Why GAO Did This Study
On January 12, 2010, an earthquake in Haiti is estimated to have caused about 230,000 deaths, resulted in 300,000 injuries, and displaced about 2 million persons. Following immediate relief efforts, Congress provided $1.14 billion for Haiti reconstruction in the Supplemental Appropriations Act, 2010. USAID, which is responsible for implementing $651 million of this amount, has allocated about $268 million of this and other funding to construct a power plant and port to support the CIP in northern Haiti and permanent housing in several locations in the Port-au-Prince, St-Marc, and Cap-Haïtien areas.

This testimony draws from GAO’s June 2013 report on Haiti reconstruction and further examines (1) USAID’s funding obligations and disbursements; (2) USAID’s progress in two CIP-related activities—a power plant and port; and (3) USAID’s progress in constructing permanent housing. For this statement, GAO updated funding information and data regarding progress, based on information from USAID and Department of State officials.

What GAO Recommends
GAO is not making new recommendations in this testimony. In its June 2013 report, GAO recommended that USAID (1) hire a port engineer to oversee port planning and construction and (2) provide timely community support mechanisms for each new settlement to help ensure the sustainability of its permanent housing program. USAID agreed with both recommendations.

What GAO Found
As of June 30, 2013, the U.S. Agency for International Development (USAID) had obligated $336 million (52 percent) and disbursed $229.5 million (35 percent) of $651 million in funding for Haiti earthquake reconstruction from the Supplemental Appropriations Act, 2010.

USAID has allocated $170.6 million to construct a power plant and port to support the newly developed Caracol Industrial Park (CIP). According to USAID documents and other studies, the CIP, power plant, and port are interdependent; each must be completed and remain viable for the others to succeed. USAID completed the first phase of the CIP power plant in time to supply the first CIP tenant with power. Port construction will begin more than 2 years later than originally planned, in part because of a lack of USAID expertise in port planning at the Haiti mission. According to current estimates of port construction costs, USAID funding will be insufficient to cover a majority of projected costs. The estimated gap of more than $117 million to $189 million is larger than initially estimated, and it is unclear whether the Haitian government will be able to find a private sector company willing to finance the remainder of the project.

USAID has reduced the targets for its permanent housing program in Haiti, to which it has allocated $97.3 million to construct a power plant and port to support the newly developed Caracol Industrial Park (CIP). According to USAID documents and other studies, the CIP, power plant, and port are interdependent; each must be completed and remain viable for the others to succeed. USAID completed the first phase of the CIP power plant in time to supply the first CIP tenant with power. Port construction will begin more than 2 years later than originally planned, in part because of a lack of USAID expertise in port planning at the Haiti mission. According to current estimates of port construction costs, USAID funding will be insufficient to cover a majority of projected costs. The estimated gap of more than $117 million to $189 million is larger than initially estimated, and it is unclear whether the Haitian government will be able to find a private sector company willing to finance the remainder of the project.

USAID is attempting to mitigate potential sustainability risks, such as affordability and community cohesion, through community development mechanisms. However, it is uncertain whether these mechanisms will fully cover all sites.