

Haiti's Mineral Fortune: Deliverance from Destitution?



June 17, 2013

Reposted from [National Geographic](#)

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Haiti — the poorest country in the Western hemisphere has been struck by natural misfortunes and malevolent foreign intervention for decades. As the first independent nation to emerge from resettled African slaves in 1804, Haiti held much promise at its inception. Yet the nascent Haitian state was beset by marginalization from its neighbors, particularly the United States. The American government did not even recognize Haiti until 1861 for fear that the slave rebellion against the French colonial masters that created the country might inspire similar upheaval in the Southern plantations. However, as America and the rest of the Hemisphere finally embraced civil rights in the twentieth century, Haiti became a major locus of interest for investment and development. During the Cold War, Western nations supported despotic elites to serve their own interests in the region but in recent years, there has been a more genuine commitment to helping Haiti climb its way out of poverty.

While foreign donors have become more supportive of Haiti's development, natural disasters have not spared the land any reprieve. Haiti lies in the path of hurricanes and its mountainous terrain is vulnerable to landslides that have been made more frequent by anthropogenic deforestation. Yet, the 2010 earthquake which struck the country's capital region was the worst calamity to strike the country in recorded history. Over 200,000 people were killed and over 1.6 million displaced in a country of just over 10 million. The aid effort was monumental but perhaps misguided. Cholera epidemics broke out due to mismanaged or negligent United Nations peace-keeping efforts and much of the aid funds did not reach

Haitian organizations. A recent estimate indicates that over 9 billion dollars in aid came into Haiti since the earthquake but 89% of the funds went to non-Haitian organizations.

With this backdrop of despair and devastation, Haiti is ready for some better news. The discovery of mineral deposits with an estimated worth at current prices of around \$20 billion has brought some cautious optimism in some quarters of the country. Yet some activists fear that the resource wealth that is currently being prospected by foreign companies will largely escape development prospects because of the country's inability to manage revenue influx as exhibited by problems with aid absorption. As the country considers its options, earlier this month, the World Bank hosted the first international conference to deliberate ways of linking mining to development under the auspices of Haiti's Council for Economic and Social Development. The conference was followed by a field tour organized by Oxfam Haiti to some of the mining regions where artisanal miners have already started to search for fortune following the trails of geologists.

As a speaker at this conference, I was tasked with comparing economic development impacts of neighboring Dominican Republic's experiences with the Pueblo Viejo mine where our research centre conducted a study a couple of years ago. Since the publication of that study, the Dominican government has renegotiated its fiscal terms with Canadian gold company Barrick (the world's largest gold producer), and highlights the importance of keeping agreements flexible according to changing price conditions. I also highlighted the importance of considering the trade-offs with tourism income potential if proper remediation and contingency measures are not considered. Haiti's only major experience with modern mining was a bauxite mine run by Reynolds Corporation which ceased operations in 1982. That mine was in the Miragoane region with minimal tourism potential (similar to some of the Jamaican bauxite mines which do not interfere with tourism activity). However, some of the newer prospects are in the north of the country where there is the highest tourist potential. Indeed, the largest private service sector investment in Haiti thus far is the Royal Caribbean's Labadee Cruise Ship resort, which I had an opportunity to visit a few years earlier on a family vacation. There are important ecological factors which should be considered before mining proceeds, and funding resources are available to Haiti through mechanisms such as the Critical Ecosystems Fund which has supported some grants in the Northern region of Haiti where mining is planned.

Prospects for development by Eurasian Minerals in partnership with US gold major Newmont appear most promising alongside another more modestly financed junior company called VCS. However, several speakers at the conference expressed concern that too much of a delay in approving permits would scare off investors and deprive Haiti of precious income that is desperately needed to rebuild the country. The national mining law which dates back to 1976 needs to be reformed to make it more aligned with current fiscal needs and international investment guidelines. At the same time the transparency of revenue flows and their direct link to development projects will need to be ensured, perhaps through efforts such as the Extractive Industries Transparency Initiative.

Mining does have much potential to move Haiti's government coffers from aid to trade but the planning process will need care and persuasion. Civil society organizations should approach the sector with cautious and constructive criticism rather than entrenched cynicism. Haitians have endured far too many failed promises and it is incumbent upon the private sector, international donors and the elected government to ensure that the country's mineral wealth is not squandered.

