

# A Strategy for Haitian Prosperity

## Report

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*Boston*  
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This presentation draws on ideas from Professor Porter's books and articles, in particular, *Competitive Strategy* (*The Free Press*, 1980); *Competitive Advantage* (*The Free Press*, 1985); "What is Strategy?" (*Harvard Business Review*, Nov/Dec 1996); *On Competition* (*Harvard Business Review*, 2008); and "Creating Shared Value" (*Harvard Business Review*, Jan 2011). No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of Michael E. Porter. For further materials, see the website of the Institute for Strategy and Competitiveness, [www.isc.hbs.edu](http://www.isc.hbs.edu), and FSG website, [www.fsg.org](http://www.fsg.org).

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# Report Contents

This report presents a high-level competitiveness assessment of Haiti, using the framework developed by Professor Michael E. Porter and under his guidance.

Professor Porter presented the findings of the report at a conference in Haiti on September 22, 2017, which included leaders from government, the private sector, NGOs and the international community.

The report begins with an overview of Haiti's economic performance. It then summarizes a comprehensive framework to assess and enhance national and regional competitiveness.

Using the framework, the report analyzes Haiti's competitive position in terms of endowment, macroeconomic competitiveness, and microeconomic competitiveness. The analysis informs a broad set of recommendations to enhance Haiti's competitiveness, and the elements of an overall national strategy.

As an initial steps, the report recommends the creation of a National Council on Competitiveness to refine the analysis, put the strategy into action, and lead the transformation of Haiti into a more competitive and prosperous nation.

# Agenda

## 1. Introduction

2. Haiti's Economic Performance

3. The Competitiveness Framework

4. Haiti's Competitive Position

5. Recommendations

6. Towards an Overall Economic Strategy for Haiti

7. Moving to Action

# It is time for Haiti's turnaround

- Haiti has weathered **severe natural disasters**, and many donors and international agencies have contributed much needed resources
- There have been many **past efforts** to improve conditions in Haiti over the years, including numerous plans, though few have been **implemented**
- It is time for Haiti to take **control of its future**
  - An **objective assessment** of Haiti's competitiveness is needed to create a foundation for effective action
- Haiti needs to put in place an **overall strategy** that will guide all stakeholders, and engage citizens
- Haitian citizens need to **come together**, put politics aside, and build trust in each other to move the country forward
- Haiti has the potential to be transformed if the country can work **strategically** and **collaboratively** across groups and with neighbors in the region



This presentation is just the **beginning**, not the end

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# Performance of Haitian Economy

- Haiti is a **low income country** with challenging constraints and a **challenging history**

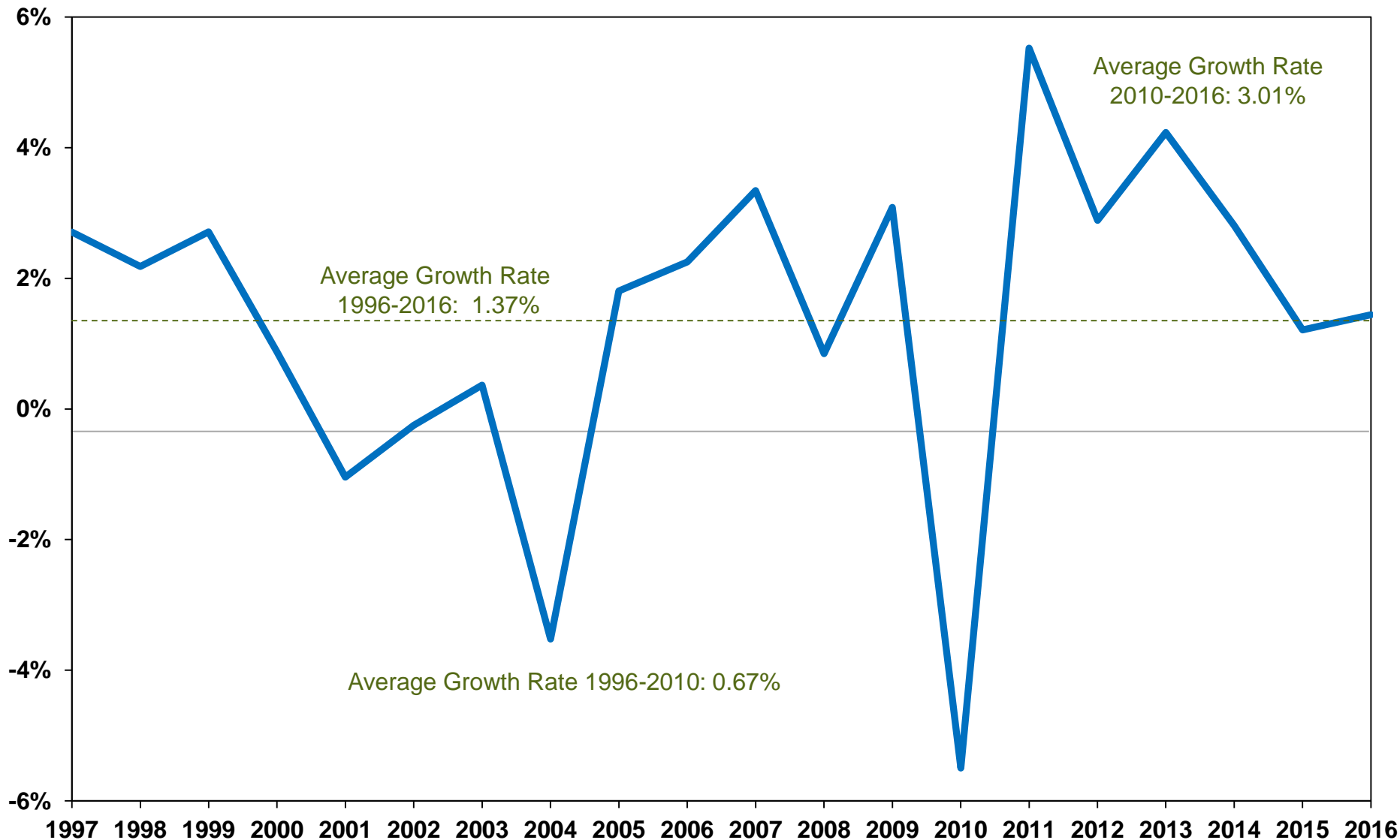


- Haiti can achieve higher rates of **economic growth** and **rising prosperity**, but only if it improves its **competitiveness**
- Success will require a **coherent strategy** that leverages the country's **strengths**
- Haiti has numerous **weaknesses** to overcome, and careful **prioritization** will be required to successfully address them
- **International assistance** can be a crucial asset, but must **support Haiti's strategy** rather than reflect donor priorities
- The **Haitian people** have been resilient and able to recover from very difficult circumstances. Building the capability and unleashing the **initiative of citizens** will be a condition for success

# Haiti's Economic Growth

1996 – 2016

Gross Domestic Product  
PPP-adjusted  
Annual % change

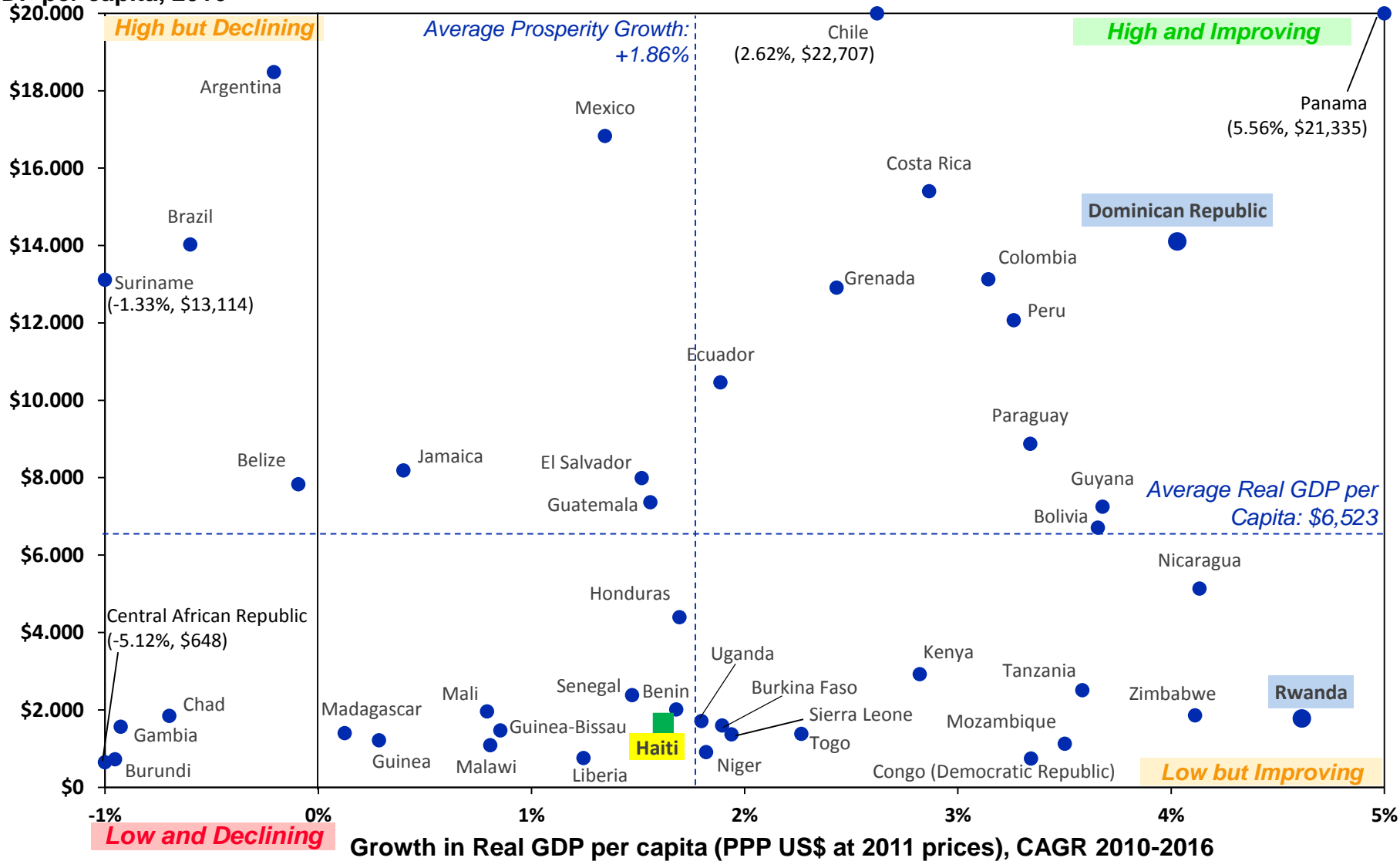




# Prosperity Performance

## Selected Low Income Countries

PPP-Adjusted Real  
GDP per capita, 2016

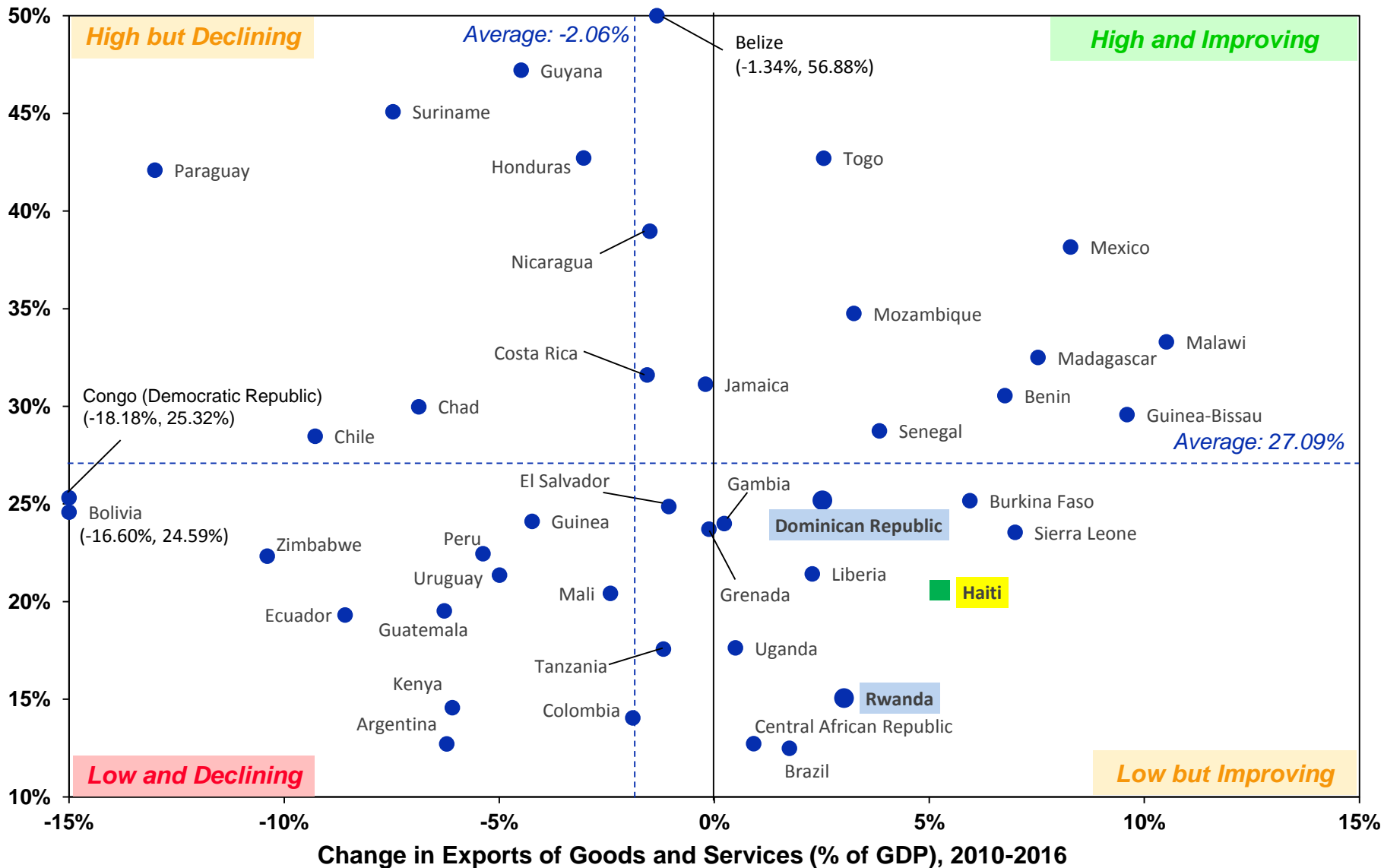


Note: Country set includes Latin America, Caribbean and low-income African countries. Source: World Bank  
20170922—Haiti Competitiveness Overview

# Export Performance

## Selected Low Income Countries

Exports of Goods and Services (% of GDP), 2016

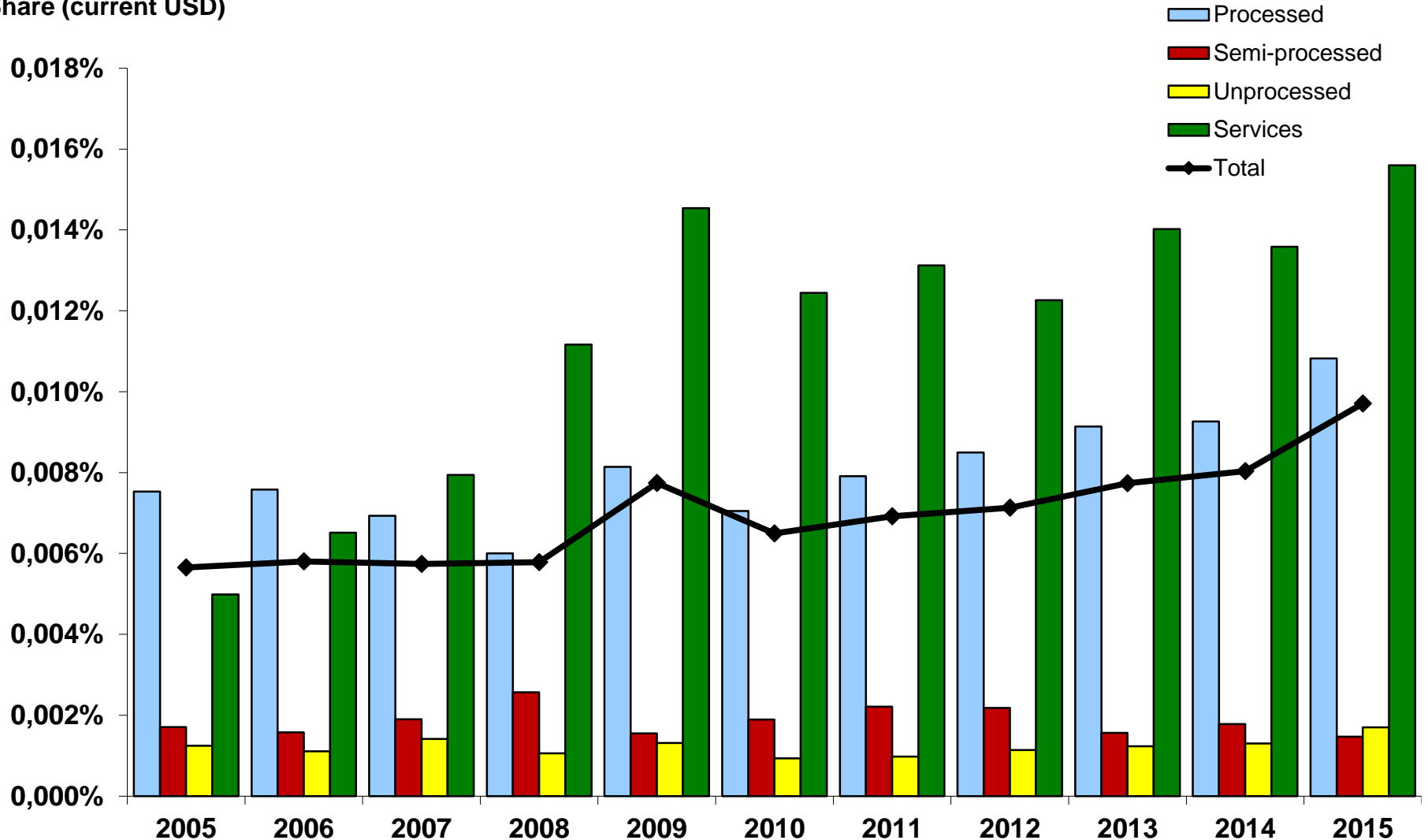


Note: Country set includes Latin America, Caribbean and low-income African countries. Source: World Bank  
20170922—Haiti Competitiveness Overview

# Composition of Exports

## Haiti's Exports By Type of Good

World Export Market Share (current USD)

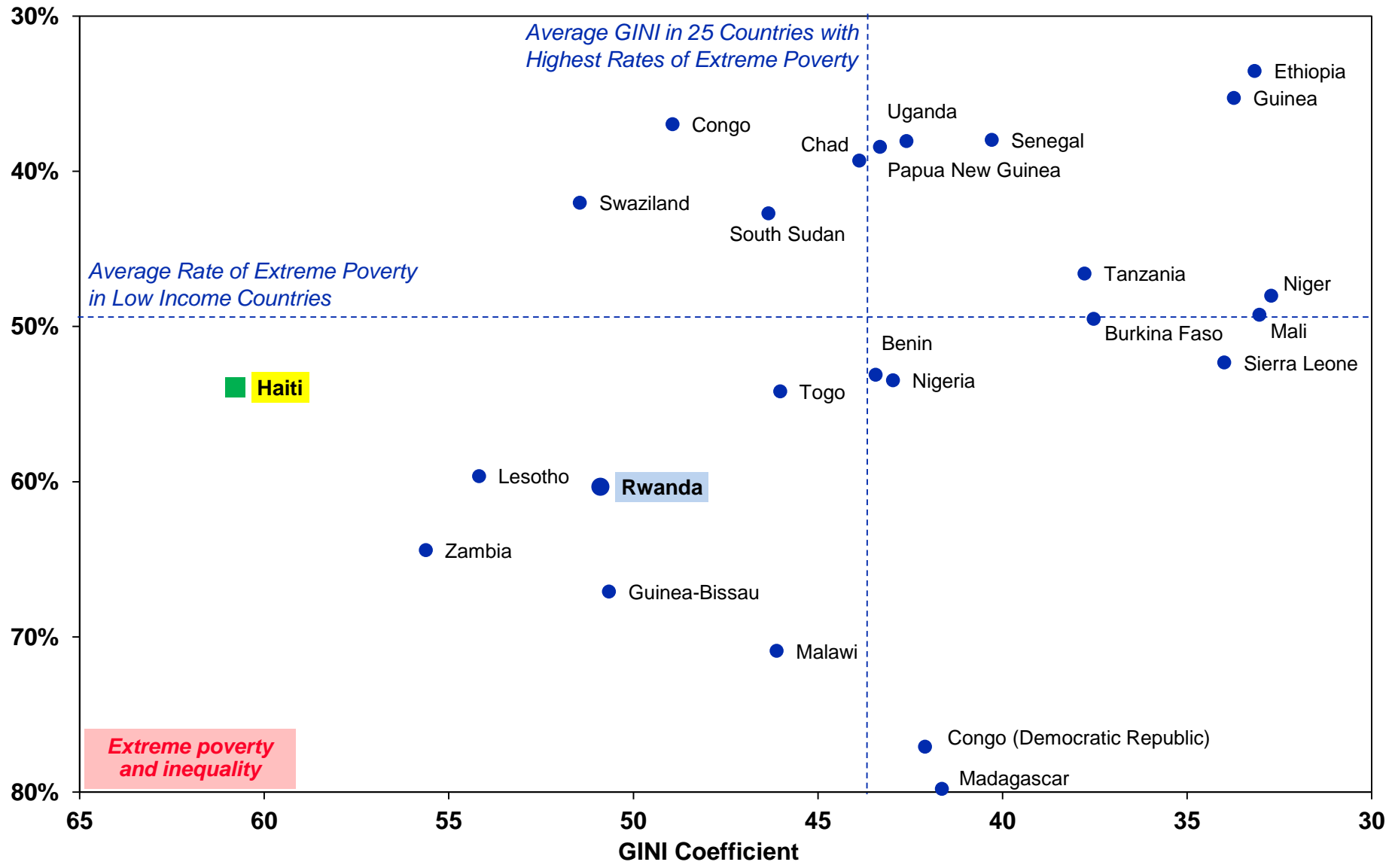


Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School; Richard Bryden, Project Director. Underlying data drawn from the UN Commodity Trade Statistics Database and the IMF BOP statistics.



# Extreme Poverty and Inequality

Percent of population below \$1.90 per day

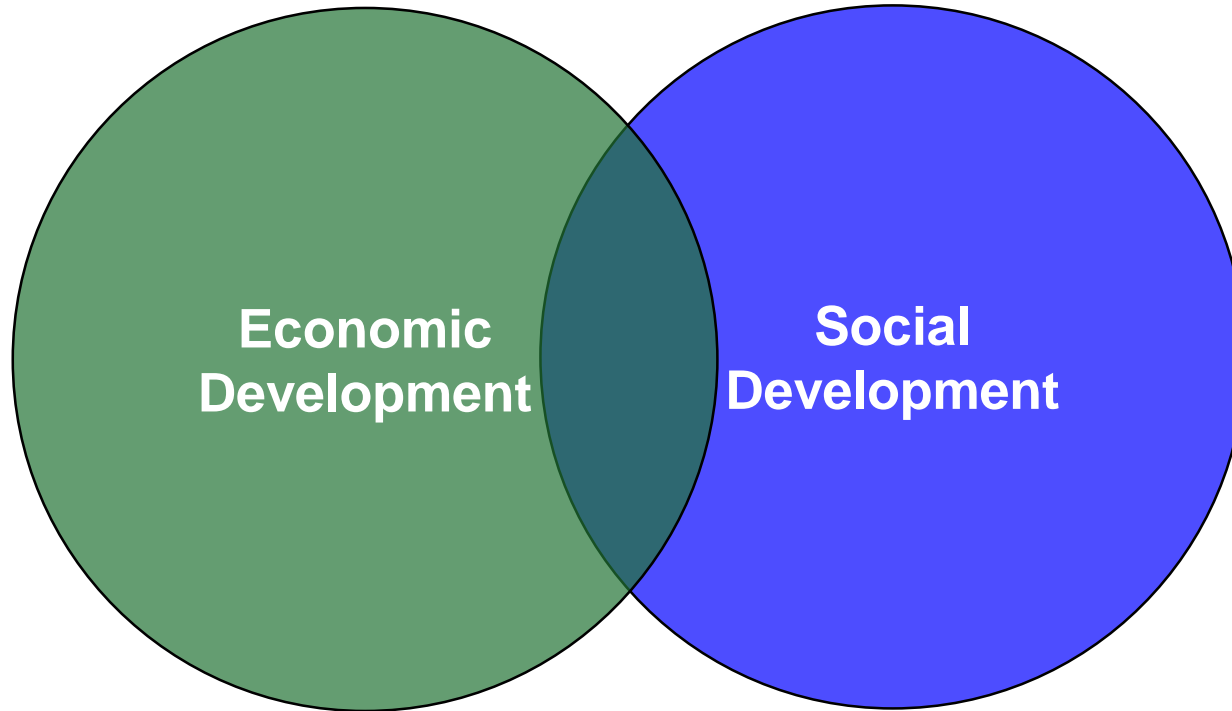


Source: World Bank WDI, Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population); average of available data 2010-2015

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# The Dual Challenges of Development



- There is a powerful connection between **economic** and **social** development
- Improving competitiveness requires improving the economic and social context **simultaneously**

# What is Competitiveness?

A nation or region is competitive to the extent that firms operating there are able to **compete successfully** in the national and global economy while maintaining or improving **wages and living standards** for the average citizen

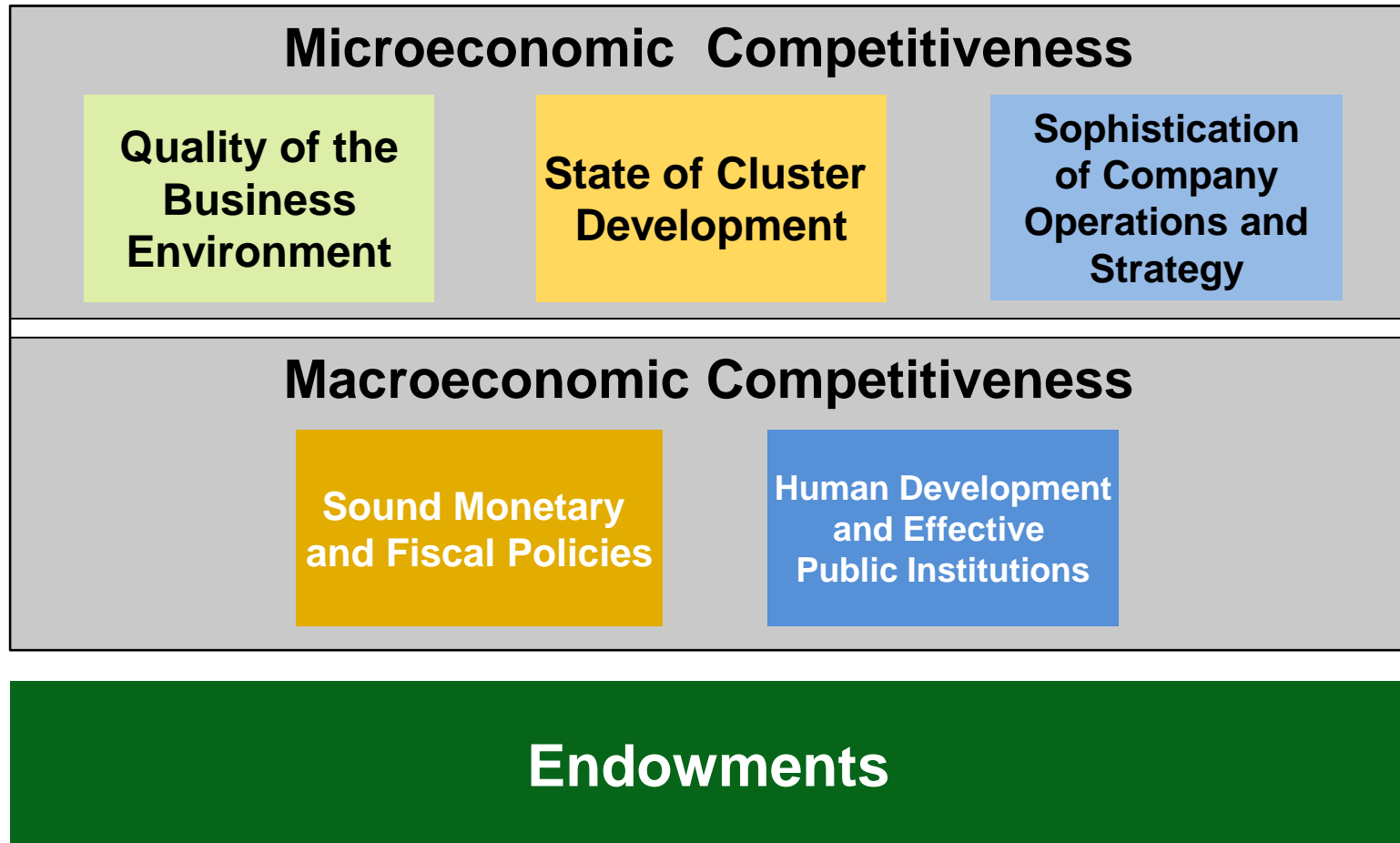
- Competitiveness depends on the **long-run productivity** of a location as a place to do business
  - Productivity of **existing** firms and workers
  - Enabling **high participation** of citizens in the workforce
- Competitiveness is **not**:
  - Low wages
  - A weak currency
  - Jobs per se



- Successful economic development requires **improving competitiveness**



# What Determines Competitiveness?



- Productivity ultimately depends on improving the **microeconomic capability** of the economy
- **Many things matter**; there is no silver bullet

# What Determines Competitiveness?

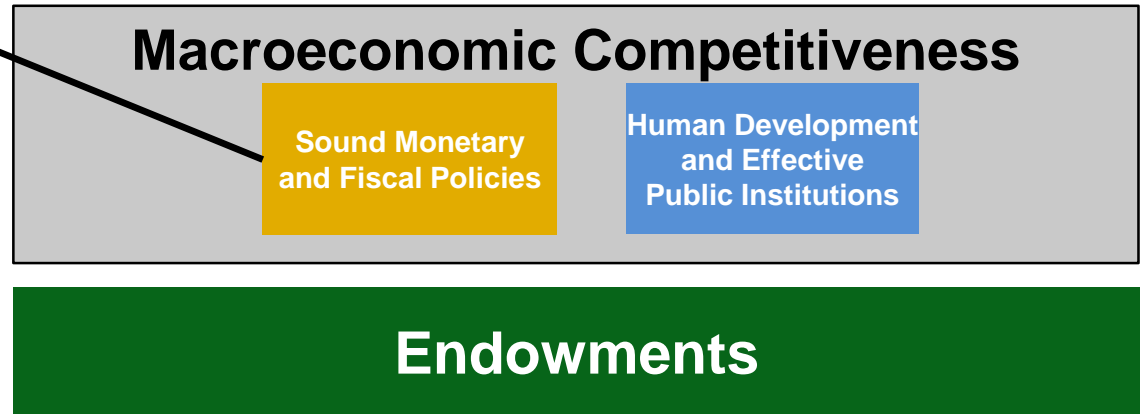
## Endowments

- Endowments, including **natural resources**, **geographical location**, **population**, and **land area**, create a foundation for prosperity, but true prosperity arises from **productivity in the use of endowments**

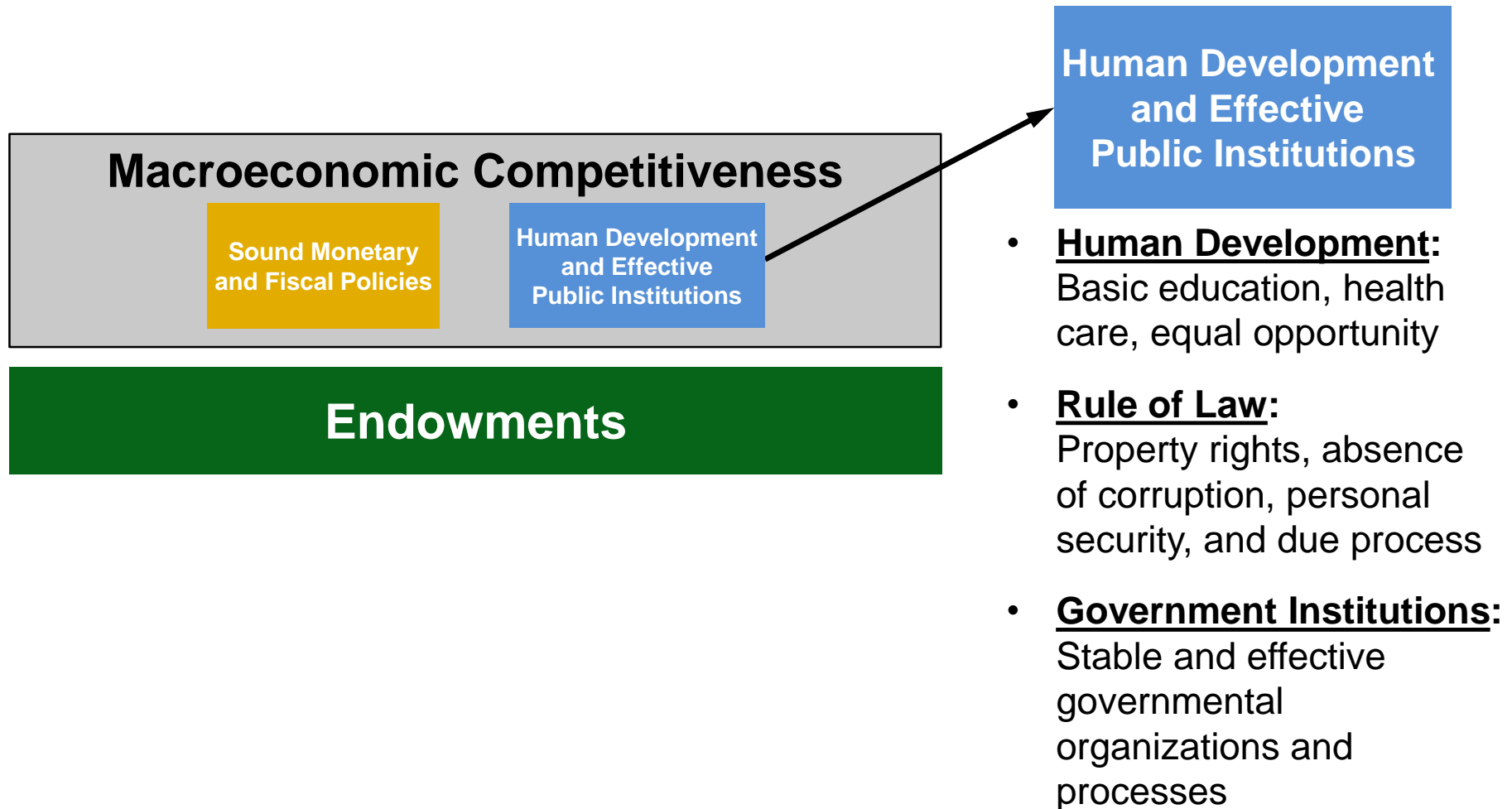
# What Determines Competitiveness?

## Sound Monetary and Fiscal Policies

- **Fiscal Policy:**  
Public spending aligned with revenues over time
- **Monetary Policy:**  
Interest rates, exchange rate, control of inflation
- **Economic Stabilization:** Avoiding structural imbalances and cyclical overheating

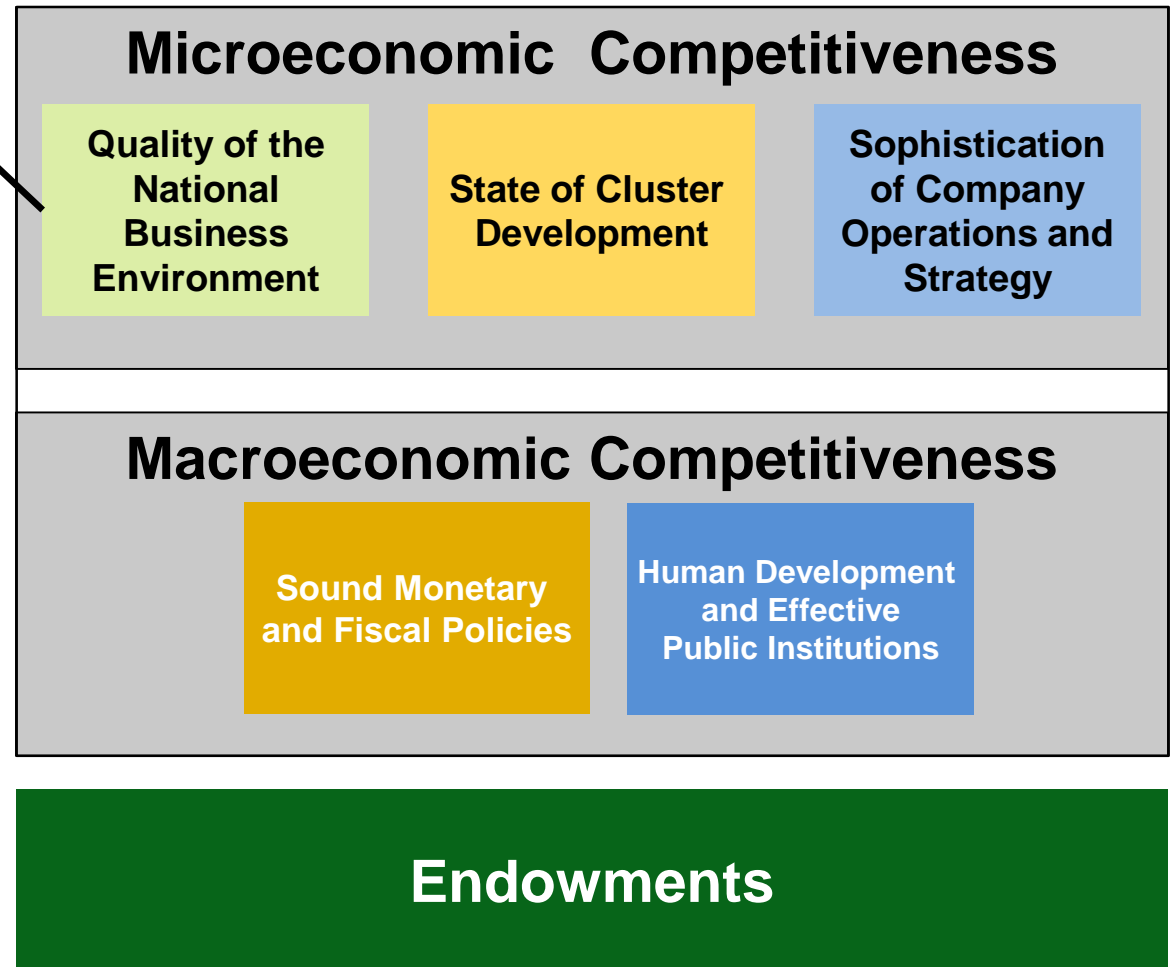


# What Determines Competitiveness?



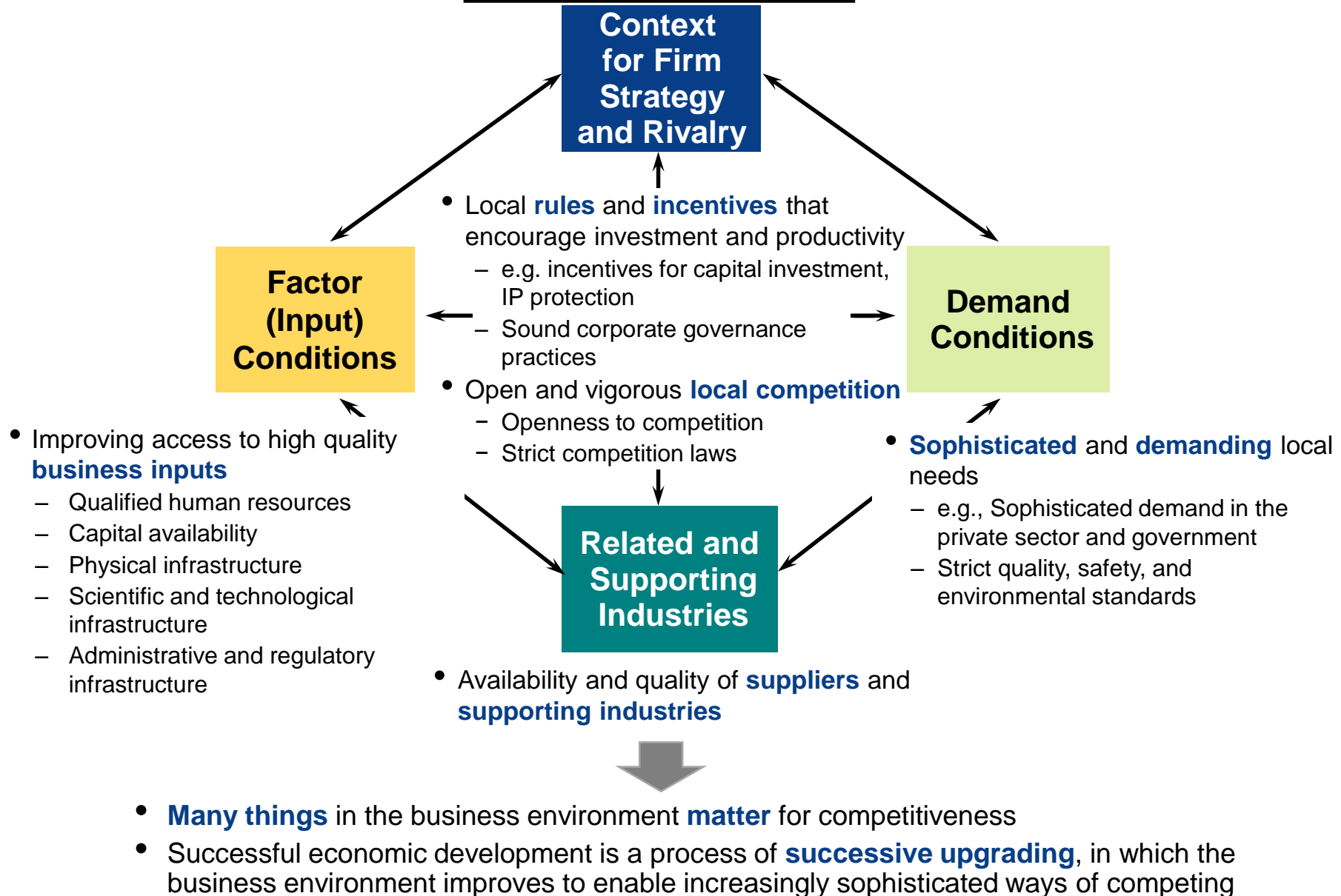
# What Determines Competitiveness?

The quality of the business environment that supports company productivity, innovation, and growth

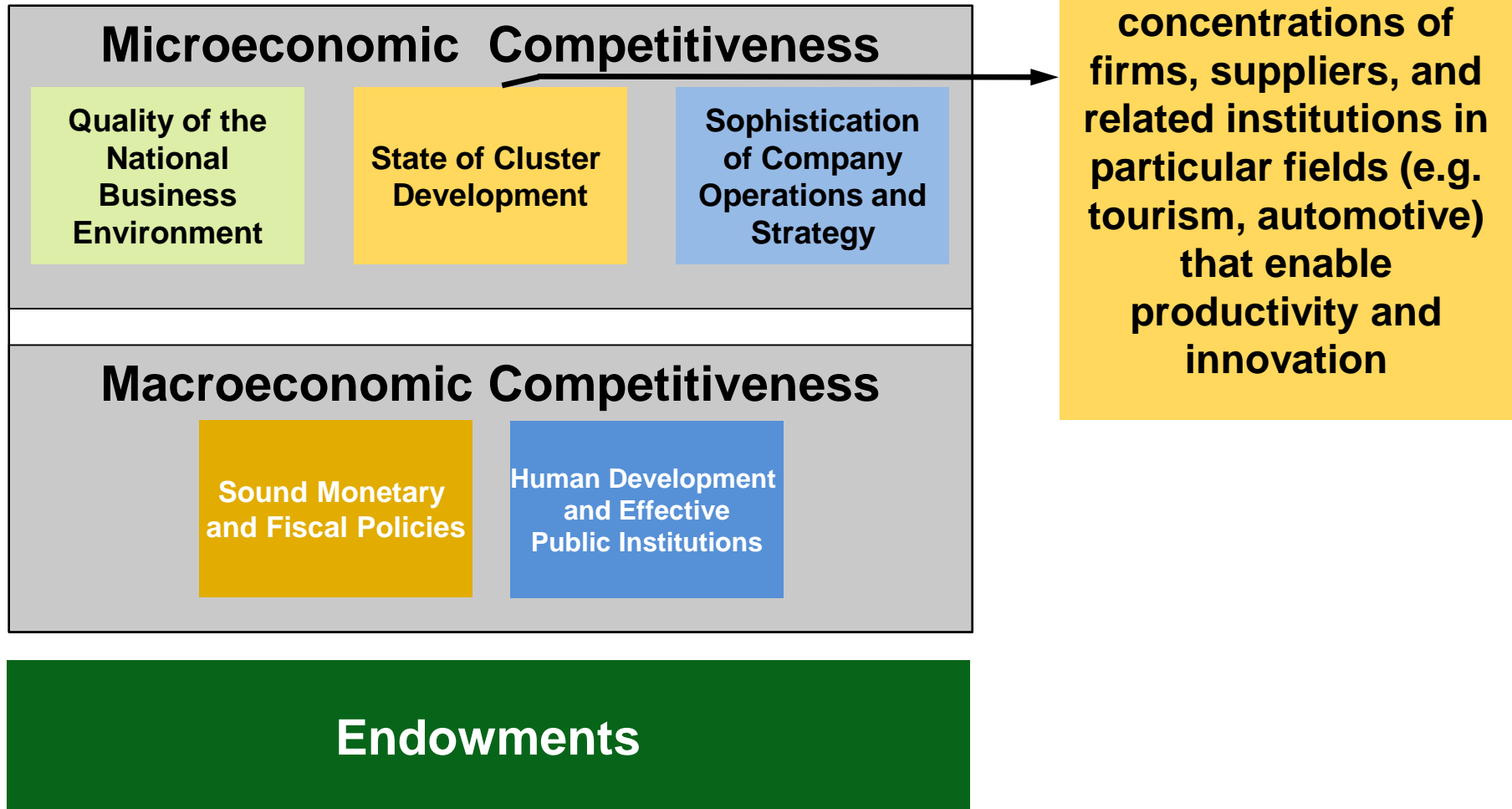


# Improving the Quality of the Business Environment

## The Diamond Model



# What Determines Competitiveness?



# What is a Cluster?

A geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities (external economies)

- End product industry or industries
- Downstream or channel industries
- Specialized suppliers
- Related service providers
- Related industries: those with important shared activities, skills, technologies, common channels, or common customers
- Supporting Institutions: financial, training and standard setting organizations, research institutions, and trade associations

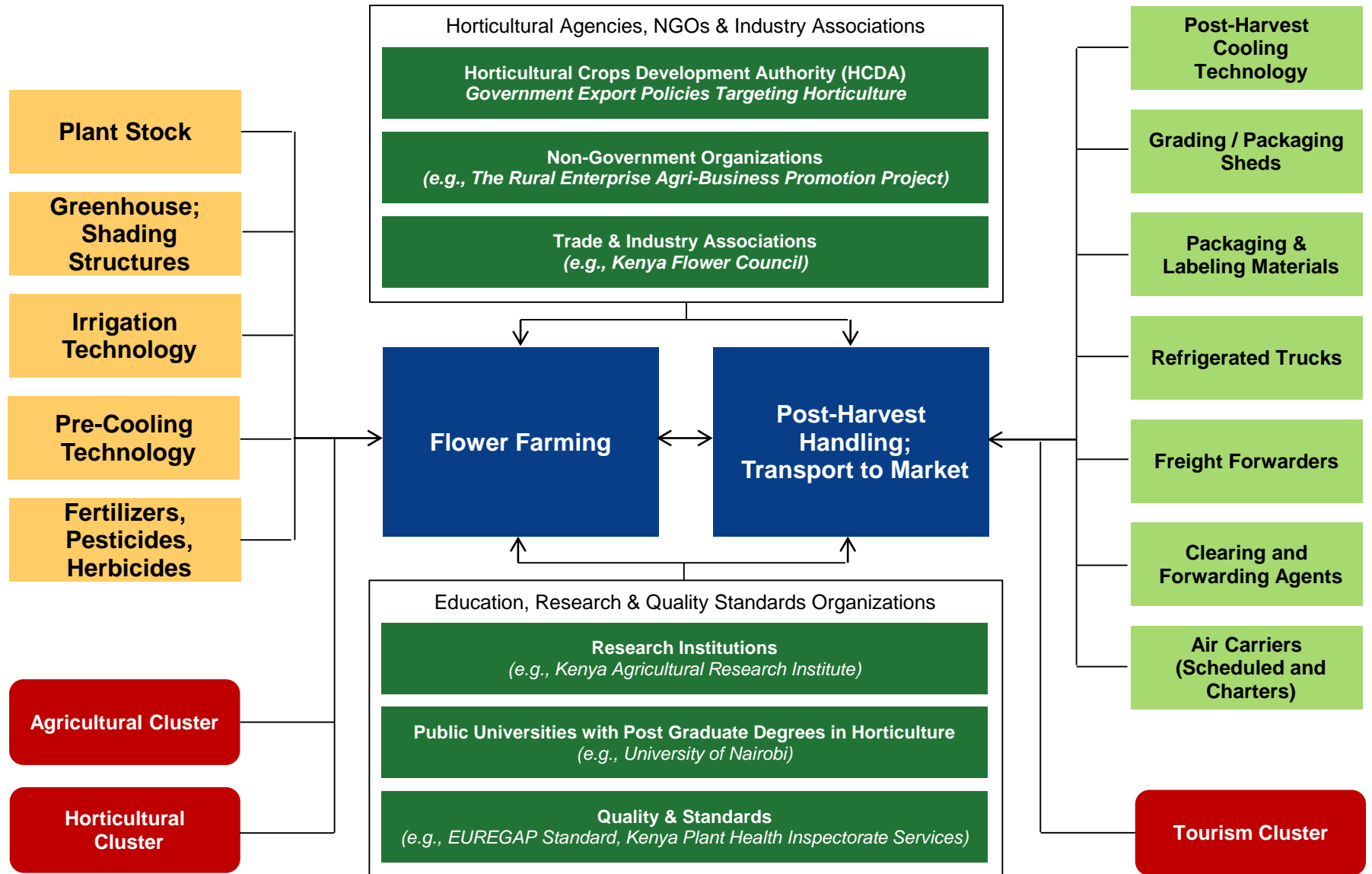


- Clusters vs. industries
- Clusters vs. sectors

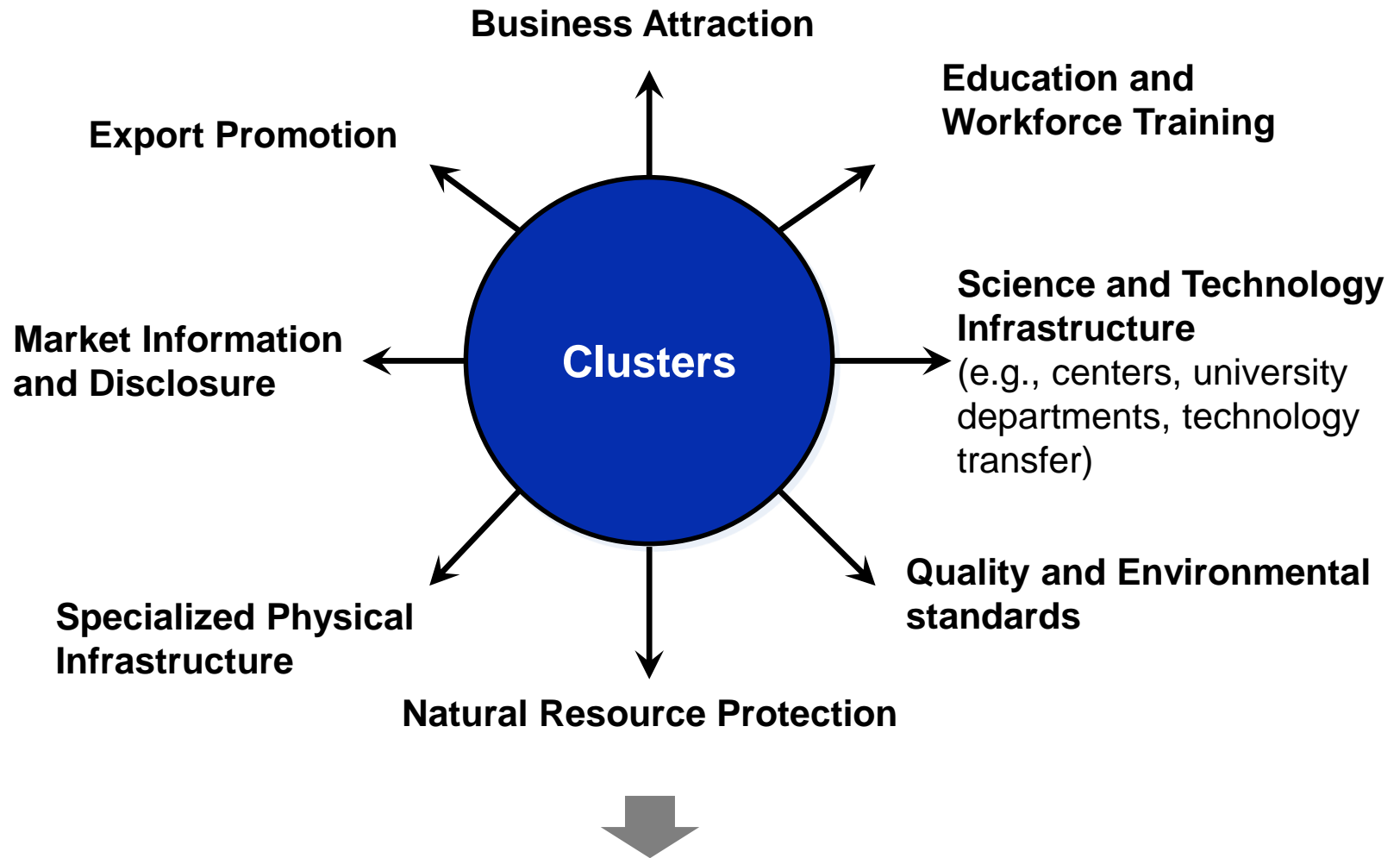


# Clusters in Developing Countries

## Cut Flower Cluster in Kenya

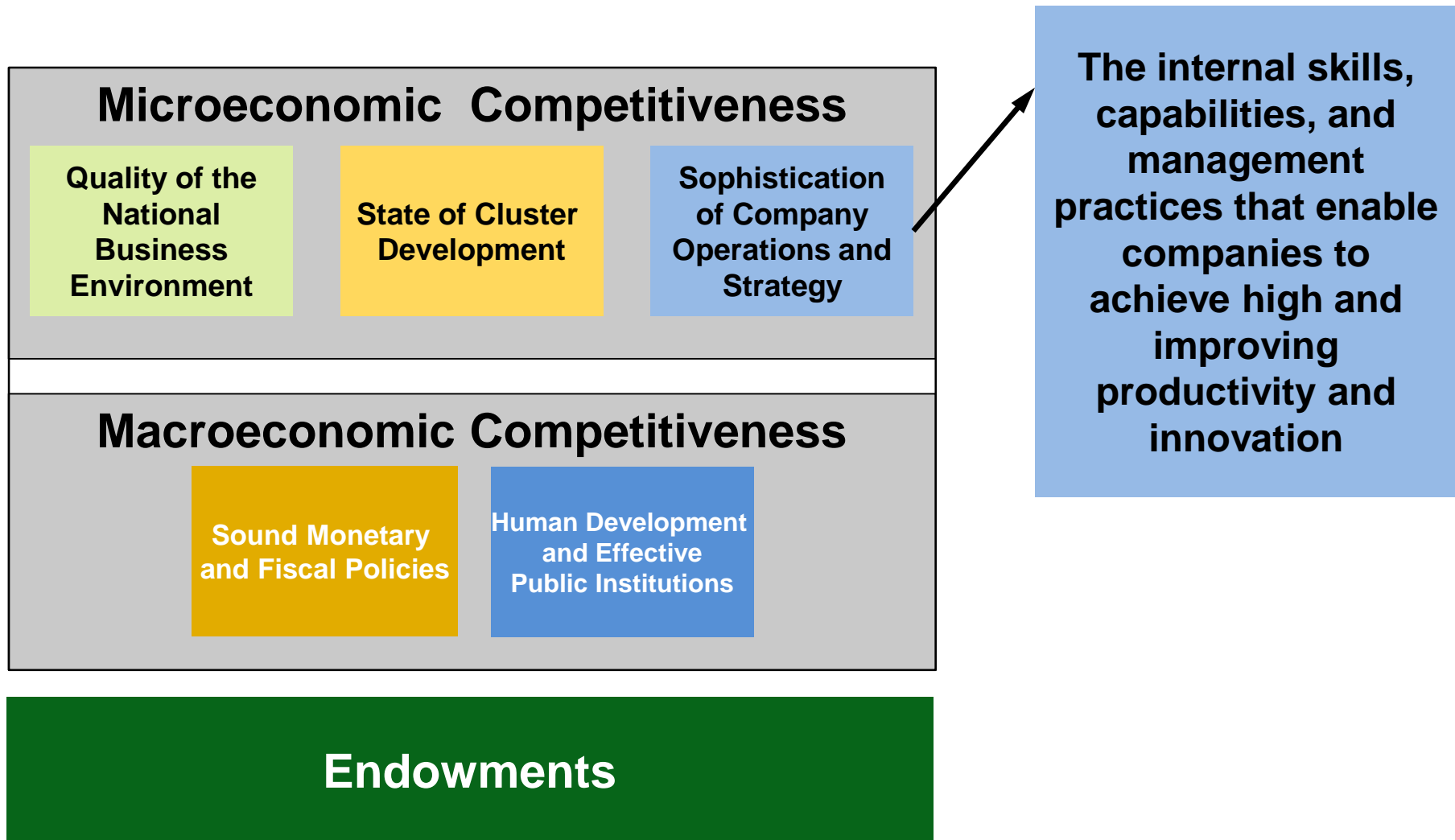


# Organize Public Policy Around Clusters

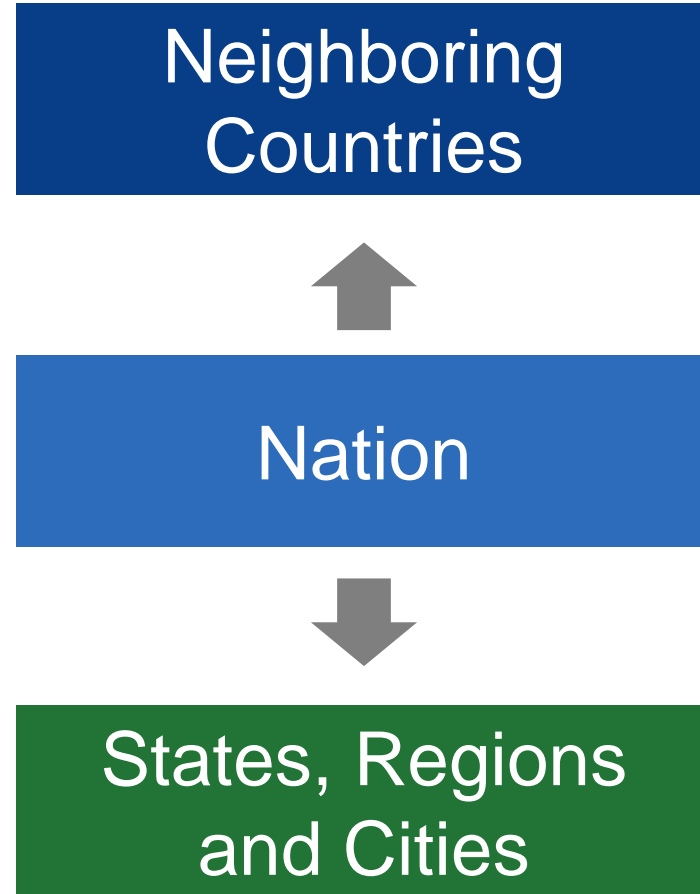


- Clusters provide a framework for **organizing the implementation** of many public policies and public investments directed at economic development to make them more effective

# What Determines Competitiveness?

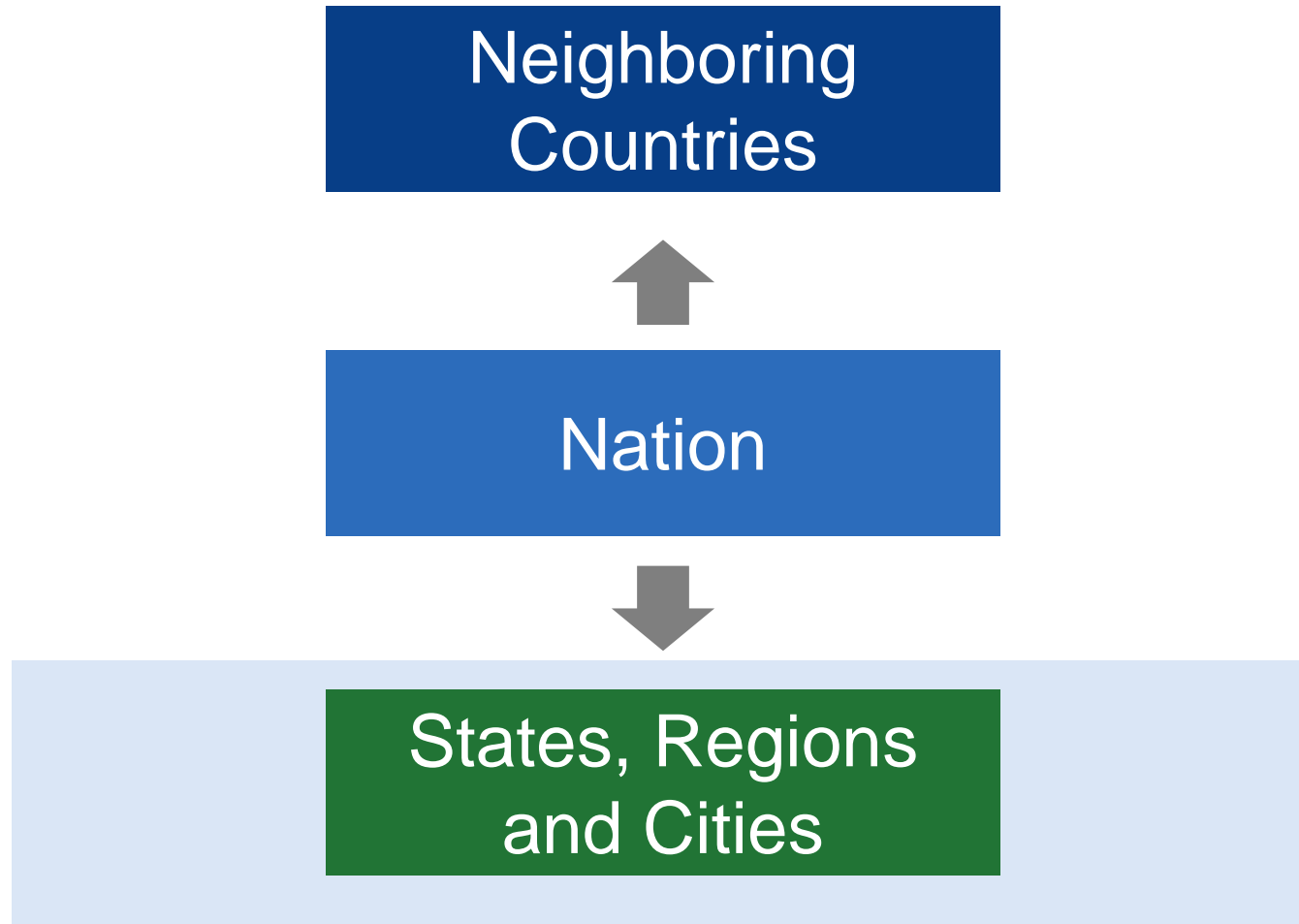


# Geographic Influences on Competitiveness



- Policies and circumstances at **multiple levels of geography** affect competition

# Geographic Influences on Competitiveness



- Regions are the **most important economic unit for competitiveness**

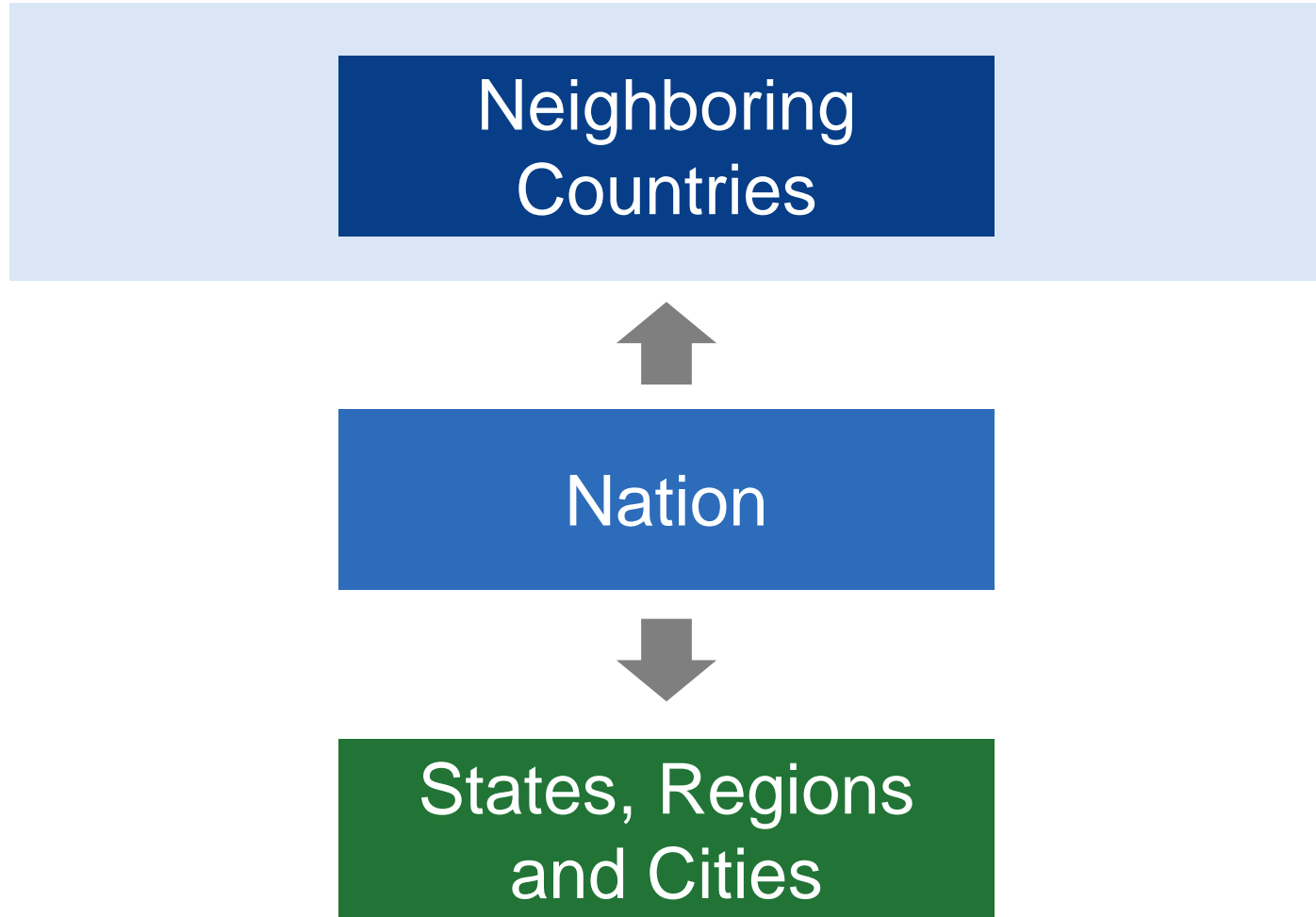
# The Role of Sub-National Regions in Economic Development

- Economic performance **varies significantly** across sub-national regions (e.g., provinces, states, metropolitan areas)
- Many essential levers of competitiveness reside at the **state, provincial or departmental level**
- States and provinces **specialize** in different sets of clusters
- A state or province cluster portfolio and strength directly impacts not only performance but the **path of regional development**




- Sub-national regions are a **critical unit** in competitiveness
- Each state or province needs its own distinctive **strategy and action agenda**
  - Business environment improvement
  - Cluster upgrading
  - Improving institutional effectiveness
- Economic development is enhanced if significant resources and policy responsibility are **decentralized** to the state or provincial level

# Geographic Influences on Competitiveness



# Integration with Neighboring Countries Affects Competitiveness

- Open **trade** and **investment** among neighbors
    - Expands the **available** market for each country
      - A nation's **neighbors** are its most natural trading and investment partners
      - The natural **path of internationalization** for local firms is the neighborhood
    - Makes **each country** a more attractive location for investment
  - Achieve efficiencies through coordination of policy (e.g. border crossing), infrastructure (e.g. power grids and major highways) and other parts of the business environment
  - Synergies through coordinating **clusters that cross borders**
  - Gain greater clout through joint efforts in **international negotiations**
- 
- Commitments to neighbors and regional groups (e.g. The Caribbean Basin Initiative (CBI), CARICOM) help **overcome domestic political and economic barriers** to reform



# The Need for an Economic Strategy

## Policy Improvement

- Implementing **best practices** in each policy area



- There are a **huge number** of policy areas that matter
- No region or country can (or should try to) make **progress in all areas** simultaneously



## Economic Strategy

- An overall agenda for creating a **more competitive** and **distinctive** position for the country or province/state, based on its **particular** circumstances

# Towards a New Economic Development Model

- Focus on **competitiveness**, not on job creation per se
- **Data driven** and **fact based**, not political or based on wishful thinking
- Driven by an **overall strategy** rather than a list of actions
- **Builds on existing and potential strengths**, not just focused on reducing weaknesses
- **Cluster-based**, reflecting the powerful role of clusters in job creation, wages, and new business formation in today's global economy
- **Bottom-up and provincial department based**, not only top-down
- **Prioritized** and **sequenced**, not addressing all strengths and weaknesses equally
- Harnesses **collaboration across a wide range of actors and institutions**, including firms, educational institutions, and economic development organizations, not just government

# Developing an Economic Strategy

## National Value Proposition

- What is a **distinctive competitive position** for the nation given its location, legacy, existing strengths, and potential strengths?
  - What are its unique potential advantages as a business location?
  - For what types of business activities and clusters?
  - What roles can the nation play in the surrounding region?

## Developing Unique Strengths

- What **elements of the business environment** can be unique strengths relative to peers/neighbors?
- What **existing and emerging clusters** can be upgraded?

## Achieving and Maintaining Parity with Peers

- What **weaknesses** must be addressed to remove key constraints to competitiveness and achieve parity with peer locations?

- **Priorities** and **sequencing** are fundamental to successful economic development

# The Process of Economic Development

## Shifting Roles and Responsibilities

### Old Model

- **Government** drives economic development through top down policy decisions, funding and incentives



### New Model

- Economic development is a **collaborative process** involving government at multiple levels, local and foreign companies, industry associations, educational and research institutions, and **local communities** and **citizens**

- Competitiveness depends on both **top-down** and **bottom-up processes** in which many companies and institutions take responsibility
- Translating policy into **action** is decisive in determining success

# Government Structure and Economic Development

- Competitiveness improvement requires **consistent and sustained** efforts across successive governments
    - Mechanisms are needed to improve **the continuity of policy** over time
  - Competitiveness is affected by **numerous government entities** and **levels** of government
    - **Multiple agencies and departments** have an influence on competitiveness
    - “**Economic**” agencies and “**social**” agencies are both involved
    - Multiple **levels** of government (nations, states, cities, etc.) affect the business environment
    - Intergovernmental relations with **neighboring countries** affect productivity
- **Coordinating structures** are needed to bring all the actors together around an integrated economic strategy and action agenda

# The Private Sector's Role in Economic Development

- Inform government on the **needs of business** and the **key constraints** holding back company and cluster development
- Collaborate with other companies to improve competitiveness through **trade associations** and other mechanisms
- Work closely with local **educational** and **research institutions** to raise **quality** and **create specialized programs that address actual company and cluster needs**
- Nurture local **suppliers** and attract foreign suppliers
- **Participate actively** in national and provincial department level competitiveness initiatives
- Compete as companies through **shared value strategies** in which businesses address unmet social needs and challenges with a business model (e.g. low income housing, renewable energy)

# Learnings from Rwanda's Strategy

- **Created a Shared National Strategy: Vision 2020**
  - Rwanda Vision 2020 set ambitious goals to build a “knowledge-based economy”
  - The President personally drove implementation
- **Zero Tolerance for Corruption**
  - Office of the Auditor General was created to audit government companies and payrolls
  - Public officials were required to declare wealth
  - The government actively investigating allegations of corruption
- **Diaspora**
  - Recruited skilled Rwandans living abroad to return and take key leadership positions in public service and in the economy
- **Cluster Based Approach**
  - Cluster development as a core approach, beginning with established clusters in coffee and tea
- **Rwandan Development Board as the Lead Development Institution**
  - Combined 8 overlapping government agencies involved in investment promotion, exports, tourism, privatization, IT promotion, SME development, and human resource development

# Learnings from Rwanda's Strategy

- **Decentralized Responsibilities to the District Level**
  - Authority was delegated to leaders at the district level and down to the village level, including “performance contracts” on results
- **Donor coordination**
  - All donor aid was coordinated the appropriate government agenda and not accepted unless it was aligned with the objectives of the government
  - Donor performance was discussed explicitly at the annual Development Partners meeting
- **Numerous Community Based Initiatives**
  - Established local community based initiatives to engage citizens and create community responsibility
- **Land Rights**
  - An Organic Land Law was passed to clarify land rights
  - All land was registered in a digital land administration information system, and linked to the mortgage registry to facilitate access to finance



- Haitian leaders will benefit from visiting **Rwanda** to learn from these initiatives



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# Haiti's Endowments

- **Location**
  - Favorable location near the US
  - Situated in a peaceful, accessible region
  - Same time zone as Eastern US and French speaking Canada
- **Natural Resources**
  - Favorable climate and sunshine
  - Sandy beaches
  - Long coastline (2nd longest in the Caribbean after Cuba)
- **Rich in Culture and History**
  - Heritage from African and European countries
  - First black independent country
  - Many tourist sites to visit, such as numerous forts
  - Unique gastronomy
  - Well developed creative arts (Painting, music, craftsmanship)
- **Sustainability Challenges**
  - Prone to natural disasters

# Haiti's Culture and History

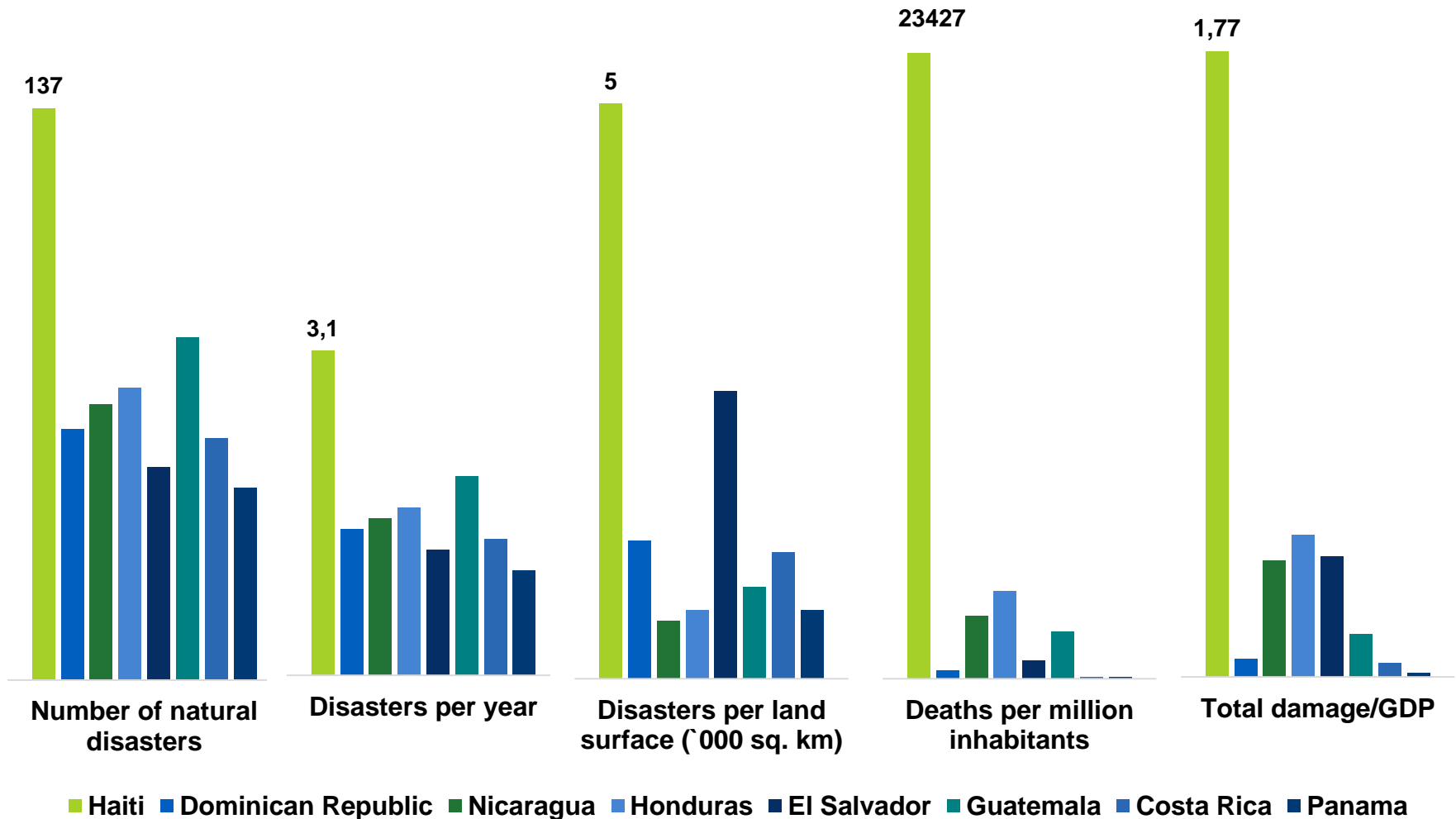
## Cultural sites and festivals in Haiti



- A unique blend of history and cultural assets
- Heritage of African and European cultures
- Creativity expressed in Haitian art
- Recognized Haitian artists and craftsmen

# Natural Disasters

## Selected Caribbean Countries 1971-2014



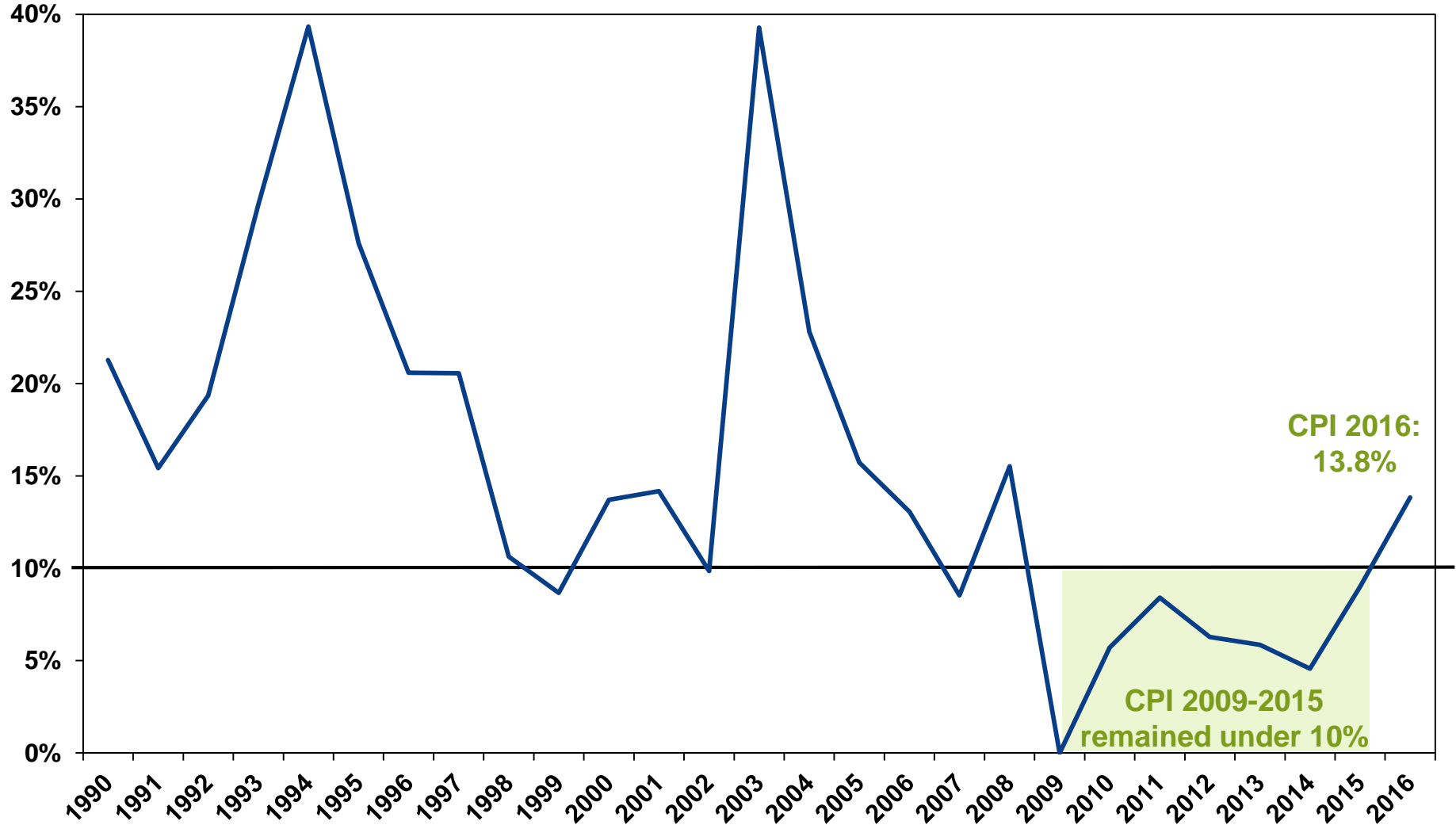
# Stable Macroeconomic Environment

- In the last decade Haiti has achieved a more stable **macroeconomic environment**
  - **Monetary policy** has improved since 2004 through the implementation of stabilization policies
  - However, **inflation has risen above 10%** in 2015 for the first time since 2008
- **Fiscal policy** is challenged
  - Tax revenue is low because of a **narrow tax base** and **inadequate tax administration**
    - Few people and businesses pay taxes, **collecting taxes** is inefficient, and **tax evasion** is common
  - Haiti is experiencing lower **donor assistance** and falling inflows from the **PetroCaribe agreement**
  - However, **remittances** are substantial and growing

# Haiti's Inflation Performance

1990 – 2016

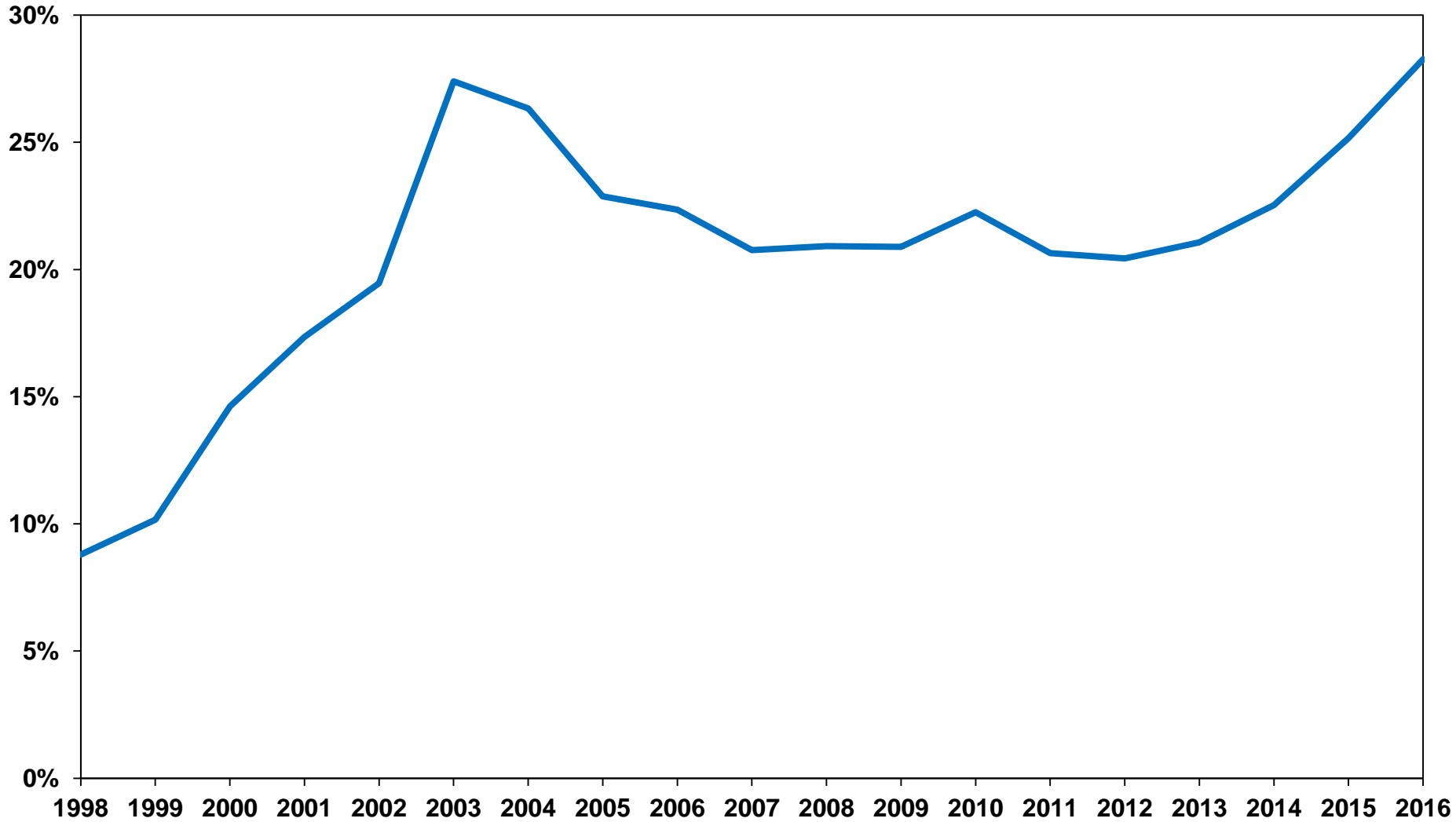
Consumer  
Price Index



# Personal Remittances to Haiti

1998 – 2016

Personal  
Remittances  
as a % of GDP



# Social Progress in Haiti

2017 Social Progress Index  
GDP PPP per capita

RANK  
\$1,651 118/128

HAITI



Basic Human Needs	SCORE/VALUE	RANK	STRENGTH/WEAKNESS	Foundations of Wellbeing	SCORE/VALUE	RANK	STRENGTH/WEAKNESS	Opportunity	SCORE/VALUE	RANK	STRENGTH/WEAKNESS
<b>Basic Human Needs</b>	<b>43.82</b>	<b>125</b>	●	<b>Foundations of Wellbeing</b>			●	<b>Opportunity</b>	<b>33.78</b>	<b>121</b>	●
<b>Nutrition and Basic Medical Care</b>	<b>54.70</b>	<b>127</b>	●	<b>Access to Basic Knowledge</b>			●	<b>Personal Rights</b>	<b>42.18</b>	<b>97</b>	●
Undernourishment (% of pop.; 5 signifies ≤ 5)	53.40	129	●	Adult literacy rate (% of pop. aged 15+)	60.69	91	●	Political rights (0=no rights; 40=full rights)	15.00	95	●
Depth of food deficit (calories/undernourished person; 8 signifies ≤ 8)	546.00	129	●	Primary school enrollment (% of children)			●	Freedom of expression (0=no freedom; 16=full freedom)	10.00	82	●
Maternal mortality rate (deaths/100,000 live births)	359.32	104	●	Secondary school enrollment (% of children)			●	Freedom of assembly (0=no freedom; 1=full freedom)			●
Child mortality rate (deaths/1,000 live births)	69.00	109	●	Gender parity in secondary enrollment (distance from parity)			●	Private property rights (0=none; 100=full)	10.00	120	●
Deaths from infectious diseases (deaths/100,000)	216.14	97	●	<b>Access to Information and Communications</b>	<b>56.21</b>	<b>106</b>	●	<b>Personal Freedom and Choice</b>	<b>38.35</b>	<b>122</b>	●
<b>Water and Sanitation</b>	<b>27.61</b>	<b>120</b>	●	Mobile telephone subscriptions (subscriptions/100 people)	68.84	116	●	Freedom over life choices (% satisfied)	29.72	128	●
Access to piped water (% of pop.)	9.80	112	●	Internet users (% of pop.)	12.20	112	●	Freedom of religion (1=low; 4=high)	4.00	1	●
Rural access to improved water source (% of pop.)	47.61	120	●	Press Freedom Index (0=most free; 100=least free)	24.66	40	○	Early marriage (% of women aged 15-19)	19.00	94	●
Access to improved sanitation facilities (% of pop.)	27.60	111	●	<b>Health and Wellness</b>	<b>55.93</b>	<b>101</b>	●	Satisfied demand for contraception (% of women)	48.70	99	●
<b>Shelter</b>	<b>30.54</b>	<b>120</b>	●	Life expectancy at 60 (years)	17.64	90	●	Corruption (0=high; 100=low)	20.00	123	●
Availability of affordable housing (% satisfied)	16.74	127	●	Premature deaths from non-communicable diseases (deaths/100,000)	678.90	119	●	<b>Tolerance and Inclusion</b>	<b>40.11</b>	<b>103</b>	○
Access to electricity (% of pop.)	37.90	108	●	Suicide rate (deaths/100,000)	8.70	46	●	Tolerance for immigrants (0=low; 100=high)	41.61	101	●
Quality of electricity supply (1=low; 7=high)	1.59	119	●	<b>Environmental Quality</b>	<b>47.33</b>	<b>116</b>	●	Tolerance for homosexuals (0=low; 100=high)	14.02	76	●
Household air pollution attributable deaths (deaths/100,000)	144.91	108	●	Outdoor air pollution attributable deaths (deaths/100,000)	81.31	97	●	Discrimination and violence against minorities (0=low; 10=high)	6.70	66	●
<b>Personal Safety</b>	<b>62.44</b>	<b>92</b>	●	Wastewater treatment (% of wastewater)	0.00	100	●	Religious tolerance (1=low; 4=high)	4.00	1	●
Homicide rate (deaths/100,000)	10.00	105	●	Biodiversity and habitat (0=no protection; 100=high protection)	24.41	127	●	Community safety net (0=low; 100=high)	58.16	122	●
Level of violent crime (1=low; 5=high)	3.00	59	●	Greenhouse gas emissions (CO2 equivalents per GDP)	474.87	74	●	<b>Access to Advanced Education</b>	<b>14.47</b>	<b>108</b>	●
Perceived criminality (1=low; 5=high)	4.00	89	●					Years of tertiary schooling	0.04	110	●
Political terror (1=low; 5=high)	2.50	60	●					Women's average years in school	6.90	98	●
Traffic deaths (deaths/100,000)			●					Inequality in the attainment of education (0=low; 1=high)	0.38	102	●
								Number of globally ranked universities (0=none; 10=most highly ranked)	0.00	77	●
								Percent of tertiary students enrolled in globally ranked universities (0=none; 6=highest enrollment)	0.00	77	●

## Strengths and weaknesses

Overperforming and underperforming are relative to 15 countries of similar GDP per capita:


Burkina Faso, Sierra Leone, Rwanda, Uganda, Mali, Afghanistan, Ethiopia, Madagascar, Benin, Togo, Chad, Guinea, Malawi, Mozambique, Senegal

Source: Social Progress Index 2017, Social Progress Imperative

- Overperforming by 1 or more pts.
- Overperforming by less than 1 pt.
- Performing within the expected range
- Underperforming by less than 1 pt.
- Underperforming by 1 or more pts.
- No data available



# Health and Healthcare

- Limited **health system**
    - Inadequate health **infrastructure** such as clinics, storage facilities, clean water, and sanitation
    - Poor coordination between the actors in healthcare
  - Insufficient **government health spending** on healthcare
    - Only 6% of all government expenditure for the country
    - Heavy reliance on international aid
  - Limited **health care professionals**
    - Lack of healthcare workers such as physicians, nurses and administrators
    - Attracting and retaining qualified health professionals continues to be a challenge
- 
- Haitians lack **access** to basic healthcare
    - Only 45% of children are vaccinated
    - **Workforce vulnerable** to otherwise treatable disease
  - Continued **malnutrition**
    - 20% of children are stunted

# Uneven Education System

- Only a small fraction of basic schools are licensed by the **Ministry of Education**
- Over 80% of schools are **private** managed by international institutions, NGOs, religious groups
  - The **quality** of private schools differs greatly
- The majority of teachers have only a **high school degree**
- Most schools have **poor infrastructure**
- **Low literacy rate** (60%) compared to the Latin American and Caribbean average of 90%
- **School enrollment remains low**, with only 35% students reaching 5<sup>th</sup> grade
- **Technical schools** and **universities** are present, but serve a limited number of citizens

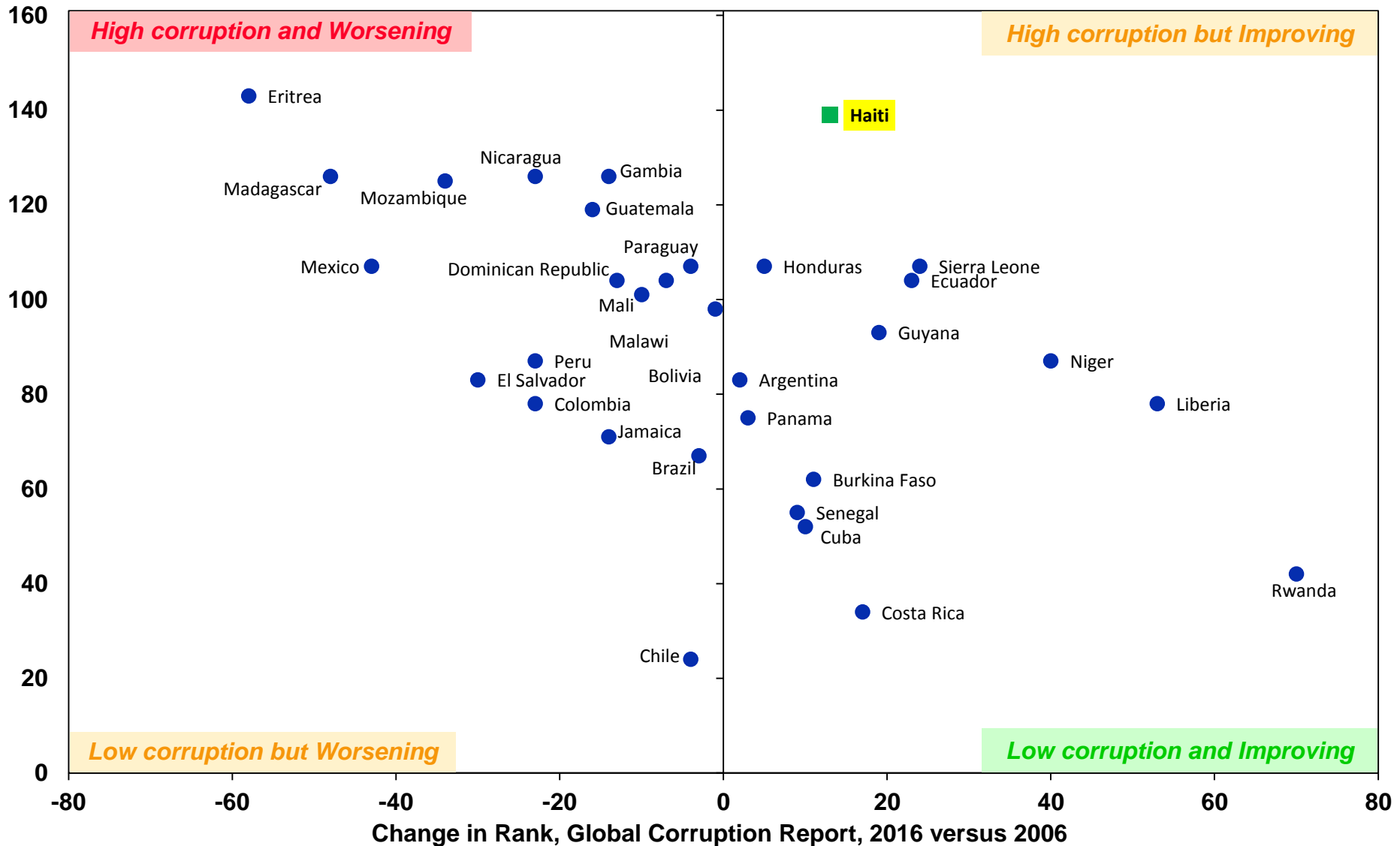
# Ineffective Public Service

- Heavy involvement of NGOs and donors has **weakened the capacity** of government
- Political patronage and corruption have a **strong influence** on government
  - Civil servants are frequently **appointed based on political affiliation**
- **NGOs** have attracted many of the skilled Haitians through **higher salaries**
- **“Phantom government employees”** drain the government budget and limit government capacity
- Lack of **technical skills and data** have created a weak **implementation capacity**
  - Files, archives, office equipment, and computer data were lost in the Earthquake
  - Haiti’s government data strategy can be greatly improved

# Corruption Perception Index

## Selected Countries

Rank in Global  
Corruption Index, 2016



# Government Planning and Implementation

- The majority of past economic plans have lacked clear **priorities** and **action plans**
- Governmental organizations, decision-making, and resources are **highly centralized** and **concentrated**
- Government institutions have limited **implementation capacity**
- There has been **inadequate coordination** among ministries, public agencies and donors
- There are more than 600 NGOs in Haiti, but many are not aligned and coordinated with **government priorities**
- Past competitiveness initiatives have lacked **continuity** and a formal **institutional structure**

# Assessing the Quality of the Business Environment

Quality of the National Business Environment

Haiti 2016

Context for Firm Strategy and Rivalry

Factor (Input) Conditions

Demand Conditions

Related and Supporting Industries

- + Openness to FDI and trade
- ± Efforts to improve the cost of doing business
- Difficulty in business formation
- Cumbersome administrative procedures to create companies
- Environment for competition
- Concentrated local companies in many fields forcing limited competition
- Weak administration of tax system
- Fraud and evasion in the tax system
- High informality limits taxes and compliance

- + Attractive location
- + Climate (sun days)
- + Agricultural, fishing, and cultural resources
- + Multilingual population
- + Creative and young talent
- ± Improving financial markets, but limited access to finance
- Low quality electricity supply
- Poor and vulnerable physical infrastructure
- Low quality education
- Absence of a well developed system determining land tenure and property rights
- Low skill levels in the labor force
- Few quality universities and research institutions
- Poor data and analytical capacity of the government

- ± Existing microclusters but missing actors in their value chain
- ± Industrial Parks with weak linkages to local suppliers
- Limited local suppliers and supporting industries
- Weak university-industry collaboration
- Shallow clusters

- Limited local purchasing power
- Weak environmental standards and enforcement
- Low sophistication in government procurement

# Human Talent

- Haiti has an abundant **labor pool** of French, English, Spanish and Creole speakers
- Haitians are eager to **learn new skills**
- More than half of the population is **under 24 years old**
- **Workforce participation** is low in relative terms, but improving
- **Brain drain** is occurring due to a 75% emigration rate of highly educated people
  - Many **skilled professionals** leave the country to work abroad



Human resources are a **potential strength**

# Diaspora

- It is estimated **1.2 million Haitians** live abroad in countries like the US, Dominican Republic, Canada and France
- Members of the **Haitian diaspora** in the U.S. and Canada are the most prosperous
- The diaspora is heavily in **service related** industries in the United States, specially in **health and teaching** positions
- Haitian diaspora is partly **organized abroad**, from professional organizations to cultural and artistic groups, but there is no clear agenda to engage the diaspora within Haiti



# Diaspora Profile in the U.S.

## Selected Countries

	Haiti	Mexico	Salvador	Nigeria
<b>Population</b>				
Population age 16 and older	708,000	16,100,000	1,474,000	262,000
<b>Household Income</b>				
Median Household Income	\$37,000	\$36,000	\$41,000	\$52,000
% of Household with High Income (\$90,000+)	14%	11%	14%	25%
% of Household with Very High Income (\$140,000+)	4%	3%	4%	10%
<b>Employment</b>				
% employed	87%	88%	89%	88%
Work in a professional occupation	20%	11%	10%	46%
<b>Educational Attainment</b>				
Age 25 and older	554,000	12,603,000	1,154,000	207,000
High school education	56%	42%	42%	31%
Bachelor's degree	15%	6%	8%	37%
Advanced degree	7%	2%	2%	29%

Source: Migration Policy Institute (2016 estimates)

# Inefficient Energy Supply

- Only about a quarter of the population has **access to electricity**
- The supply of electricity is **unstable** and **erratic**
- The state-owned electricity company (Electricité d'Haïti, EDH) has a monopoly on **energy distribution**
  - EDH has weak **infrastructure** and inadequate **maintenance**
  - The existing **distribution system** is inefficient and in need of upgrading
- Much electricity generated is lost due to **illegal connections** and **malfunctions**
- **Low payment and collection rates** translate into the need for **large subsidies** from the National Budget
- Poor access to electricity contributes to **deforestation and environmental challenges**
- Many businesses and households install costly, inefficient, and environmentally unfriendly **diesel generators**
- A promising approach: Some **microgrids** have been developed to provide **stable electricity** in rural areas



# An Open Economy

- Haitian tariffs are among the lowest in the **Caribbean and Central America region**
- Haiti benefits from **trade preference agreements**
  - CARICOM with Caribbean countries
  - The Caribbean Basin Initiative (CBI)
  - The Caribbean Basin Trade Partnership Agreement
  - Hemispheric Opportunity through Partnership Encouragement Act II (HOPE II) and the HELP Acts
- Haiti has preferential access to the U.S. market for **manufactured goods**, especially **apparel**



- Trade agreements create an **opportunity**, but enhancing competitiveness is needed to capitalize on them

# A Weak Environment for Competition

- Low **intensity of competition** (ranked 140 out of 148 countries)
  - One or a few companies **dominate key markets**
  - Concentrated markets deter the **entry of new firms**
- Import **licenses and quotas** give exclusive rights to some families
- Price **controls and privileges** benefit favored firms
- Vested interests and discrimination disadvantage **foreign firms** and deter **foreign investment**

# Weak Land Property Rights

- Haiti lacks a functioning system for recording **land ownership**
- **Property titles** are often non-existent

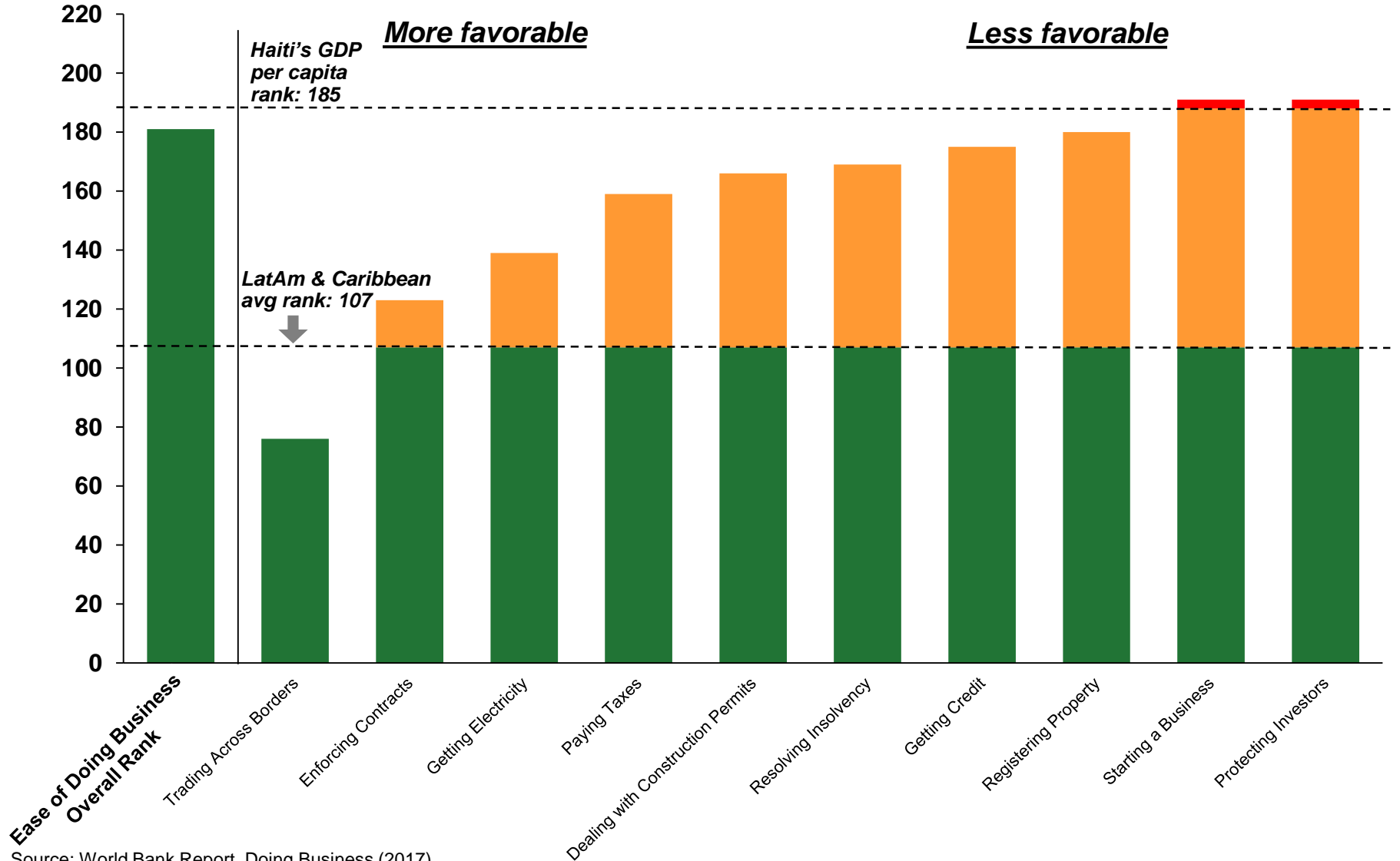


- Informal land tenure discourages **long term investment**
- Uncertain land tenure deters investment by the diaspora in **real estate**
- Creating a fair and transparent land tenure system is critical but requires **significant investment**
  - Opportunity to leap-frog through embracing **digital technology**

# A Difficult Place to Do Business

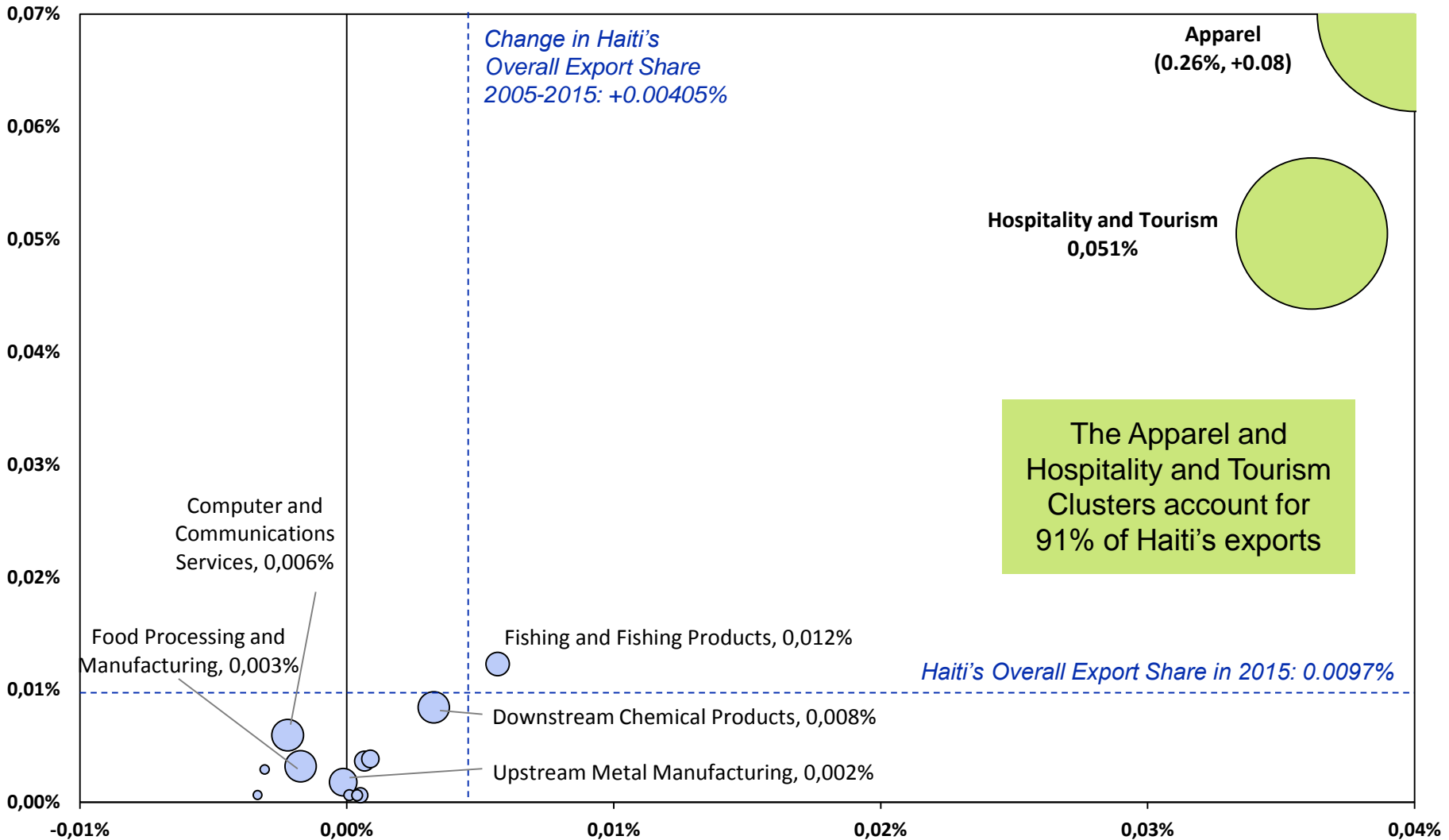
## World Bank Doing Business Rankings vs Latin America and the Caribbean)

Ranking, 2017  
(vs. 190 countries)



# Clusters in the Haitian Economy

World Export Market Share, 2015



The Apparel and Hospitality and Tourism Clusters account for 91% of Haiti's exports

Change in World Export Market Share, 2005-2015

● = \$25 million

Only clusters with an export value greater than USD 2 million are shown

# Top 25 Haitian Exports of Goods by Value, 2015

Industry	Cluster	Export Value (\$ millions)	World Export Share	Change in Share (2005-2015)
1 T-shirts, other vests, knitted	Apparel	472.1	1.31%	0.57%
2 Jerseys, pullovers, cardigans, waistcoats, knitted	Apparel	219.8	0.55%	-0.05%
3 Men's or boys' trousers, breeches and shorts	Apparel	140.6	0.51%	0.36%
4 Women's or girls' suits, dresses, skirts, trousers, knitted	Apparel	49.8	0.14%	0.05%
5 Women's or girls' underwear, nightwear, knitted	Apparel	28.3	0.26%	0.24%
6 Essential oils	Downstream Chemical Products	26.2	0.56%	0.01%
7 Men's or boys' shirts	Apparel	25.2	0.21%	0.16%
8 Women's or girls' trousers, breeches and shorts	Apparel	22.2	0.09%	0.07%
9 Other garments, not knitted	Apparel	19.0	0.18%	0.15%
10 Fruit, nuts excluding oil nuts	Food Processing and Manufacturing	17.3	0.02%	-0.004%
11 Other non-ferrous metal waste	Upstream Metal Manufacturing	10.3	0.04%	0.02%
12 Cocoa	Agricultural Products and Inputs	8.5	0.05%	0.01%
13 Men's or boys' suits and ensembles	Apparel	8.2	0.19%	0.19%
14 Men's or boys' jackets and blazers	Apparel	8.0	0.11%	0.11%
15 Other ferrous waste and scrap	Upstream Metal Manufacturing	7.9	0.04%	0.01%
16 Crustaceans, mollusks, and aquatic invertebrates	Fishing and Fishing Products	7.4	0.02%	0.00%
17 Fish, fresh, chilled, or frozen	Fishing and Fishing Products	7.0	0.01%	0.01%
18 Men's or boys' suits, jackets, trousers, knitted	Apparel	6.3	0.05%	-0.38%
19 Women's or girls' blouses, shirts and shirt-blouses	Apparel	5.3	0.05%	0.04%
20 Men's or boys' underwear, nightwear, knitted	Apparel	4.9	0.08%	0.07%
21 Wigs, false beards; miscellaneous articles of hair	Recreational and Small Electric Goods	4.8	0.11%	0.11%
22 Other garments, knitted	Apparel	4.2	0.06%	0.04%
23 Spirits	Food Processing and Manufacturing	2.4	0.01%	0.001%
24 Babies' garments, clothing accessories	Apparel	2.3	0.03%	0.02%
25 Other plastic waste and scrap	Plastics	2.3	0.09%	0.08%

Top 25 Goods Exports as a Share of Haiti's Total Goods Exports: 98.3%

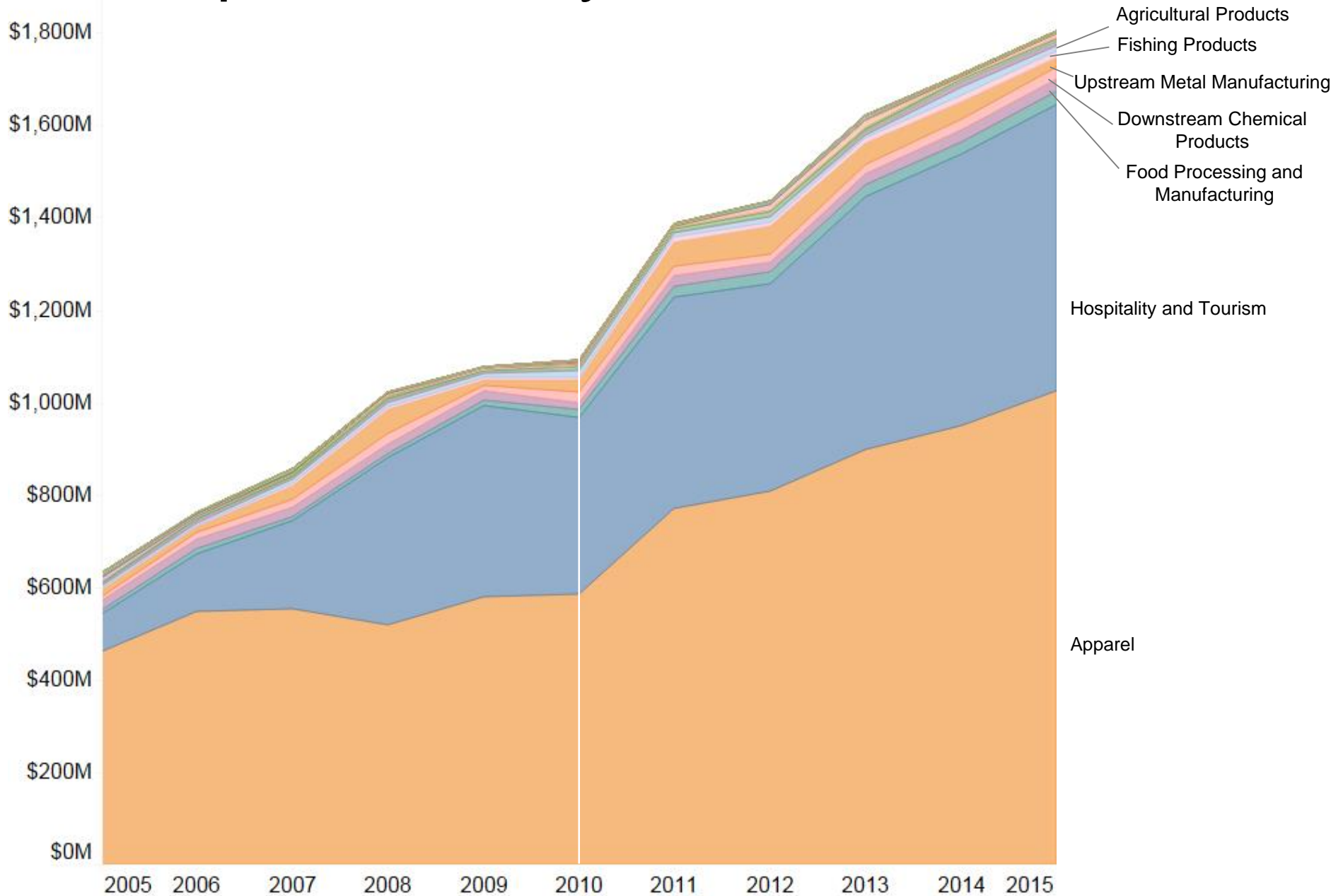


# Top 25 Haitian Exports of Goods by World Export Share, 2015

Industry	Cluster	World Export Share	Change in Share (2005-2015)	Export value (\$ millions)
1 T-shirts, other vests, knitted	Apparel	1.31%	0.57%	472.1
2 Essential oils	Downstream Chemical Products	0.56%	0.01%	26.2
3 Jerseys, pullovers, cardigans, waistcoats, knitted	Apparel	0.55%	-0.05%	219.8
4 Men's or boys' trousers, breeches and shorts	Apparel	0.51%	0.36%	140.6
5 Women's or girls' underwear, nightwear, knitted	Apparel	0.26%	0.24%	28.3
6 Men's or boys' shirts	Apparel	0.21%	0.16%	25.2
7 Men's or boys' suits and ensembles	Apparel	0.19%	0.19%	8.2
8 Other garments, not knitted	Apparel	0.18%	0.15%	19.0
9 Waste and scrap of cast iron	Upstream Metal Manufacturing	0.15%	0.10%	1.6
10 Men's or boys' underwear, nightwear and similar articles	Apparel	0.14%	0.14%	1.9
11 Women's or girls' suits, dresses, skirts, trousers, knitted	Apparel	0.14%	0.05%	49.8
12 Wigs, false beards; miscellaneous articles of hair	Recreational and Small Electric Goods	0.11%	0.11%	4.8
13 Men's or boys' jackets and blazers	Apparel	0.11%	0.11%	8.0
14 Other plastic waste and scrap	Plastics	0.09%	0.08%	2.3
15 Women's or girls' trousers, breeches and shorts	Apparel	0.09%	0.07%	22.2
16 Men's or boys' underwear, nightwear, knitted	Apparel	0.08%	0.07%	4.9
17 Track-laying tractors	Production Technology and Heavy Machinery	0.07%	0.07%	0.8
18 Goat or kid skin leather	Leather and Related Products	0.07%	0.01%	0.5
19 Other garments, knitted	Apparel	0.06%	0.04%	4.2
20 Men's or boys' suits, jackets, trousers, knitted	Apparel	0.05%	-0.38%	6.3
21 Cocoa	Agricultural Products and Inputs	0.05%	0.01%	8.5
22 Women's or girls' blouses, shirts and shirt-blouses	Apparel	0.05%	0.04%	5.3
23 Other ferrous waste and scrap	Upstream Metal Manufacturing	0.04%	0.01%	7.9
24 Other non-ferrous metal waste	Upstream Metal Manufacturing	0.04%	0.02%	10.3
25 Miscellaneous household appliances, decorative articles	Recreational and Small Electric Goods	0.04%	-0.07%	1.0

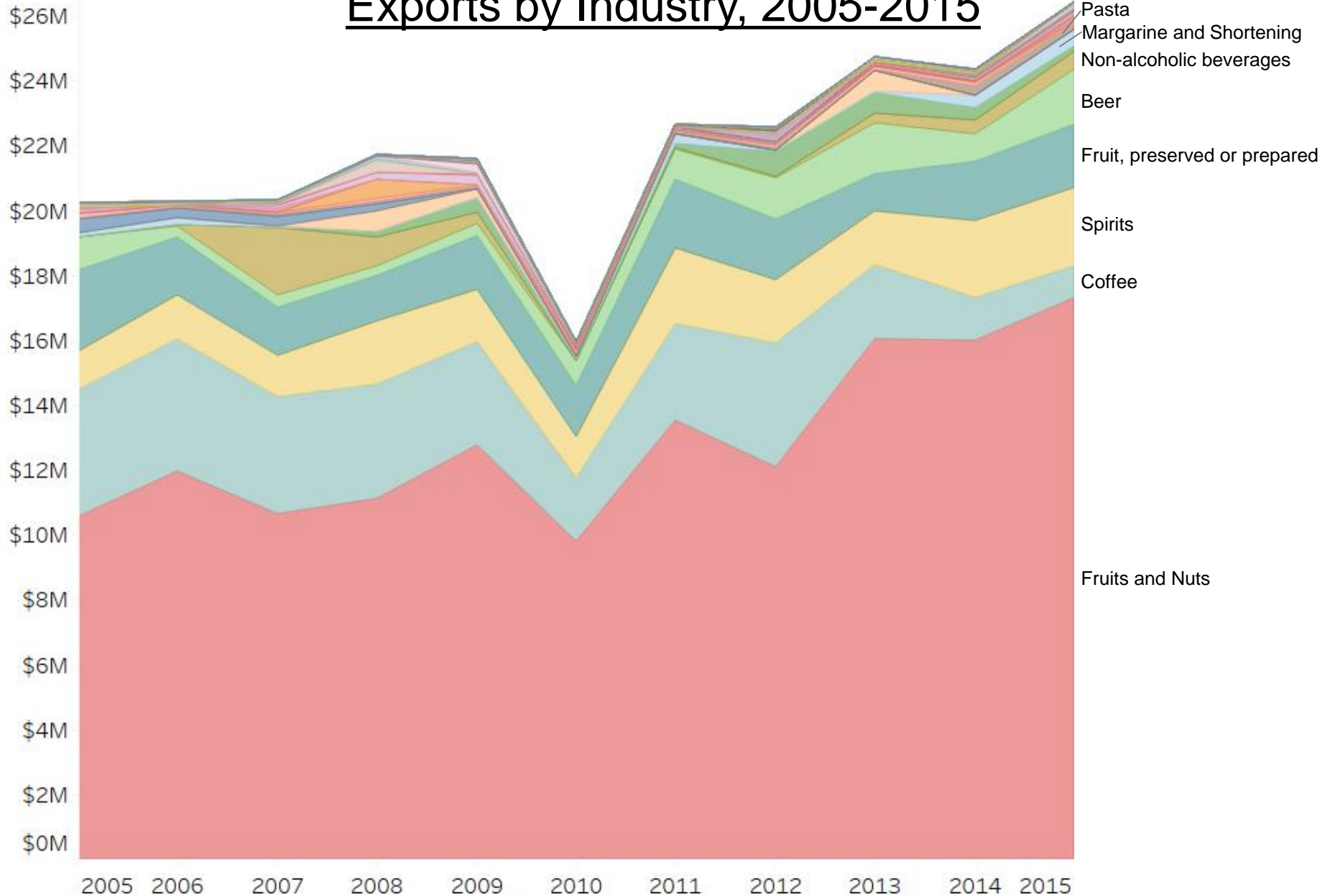
Top 25 Goods Exports by Share as % of Haiti's Total Goods Exports: 93.3%

# Export Value by Cluster, 2005-2015



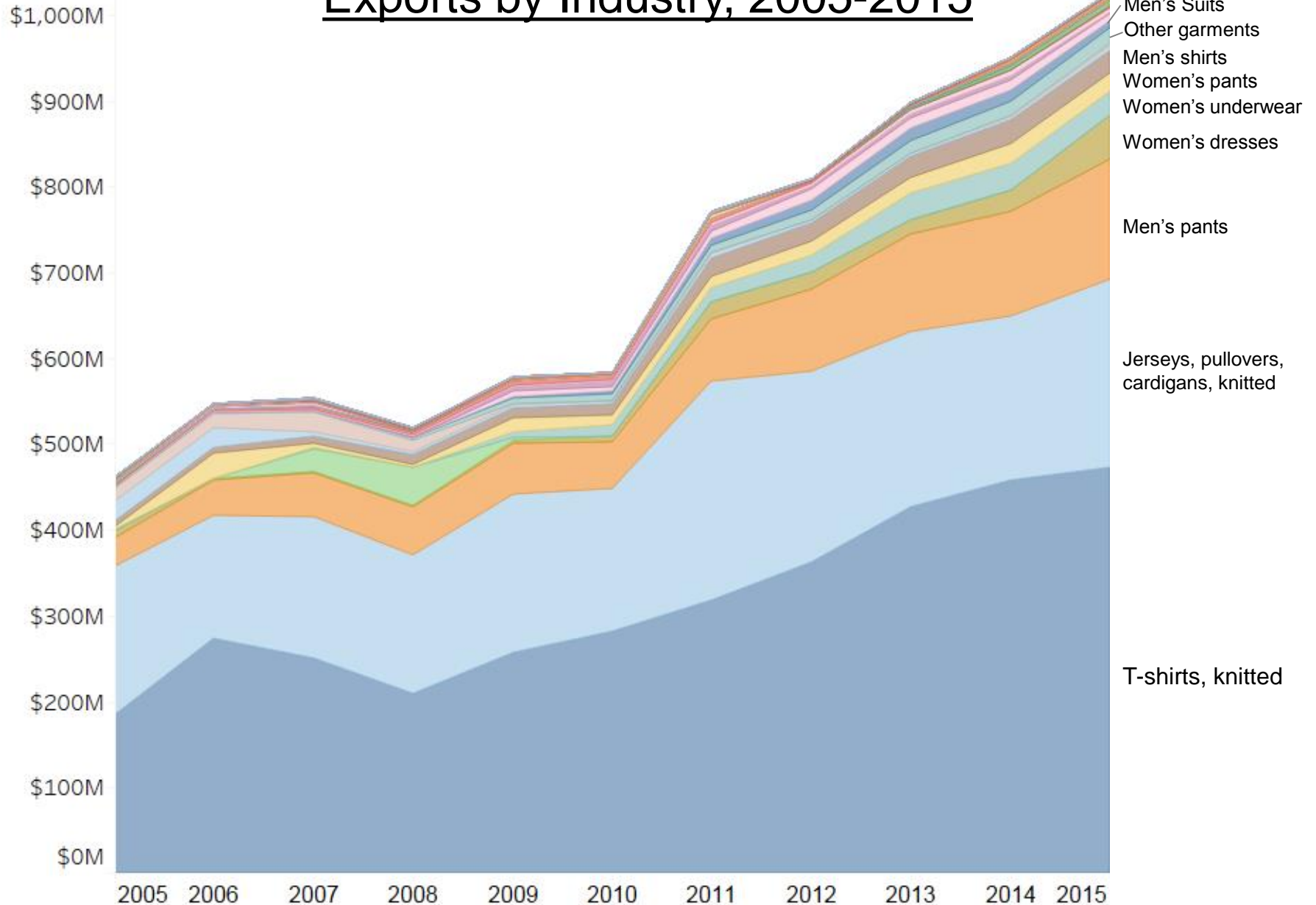
# Food Processing and Manufacturing Cluster

## Exports by Industry, 2005-2015




# Apparel Cluster

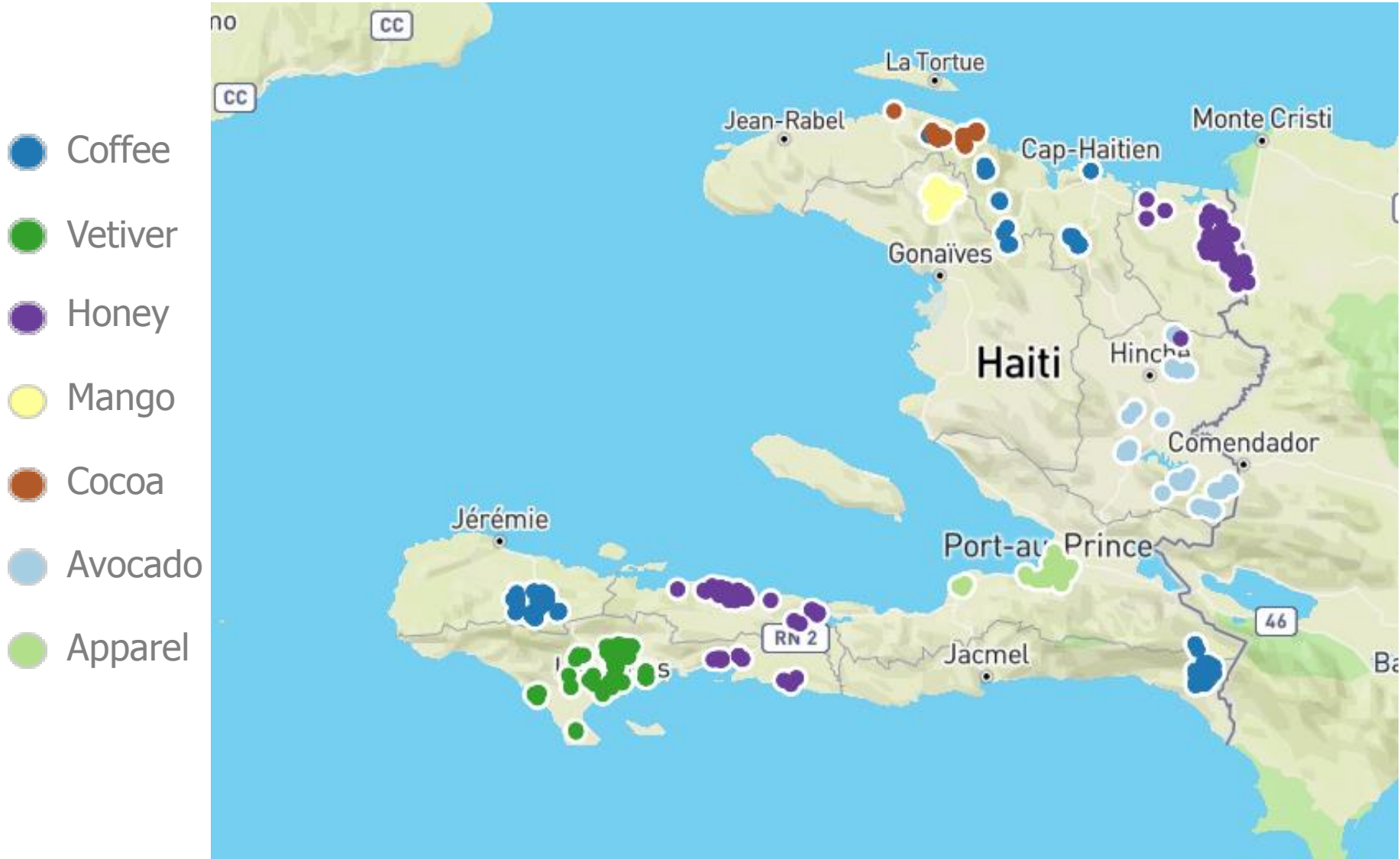
## Exports by Industry, 2005-2015



# The State of Clusters in Haiti Clusters

- Haiti has numerous **existing** and **emerging clusters**, in sectors such as agriculture, tourism, apparel. Many are micro clusters
  - Most clusters have limited depth, with **limited suppliers** and **few supporting institutions**
  - There is **insufficient institutional capacity** today at the local level to develop clusters
  - Development plans recommending clusters have not been **implemented**
- 
- The World Bank **Business Development Services Program** is an encouraging step towards implementing a cluster vision for the country

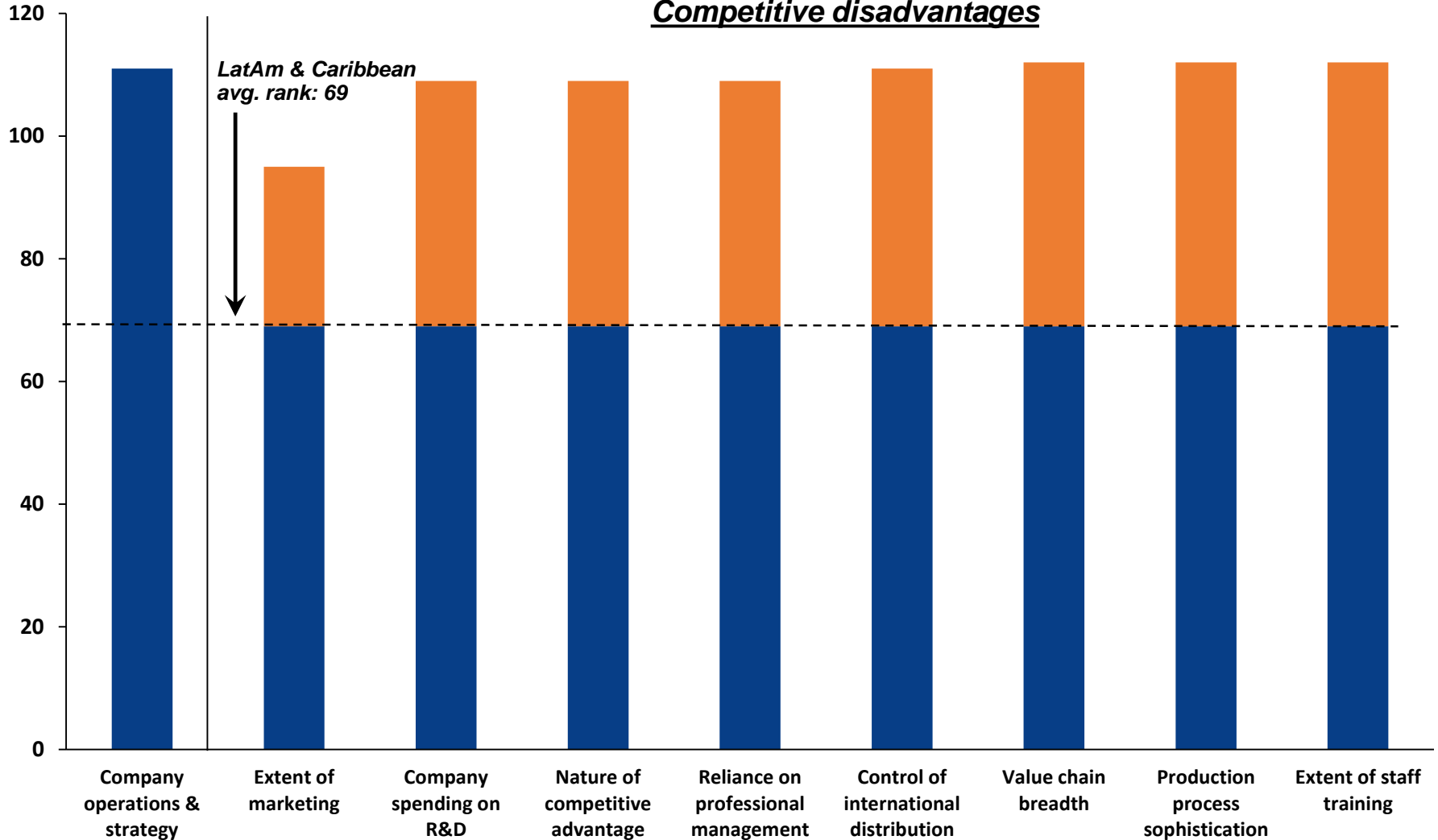
# World Bank Business Development Services Program



# Company Strengths and Weaknesses

## Haiti, 2015

Competitiveness  
ranking, 2015



Note: Ranks are versus 113 countries; GDP per capita PPP (2015) benchmark ranks

Source: Delgado, Mercedes, Christian Ketels, Michael E. Porter, and Scott Stern. "The Determinants of National Competitiveness." NBER Working Paper Series, No. 18249, July 2012

# Companies in Haiti

- There are a small number of **large companies** with substantial market positions
- Most local companies are **small and informal**
- Some **multinationals** are present in sectors such as banking and telecommunications
- There are a **few state owned enterprises**, such as the electricity distribution company and vehicle insurance company, with mixed success
- Most companies have **limited sophistication** in production and across the value chain



# Limited Current Role of Haiti's Departments

- Government, economy and population are **heavily concentrated in Port au Prince**



- There is significant **regional variation** in development and poverty. The highest poverty is concentrated in the North East and North West Departments
- Limited **financial resources** at local level
- Low **administrative** and **technical capacity** in local governments
- Lack of clear **responsibilities** and **resources** at the local level

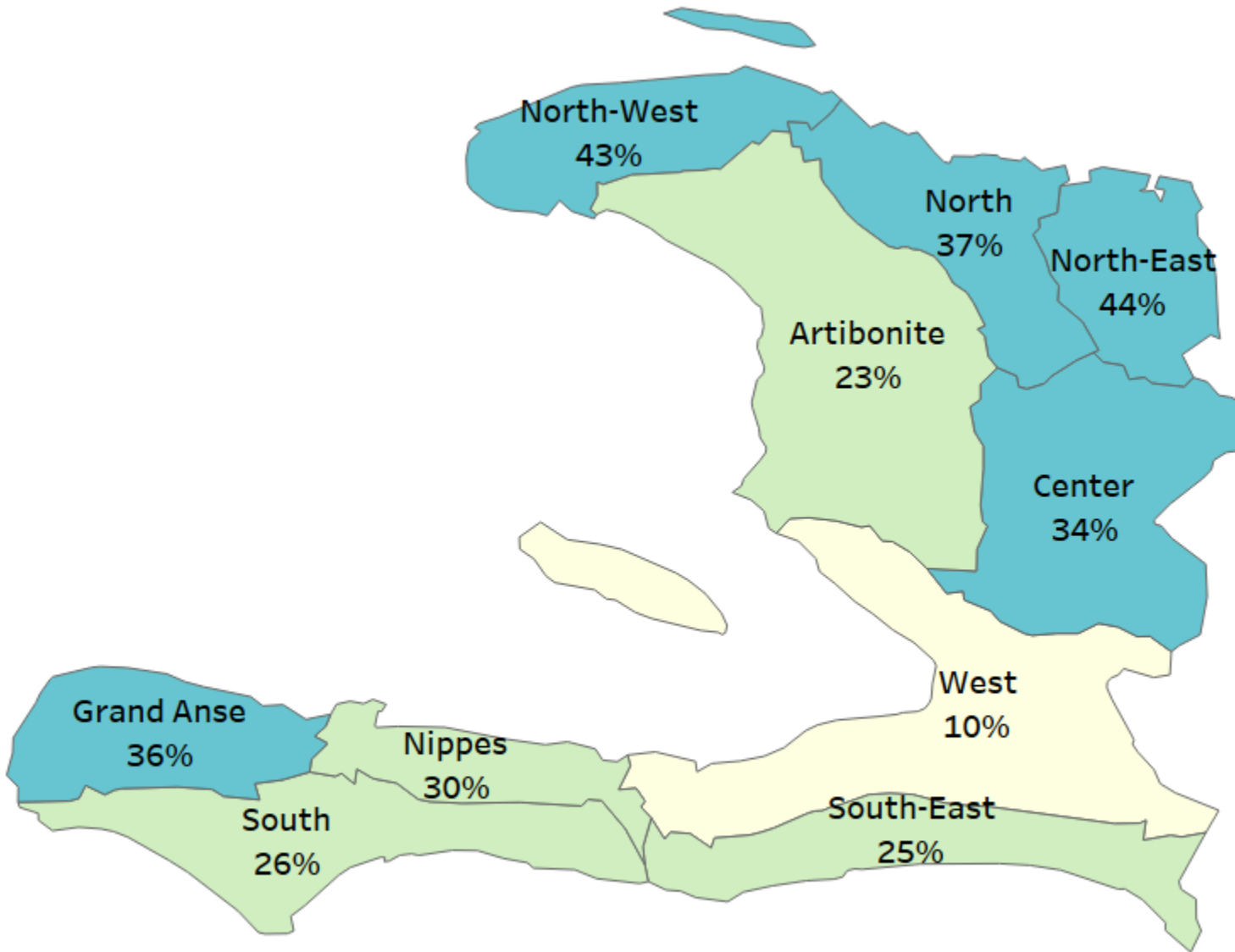
# Regional Disparities in Haiti

## Haiti's Departments

	Population Density (Inhabitants per km <sup>2</sup> ) (2016)	Indicators (per 1000 inhabitants)			
		Primary Education Establishments (2011)	Sanitary Institutions (2016)	NGOs (2016)	Financial Institutions (2016)
<b>Departments</b>					
West	809	1.21	0.10	0.12	0.02
Center	214	0.63	0.04	0.00	0.01
Artibonite	353	2.66	0.18	0.03	0.08
North	505	1.26	0.10	0.02	0.02
North-West	347	2.41	0.24	0.02	0.01
North-East	243	0.60	0.06	0.01	0.02
South-East	311	1.23	0.09	0.02	0.03
South	292	1.31	0.10	0.01	0.05
Nippes	270	1.47	0.09	0.01	0.00
Grand-Anse	245	1.32	0.11	0.01	0.01

**Source:** Center for Facilitation of Investments Haiti

# Regional Differences in Poverty



*Incidence of extreme poverty, 2012*

# Economic Composition of Haitian Departments

## Established Agricultural Products



- Based on information from Ministry of Trade and Industry and UNDP

# Economic Composition of Haitian Departments

## Processed and artisanal handicraft products



- Based on information from Ministry of Trade and Industry and UNDP

# Economic Integration with the Dominican Republic

- Haiti has developed a large **trade deficit** with the Dominican Republic
- **Agricultural products** account for one-fourth of Haiti's total imports from the Dominican Republic
- **Dominican Republic** imports many agricultural related products from the rest of the world

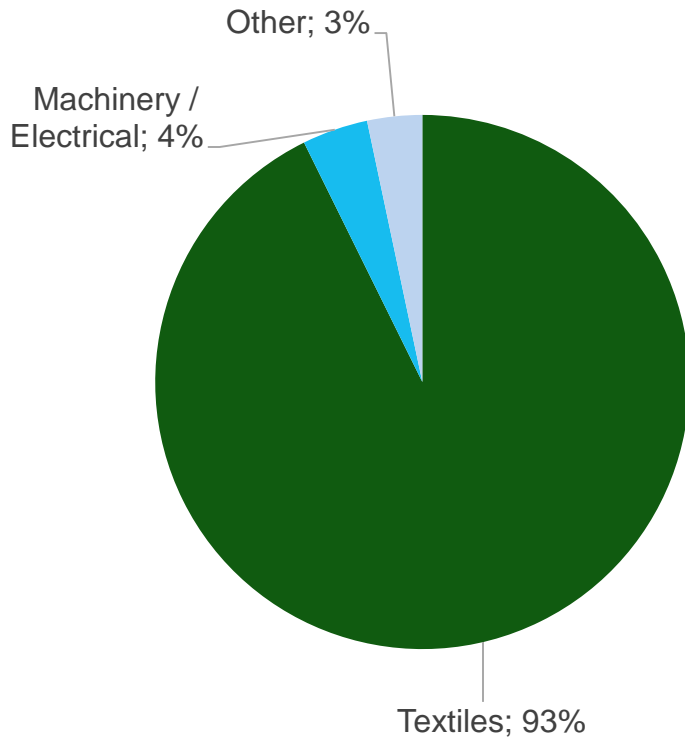


- Dominican Republic is a natural destination for **Haitian exports**
- Haiti has the potential to produce locally many of **the goods that are currently imported** from the Dominican Republic
- Haiti's proximity and access to the Dominican Republic market is a major potential strength in economic upgrading

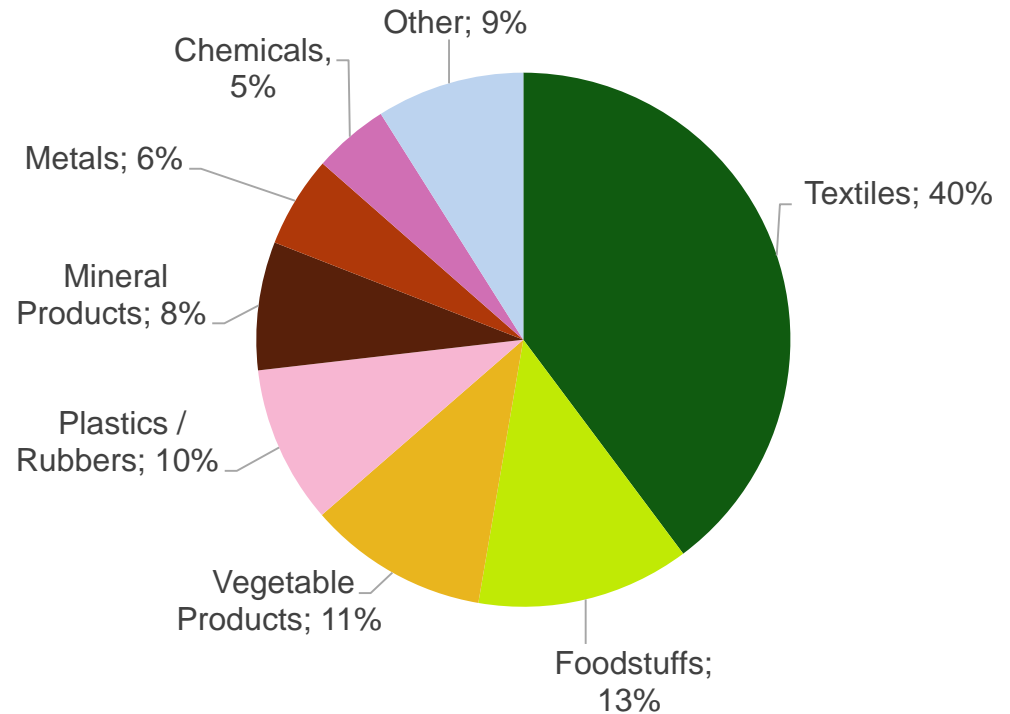
# Trade Balance with the Dominican Republic

## Haiti's Exports and Imports with DR by Product (2015)

Exports  
\$51.3M



Imports  
\$1.01B



# Summary: Key Competitive Strengths to Build On

## Endowments

- Attractive location
- Land and climate
- Cultural resources

## Macroeconomic competitiveness

- Macroeconomic stability
- The diaspora

## Microeconomic competitiveness

- Multilingual population
- Creative and young talent
- Open to FDI and trade with preferences
- Existing clusters provide a foundation



# Summary: Key Competitive Weaknesses

## Endowments

- Natural disasters

## Macroeconomic competitiveness

- Political instability
- Corruption
- Inefficient public service
- Poor healthcare and nutrition
- Weak overall education

## Microeconomic competitiveness

- Internal barriers to competition
- Limited and low quality electricity supply
- Inadequate land tenure and property rights
- Low skilled labor force
- Limited company capabilities and strategic thinking

# Agenda

1. Introduction
2. Haiti's Economic Performance
3. The Competitiveness Framework
4. Haiti's Competitive Position
- 5. Recommendations**
6. Towards an Overall Economic Strategy for Haiti
7. Moving to Action

# Increase Resilience To Natural Disasters

- Increase the effectiveness and enforcement of **zoning** and **land-use practices**
- Improve the **quality of physical infrastructure**
  - Strengthen standards and implementation of **building codes**, including inspection
- Enhance the System of Risk and Disaster Management to strengthen coordinating planning, education, preparedness, and warning systems for potential disasters, with clear overall responsibility and accountability
  - Engage **local communities** at risk to be better prepared for a potential disaster
  - Coordination with **neighboring countries** and institutions for prevention and relief mechanisms
  - A protocol for working with the **international donor community**
  - Financing mechanisms for **post-disaster** actions

# Improve and Maintain Macroeconomic Stability

- Take steps to return to a **single-digit rate of inflation**
- Reduce **tax evasion** and improve **tax collection**
  - More citizens and businesses need to pay taxes
  - Limit the use of **tax and customs exemptions** to those areas where there is clear benefit to the economy
- Reduce excessive **investment incentives**
- Mount a multi-pronged strategy to **increase remittances** and **encourage investment** by the diaspora in the country

# Aggressive Strategy to Reduce Corruption

- Mount a **media campaign** to build public support for eliminating corruption
- **Digitize and make transparent** all transactions between government and individuals
  - Invite a leading **technology company** to assist in this effort
- Create **transparency of all government contracts**, including contract amounts and time of execution
- Eliminate **“phantom” employees** through better information and contracting systems
- Improve **capabilities** in the customs, the tax agency, and the judicial system
- Enhance the **salaries of skilled government officials**
- Regulate **private sector financing** of political campaigns

# Upgrade Public Institutions and Services

- Channel donor investment into strengthening **government's institutional capacity**
- Move to **e-government practices** whenever possible to improve efficiency and transparency
- Improve **data, statistics** and **analytical capacity** in government
  - Strengthen the **Haitian Institute of Statistics and Informatics**
- Create a **disciplined structure and processes** for policy implementation
- Raise **performance standards** for public employees
- Create incentives to **attract professionals** committed to public service (e.g. higher salaries, career development paths)
- Publicly recognize **capable public servants**

# Improve Education and Training

- Improve the **quality** of primary and secondary schools
  - Measure and create accountability for **learning outcomes**
- Establish **teacher training programs** and **opportunities for career advancement** and **salary improvement**
- Monitor and certify private schools through **standards** and **guidelines**
- Improve educational **infrastructure**, including classrooms with access to water, energy, and connectivity
- Continue investing in **technical schools** and **universities**

# Upgrade the Skill Level of the Workforce

- Create a national commitment and plan to **upgrade the skill level** of the workforce, especially younger citizens
- Create a **Workforce Development Agency** to lead the process on developing an innovative, and effective workforce development system within Haiti
  - Increase **standards** for existing training institutes
  - Engage with employers to upgrade **training providers** and identify priority **skill needs**
  - Work with employers and potential investors to establish **internal** training programs supported by incentives
- Raise a **Training Fund** to award matching grants to **employers** to train employees
- Organize the training system around **clusters**
  - Customized training to **cluster needs**
  - Locate **training facilities** near clusters



# Engage The Diaspora

- The diaspora can be a major contributor to a **new Haiti** through its resources, international relationships, and commitment to the country
- Build **programs** to encourage and simplify investments by the diaspora in Haiti (housing, retirement and job opportunities in Haiti, incentives for business investment)
- Organize the diaspora as a **network** to facilitate **trade and investment** in Haiti, including **foreign investment opportunities** in the various clusters in the country

# Improve the Quality of Energy Supply

- Introduce **pre-payment requirements** and improve **enforcement** against electricity theft
- Create tax and financial incentives as well as streamlined rules to invest in **sustainable energy** generation (sun and wind)
- Strongly encourage and support the adoption of **solar energy** in rural communities, health facilities, and energy intensive industries
- Open the **solar** and **wind energy** sector to FDI
  - Attract to Haiti **leading international solar and wind energy companies**
- Promote and grant licenses for **solar microgrid systems** and **community micro utility companies** to expand access to renewable energy across the country

# Land Rights

- Initiate a modern, digital property registration process with international assistance, starting with **current real estate transactions**
- Streamline the **procedures** involved in registering property
- Create a respected **property dispute resolution** mechanism
- Encourage and establish rules for **renting** and **leasing** land to facilitate property utilization and encourage property investment

# Open Up Competition

- Activate a **competition agency** with statutory authority to enforce open and fair competition standards
  - Remove **restrictions on competition** (quotas, licenses and controls) without compelling offsetting benefits
- Eliminate **subsidies** favoring individual companies
- Attract **foreign companies** to increase local competition
- Reduce **informality** through simplifying company registration and creating a more open and efficient government

# Make Attracting Foreign Investment a Core Strategy

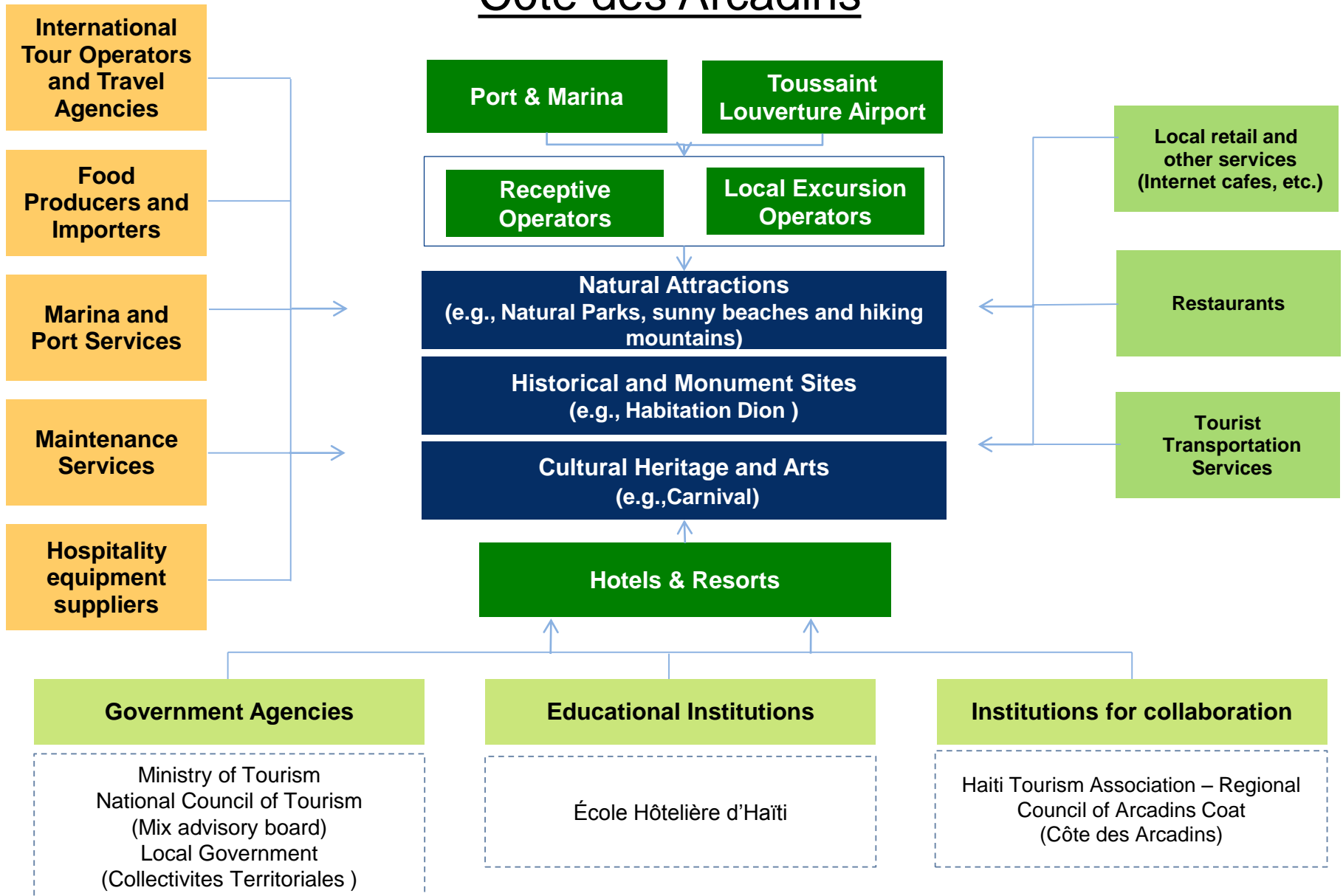
- Attracting foreign investment accelerates improvement in the **business environment** in many ways
- Foreign investment improves the **competition landscape**
- Foreign companies bring new **technology** and contribute to **workforce development** and **training**
- Foreign investment helps jumpstart **cluster development**
- The **diaspora** can play an important role in attracting investment given its relationships and expertise

# Embrace a Cluster-Based Development Strategy

- Initiate a sustained **national cluster development strategy** to upgrade both established and emerging clusters in the country
- Begin with established **existing clusters** such as tourism, and apparel, as well as emerging clusters with some critical mass such as vetiver and organic coffee
- Grow the World Bank **Business Development Services Program** to assist in cluster upgrading
- Use cluster development to guide and set priorities for **infrastructure** and **workforce development programs**

# Haitian Tourism Cluster

## Côte des Arcadins



# Upgrading The Tourism Cluster

- Formalize **a collaborative local public/private institution** to develop the cluster
  - All actors should be invited to work together to design and implement a more competitive **tourist experience**
- Use social media and popular celebrities to create a **highly visible events in Haiti**
  - Gastronomic experience
  - Entertainment for millennials
- Improve **airport infrastructure** and **services** to enhance the tourist experience
- Improve **security along National Route #1** to avoid delays between Toussaint Louverture Airport and the cluster
- Organize and support **local artists** as a unique part of the cluster
- Promote local **water sports** and host **worldwide competitions** to attract younger tourists
- Coordinate with **local emergency teams** to improve access to medical care, health infrastructure, ambulances, and other emergency services for visitors



# Industrial Parks and “Enterprise Zones” to focus Business Environment Improvement

- Focus on prioritizing **upgrading infrastructure** in Industrial Parks to accelerate progress
- Prioritize the establishment of **efficient public services** in parks (energy, water supply, waste management), and expand to other areas over time
- Develop parks using the **cluster model**, with parks seeking to attract related companies and nurture local suppliers

# Engage the Private Sector

- The private sector can contribute to the solution of many of the **social** and **environmental** issues in Haiti
- **Foreign companies** that offer products and services to meet unmet local needs and serve underserved customers should be welcomed to Haiti
- NGOs should partner with local companies and other stakeholders on projects for **social improvement**

# Increase Department Level Responsibility

- Departments should play a crucial part in the **development of Haiti**
- Define clear roles for the national level and the department level of government to move to greater **decentralization**
- Each local area needs to leverage its own **competitive assets** and cluster potential
- Local actors should participate actively in **policy-making** and **business environment reform**
- Departments need to improve and take more responsibility for **policy implementation** and **accountability**
- Implement **e-government one-stop models** to increase access to public services in rural or dispersed communities

# Economic Integration with the Dominican Republic

- Improving economic integration with the Dominican Republic can substantially improve Haitian competitiveness
- Improve coordination of the **transportation network**
- Create an efficient **regional energy network**
- Simplify and harmonize **cross-border regulations** and paperwork
- Take advantage of the Dominican Republic's capabilities for **workforce development**
- Facilitate **cross-border trade**

# Agenda

1. Introduction
2. Haiti's Economic Performance
3. The Competitiveness Framework
4. Haiti's Competitive Position
5. Recommendations
- 6. Towards an Overall Economic Strategy for Haiti**
7. Moving to Action

# The Need for a National Strategy

- Strategy means **choice**
  - Haiti can not be good at everything but needs to define how existing strengths are to be deepened and broadened to provide specific distinctive value to business
- Strategy means **focus**
  - Haiti can not improve everything at the same time but needs to prioritize the **most pressing issues**
- Strategy means **action**
  - Haiti does not need another plan but an **action agenda** that drives change through a process and institutional structure focused on implementation

# Towards a Distinctive Value Proposition for Haiti

## Unique strengths to build on

- Strategic position close to important markets (US, DR, Cuba, and Caribbean Islands)
- Open economy with active trade agreements
- Well educated diaspora located in strategic locations
- Rich culture and history
- Reservoir of young Haitians eager to learn
- Multilingual population (French, Spanish, English and Creole)
- A creative workforce
- Deep cultural linkages with African countries
- A set of emerging clusters



- Haiti needs to build a **consensus on its strengths** across society

# Elements of a Haitian Value Proposition



## Existing and Emerging Clusters:

- Tourism
- Niche and organic agriculture products
- Apparel/Textiles
- BPO/IT service
- Renewable energy
- Creative Industries
- Earthquake and hurricane safe local construction

Haiti should establish a set of **national goals** around these areas

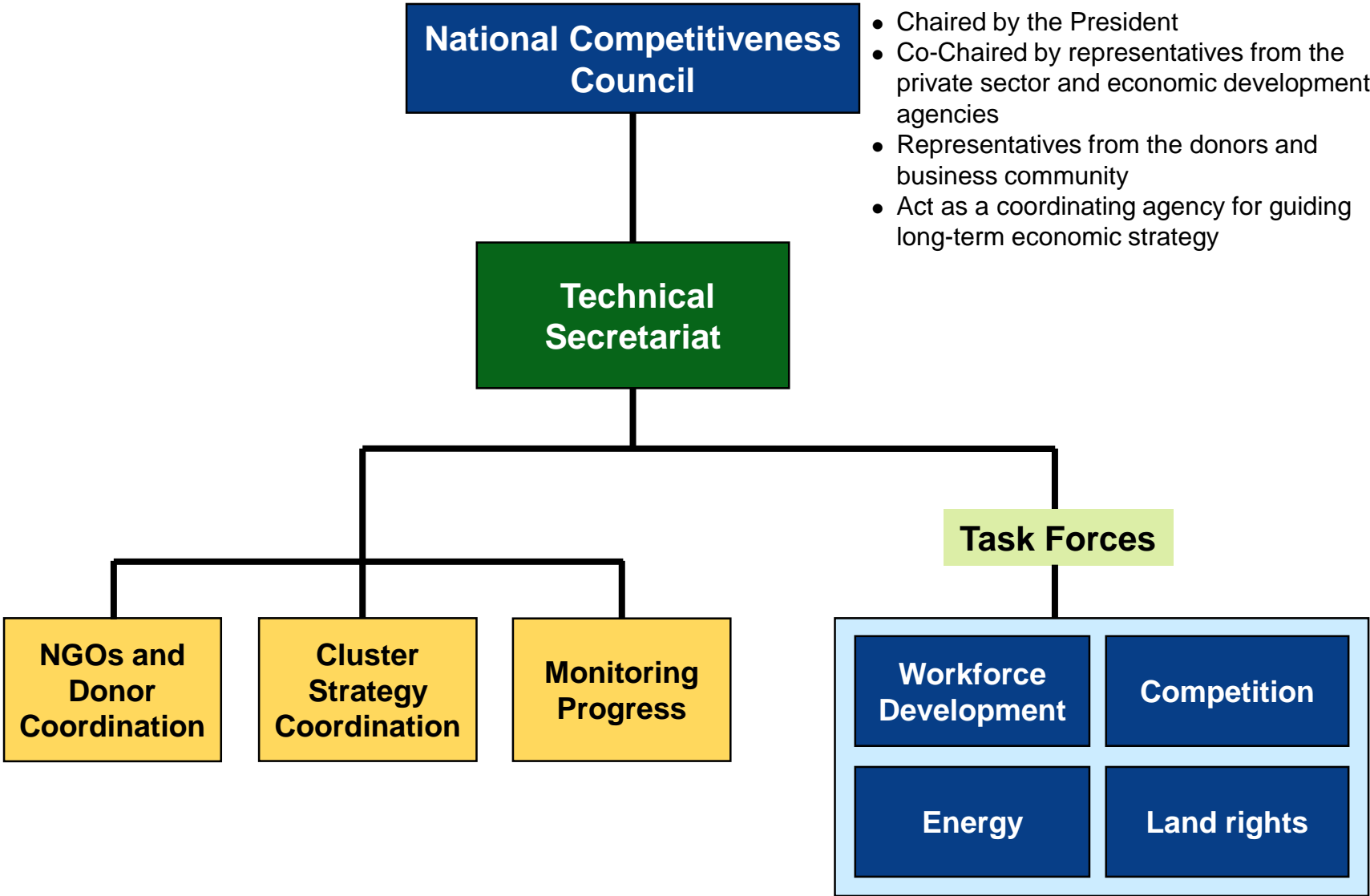


# Agenda

1. Introduction
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## **7. Moving to Action**

# Create a National Council on Competitiveness for Haiti



# Role of the National Council on Competitiveness

- Facilitate **dialog** and **coordinated action** between public and private sectors
- Coordinate **donors** and **NGO** intervention
- Develop and communicate a **common strategy** for the country
  - Communicate the strategy to all **national** and **international stakeholders**
- Coordinate **cluster development** across stakeholders
- Measure and report **progress**

# Strategy Sequencing

- Establish political stability, social stability, and personal safety
- Launch a sophisticated anticorruption campaign
- Engage the diaspora

- Open up competition rules
- Simplify the costs of doing business
- Upgrade the skills of the workforce
- Reform the energy sector
- Adopt a cluster development vision including FDI attraction
- Simplify regulations to increase formality

- Improve physical infrastructure and its sustainability
- Improve the efficiency of the public sector
- Establish property and land rights
- Continue improving the quality of education

Immediate

Priority

Long term

# Engage Citizens

## Some Possibilities

- Institutionalize **National Days of Service** in which all citizens are invited to participate
  - **Neighborhood** cleanliness, order and beautification
  - School improvements and repairing other **public facilities**
- Create a friendly rivalry among communities to create initiatives and implement **best practices**
- Establish bottoms-up **cluster groups at the local** or **micro-clusters** to activate local citizen participation
- Create **citizen forums** with government to identify key needs and set priorities

# Annex A

Recommendations from Previous  
Development Studies of Haiti

2010-2017

# Annex Contents

- There have been seven major reports on Haitian development since 2010



- Economic Forum of the Private Sector. *Socio-Economic Agenda of the Private Sector* (April, 2017).



- Norma Powell. *Investment Climate Reform* (January, 2017).



- Raju Jan Singh & Mary Barton Dock. *Haiti: Toward a New Narrative* (September, 2015).



- World Bank Group. *Diagnostic Trade Integration Study (DTIS)* (2013).



- World Bank Group. *Doing Business Economy Profile 2012: Haiti* (2012).



- Presidential Commission on Competitiveness. *Haiti Economic Recovery & Roadmap* (August, 2010).



- Keith Crane, et al. *Building a More Resilient Haitian State* (January, 2010).

# Overview of Recommendations from Previous Studies

Recommendation details are provided in the report summaries below

## Endowments

- Natural disaster response, prevention and mitigation
  - Strengthen institutional arrangements for disaster prevention
  - Avoid new risks by integrating risk awareness in public policies and investments

## Social Development

- Social Compact
  - Greater autonomy at the community and regional level
  - Renewed climate of accountability and transparency from both the government and the private sector
- Work conditions and social protection
  - Social Security Reform
  - Identification of vulnerable populations to mitigate disasters and avoid risks
- Education and Health
  - Focus on strengthening policymaking, planning, regulation, and oversight
  - Establish performance-based contracting mechanism for provision of services



- Corruption and public service reform
  - Build capacity within the Haitian administration rather than use non-state actors to deliver services
  - Clarify who is in the civil service and what they are doing to eliminate phantom employees
  - Develop civil service human-resource management tools and systems
  - Attract new talent, and improve the quality of existing civil servants
- Tax system and fiscal reform
  - Increase tax revenue and diversify the revenue base away from trade taxes
  - Identify options to improve the efficiency of public spending
- Political stability and government effectiveness
  - The executive branch and donors should offer technical and material assistance to improve Parliament's working conditions, staffing, and ability to prepare legislation
  - Establish permanent electoral institutions to support regular reliable elections
- Justice and Police reform
  - Create institutionalized links between police and the justice system
  - Build a unified information-management system that police, prosecutors, courts, and prisons can use

## Institutions (Cont.)

- Statistics and regional data
  - Strengthen the national statistical system
  - Access to timely and consolidated fiscal data
- Donor coordination
  - Encourage NGOs to support state-building
  - Donors and the Haitian government should adopt a consensus decision making model through communication between multi-donor funds and government commissions

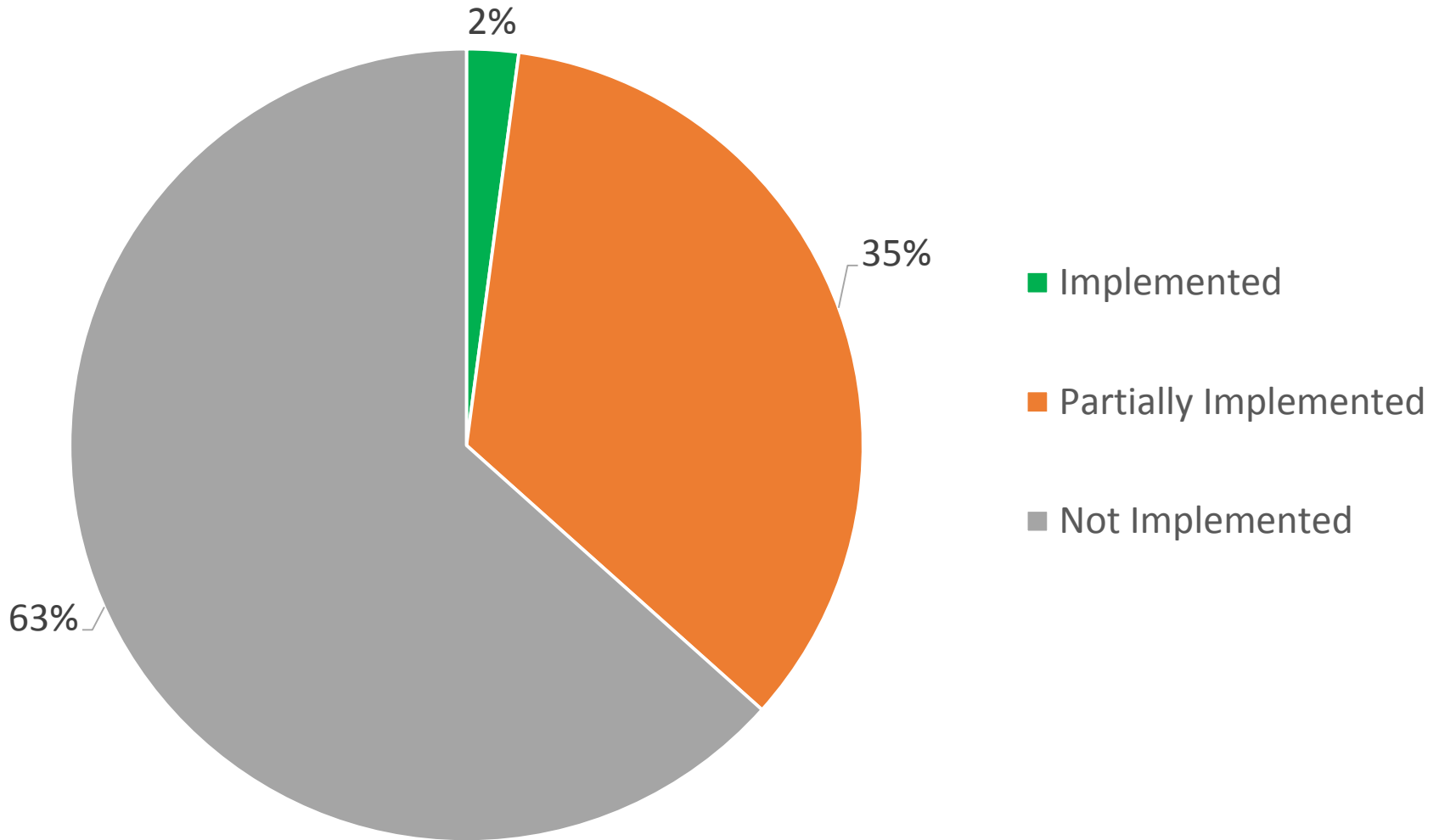
## Business Environment

- Clusters and private sector
  - Work to develop priority and cross-cutting clusters
  - All stakeholders should agree and adhere to a consistent and comprehensive private sector development strategy
- Energy
  - Reduce fuel subsidies and transfers to the state-owned electricity company
  - Improve access to reliable electricity

- Legal framework for business and credit
  - The business environment should be made more favorable. Concentrate on World Bank Doing Business Indicators
  - Modernize the legal and regulatory framework of the financial sector
- Public-Private dialog
  - Improve interactions between the private sector and the state through the maintenance of Public-Private Institutional Dialogue
  - Convene all seven reform committees of the CRCA Commission to discuss the specificities around the same sector
- International trade facilitation
  - Strengthening measures, such as anti-smuggling measures, aimed at restoring trade balance with the Dominican Republic
  - Implement administration and legal reforms for integration into CARICOM and Economic Partnership Agreement with EU
- Property and land tenure
  - Focus on establishing a property-dispute resolution mechanism
  - Eliminate unnecessary procedures involved in registering property

# Implementation of Policies and Programs

## Assessment of Policy/Program Recommendations from Selected Reports 2010 - 2017



# SOCIO-ECONOMIC AGENDA OF THE PRIVATE SECTOR 2017

This document is prepared by the main business association of Haiti, the Economic Forum of the Private Sector. The Association started the document in 2010 as part of their work on the Shared Vision for the country. They have extended the vision to 2030, and added initiatives to the document. The actual agenda is a compendium of policies intended to serve as a support for discussions between the Haitian Authorities and the private sector. Their shared goal is to set the path for the “Growth Revolution.”

## Priorities/Recommendations

### **Framework for Accelerated and Sustained Growth**

- The establishment and maintenance of Public-Private Institutional Dialogue
- Support growth sectors
  - Agriculture
  - Light manufacturing
  - Construction
  - Tourism
  - Mining
- Develop energy, transport, telecommunications and IT infrastructure
- Enhance business and investment climate
- Attract strategic national, foreign and Diaspora investments and strengthen the SME network
  - Fiscal Reform
  - Public-Private Partnerships
  - Develop Insurance Industry
  - Modernization of the legal and regulatory framework of the financial sector

# SOCIO-ECONOMIC AGENDA OF THE PRIVATE SECTOR 2017

## Priorities/Recommendations

### **Framework for International Trade**

- Strengthen measures aimed at restoring a trade balance with the Dominican Republic, prioritizing strengthening of anti-smuggling measures
- Implement reforms for the adoption of the appropriate administrative, legal and institutional instruments for regional integration into CARICOM and Economic Partnership Agreement with the EU
- Develop a Roadmap to implement Trade Facilitation Agreements (TFA)

### **Framework for Decent Work in Haitian Enterprises**

- Re-launch the tripartite review process for the new Labor Code to find the necessary consensus
- The Higher Council for Salaries should publish the studies recommending an increase in the minimum wages
- Endorsement of the National Vocational Training Policy
- Social Security Reform

# INVESTMENT CLIMATE REFORM 2017

This report was prepared in January 2017 by the Haitian Center for Facilitation of Investments (CFI). It presents the main obstacles faced by firms wishing to operate in Haiti, outlines the Government's response to these problems to date and finally proposes a tool to improve the business climate: the Commission for Business Climate Reform (CRCA). The CRCA Commission is comprised of seven reform committees.

## Needed Reforms

- Legal framework of business
  - Produce legislative texts with the participation of the various sectors
  - Put in place actions to promote these texts to the public and the Parliament in order to maximize the chances of voting
  - Work for an effective enforcement of laws.
- Optimization of state services and governance
  - Improve the various interactions between the private sector and the State
- Improve access to credit
- Professional training
- International Trade
- Electricity and Infrastructure
- Sectors of Activity
  - Convene all Committees to discuss the specificities around the same sector
  - Sector Specific Public-Private dialogue.



# HAITI TOWARD A NEW NARRATIVE – 2015

This document was prepared by the World Bank in 2015, as a systematic country diagnostic seeking to identify the most important constraints and opportunities for inclusive and sustainable growth in Haiti. The report includes qualitative and quantitative analysis to provide a sense of prioritization in order to deliver faster economic growth and greater shared prosperity.

## Priorities/Recommendations

### Short-Term

- Maintaining macroeconomic stability, while meeting development needs
  - Reduce reliance on the donor community
  - Achieve greater mobilization of fiscal revenue
  - Identify options to improve the efficiency of public spending
  - Reduce fuel subsidies and transfers to the state-owned electricity company
  - Increase tax revenue and diversify the revenue base away from trade taxes
  - Remove “nuisance” taxes to attract investors
  - Align personal income tax brackets with the country’s socio-economic structure
  - Prioritize public investment on productivity basis and coordinate with donors
  
- Improving statistics and analytics
  - Access to timely and consolidated fiscal data
  - Strengthen the national statistical system





# HAITI TOWARD A NEW NARRATIVE – 2015 (Cont.)

## Priorities/Recommendations

### Medium-Term

- (Re)building the social contract
  - Build capacity within the Haitian administration rather than use non-State actors to deliver services
  - Renewed climate of accountability and transparency from both the government and the private sector
  - Well-functioning civil society and set of institutions
  - Regular reliable elections
  - Greater autonomy at the community level allowing for the emergence of local leadership
  - Public provision of healthcare and education
  - Identification and targeting of vulnerable populations
- Creating greater economic opportunities and better jobs
  - The business environment should be made more favorable
  - All stakeholders should agree and adhere to a consistent and comprehensive private sector development strategy
  - Develop higher levels of education and skills
  - Support income diversification
  - Promote expanded access to inputs (e.g., seeds, electricity, finance, water) and to product markets (e.g., transport)
  - Improve urban transport systems
  - Develop opportunities outside of the capital

# HAITI TOWARD A NEW NARRATIVE – 2015 (Cont.)

## Priorities/Recommendations

### Medium-Term

- Reducing vulnerabilities and building resilience
  - Strengthen institutional arrangements for disaster prevention and mitigation
  - Reduce existing risks and avoid new risks by integrating risk awareness in public policies and investments
  - Develop efforts to make agriculture production more resilient to adverse weather conditions
  - Develop an integrated disaster risk financing and insurance strategy
  - Develop a social protection targeting system, a national poverty map and a unique registry of social protection beneficiaries in priority areas

# INTEGRAL FRAMEWORK - DIAGNOSTIC

## TRADE INTEGRATION STUDY 2013



The Integral Framework started as a technical assistance program with the support of the WTO. The assessment aims to identify a set of priority actions in trade integration to be developed for inclusive growth that contributes to poverty reduction. The World Bank presented the diagnostic on Haitian trade integration in 2013.

### Priorities/Recommendations

#### **Cross-cutting constraints to boost investments and trade**

- Improve the business environment
- Reduce the cost of transportation and commercial logistics
- Improve the availability and efficiency of production factors
- Strengthen trade institutional framework

#### **Priority industries to improve trade integration reforms**

- Textile-clothing
- Tourism
- Agriculture
- IT and IT related services
- Creative and Cultural Industries
- Mining sector

# ACTION PLAN FOR THE IMPROVEMENT OF DOING BUSINESS INDICATORS 2012



The World Bank presented a memorandum for Doing Business Improvement to the Haitian Ministry of Finance and Economics in 2011. After discussions with the Government of Haiti, 8 of the 10 indicators in the DB were selected as priorities. This report presents the detailed actions to achieve improvements.

## Priorities/Recommendations

### Pre-Conditions For Reform

- Create a joint working groups that include all concerning government agencies to work on each indicator
- Regular monthly meetings between working groups and the Parliament to allow designated leaders to present their ideas and to solicit the participation of parliamentarians who specialize in each process

### Selected Indicators to Improve

- Starting a business (13 proposed reform actions)
- Dealing with construction permits (9 proposed reform actions)
- Registering property (5 proposed reform actions)
- Getting credit (10 proposed reform actions)
- Protecting investors (8 proposed reform actions)
- Trading across borders (7 proposed reform actions)
- Enforcing contracts (8 proposed reform actions)
- Resolving insolvency (8 proposed reform actions)



# HAITI ECONOMIC RECOVERY & ROADMAP - 2010

In 2009, President René Prével created the Presidential Commission on Competitiveness to develop a “Shared Vision for a Competitive and Prosperous Haiti” with the facilitation of OTF Group. After the 2010 earthquake the Shared Vision exercise became the basis of an Economic Recovery and Roadmap to build back both Haiti’s physical infrastructure and social fabric with focus on competitiveness. This vision was anchored around five priority clusters and five cross-cutting clusters. It was never implemented.

## Priorities/Recommendations

### Strategic Objectives

- Achieve financial independence
- Promote economic inclusion
- Rebuild trust in our society

### Five Priority Clusters

- Fruits & Tubers
- Animal Husbandry
- Tourism
- Housing & Urban Development
- Garments

### Cross-Cutting Clusters

- Construction & Infrastructure
- Finance
- IT
- Education and Training
- Business Enabling Environment

# HAITI ECONOMIC RECOVERY & ROADMAP – 2010 (Cont.)

## Priorities/Recommendations

### Framework for Implementation

- The Interim Haiti Reconstruction Commission (IHRC) should support private sector development and competitiveness
- The Private Economic Forum needs to become the champion of all segments of businesses in Haiti

### National Competitiveness Council

- The Presidential Commission on Competitiveness will become a National Competitiveness Council
  - Unify all sectors of Haitian society (government, private sector and civil society) through an institution that promotes dialogue to rebuild trust.
  - Foster a culture of innovation, entrepreneurship and competitiveness through ongoing communications.

### Beyond Reconstruction

- Programme Strategique pour l'Economie et la Richesse (PROSPER) is proposed
  - Job creation must be first priority
  - Geared towards promoting local capacity
  - Build momentum through tangible successes, while creating an environment of collaboration and forward thinking
  - PROSPER will act as a center linking efforts to networks of investment, trade and productivity both in and outside Haiti
  - All recommendations or programs planned will be driven by detailed data & analytics



# BUILDING A MORE RESILIENT HAITIAN STATE - 2010

Report created by RAND Corporation after the earthquake in 2010. The study finds that most plans and proposals for rebuilding Haiti are too broad in scope, too ambitious in their objective, and fail to set priorities or lay out a sequence for introducing changes. The study identifies the main challenges to a better government and proposes a “realistic set of actions.”

## Priorities/Recommendations

### **Governance and Public Administration**

- Focus attention and resources on civil service reform
  - Clarify who is in the civil service and what they are doing
  - Attract new talent, improving the quality of existing civil servants
  - Build human-resource management tools and systems (including job classifications, standards and procedures for hiring and firing, a merit promotion system, salary grades, and clarified career ladders)
  - Create a fast-track program with enhanced salaries and prestige for highly qualified young people willing to enter and commit to at least several years of public service
- Initiate practical steps toward decentralization and de-concentration
  - Clearly define the respective roles and authorities of the several levels of government
  - Provide resources and logistical means to officials to carry out their responsibilities



# BUILDING A MORE RESILIENT HAITIAN STATE - 2010

## Priorities/Recommendations

### Governance and Public Administration (Cont.)

- Offer support to parliament and political parties
  - The executive branch and donors should offer technical and material assistance to improve Parliament's working conditions, staffing, and ability to prepare legislation
- Keep constitutional reform modest
  - Focus on permitting dual citizenship and lengthening the electoral cycle
- Employ donor leverage to secure key reforms

### Justice

- Create a mechanism for resolving real and other property disputes stemming from the earthquake
- Establish a special ad hoc panel for detainee review
- Expand prison capacity
- Build a unified information-management system that police, prosecutors, courts, and prisons can use

### Security

- Support building basic administrative structures for Police
- Create institutionalized links between police and justice
- Focus on a Police force that the Haitians can afford





# BUILDING A MOR RESILIENT HAITIAN STATE - 2010

## Priorities/Recommendations

### Economic Policy

- Assess whether to replace the gourde with the U.S. dollar
- Streamline the tax system
- Improve the business environment
  - Haitian government should implement “one-stop” registration of businesses
  - Eliminate mandatory fees and open up competition for the provision of services by notary publics
  - Eliminate charges associated with repossessing collateral

### Housing and Infrastructure

- Focus on repairing and maintaining existing roads
- Remove remaining restrictions on the operations of private container ports
- Immediately move to raise electric-power tariffs to full cost-recovery levels

### Education

- Strengthen Government Oversight
- First expand access and then improve quality

### Health

- Focus on strengthening policymaking, planning, regulation, and oversight
- Establish performance-based contracting mechanism for provision of services
- Reorganize decentralized health-care operations
- Build human-resource capacity
- Examine health-care financing options



# BUILDING A MORE RESILIENT HAITIAN STATE - 2010

## Priorities/Recommendations

### **Donor Coordination**

- Make the Interim Haiti Recovery Commission an effective decision making body
- Strongly support the Multidonor Trust Fund
- Encourage NGOs to support state-building
- Facilitate community involvement and information flow
- Appoint a Senior Coordinator for U.S. Policy and Assistance Programs