

# Haiti Reconstruction: World's Largest Aid Contractor Chemonics' Misleading Response to Report "The Haitian Money Pit"

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On Friday, April 24, VICE on HBO [aired a segment entitled](#) "The Haitian Money Pit," which focuses on the impact of aid to Haiti, now over five years after the earthquake. The episode takes a critical look at the billions in relief and reconstruction pledged to Haiti, finding that much of it went to U.S.-based contractors with little reaching those most in need.

In the episode, VICE on HBO correspondent Vikram Gandhi travels to Caracol, in the north of Haiti, home to the international community's flagship reconstruction project, the Caracol Industrial Park. Gandhi visits a police station, which cost over \$2 million as well as soccer field and cultural center. As Gandhi states, "when we looked at the costs of many other projects, we noticed the same contractor kept coming up." Chemonics.

In an interview aired during the episode, I explain that Chemonics was the largest recipient of post-quake U.S. disaster relief and in fact, is one of the largest aid contractors in the world. A [topic](#) that [we have covered](#) on [this blog](#) for [years](#). In a [response to the episode](#), Chemonics claims the "segment does not provide a complete or accurate picture of Chemonics' work in Haiti over the past five years."

Chemonics continues:

As part of our USAID-funded Haiti Recovery Initiative, which ended in 2013, both the soccer field and the cultural center were designed to build a greater sense of community in the north of Haiti. Taken separately, these community projects may seem random. However, they were part of a larger strategy to stimulate growth in the region.

While this may be true, it does not address the main issue which VICE raises: that so much post-quake aid went to a community that wasn't impacted by the quake. Further, the priority for Chemonics in implementing a USAID program was to provide support to the industrial park. Chemonics also funded the public relations firm for the inauguration of the park, paid for billboards that dot the area declaring it "open for business," as well as other efforts aimed at promoting the park. This very well may be what Chemonics was asked to do by USAID, but it doesn't mean it was a good use of aid dollars.

Next, Chemonics addresses the allegation that communities were left out of the decision-making process, writing:

Both the soccer field and community center were identified as local priorities at community meetings, and Haitian leaders such as Mayor Lamour, who was interviewed for the piece, participated in kick-off meetings and signed grant agreements that included details on the projects, as well as roles and responsibilities for both Chemonics and community leaders.

Adding:

Throughout the piece, the development industry in Haiti is criticized for lack of consultation with Haitians. For Chemonics, this is incorrect on a number of levels. At every point during implementation, we prioritized using Haitian expertise, Haitian goods, and Haitian companies ... Our team of passionate Haitian staff engaged directly with a diverse array of community leaders prior to and during every activity.

But in the VICE episode, Mayor Lamour explains that what happens is that companies like Chemonics “just come and tell us they are investing in something.” Gandhi asks if the mayor would rather have had support for plumbing and running water, to which Lamour responds, “it’s true that they built a lot of things in the area, but we didn’t really need them.” Of course, Lamour and VICE are not the only ones who have denounced the lack of community involvement. In fact, USAID’s own inspector general (OIG) has [specifically called out Chemonics for just this](#) problem.

The OIG found “not all activities implemented have involved community participation in a way that guarantees sustainability.” In one especially egregious example, Chemonics:

...used contractors from Port-au-Prince to implement a number of activities in Cap-Haitien and Saint-Marc; these contractors brought their own people to do the jobs instead of hiring locals. As a result, residents saw jobs in their neighborhoods being done by outsiders, and without an understanding of the activities, they did not see how anyone local benefitted.

The OIG also found that “urban beautification” projects failed for similar reasons. The OIG writes, “The purpose of these projects was to improve public areas by installing plants and benches, as well as doing minor masonry work, and to project ‘a positive image of what role the nearby Caracol industrial park and other upcoming economic investments will play in citizens’ lives.’” Although Chemonics did do some plantings, “they died from lack of care.” Meanwhile:

According to the project’s final evaluation report, residents did not understand how the activity led to the beautification of the area nor did they associate it with the industrial park. Limonade’s mayor said the municipality could have been involved more in planning the activity to ensure its success.

Chemonics also contends that far more money makes it to Haitian organizations than what was reported in the VICE episode (one penny out of every dollar), writing:

This is not true. Since the earthquake, Chemonics alone has awarded nearly \$100 million dollars directly to Haitian organizations, in the form of grants and subcontracts, providing much-needed monetary resources, as well as

institutional strengthening and capacity building services in tandem.

It is true that far more than one penny out of every dollar goes to Haitian organizations through sub contracts and grants. In the interview, I specifically note that just one penny of every dollar goes *directly* to Haitian organizations. It is an important distinction because while USAID reports on the first layer, it is extremely difficult to obtain information at the subcontract level. As we wrote in our 2013 report, "[Breaking Open the Black Box](#)":

To truly assess where USAID funds go, and what percent is spent locally, it is vital to have information on sub-awards as well as on prime awards. Prime awardees are the contractors and grantees discussed previously that receive funds directly from USAID. They often turn around and give a contract or grant to another entity to carry out some or all of the work; this is known as a subaward. In response to growing criticism of the amount of USAID funding going to U.S.-based organizations, the agency has indicated that a much larger share goes to local organizations through subcontracts. But it isn't possible to confirm to what extent this is true given that USAID has failed to report on what organizations receive funding at the sub-award level.

It is certainly welcome that after years of stonewalling inquiries and Freedom of Information Act requests that Chemonics is now eager to discuss their funding of local organizations.

Finally, Chemonics writes:

The piece also claims that while USAID tracks how much money goes to a given contractor, it has no way to track the money beyond that point. This is false. Contractors are accountable for every penny spent on their respective projects, and USAID is closely involved in all stages of the projects, including monitoring expenditures.

Again, taking a look at previous OIG reports proves useful. A 2010 report found that USAID had not performed internal financial reviews of Chemonics despite "expending millions of dollars rapidly." Also in 2010, I asked a USAID contracting official if he could provide information on amounts going to subcontracts, he responded: "you need hard data ... and I need that hard data too."

And yet efforts to obtain greater transparency have been [met with resistance](#), as we noted in our report:

In response to inquiries, USAID has generally blocked any further disclosure. Freedom of Information Act (FOIA) requests for financial information have resulted in the release of heavily redacted documents, which exempt disclosure of any financial information as "proprietary." An Associated Press investigation into USAID spending encountered many of the same problems, reporting that "U.S. contractors, from pollsters to private development firms, told the AP that USAID had asked them not to provide any information, and referred to publicly released descriptions of their projects.

Indeed, it was Chemonics' contract with USAID that is shown in the episode, with all cost information redacted and the entire statement of work—25 pages—redacted with bright pink pages.

There is clearly more to the story of Haiti's reconstruction than what was covered in the roughly 15-minute VICE on HBO episode, but Chemonics' response is not just incomplete; it's inaccurate and misleading too.

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