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International Financial Institutions Increase Support to Haiti in Aftermath of Earthquake

The World Bank, International Monetary Fund (IMF) and Inter-American Development Bank (IDB) have pledged upwards of a combined US\$300 million in recovery and reconstruction funds for Haiti after an earthquake measuring more than 7.0 on the Richter scale hit the country on January 12.

The IMF on February 2 announced that its Executive Board had approved an additional \$102 million loan for the devastated country, bringing the total amount of emergency funds approved under Haiti's Extended Credit Facility to \$114 million. The loan is interest free until 2012 and repayments of principal are only due after a 5 1/2-year grace period. The financing is not subject to any additional policy conditions.

The World Bank on January 13 announced an additional assistance package of US\$100 million to Haiti and said that it will send a team of experts to the Caribbean nation to work with the Government and its international partners to assess damage and losses and plan for recovery and reconstruction. In addition, the multilateral funder has waived payments on Haiti's \$38 million debt to the World Bank for the next five years.

"Haiti's needs are massive and pressing. The international community has responded fast and has already mobilized substantial resources for the relief and recovery effort," Mr. Dominique Strauss-Kahn, Managing Director of the IMF, said on January 27. "The Fund is participating in the coordinated international effort to assess the economic impact of the earthquake, and will assist the authorities in preparing and implementing a plan for medium-term reconstruction and economic recovery. In the short-run, the Fund, together with other development partners, is providing immediate technical support to the Haitian authorities in the area of economic management," he added.

The IDB has said that more than US\$90 million of \$330 million in undisbursed funds could be quickly redirected to high-priority civil works and reconstruction projects. IDB expects to approve up to \$128 million in new grants for Haiti this year, potentially providing more resources for reconstruction. "We are working closely with other donor agencies and member nations to assist in emergency relief efforts and we stand prepared to help our member nation in its hour of need," IDB President Luis Alberto Moreno said, calling for an urgent response to the devastating natural disaster.

As the weeks pass, priorities have turned from finding survivors to providing food aid and shelter to Haitians living in devastated areas of the country, most notably the capital, Port-au-Prince. Poorly coordinated aid distribution efforts have led to sharp criticism from intended recipients and the international community at large. "We still have a significant

way to go before reaching everybody who needs food, and on the shelter side as well,” U.N. Assistant Secretary-General for Humanitarian Affairs, John Holmes, said on 2 February. “We don’t have a magic solution. Hurricanes have caused major disasters in Haiti before. It will probably be a year or two before we can get people back in proper construction,” he added.

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