CIP, CURRENT PROJECTIONS ANTICIPATE AS FEW AS 6,800 JOBS BY 2018.⁴⁷



The Koios feasibility study called the Caracol Bay “unique, productive, and precious,” stating that even if all regulations were followed, the construction of the CIP “could endanger this ecosystem.”⁴⁸ Furthermore, the study determined that “the site investigation and screening was not accompanied by any detailed environmental, hydrological or topographical research,” and stated that “all drainage from the industrial park areas planned development around the park will eventually flow into the Bay of Caracol... [which] could put the ecosystem at risk.” A 2013 IDB Environmental and Social Management Report (ESMR) confirmed these dangers, highlighting key risks of the CIP, including:

Deterioration of the water quality in the Trou du Nord River and Massacre Transboundary Aquifer resulting from the discharge of treated wastewater effluent from the [CIP] tenants; reduced water availability in the Trou du Nord River and Massacre Transboundary Aquifer from the provision of water supply of the operation; and the potential for significant conversion or degradation of critical natural habitat (CNH), which includes the coral reefs, mangroves and sea grass beds in the Trou du Nord estuary and Caracol Bay and which have been proposed as a protected area.

A review of the available reports suggests not only that construction of the CIP and its adjacent port would have “negative impacts on livelihoods in surrounding communities,” but would also disturb the habitat of local animals, potentially causing the extinction of critically endangered species such as the black jewfish and leatherback turtle.⁴⁹ In addition, the power plant built to support the CIP burns fuel oil that is 2-3% sulphur, one of the most heavily polluting types of power generation in the world.⁵⁰

The CIP is located in the middle of the Trou du Nord, an important watershed for local communities. The Koios report fails to evaluate the capacity of the watershed to meet the needs of the industrial park and avoid the intrusion of salt water. The construction of the CIP increases the pressure on already scarce resources, intensifying water related health risks.⁵¹ In light of these and other concerns, the Koios report advised the GOH to consider canceling or moving the project.⁵²

Some communities near Caracol have noted a marked decline in their water resources since the park opened. During a community meeting in Roche Plate, residents complained that too much water was being captured at the CIP in light of the 2014 drought. Without adequate tree cover in the region to conserve water, communities are experiencing an unprecedented persistent level of aridity. “We’ve always had droughts,” explained a resident. “But this is different.”⁵³ The Action Plan for Compensation calls for mitigation measures to address the impact of the CIP on community water access, but it is not clear whether these measures have been implemented. The communities report that to date, they have not found an interlocutor to discuss their concerns, either at the CIP or the National Society of Industrial Parks (SONAPI), the government agency responsible for managing the CIP.

The CIP has also led to an overall increase in solid waste and pressure on public services to accommodate a larger population.⁵⁴ Housing prices have skyrocketed, with homes that rented for US \$32-55 before the construction of the CIP, now costing US \$215 a month.⁵⁵ The cost of land in Caracol has skyrocketed over the last few years as well, and a hectare of land currently costs at least \$8,000 by most accounts.

“Where they have chosen to place the park is almost criminal. They’ve prioritized what the United States needs, but not what Haitians need to produce and feed themselves.”

**DOUDOU PIERRE FESTIL, COMMUNITY LEADER,
EXECUTIVE DIRECTOR OF MOUVEMAN PEYIZAN ACUL AND JE NAN JE**

"They didn't come to accompany the people, they came to take what they had away. They can't put a number on what the land was able to produce and give to us. In Haiti, we do poly-culture – we plant beans, sugar cane, fruits (mangos, avocados), cassava. They need to take into account all that the people have lost (because of the CIP) and the impact on their nutrition. This has created more dependency on the food coming from the Dominican Republic (DR), which means that when there are issues of access to DR, we have no food. The entire northern region has lost."

JACQUES DUMERGER, CASEK, WOUKOU

Yet, according to communities, the biggest injustice related to the creation of the park is the taking of prime agricultural land from poor and vulnerable smallholder farmers, who have lost a source of food and livelihoods they relied on for decades.

The Unité Technique d'Exécution of Haiti's Finance Ministry (UTE) has said that families were compensated for lost harvests in the amount of 20,341,950 gourdes (US \$432,228) in 2011; 22,611,391.30 gourdes (US \$480,449) in 2012; and 24,282,570.08 gourdes (US \$515,559) for the third year of lost harvests in 2013. Between 366 and 411 families were compensated,⁵⁶ bringing the average payment per family to approximately US \$1180 in 2011; \$1312 in 2012, and \$1408 in 2013 for lost harvests. Families were compensated based on the size of their land, lost infrastructure (homes, irrigation systems, etc.), and their level of vulnerability (age, size and status of the family, etc.).⁵⁷

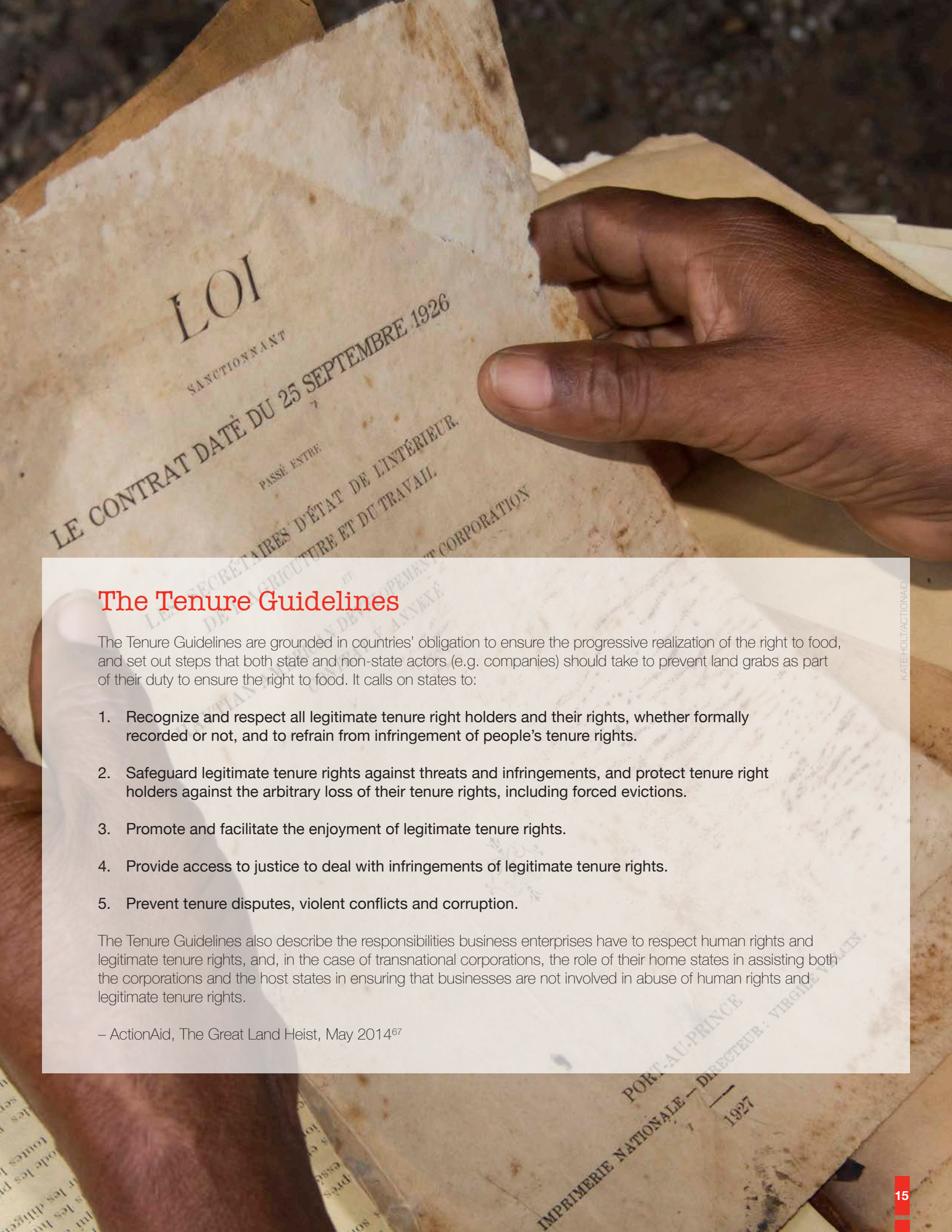
The Action Plan for the Compensation of the People Impacted by the Caracol Industrial Park in the Northern Region (Action Plan), estimated net revenue per hectare per year at approximately US \$1450.⁵⁸ On the assumption that communities consumed about 30% of what they produced, the Action Plan recommended compensation in the amount of US \$1000 per hectare to mitigate the impact of the food deficit families face due to the loss of their agricultural land. The Action Plan acknowledges that these were conservative numbers, based on agricultural production captured in 2010 only.⁵⁹ But in the words of local farmer Jacques Dumerger, *"They can't really put a number on what the land was able to produce and provide to us."*

In fact, a plan to compensate those who had lost their land had been designed. Annex 13 of the Action Plan shows that all 366 smallholder farmers who had lost their land chose 'land' as their preferred form of compensation. However, only 11 families received a letter of credit and the necessary administrative support to purchase land.⁶⁰ According to the GOH, a series of difficulties have prevented it from finding land for the impacted communities. Indeed, according to community accounts, the land the government was contemplating giving them was itself held under customary practices by communities who rely on it for food and livelihoods. After numerous meetings, the two communities decided to avoid creating additional land conflicts in the area, and the communities who lost land to the CIP asked the GOH to find uncontested land to compensate them.⁶¹

As of December 2014, none of the impacted families had received the homes they were promised. The GOH has stated that only 5 families will receive a home in 2015 as part of their compensation⁶² – yet, the Compensation Plan identified 51 families to receive housing.⁶³ Another 14 individuals over the age of 65 are receiving a pension from the state,⁶⁴ although the GOH has acknowledged ongoing difficulties with the pension plan, as payments to the recipients have not yet been automated.⁶⁵

Although the CIP was well funded overall, insufficient money was allocated to compensate the displaced farmers. The amount farmers were ultimately awarded did not restore the families to the standard of living they had before the land was taken away, and did not, for the vast majority, provide land in exchange for the land that had been taken. In this sense, the limited compensation provided means that the CIP falls far short of the basic standard of 'do no harm.' Without their land, families can't produce enough food to meet basic nutritional and other needs.

The lack of transparency, the lack of consent by the communities, and the violations of human rights to food and livelihood reflected in the CIP project demonstrate the need for the Government of Haiti, and the US Government, to strengthen their adherence to the Voluntary Guidelines on the Responsible Governance of Land, Forests and Fisheries in the Context of National Food Security. Both governments have endorsed the Tenure Guidelines, which call on states to respect and protect the legitimate tenure rights of communities to guarantee their food security.⁶⁶



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AGRICULTURE ET DU TRAVAIL

The Tenure Guidelines

The Tenure Guidelines are grounded in countries' obligation to ensure the progressive realization of the right to food, and set out steps that both state and non-state actors (e.g. companies) should take to prevent land grabs as part of their duty to ensure the right to food. It calls on states to:

1. Recognize and respect all legitimate tenure right holders and their rights, whether formally recorded or not, and to refrain from infringement of people's tenure rights.
2. Safeguard legitimate tenure rights against threats and infringements, and protect tenure right holders against the arbitrary loss of their tenure rights, including forced evictions.
3. Promote and facilitate the enjoyment of legitimate tenure rights.
4. Provide access to justice to deal with infringements of legitimate tenure rights.
5. Prevent tenure disputes, violent conflicts and corruption.

The Tenure Guidelines also describe the responsibilities business enterprises have to respect human rights and legitimate tenure rights, and, in the case of transnational corporations, the role of their home states in assisting both the corporations and the host states in ensuring that businesses are not involved in abuse of human rights and legitimate tenure rights.

– ActionAid, The Great Land Heist, May 2014⁶⁷

Positive impacts of the park

Despite a large number of families losing their land when the park was built, some community members from the Caracol region noted that the park has had some positive impacts.

Magistrate Lamour of Caracol explained, “Caracol was almost forgotten in the country. Now we are known to the world.” The CIP made this small region in the north a center of post-earthquake activity. Despite the environmental problems described above, the power plant built by USAID to accompany the park has brought electricity to communities that have never had it before. Electricity has made it possible for some entrepreneurs to launch new businesses. It should be noted, however, that in late 2014, road access to the Dominican Republic was cut for approximately 10 days as communities protested the lack of electricity from the CIP power plant to other areas, notably Fort Liberté, near Ouanaminthe. After days of protest, which included the deaths of at least 3 people (including a young child), and severe disruptions to trade with the Dominican Republic, the GOH and donors finally agreed to provide electricity to the area.⁶⁸

Jobs are the most obvious and important benefit of the CIP. Before the industrial park opened, most adults in the community worked full-time in agriculture, outside the safety net of formal employment. Analysis of the region's economy has often downplayed the importance of these informal jobs and the livelihoods they represent. But in fact, according to the UN Food and Agriculture Organization (FAO) smallholder farmers around the world manage over 500 million family farms of 2 hectares or less, and produce more than 80 percent of the world's food in value terms.⁶⁹ But despite the relative productivity of the land itself (and in great part due to a lack of public support for small-scale agriculture), the Caracol region is still one of Haiti's poorest. There is no question that communities could benefit from access to new jobs.

Unfortunately, employment at the CIP is mainly limited to women in their twenties and thirties.⁷⁰ Nearly all of the displaced farmers (with an average age of 53) are viewed as unqualified for these new jobs. In a recent report, women's rights organization Gender Action examined the quality of jobs at the park, citing low wages and abusive working conditions.⁷¹ Furthermore, despite claims that the industrial park could eventually accommodate 65,000 employees, after two years in operation there are only 4,500. And even these jobs are only made possible by the extensive incentives that were offered to corporations that have signed contracts to operate at the CIP. The construction of a port, at one point considered necessary to the park's success, has been scrapped. This development is worrisome to the CIP's future prospects, although it is better for the surrounding environment.

Under trade policies enacted by the US Government, most products manufactured in Haiti benefit from duty free entry into the US markets.⁷² In addition to granting duty-free market access to the USA, US policies also allow foreign manufacturers to use the North American Free Trade Agreement (NAFTA), the Central American Free Trade Agreement (CAFTA) and other trade preferences to produce in Haiti and be competitive in the US market.



A child enters Lekol S&H, the school built by SAE-A at the Caracol Industrial Park. Community members have acknowledged the benefit of the school to families living in the area.

SAE-A, a major Korean textile manufacturer, was the anchor corporation at the CIP. Its wholly owned Haitian subsidiary, S&H Global, produces garments for major retailers including Target, Walmart, Kohl's and Old Navy.⁷³ SAE-A negotiated additional benefits in return for a promise of more jobs, although it is important to note that 65,000 jobs were never the company's official goal. That number came from consultants working for the IDB, whose calculations were based only on how many workers could be accommodated given the size of the facility being built.⁷⁴

SAE-A's pledge to invest \$78 million to “develop operations in the Park” is not binding, and has already been publicly halved to \$39.3 million. In return for this commitment, SAE-A received a minimum fifteen-year tax holiday and four years rent-free at its factory facilities.⁷⁵

SAE-A also pledged to build a school, which was completed in March 2014.⁷⁶ Community members have acknowledged the benefit of the school to families living in the area.

In addition to S&H Global, the CIP currently houses the following corporations:

- S&H Global, SAE-A's wholly owned Haitian subsidiary;
- Peinture Caraïbes, a Haitian affiliate of Sherwin Williams, a US paint manufacturer;
- SAFI Apparel, a manufacturer of uniforms, operating in Bermuda and the US and currently in the process of incorporating in Haiti;
- Sisal Co, related to Haitian company Peinture Caraïbes, which has just begun operations to produce sisal in the area;
- Ub Fragrances, producing perfume for the local market; and
- Coles Group, the most recent tenant at the CIP, is a Haitian company that signed at the end of 2014; it will manufacture clothing for Hanes.⁷⁷

Most of the workers at the CIP are being paid between 225 and 300 gourdes a day (approximately US \$4.80 to \$6.87) before taxes.⁷⁸ The wages, which were purported by backers of the CIP to potentially inject millions of dollars into the local economy, are in fact insufficient to buy basic necessities for a single worker given that Haiti's daily food basket (consisting of rice, corn, wheat flour, beans, oil and salt, but not vegetables or meat) has fluctuated between 437 and 939 gourdes (US \$10 - \$20) per person per day over the last two years,⁷⁹ with the northern region tending to be more expensive than most other parts of the country.⁸⁰ This amount represents two to four times the daily wage before taxes of a CIP worker, most of whom are young women with dependents at home. In comparison, Americans spend only about 10% on average of their after-tax incomes on food of all kinds, including restaurant meals and prepackaged foods.⁸¹

Employees at the CIP typically leave their home before dawn and return at 6pm, enduring working conditions that can be described as difficult at best. While SAE-A promised to employ its workers for the Haitian minimum wage of 200 gourdes (approximately US \$5) per day plus bonuses when it first opened in October 2012, workers began at US \$3.75 per day with no wage increase even after the \$5 Haitian minimum wage law for factory workers took effect. Several recent investigations have reported widespread violations of human rights and labor rights at the CIP since its opening.⁸² And even the legal minimum wage is a far cry from the US \$11 a day a worker needs to eat daily, let alone feed a family and attend to other basic needs.

Housing for families displaced by the 2010 earthquake and other vulnerable households was included in the Caracol project; however the construction of many of these houses was not up to the high standard promised by USAID.⁸³ In fact, USAID has contracted a US-based firm to follow up on an independent assessment made in August 2014 that found problems in the current construction including structural problems and issues with drainage and roofing materials.⁸⁴ According to Jake Johnston at the Center for Economic and Policy Research, "with the \$4.5 million just in construction management costs, the average cost per house will increase another 20 percent, to \$39,000, more than four times the original estimate."⁸⁵



Houses built for workers at the Caracol Industrial Park. USAID has contracted a US-based firm to address problems with many of the houses following reports that they were below the standard promised.

Etienne Robert is a 72 year old father of four. Unlike many of the 366 families that lost land when the Caracol Industrial Park was built, he owned his land since 1986, rather than renting from the state.

He owned a plot of land in Caracol, where he used to grow food, that has been split in two by the park's walls.

"It was very fertile soil. I was able to grow corn, peanuts and black beans, and got two harvests a year. Now I have to buy food imported from the Dominican Republic which is much more expensive. Before corn was 4-5 gourdes per kilo, now it's 100".



Conclusion

The earthquake that hit Haiti in 2010 was devastating, and the international community responded with great generosity to the vast destruction left in its wake. The funds pledged for Haiti's reconstruction and recovery should have been enough to "build back better" as everyone hoped. Yet, at a moment that called for innovation, the flagship project of the reconstruction, receiving a large percentage of US relief funding, represented the continuation and expansion of an existing, failed development model.

To date, the issue of compensation for the families displaced for the construction of the CIP has not been resolved. The Executive Director of UTE, Michael de Landsheer, has claimed that the majority of the farmers asked for financial compensation. However, during community meetings and individual interviews, farmers told ActionAid that they overwhelmingly requested land as compensation for the land they had lost. According to de Landsheer, people in the affected area were given several options and were compensated for three lost harvests. Some chose to receive a house while others found land in the area and received financing from the UTE.⁸⁶

In any case, as we approach the fourth anniversary of the land grab, the displaced families report that they have not received adequate compensation for what they lost. As one community member explained: "They can't put a number on what the land was able to provide and give to us."⁸⁷

In Caracol and throughout Haiti, families depend on the land for their livelihood. They grow the food they eat, and the produce they sell covers other expenses including health care, school tuition, and clothing. Without a formal process of land tenure reform, Haitians will continue to have a precarious hold on the resource that is most essential to meeting their basic needs and exercising their human rights to shelter, food, water and livelihood.

In a country struggling to feed itself, in a region two hundred miles from the epicenter of the earthquake, international donors and Haitian authorities chose to pursue a project that paved over fertile farmland to create a few thousand low-income jobs. If Haiti and its international allies do not improve the ability of all Haitians to securely access and control the use of the land they depend on, the land rights issue will continue to undermine efforts to build back better and achieve just and equitable development for the people of Haiti.

Recommendations

The Caracol Industrial Park was envisioned as a model project that could be replicated in other parts of Haiti. It has been four years since land was appropriated to build the park, and as this report details, the results have been mixed at best. The Caracol Park presents an opportunity to learn from what went wrong, and improve on it as a model of development.

ActionAid has three overarching recommendations for the Caracol project and US Government aid to Haiti:

1. The families displaced by the CIP land grab must be properly compensated immediately without causing additional displacements in surrounding communities.

The most immediate problem to resolve is just compensation for the families displaced by the CIP. Despite differing accounts about the compensation process, all parties are clear that the families displaced by the park are still suffering the economic impact of this loss. Every effort should be made to quickly and effectively support these families while working closely and collaboratively with all impacted communities to avoid creating land conflicts or additional land grabs in the area.

2. Aid and development funding from the US to Haiti must be more transparent and accountable to the recipients of that aid.

US aid to Haiti has been generous, but has not been spent transparently. As the US Government Accountability Office (GAO) and countless others have noted, USAID has been particularly slow to share details of funds disbursed and program activities. With the passing of the Assessing Progress in Haiti Act in 2014, Congress has taken the first step towards increased transparency and accountability for aid to Haiti, but this initiative must not stop there. Congress should remain vigilant and continue to hold USAID and other US Government agencies accountable to the requirements of the Assessing Progress in Haiti Act, including improved consultation with the communities directly affected by US development initiatives.

3. International donors, including the US, should support the Haitian Government in prioritizing agriculture and food security by recognizing, respecting and protecting the legitimate tenure rights of Haiti's rural majority.

60% of the Haitian people rely on agriculture for their food security and livelihoods. These small-scale food producers are often ill-equipped to do other jobs, and must not be abandoned. They are also the backbone of Haiti's agriculture production, which accounts for 22.4% of GDP. But their land rights must be secured if they are to contribute to Haiti's reconstruction and development. Despite the dependence of Haiti's rural population on the land for sustenance and livelihood, too few individuals hold proper title to their land. Only 5% of the land is officially registered or recorded, leaving millions of Haitians without proper recognition and protection of their land. In the case of Caracol, the seizure of the land and the lack of just compensation for those dispossessed was among the most problematic aspects of the project. The land rights of smallholder farmers must be recognized and protected to avoid negative impacts such as those experienced in Caracol.

It is imperative that the US Government work with the Government of Haiti to complete a meaningful and comprehensive land reform program through which families receive proper legal documentation of land ownership. Implementation of the TGs would help the GOH to achieve food security and land rights, while putting in place mechanisms to ensure meaningful community participation in decision-making, for a more inclusive, and sustainable development process that paves the way for sustainable investments in the future.

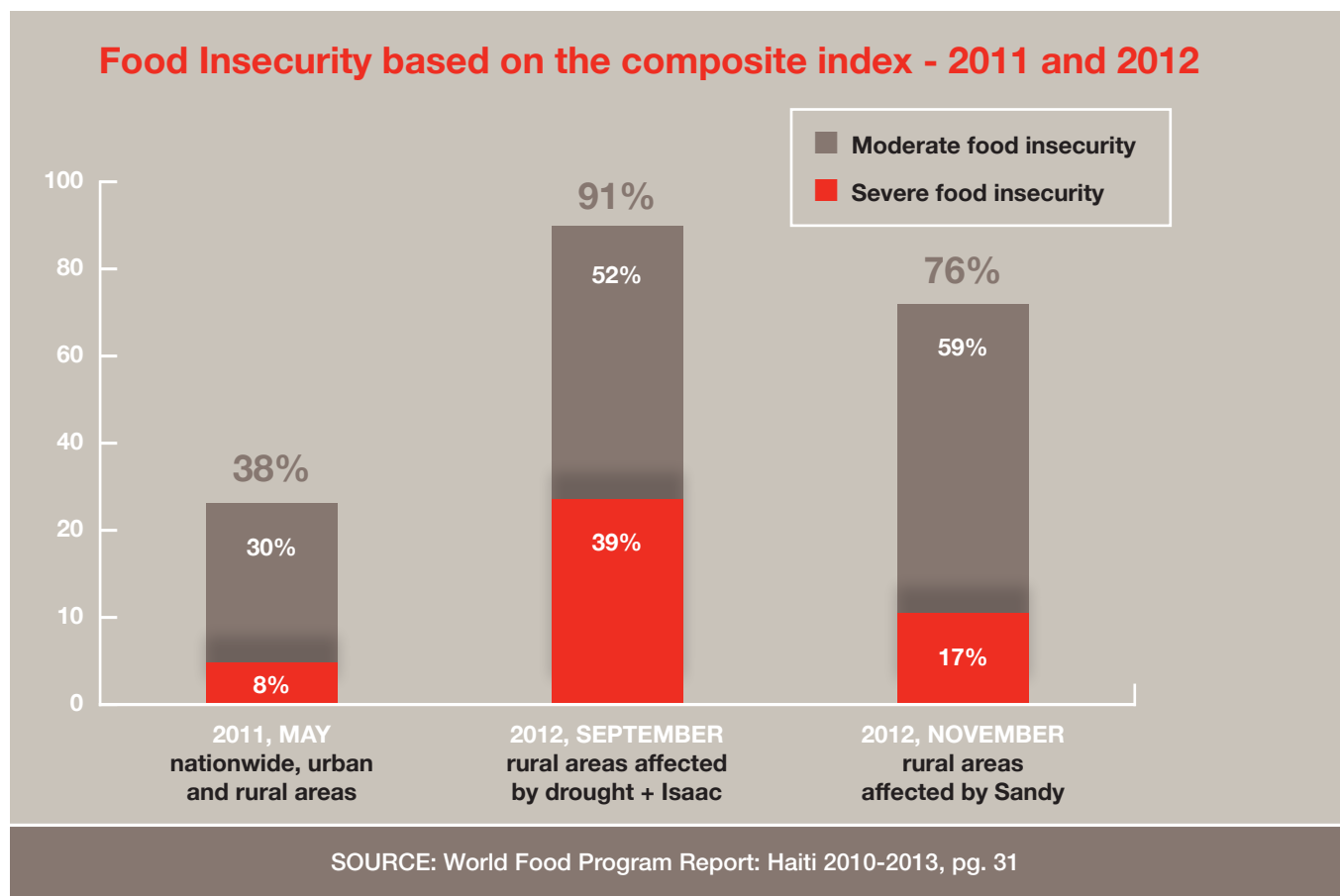
In addition, we recommend:

4. **Donors and the Haitian Government should put in place additional job creation and infrastructure projects in the Caracol region to respond to population growth and increased pressure on social services, including waste management.**
5. **The IDB, USAID and the GOH should fully implement the recommendations of the Caracol Environmental Impact Assessment.**

According to community members, water availability is diminishing in communities around the CIP. While taking steps to mitigate the negative environmental impact of the park, investments in agriculture such as irrigation systems, can create short-term employment while contributing to sustainable food production in a region where a large portion of food-producing land has been lost.

6. **USAID, the IDB and the GOH must meaningfully include local communities and authorities in decision-making.**

Ultimately, Haiti's development must be Haitian-led. Local elected officials are poised to engage with the communities they represent and facilitate projects improve the CIP's impact on the region. Any additional activities must be developed with meaningful community participation'.



Timeline of the Land Grab at Caracol

1926 - 1986	2010	2011
Land used by foreign-owned sisal and sugar plantations (HSG)	Sept. IDB consultants identify the top three sites for a proposed industrial park	Oct.-Dec. Haiti's Minister of Finance and the IDB select Caracol-Chambert as the site for the park
		Jan. 4-6 GOH begins delineating the territory and removing residents
		Jan. 11 Framework signed by GOH, IDB, US and SAE-A

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2012

2013

**May 20**

Erice AZ Consulting presents a methodology for compensating "park-affected persons"

July

UTE meets with park-affected people to obtain "validation of the amount of compensation for each affected person"

Sept. 8-9

Compensation plan signed by UTE, local elected officials and ALENAC following "validation" by the farmers

Oct. 12

Local residents demonstrate for restitution for lands taken in January 2011

June 6

Residents demonstrate for electrification, paving of roads, resolution of alleged blockage of Trou du Nord River, and respect for the minimum wage

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ActionAid is a global movement of people working together to achieve greater human rights for all and defeat poverty. We believe people in poverty have the power within them to create change for themselves, their families and communities. ActionAid is a catalyst for that change.

Website: www.actionaidusa.org
Telephone: +1 202 835 1240

ActionAid USA
1420 K Street NW, Suite 900
Washington, DC 20005

FRONT COVER:
A SIGN ADVERTISING THE CARACOL INDUSTRIAL PARK ON THE ROAD LEADING TO THE PARK ENTRANCE.
PHOTO:
MARILIA LETI/ACTIONAID

BACK COVER:
ILLUSTRATION:
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