A Strategy for Haitian Prosperity

Report

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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, and FSG website, www.fsg.org.
The authors of this report wish to acknowledge the assistance provided by Clifford Nau, Ralph Valery, and Carl Henry Prophete from the Government of Haiti, Richard Bryden and Bhanu Nadella from the Institute for Strategy and Competitiveness at Harvard Business School, and Ernesto Cuellar from the University of los Andes in Colombia. We also thank the many individuals who generously shared their views with us on the analysis and recommendations in this report.
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.
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
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

Average Growth Rate
1996-2016: 1.37%

Average Growth Rate 2010-2016: 3.01%

Average Growth Rate 1996-2010: 0.67%

Source: World Bank Data, GDP, PPP (constant 2011 international $); Average growth rates calculated as CAGR
Prosperity Performance
Selected Low Income Countries

PPP-Adjusted Real GDP per capita, 2016

Average Prosperity Growth:

+1.86%

Chile
(2.62%, $22,707)

High and Improving

Panama
(5.56%, $21,335)

High but Declining

Argentina

Low and Declining

Suriname
(-1.33%, $13,114)

Low but Improving

Central African Republic
(-5.12%, $648)

Average Real GDP per Capita: $6,523

Note: Country set includes Latin America, Caribbean and low-income African countries. Source: World Bank
Inbound Foreign Investment Performance

Selected Low Income Countries

Inward FDI Stocks as % of GDP, Average 2010-2015

FDI Inflows as % of Gross Fixed Capital Formation, Average 2010-2015

Extreme Poverty and Inequality

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

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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?

<table>
<thead>
<tr>
<th>Microeconomic Competitiveness</th>
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<tbody>
<tr>
<td>Quality of the Business Environment</td>
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<tr>
<td>State of Cluster Development</td>
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<tr>
<td>Sophistication of Company Operations and Strategy</td>
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<tr>
<th>Macroeconomic Competitiveness</th>
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<tr>
<td>Sound Monetary and Fiscal Policies</td>
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<tr>
<td>Human Development and Effective Public Institutions</td>
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</tbody>
</table>

Endowments

- 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?

- **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

Macroeconomic Competitiveness

- Sound Monetary and Fiscal Policies
- Human Development and Effective Public Institutions

Endowments
What Determines Competitiveness?

- **Human Development**: Basic education, health care, equal opportunity
- **Rule of Law**: Property rights, absence of corruption, personal security, and due process
- **Government Institutions**: Stable and effective governmental organizations and processes
What Determines Competitiveness?

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

Microeconomic Competitiveness
- Quality of the National Business Environment
- State of Cluster Development
- Sophistication of Company Operations and Strategy

Macroeconomic Competitiveness
- Sound Monetary and Fiscal Policies
- Human Development and Effective Public Institutions

Endowments
Improving the Quality of the Business Environment

The Diamond Model

Context for Firm Strategy and Rivalry

- Local rules and incentives that encourage investment and productivity
  - e.g., incentives for capital investment, IP protection
  - Sound corporate governance practices
- Open and vigorous local competition
  - Openness to competition
  - Strict competition laws

Demand Conditions

- Sophisticated and demanding local needs
  - e.g., Sophisticated demand in the private sector and government
  - Strict quality, safety, and environmental standards

Factor (Input) Conditions

- Improving access to high quality business inputs
  - Qualified human resources
  - Capital availability
  - Physical infrastructure
  - Scientific and technological infrastructure
  - Administrative and regulatory infrastructure

- Availability and quality of suppliers and supporting industries

Related and Supporting Industries

- Many things in the business environment matter for competitiveness
- Successful economic development is a process of successive upgrading, in which the business environment improves to enable increasingly sophisticated ways of competing
What Determines Competitiveness?

Microeconomic Competitiveness
- Quality of the National Business Environment
- State of Cluster Development
- Sophistication of Company Operations and Strategy

Macroeconomic Competitiveness
- Sound Monetary and Fiscal Policies
- Human Development and Effective Public Institutions

Endowments

Geographic concentrations of firms, suppliers, and related institutions in particular fields (e.g., tourism, automotive) that enable productivity and innovation.
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

Horticultural Agencies, NGOs & Industry Associations
- Horticultural Crops Development Authority (HCDA) Government Export Policies Targeting Horticulture
- Non-Government Organizations (e.g., The Rural Enterprise Agri-Business Promotion Project)
- Trade & Industry Associations (e.g., Kenya Flower Council)

Flower Farming
- Post-Harvest Handling; Transport to Market

Education, Research & Quality Standards Organizations
- Research Institutions (e.g., Kenya Agricultural Research Institute)
- Public Universities with Post Graduate Degrees in Horticulture (e.g., University of Nairobi)
- Quality & Standards (e.g., EUREGAP Standard, Kenya Plant Health Inspectorate Services)

Tourism Cluster
- Post-Harvest Cooling Technology
- Grading / Packaging Sheds
- Packaging & Labeling Materials
- Refrigerated Trucks
- Freight Forwarders
- Clearing and Forwarding Agents
- Air Carriers (Scheduled and Charters)

Sources: MOC student team research by Kusi Hornberger, Nick Ndiritu, Lalo Ponce-Brito, Melesse Tashu, Tijan Watt, Harvard Business School, 2007
Organize Public Policy Around Clusters

Clusters

- Business Attraction
- Education and Workforce Training
- Science and Technology Infrastructure (e.g., centers, university departments, technology transfer)
- Quality and Environmental standards
- Natural Resource Protection
- Market Information and Disclosure
- Specialized Physical Infrastructure
- Export Promotion

- 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?

Microeconomic Competitiveness
- Quality of the National Business Environment
- State of Cluster Development
- Sophistication of Company Operations and Strategy

Macroeconomic Competitiveness
- Sound Monetary and Fiscal Policies
- Human Development and Effective Public Institutions

Endowments

The internal skills, capabilities, and management practices that enable companies to achieve high and improving productivity and innovation
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**

Diagram:

- Neighboring Countries
- Nation
- States, Regions and Cities
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

1. Neighboring Countries
2. Nation
3. States, Regions and Cities
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

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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

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

Cultural sites and festivals in Haiti

Historical Site
Cultural Site
Festival
Natural Disasters
Selected Caribbean Countries 1971-2014

Source: World Bank 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

Source: IMF IFS, CPI All Items, YoY change.

CPI 2009-2015 remained under 10%

CPI 2016: 13.8%
Personal Remittances to Haiti

1998 – 2016

Source: IMF IFS, CPI All Items, YoY change.
# Social Progress in Haiti

**GDP PPP per capita**

$1,651  
118/128

## Basic Human Needs

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<tr>
<th>Need</th>
<th>Score/Value</th>
<th>Rank</th>
<th>Strength/Weakness</th>
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<tbody>
<tr>
<td>Nutrition and Basic Medical Care</td>
<td>54.70</td>
<td>127</td>
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<tr>
<td>Undernourishment (% of pop; ≥ signifies ≤ 5)</td>
<td>55.40</td>
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<tr>
<td>Depth of food deficit</td>
<td>546.00</td>
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<tr>
<td>Maternal mortality rate</td>
<td>355.32</td>
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<tr>
<td>Child mortality rate (deaths/1000 live births)</td>
<td>69.00</td>
<td>109</td>
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<tr>
<td>Deaths from infectious diseases (deaths/100,000)</td>
<td>216.14</td>
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## Water and Sanitation

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<th>Score/Value</th>
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<tr>
<td>Access to piped water (% of pop.)</td>
<td>9.80</td>
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<tr>
<td>Rural access to improved water source (% of pop.)</td>
<td>47.61</td>
<td>120</td>
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<tr>
<td>Access to improved sanitation facilities (% of pop.)</td>
<td>27.60</td>
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## Shelter

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<tr>
<td>Availability of affordable housing (% satisfied)</td>
<td>16.74</td>
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<tr>
<td>Access to electricity (% of pop.)</td>
<td>37.90</td>
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<tr>
<td>Quality of electricity supply (low; 7-high)</td>
<td>1.59</td>
<td>119</td>
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<tr>
<td>Household air pollution attributable deaths (deaths/100,000)</td>
<td>144.91</td>
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## Personal Safety

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<tbody>
<tr>
<td>Homicide rate (deaths/100,000)</td>
<td>10.00</td>
<td>105</td>
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<tr>
<td>Level of violent crime (4=low; 5=high)</td>
<td>3.00</td>
<td>59</td>
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<td>Perceived criminality (4=low; 5=high)</td>
<td>4.00</td>
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<td>Political terror (4=low; 5=high)</td>
<td>2.50</td>
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<td>Traffic deaths (deaths/100,000)</td>
<td>3.40</td>
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## Foundations of Wellbeing

### Access to Basic Knowledge

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<tr>
<td>Adult literacy rate (% of pop; aged 15+)</td>
<td>60.69</td>
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<tr>
<td>Primary school enrollment (% of children)</td>
<td>51.00</td>
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<tr>
<td>Secondary school enrollment (% of children)</td>
<td>50.00</td>
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### Access to Information and Communications

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<tbody>
<tr>
<td>Mobile telephone subscriptions (subscriptions/100 people)</td>
<td>68.84</td>
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<td>Internet users (% of pop.)</td>
<td>12.20</td>
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<tr>
<td>Press Freedom Index (0=most free; 100=least free)</td>
<td>24.66</td>
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### Health and Wellness

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<tr>
<td>Life expectancy at 60 years</td>
<td>17.64</td>
<td>90</td>
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<tr>
<td>Premature deaths from non-communicable diseases (deaths/100,000)</td>
<td>678.30</td>
<td>119</td>
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<tr>
<td>Suicide rate (deaths/100,000)</td>
<td>8.70</td>
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### Environmental Quality

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<td>Outdoor air pollution attributable deaths (deaths/10,000)</td>
<td>81.31</td>
<td>97</td>
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<tr>
<td>Wastewater treatment (% of wastewater)</td>
<td>0.00</td>
<td>100</td>
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<td>Biodiversity and habitat (no protection; 100=high protection)</td>
<td>24.41</td>
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<td>Greenhouse gas emissions (CO2 equivalents per GDP)</td>
<td>474.87</td>
<td>74</td>
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## Opportunity

### Personal Freedom and Choice

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<th>Strength/Weakness</th>
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<tr>
<td>Personal rights</td>
<td>42.18</td>
<td>97</td>
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<tr>
<td>Political rights (0=no rights; 40=full rights)</td>
<td>15.00</td>
<td>95</td>
<td></td>
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<tr>
<td>Freedom of expression</td>
<td>10.00</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>Freedom of assembly</td>
<td>10.00</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Private property rights</td>
<td>10.00</td>
<td>120</td>
<td></td>
</tr>
</tbody>
</table>

### Personal Freedom and Choice

<table>
<thead>
<tr>
<th>Need</th>
<th>Score/Value</th>
<th>Rank</th>
<th>Strength/Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal freedom</td>
<td>38.35</td>
<td>122</td>
<td></td>
</tr>
<tr>
<td>Freedom over life choices (% satisfied)</td>
<td>29.72</td>
<td>128</td>
<td></td>
</tr>
<tr>
<td>Freedom of religion (4=low; 4-high)</td>
<td>4.00</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Early marriage (% of women aged 15-19)</td>
<td>18.00</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Satisfied demand for contraception (% of women)</td>
<td>48.70</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Corruption (4=low; 100=high)</td>
<td>20.00</td>
<td>123</td>
<td></td>
</tr>
</tbody>
</table>

### Tolerance and Inclusion

<table>
<thead>
<tr>
<th>Need</th>
<th>Score/Value</th>
<th>Rank</th>
<th>Strength/Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tolerance for immigrants (4=low; 100=high)</td>
<td>41.61</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>Tolerance for homosexuals (4=low; 100=high)</td>
<td>14.02</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Discrimination and violence against minorities (4=low; 10-high)</td>
<td>6.70</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Religious tolerance (4=low; 4-high)</td>
<td>4.00</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Community safety net (4=low; 100=high)</td>
<td>58.16</td>
<td>122</td>
<td></td>
</tr>
</tbody>
</table>

### Access to Advanced Education

<table>
<thead>
<tr>
<th>Need</th>
<th>Score/Value</th>
<th>Rank</th>
<th>Strength/Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of tertiary schooling</td>
<td>14.47</td>
<td>108</td>
<td></td>
</tr>
<tr>
<td>Women's average years in school</td>
<td>6.90</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Inequality in the attainment of education (4=low; 10-high)</td>
<td>0.38</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>Number of globally ranked universities</td>
<td>0.00</td>
<td>77</td>
<td></td>
</tr>
<tr>
<td>Percent of tertiary students enrolled in globally ranked universities (4=none; 6=highest enrolment)</td>
<td>0.00</td>
<td>77</td>
<td></td>
</tr>
</tbody>
</table>

## 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
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 5th 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
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

### Haiti 2016

**Context for Firm Strategy and Rivalry**

- **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

**Demand Conditions**

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

**Factor (Input) Conditions**

- 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

### 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
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  - Fraud and evasion in the tax system
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- ± Industrial Parks with weak linkages to local suppliers
  - Limited local suppliers and supporting industries
  - Weak university-industry collaboration
  - Shallow clusters
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

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

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)

Haiti’s GDP per capita rank: 185

LatAm & Caribbean avg rank: 107

More favorable

Less favorable

Quality of the National Business Environment

Clusters in the Haitian Economy

World Export Market Share, 2015

- Apparel (0.26%, +0.08)
- Hospitality and Tourism (0.051%)

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

Haiti’s Overall Export Share in 2015: 0.0097%

Change in Haiti’s Overall Export Share 2005-2015: +0.00405%

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

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

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

<table>
<thead>
<tr>
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<th></th>
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<td>0.19%</td>
<td>8.2</td>
</tr>
<tr>
<td>8 Other garments, not knitted</td>
<td>Apparel</td>
<td>0.18%</td>
<td>0.15%</td>
<td>19.0</td>
</tr>
<tr>
<td>9 Waste and scrap of cast iron</td>
<td>Upstream Metal Manufacturing</td>
<td>0.15%</td>
<td>0.10%</td>
<td>1.6</td>
</tr>
<tr>
<td>10 Men's or boys' underwear, nightwear and similar articles</td>
<td>Apparel</td>
<td>0.14%</td>
<td>0.14%</td>
<td>1.9</td>
</tr>
<tr>
<td>11 Women's or girls' suits, dresses, skirts, trousers, knitted</td>
<td>Apparel</td>
<td>0.14%</td>
<td>0.05%</td>
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</tr>
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<td>12 Wigs, false beards; miscellaneous articles of hair</td>
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<td>Apparel</td>
<td>0.08%</td>
<td>0.07%</td>
<td>4.9</td>
</tr>
<tr>
<td>17 Track-laying tractors</td>
<td>Production Technology and Heavy Machinery</td>
<td>0.07%</td>
<td>0.07%</td>
<td>0.8</td>
</tr>
<tr>
<td>18 Goat or kid skin leather</td>
<td>Leather and Related Products</td>
<td>0.07%</td>
<td>0.01%</td>
<td>0.5</td>
</tr>
<tr>
<td>19 Other garments, knitted</td>
<td>Apparel</td>
<td>0.06%</td>
<td>0.04%</td>
<td>4.2</td>
</tr>
<tr>
<td>20 Men's or boys' suits, jackets, trousers, knitted</td>
<td>Apparel</td>
<td>0.05%</td>
<td>-0.38%</td>
<td>6.3</td>
</tr>
<tr>
<td>21 Cocoa</td>
<td>Agricultural Products and Inputs</td>
<td>0.05%</td>
<td>0.01%</td>
<td>8.5</td>
</tr>
<tr>
<td>22 Women's or girls' blouses, shirts and shirt-blouses</td>
<td>Apparel</td>
<td>0.05%</td>
<td>0.04%</td>
<td>5.3</td>
</tr>
<tr>
<td>23 Other ferrous waste and scrap</td>
<td>Upstream Metal Manufacturing</td>
<td>0.04%</td>
<td>0.01%</td>
<td>7.9</td>
</tr>
<tr>
<td>24 Other non-ferrous metal waste</td>
<td>Upstream Metal Manufacturing</td>
<td>0.04%</td>
<td>0.02%</td>
<td>10.3</td>
</tr>
<tr>
<td>25 Miscellaneous household appliances, decorative articles</td>
<td>Recreational and Small Electric Goods</td>
<td>0.04%</td>
<td>-0.07%</td>
<td>1.0</td>
</tr>
</tbody>
</table>

**Top 25 Goods Exports by Share as % of Haiti’s Total Goods Exports: 93.3%**
Export Value by Cluster, 2005-2015

- Apparel
- Hospitality and Tourism
- Food Processing and Manufacturing
- Downstream Chemical Products
- Upstream Metal Manufacturing
- Fishing Products
- Agricultural Products
Food Processing and Manufacturing Cluster
Exports by Industry, 2005-2015

- Pasta
- Margarine and Shortening
- Non-alcoholic beverages
- Beer
- Fruit, preserved or prepared
- Spirits
- Coffee
- Fruits and Nuts

Exports in millions of dollars from 2005 to 2015, showing a steady increase in overall exports.
Apparel Cluster
Exports by Industry, 2005-2015

- T-shirts, knitted
- Men’s suits
- Other garments
- Men’s shirts
- Women’s pants
- Women’s underwear
- Women’s dresses
- Men’s pants
- Jerseys, pullovers, cardigans, knitted
- Other garments
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.
Coffee
Vetiver
Honey
Mango
Cocoa
Avocado
Apparel

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
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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>West</td>
<td>809</td>
<td>1.21</td>
<td>0.10</td>
<td>0.12</td>
<td>0.02</td>
</tr>
<tr>
<td>Center</td>
<td>214</td>
<td>0.63</td>
<td>0.04</td>
<td>0.00</td>
<td>0.01</td>
</tr>
<tr>
<td>Artibonite</td>
<td>353</td>
<td>2.66</td>
<td>0.18</td>
<td>0.03</td>
<td>0.08</td>
</tr>
<tr>
<td>North</td>
<td>505</td>
<td>1.26</td>
<td>0.10</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>North-West</td>
<td>347</td>
<td>2.41</td>
<td>0.24</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>North-East</td>
<td>243</td>
<td>0.60</td>
<td>0.06</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>South-East</td>
<td>311</td>
<td>1.23</td>
<td>0.09</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>South</td>
<td>292</td>
<td>1.31</td>
<td>0.10</td>
<td>0.01</td>
<td>0.05</td>
</tr>
<tr>
<td>Nippes</td>
<td>270</td>
<td>1.47</td>
<td>0.09</td>
<td>0.01</td>
<td>0.00</td>
</tr>
<tr>
<td>Grand-Anse</td>
<td>245</td>
<td>1.32</td>
<td>0.11</td>
<td>0.01</td>
<td>0.01</td>
</tr>
</tbody>
</table>

**Source:** Center for Facilitation of Investments Haiti
Regional Differences in Poverty

Incidence of extreme poverty, 2012

Source: ECVMAS, 2012
Economic Composition of Haitian Departments
Established Agricultural Products

- **North-West**
  - Banana, Shallot, Yam

- **Artibonite**
  - Rice, Lalo, Sea Salt and Mango

- **Nippes**
  - Sugar Cane and Pineapple

- **Grand Anse**
  - Vegetable Trees, Cocoa and Ginger

- **South**
  - Vetiver

- **North**
  - Coffee and Cocoa

- **North-East**
  - Honey, Nuts and Peanuts

- **Center**
  - Fowl and Livestock

- **West**
  - Cherry and Broccoli

- **South-East**
  - Tangerine and Coffee

- Based on information from Ministry of Trade and Industry and UNDP
Economic Composition of Haitian Departments
Processed and artisanal handicraft products

- **North-West**
  - Chocolate

- **Artibonite**
  - Furniture in Bamboo and Spirits

- **Nippes**
  - Straw Hat, Carabella Dress and Laval Meads

- **Grand Anse**
  - Chocolate

- **South**
  - Dried Mango, Straw handbag

- **North**
  - Sweet Cassava, Roasted Nuts, Bricks and Mahogany

- **North-East**
  - Guava Jelly, Mats

- **Center**
  - Peanut Butter

- **West**
  - Dous Makos, (Haitian Fudge) Sugar and Paillette

- **South-East**
  - Paper mache and Basketry

• 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

- Textiles; 93%
- Foodstuffs; 13%
- Vegetable Products; 11%
- Plastics / Rubbers; 10%
- Mineral Products; 8%
- Metals; 6%
- Chemicals; 5%
- Other; 9%

Other; 3%
## Summary: Key Competitive Strengths to Build On

<table>
<thead>
<tr>
<th>Endowments</th>
<th>Macroeconomic competitiveness</th>
<th>Microeconomic competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Attractive location</td>
<td>• Macroeconomic stability</td>
<td>• Multilingual population</td>
</tr>
<tr>
<td>• Land and climate</td>
<td>• The diaspora</td>
<td>• Creative and young talent</td>
</tr>
<tr>
<td>• Cultural resources</td>
<td></td>
<td>• Open to FDI and trade with preferences</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Existing clusters provide a foundation</td>
</tr>
</tbody>
</table>
## Summary: Key Competitive Weaknesses

<table>
<thead>
<tr>
<th>Endowments</th>
<th>Macroeconomic competitiveness</th>
<th>Microeconomic competitiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural disasters</td>
<td>• Political instability</td>
<td>• Internal barriers to competition</td>
</tr>
<tr>
<td></td>
<td>• Corruption</td>
<td>• Limited and low quality electricity supply</td>
</tr>
<tr>
<td></td>
<td>• Inefficient public service</td>
<td>• Inadequate land tenure and property rights</td>
</tr>
<tr>
<td></td>
<td>• Poor healthcare and nutrition</td>
<td>• Low skilled labor force</td>
</tr>
<tr>
<td></td>
<td>• Weak overall education</td>
<td>• Limited company capabilities and strategic thinking</td>
</tr>
</tbody>
</table>
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

- Natural Attractions (e.g., Natural Parks, sunny beaches and hiking mountains)
- Historical and Monument Sites (e.g., Habitation Dion)
- Cultural Heritage and Arts (e.g., Carnival)
- Port & Marina
- Toussaint Louverture Airport
- Receptive Operators
- Local Excursion Operators
- Restaurants
- Local retail and other services (Internet cafes, etc.)
- Tourist Transportation Services
- Hotels & Resorts
- Government Agencies
  - Ministry of Tourism
  - National Council of Tourism (Mix advisory board)
  - Local Government (Collectivites Territoriales)
- Educational Institutions
  - École Hôtelière d’Haïti
- Institutions for collaboration
  - Haiti Tourism Association – Regional Council of Arcadins Coat (Côte des Arcadins)
Uptgrading 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
1. Introduction
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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
A Vision for Haiti

The open door for Africa in the Americas
A trading nation with the U.S. and neighboring countries
Active diaspora involved in many development initiatives
Home to a growing number of vibrant clusters

The most productive workforce in the Caribbean
A creative nation with a unique culture
A nation that preserves and builds its natural and cultural resources

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.
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Create a National Council on Competitiveness for Haiti

National Competitiveness Council

- Chaired by the President
- Co-Chaired by representatives from the private sector and economic development agencies
- Representatives from the donors and business community
- Act as a coordinating agency for guiding long-term economic strategy

Technical Secretariat

Task Forces

- Workforce Development
- Competition
- Energy
- Land rights

NGOs and Donor Coordination
Cluster Strategy Coordination
Monitoring Progress
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

**Immediate Priority**

- 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

**Long term Priority**

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

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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


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


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
• 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

• 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

- 63% Not Implemented
- 35% Partially Implemented
- 2% Implemented
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

- 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.

- 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
Priorities/Recommendations

- **(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
Priorities/Recommendations

- 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
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 Préval 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

- 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

- **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
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
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
Priorities/Recommendations

- 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