



COUNTRY PRIVATE SECTOR DIAGNOSTIC

CREATING MARKETS IN HAITI

Leveraging Private Investment for Inclusive Growth

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Photos: World Bank Group, apparel factory courtesy of The Willbes

EXECUTIVE SUMMARY

Haiti remains locked in a cycle of low growth and limited poverty reduction caused by frequent economic contractions explained by political instability, institutional fragility, and an extreme vulnerability to natural hazard shocks. Gross domestic product (GDP) is expected to have contracted by 3.4 percent in the Haitian fiscal year 2020, with growth close to zero on average since 2017 (World Bank 2020). Structural transformation has been minimal since early 2000, with labor shifting from low-productivity agriculture to low-productivity informal services. An estimated 60 percent of GDP is generated by the informal sector, which employs 86 percent of the labor force. Haiti remains the poorest and most unequal country in the Latin America and Caribbean region. Poverty increased sharply, with the poverty rate growing from an estimated 46.7 percent to 51.0 percent between 2017 and 2020. The welfare gap between urban and rural areas is an enduring feature of the country. Moreover, Haiti is among the world's most disaster-exposed countries, with more than 70 percent of households living in vulnerable dwellings, leaving them highly exposed to adverse effects of shocks, and with 96 percent of the population at risk from one or more types of natural hazard (World Bank and ONPES 2014). The persistent legacy of political and economic elite capture, compounded by the absence of institutional mechanisms and policy fundamentals essential to inclusive development, have resulted in extreme welfare inequality and socioeconomic exclusion of the vast majority of Haitian people, which may partly explain the grievances, cyclical unrest, and violence of recent years.

Firms in Haiti are relatively young, with a high share of women entrepreneurs, and have low productivity. They are likely to remain small owing to deficient managerial and technical capabilities; exposure to episodes of violence and insecurity; and lack of access to energy, water, and finance. Haitian formal establishments are relatively younger compared to those in other fragile and conflict-affected states (FCS).¹ Even long-established formal firms with more than 20 years of operation tend to be smaller in terms of the number of employees in Port-au-Prince relative to other FCS capitals, suggesting that firms grew less. Approximately 95 percent of the formal private sector is composed of microenterprises, and half of formal firms are less than six years old, suggesting that there are relatively low barriers to entry into formality compared to obstacles to growth. Firms are not only small but their productivity level is low, partly because of factors internal to the firm, such as limited entrepreneurship experience (approximated by the age of the entrepreneur) or a low education level, and partly because of external factors related to political instability and limited access to electricity, water, and finance. Women entrepreneurs may face gender-biased constraints to growing their businesses and thus generating jobs. Women entrepreneurs seem to play a greater role in Haiti compared to other FCSs. However, these women-owned firms tend to be smaller and grow less in terms of number of employees than men-owned ones. Enterprises (including informal ones) operated by men also tend to have higher labor productivity relative to those operated by women. Since 2020, the recognition of spouses as independent economic actors was strengthened by a presidential decree, which might improve women's willingness to take risks.

In the past two years, the private sector has been hit by a major sociopolitical crisis, including the assassination of Haiti's President, Jovenel Moïse, on July 7, 2021. The crisis started in July 2018 with massive and violent demonstrations against the shortage and increased cost of fuel, the high cost of living, corruption allegations, and political instability. These demonstrations culminated in 2019 with several episodes of complete paralysis of the economy (*peyi lòk*). Haiti's President, Jovenel Moïse, was assassinated on July 7, 2021. Kidnapping activities and gang-related violence also have increased dramatically since 2020, posing a continuous threat to local communities and disrupting domestic supply chains, including fuel and food distribution. This crisis hindered firms' activity and led to a recession in the tourism sector. Around 57 percent of formal Haitian firms, which generated 6.3 billion Haitian gourde (G) in revenues in 2018 (equivalent to 0.6 percent of GDP), were locally exposed to violence in 2019. Nearly 85 percent of formal firms in Port-au-Prince with more than four employees considered political instability the biggest obstacle to operation, significantly above levels in capitals of other fragile countries. This deleterious business climate induced significant losses, especially for credit-constrained firms that might not have been able to adapt their business processes to the consequences of instability.

This challenging business environment has worsened with the COVID-19 pandemic.

The pandemic is harming the private sector through four channels: (a) falling demand, (b) disrupted input supply, (c) tightening of credit conditions, and (d) rising uncertainty. These conditions are leading to an economic contraction and massive layoffs, which could trigger a new wave of social unrest and lock Haiti into a vicious cycle of repeated crises. Over 46 percent of formal firms operate in sectors that are the most affected by restrictions on mobility. As a result, around 22 percent of firms in the West region laid off employees in May 2020. Apparel exports, which were already severely hit by the episodes of social unrest in 2018–19, have been further affected. As of June 2020, 80 percent of garment exporters expected their revenues to drop by at least 30 percent in 2020. Nearly two-thirds of them had already laid off between 20 and 50 percent of their workforces. This deteriorated performance is adding pressure to the financial system, where nonperforming loans had already gone up from 2.55 percent of loans in September 2018 to 5.05 percent in September 2020. After four years of double-digit inflation, the inflation rate ended 2020 at 22.2 percent on average, eroding households' purchasing power.

In addition to the socio-political crisis and the COVID-19 pandemic, a magnitude 7.2 earthquake struck the southern coast on August 14, 2021 and further hampered the already fragile business environment. A preliminary assessment estimates economic damages in the South, Nippes and Grand'Anse departments surmounting to 7.8 percent of Haiti 2019 GDP (WBG 2021). The city of Les Cayes, which has the largest concentration of firms in the Southwestern part of Haiti, has been particularly affected, with an estimated 30 percent of buildings destroyed or largely damaged. Post-harvest infrastructure has also been damaged, impacting producers, already severely impacted by the 2016 hurricane Matthew, capacity to export. Businesses in impacted areas were already affected by episodes of insecurity and violence along the key access road to Port-au-Prince.

However, the export-oriented apparel sector, the main formal employer, could continue to attract private investment and create jobs if firms manage to adjust to the changes in market demand brought by the COVID-19 pandemic. Haiti's duty-free quota access to the United States, the relatively low cost of labor, and speed to the US market provide a competitive advantage in such a cost-sensitive industry. Such conditions were attracting private investors in the apparel industry before the 2018 political crisis. Between 2012 and 2017, goods exports increased by 3.9 percent per year, with garments accounting for more than 95 percent of such exports (for example, knit T-shirts and sweaters represented 37 and 22 percent, respectively).² Sourcing executives are increasingly looking at nearshoring supplies due to supply chain disruptions, increased lead times (especially from China), and changing consumption habits, such as digital trade and ethical business practices (Berg and others 2020).

Recent trends in private investment in energy, water and digital financial services bode well for the future. Rapid urbanization and mobile uptake have attracted private investment in digital financial services (for example, e-wallets), renewable energy (for example, minigrids and pay-as-you-go [PayGo] systems), and water supply (for example, affermage contracts) in Haiti.³ The country has untapped opportunities to foster the development of the digital economy, as 86 percent of firms in Haiti use a telephone to conduct business and 21 percent use e-mobile payments (CFI 2018). The ongoing decentralization process combined with technological innovations that reduce fixed costs of entry creates opportunities for tailoring smaller-scale market solutions in energy and water supply while strengthening municipalities' institutional capabilities.

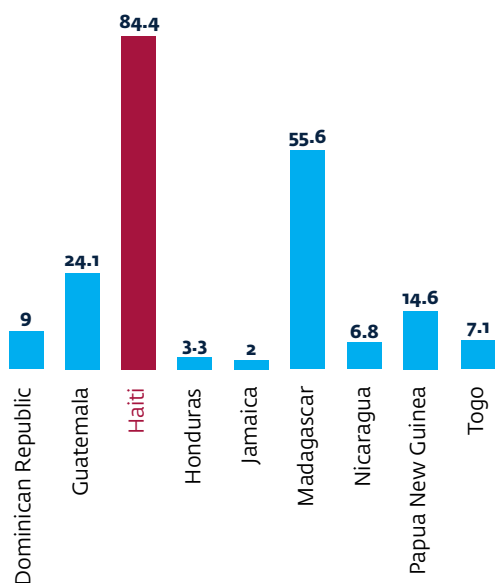
The Country Private Sector Diagnostic (CPSD)—a joint World Bank/IFC tool—aims to provide concrete recommendations for crowding-in private investment. The Haiti CPSD identifies sectors that have potential for growth over the short-to-medium-term if key constraints are reduced. The timing of the CPSD is opportune, as the economy continues to grapple with an ongoing economic crisis, amplified by the COVID-19 impact on key industries like tourism and apparel. Decision makers are seeking workable entry points to reform the system to create more and better economic opportunities at a time of mounting socioeconomic frustration. The CPSD's recommendations aim to inform the government's response to support firm resilience and recovery (as described in Haiti's Plan de Relance Economique Post-Covid-19 2020–2022), the Systematic Country Diagnostic, the IFC Country Strategy for Haiti, and the World Bank Country Partnership Framework.⁴ The assessment examines cross-cutting constraints that affect the development of the private sector, takes into account reform feasibility, and provides an in-depth analysis of four sectors where private investment could generate welfare gains in favor of the bottom 40 percent of the population.⁵ Financial services for small and medium enterprises (SMEs) and digital financial services (DFS), renewable energy, water supply, and the apparel industry were selected on the basis of expected inclusive gains from further private investment, reform feasibility, and World Bank Group success in supporting the sector in other countries that share characteristics similar to Haiti.

ES.1 CROSS-CUTTING CONSTRAINTS

First and foremost, political instability and vested interests are the main impediments to private sector growth. As illustrated in figure ES.1, firms in Haiti are disproportionately affected by political instability compared to firms in other countries affected by fragility, conflict, and violence (FCV). Continued lack of transparency at all levels is undermining trust in institutions, and high levels of perception of corruption have fueled continued social and political unrest with repercussions for the private sector. The vicious circle in which unemployment and inequality feed into violence makes it difficult for the economy to grow. Moreover, Haiti's fundamental conditions for supporting a market-based economy are perceived to be below the average of low-income countries, fragile countries, and regional peers (figure ES.2). This includes extremely high degrees of concentration in formal industries and lack of competition legislation. These market structures facilitate tacit agreements among families and groups to allocate markets among themselves, which harms productivity and limits the incentive to innovate.

FIGURE ES.1 POLITICAL INSTABILITY AS AN OBSTACLE

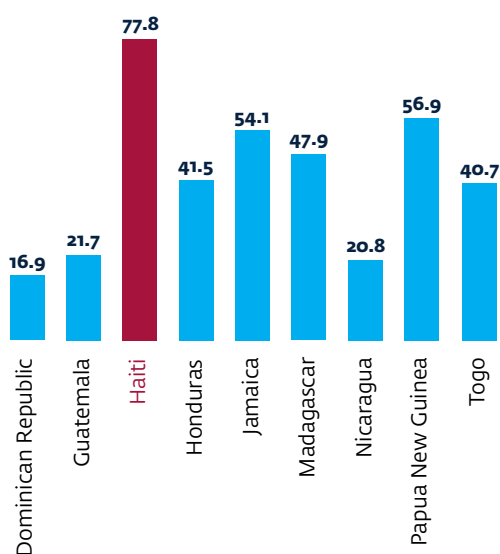
Political instability stated as biggest obstacle (% of firms)



Source: World Bank Enterprise Surveys 2019.
Note: Comparison based on data for capitals only.

FIGURE ES.2 ACCESS TO CREDIT AS A CONSTRAINT

% of firms partially/fully credit-consumed



Source: World Bank Enterprise Surveys 2019.
Note: Comparison based on data for capitals only.

Deficiencies in transport as well as in digital infrastructure and service quality also impede the growth of industries in areas where Haiti has a latent comparative advantage.

The development of tourism, the apparel industry, agriculture, and business process outsourcing services, where Haiti has a comparative advantage, the development is constrained by deficiencies in transport and telecommunications. Despite investments over the past decade, 50 percent of Haiti's territory remains poorly connected, with less than a quarter of roads being paved and only 39 percent of households in rural areas living within 2 kilometers of an all-weather road. Road infrastructure deficiencies lead to high road freight costs relative to competitors, which combined with high fuel prices and a highly informal and fragmented trucking industry, limits cross-border trade with the Dominican Republic. Moreover, Haiti is one of the smallest air transport markets in the Caribbean region despite having a larger population relative to peers. Haiti has two international airports that suffer from lack of infrastructure investment both on airside and landside facilities. Poor integration into the global liner shipping network, combined with the fact that vessels serving Haitian ports are small because of the low trade volume (partly because of the fact that large exporters from the North region use Dominican Republic ports), lead to high maritime freight rates relative to competitors. Deficient telecommunications infrastructure, lack of competition in service provision, and limited regulation have led to low penetration, high prices, and limited quality of internet and mobile services (IFC 2018). Haiti has the lowest penetration rate in terms of mobile (63 percent), fixed internet (1 percent), third-generation cellular network technology (3G; 31 percent), fourth-generation cellular network technology (4G; 0 percent), and smartphones (30 percent) relative to other Caribbean and Central American countries.⁶ Because of years of underinvestment and several natural disasters, backbone infrastructure is also scarce and concentrated in Port-au-Prince. The absence of an effective wholesale broadband regime and the lack of any incentives to share infrastructure represent entry barriers into the market.

Haiti's labor and land market inefficiencies significantly hinder private investment and competitiveness in time-sensitive and labor-intensive industries. Labor market regulation in Haiti does not provide enough predictability for entrepreneurs and grants a low level of protection to workers. Low minimum wages become less competitive once labor productivity is accounted for, highlighting the shortage of skilled workers and ultimately of productive firms in the country. An estimated 46 percent of the adult population (60.5 percent of household heads) had never attended school or had not completed primary education in 2012 (Singh and Barton-Dock 2015). Furthermore, the regulatory framework for land tenure and land rights is complex, fragmented, outdated, and politically sensitive. This tends to fuel land tenure insecurity and tilt the system in favor of those who are more affluent and politically well-connected. Outside of special economic zones, the absence of a real property cadastre and land registry system is one of the major constraints to the development of the private sector. Less than 5 percent of Haiti's land has been surveyed, and more than 75 percent of rural land contracts are drawn up according to traditional procedures and are not officially registered.

ES.2 SECTOR ASSESSMENTS

Financial Services for Small and Medium Enterprises as well as Digital Financial Services

Haitian firms are significantly credit constrained, and DFS are underused by the population, curtailing the positive impact of secure, contact-less DFS tools. Domestic credit to the private sector by banks represented 10.4 percent of GDP in 2019, significantly below the 55.7 and 44.1 percent averages in Latin America and the Caribbean as well as in Caribbean small states, respectively. By 2019, 78 percent of firms in Port-au-Prince were partially or fully credit-constrained (relative to 23 percent on average in other FCSs, according to the 2019 World Bank Enterprise Survey).⁷ The COVID-19, on top of the sociopolitical crisis, poses a particularly high risk to microentrepreneurs, with financial cooperatives experiencing a significant drop in deposits, threatening liquidity. The pandemic emphasized the benefits of providing secure, low-cost, and contactless DFS tools, but these services are underused in Haiti. Only 5 percent of the population holds e-money accounts even though 60 percent of adults use a mobile phone. Haiti makes less use of DFS than the average low-income country.

New opportunities to support private sector development in SME finance are emerging.

One of the main reasons for low firm access to finance is the highly concentrated nature of the banking sector. A high share of credit goes to parties related to the lender, and while that makes the banking sector more resilient to crisis, it also makes it less apt to innovate and serve the SME segment (despite funding from bank-affiliated microfinance institutions [MFIs]). Authorizing stand-alone licenses for nonbank electronic money issuers could foster competition in the sector. A second reason for low firm access to finance is that nondeposit-taking MFIs face chronic funding issues. However, the recent microfinance presidential decree allowing the Central Bank of the Republic of Haiti (BRH) to regulate and supervise microfinance institutions could unleash their growth by allowing them to become deposit takers. A third reason is the weak financial infrastructure with an underdeveloped credit information system, poor protection of creditors rights, and difficulty using movable assets as collateral. Well-designed tools, such as partial credit guarantees, could partially compensate for an inefficient judiciary system. Finally, the successful development of leasing in recent years provides an encouraging precedent on how to diversify financial services even when the appropriate legal framework is not in place.

Digital financial solutions could provide a technological leap in access to finance, especially for hard-to-reach firms and individuals (for example, micro firms and rural households). New products, such as nano and digital loans, digital repayment of microloans, or e-payment of salaries could be a commercial success in a context of high unmet financial demand. However, DFS innovation and expansion could be hindered by the limited legal framework and the fact that only two companies compete to offer e-wallet accounts, which might enable noncompetitive practices.

Renewable Energy and Water Supply

Haiti suffers from an acute shortage of electricity and water services that increases frustration from the population, raises firm operating costs, and prevents the emergence of job opportunities (in particular in the poorest regions). The energy sector is a key enabling sector for the development of the country, directly affecting the quality of life, and weighs heavily on firms' operating costs (for example, as a critical input to export-oriented and service industries). However, less than 40 percent of Haitians have access to electricity, with a large rural-urban gap. Around 93 percent of firms in Port-au-Prince rely on generators, compared to 29 percent in peer FCS capitals.⁸ In addition, average end-user tariffs in Haiti are among the highest in Latin America and the Caribbean. Further constraining private sector growth is access to water, which is very poor in most areas, including in Port-au-Prince, with limited infrastructure coverage and service delivery generally limited to a few hours during some days per week. Therefore, businesses must pay a premium to purchase water containers by truck to guarantee supply.

Private sector engagement in renewable energy (RE) and off-grid electrification could contribute to delivering on the government of Haiti's priority to expand electricity access while the commercial and financial viability of the state-owned monopoly electricity operator is addressed. RE solutions are feasible in the short term because they do not rely on the main electricity grid. As state and municipal budgets are already stretched, the role of the private sector in boosting Haiti's installed capacity is essential. Given the limited capacity of the Haiti Electricity Utility Company (EDH) and the absence of a national grid, the authorities have initiated a rapid expansion of the energy mix, in addition to unbundling the electricity market on the distribution segment. Opportunities for private-led minigrad development in Haiti emerged following the 2006 Decentralization Law and a significant decrease in technology costs as well as the emergence of digital payment solutions. The private-led and joint public-private investments that materialized are providing electricity to rural communities and commercial and industrial customers. However, pioneer minigrad operators face several challenges related to perceived lack of contractual clarity and visibility regarding regulations on tariff setting, interaction with the local grid, availability of market information, oversizing of the systems, foreign exchange risks, land access, and municipalities' limited institutional capacity. Private-led pilot programs based on PayGo and sales of solar home systems are also emerging in Haiti. The pilots' scale-up is constrained by the limited reach of distribution networks in rural areas, lack of long-term finance, and limited managerial capabilities of operators.

As investment in water infrastructure expands, private provision of water could contribute to meeting Haitian demand in terms of service quality. The metropolitan water market in Port-au-Prince was estimated at \$66.3 million in 2016 for residential and commercial consumers (World Bank 2018). Forty-seven percent of this value came from sales of untreated water delivered by truck, 30 percent from sales of bagged water, 13 percent from sales from private kiosks, and just 10 percent from sales by the water utility. Water services in Haiti were decentralized in 2009, and since then, private provision in Saint Marc through an affermage contract has succeeded in providing better service to the population. The private sector has also accompanied the operation of public systems through technical assistance and management contracts. Ongoing public investment in water infrastructure creates potential for leveraging private participation in the operation of small water systems, especially by local entrepreneurs. The newly build infrastructure, combined with innovations in mobile solutions and off-grid solar pumps, could attract private participation in operation by facilitating the increase in operational and commercial efficiency of water systems. However, private participation is affected by several cross-cutting constraints, including uncertain land access that constrains the construction of piped water systems; poor contract enforcement; weak institutional capabilities at the national and municipal level; and low social acceptance of tariffs, metering, and private operators in utility services despite high out-of-pocket payments for alternative commercial water solutions.

The Apparel Sector

Finally, the apparel sector, the main formal employer in Haiti, could offer a few quick wins if key constraints were removed in the short to medium term. Structural transformation and formal job creation could be triggered by the expansion of the apparel sector. Apparel employed nearly 53,000 people in 2019 and accounted for 82 percent of Haiti's goods' exports and 6.8 percent of Haiti's GDP.⁹ Haiti could substantially increase jobs within the sector provided there is sustained political stability, improved security, and renewal of the expiring trade preference programs with the United States or adoption of new trading programs (for example, with the European Union). Even in an unstable context, the sector could add more domestic value if energy costs were reduced, for example in the production of textile fabrics. The unused duty-free quotas to the United States and available industrial space could be maximized with better basic infrastructure and services in industrial parks and free zones, for which the government could consider ceding the operation role to the private sector. More effective investment promotion and retention is also needed, including through uniformity in incentives granted to investors. Measures to improve labor productivity, including by clarifying the implementation of labor regulations, are also required. The development of the apparel sector could serve as a stepping-stone to the development of higher-value industries. However, the most pressing challenge for the sector is to navigate the consequences of the COVID-19 pandemic, which has destroyed a significant number of jobs owing to a combination of limited production capacity following containment measures and a decline in global demand. In the short term, the sector should seek opportunities to attract investors interested in nearshoring to the United States.

RECOMMENDATIONS

Table ES.1 outlines 40 recommendations for addressing cross-cutting constraints and the four sectors where private investment could generate welfare gains in favor of the bottom 40 percent of the population.

TABLE ES.1 SUMMARY OF HIGH PRIORITY RECOMMENDATIONS

	Recommendation	Objective	Priority
Cross-Cutting Constraints			
1	Reform policy and the institutional framework to clarify the tax incentive structure and its implementation (governance, project selection criteria, monitoring, and evaluation systems).	Level the playing field, improve predictability, and optimize use of public resources.	High
2	Streamline and harmonize customs procedures through electronic processing, render procedures, and publicly available formalities.	Reduce import and export time and uncertainty and facilitate procompetition market behavior.	High
3	Develop rule-based decision making and transparency in business regulation (construction permit regulation, appeal mechanisms, tax inspections, and publication of regulations).	Level the playing field and improve the investment climate.	High
4	Better inform entrepreneurs outside Port-au-Prince about administrative processes and promote their participation in public and donor-funded programs. Incentivize the improvement of corporate governance in large firms.	Improve economic inclusion.	Quick win
5	Update and simplify the land tenure regulatory framework, create a property cadastre and land registry system, develop a database on available public land, define a transparent process for public land allocation (including through an automated land allocation process).	Promote the private sector outside SEZs.	High
6	Enact maritime law covering the responsibilities and limitations of public versus private commercial ports.	Level the playing field to attract private investment.	High
7	Create a national broadband plan to coordinate initiatives and revamp outdated telecom regulations in the wholesale broadband regime, infrastructure sharing, mobile virtual network operators, spectrum allocation, and number portability system.	Boost digital infrastructure.	Quick win

	Recommendation	Objective	Priority
Financial Sector			
8	Tighten supervision and increase penalties for noncompliance, in particular foreign exchange prudential regulations.	Promote stability in the financial sector.	High
9	Expedite the development and passage of the implementing regulatory framework for recently enacted decrees on microfinance, secured transactions, and leasing. Continue improving the legal framework on DFS, credit reporting, financial consumer protection, insolvency, bond issuance, and insurance. Strengthen corporate governance in the banking sector through further regulations on norms of internal control and on independent monitoring.		High
10	Strengthen the monitoring of the financial situation and lending portfolio of financial cooperatives and other microfinance institutions.		High
11	Continue addressing anti-money-laundering issues by implementing the Financial Action Task Force recommendations.		High
12	Establish risk-sharing mechanisms, such as partial credit guarantees, to support the sector after the COVID-19 emergency phase. Help improve credit risk assessment in the sector, reworking credit policies and training staff. Focus on cash-flow-based lending in MFIs. Promote institutional transformation of public financial institutions, especially in the areas of governance, transparency, accountability, credit decisions, and environmental and social management to improve the efficiency of the allocation of MSMEs' finance funds.	Relaunch economic activity.	High
13	Support the entry of new risk capital providers and help channel resources to growing products, such as leasing, by providing refinancing to operators, mixing public and private as well as domestic and international sources.		Quick win
14	Assess the development and impact of DFS by studying the effect of digital lending both as a business facilitator and as a risk for ill-informed borrowers, as well as pricing structures, transaction ceilings, and incentives to use DFS.	Create a holistic DFS ecosystem.	Quick win
15	Use existing forums (such as the Haitian Alliance for Financial Inclusion) to accelerate the modernization of the sector, particularly focusing on the DFS regulatory framework and determining the core features and standards for developing a common platform, promoting interoperability and new partnerships.		Quick win
16	Improve access to financial service points, enhance liquidity management of agent networks, and increase the agent network in areas with limited financial service coverage.		High
17	Authorize stand-alone licenses for nonbank EMIs.		High
18	Extend pilot initiatives experimenting with e-payment solutions for salaries of the apparel industry workers and government employees.		Quick win
19	Strengthen Credit Bureau functionalities and the Movable Collateral Registry and include all nonbanking financial institutions.	Improve the financial infrastructure framework.	High

	Recommendation	Objective	Priority
Energy Sector			
20	Review the draft National Energy Plan to align targets with public and private implementation capacity and include a minigrid development objective.	Lower uncertainty for potential investors.	High
21	Review regulations and implementation mechanisms of custom duties, VAT, and tax exemptions for renewable energy equipment.	Reduce capital expenditure and limit the exposure of tariffs to changes in fuel prices.	Quick win
22	Strengthen ANARSE's regulator role and limit its involvement in other aspects of the procurement process that could create a conflict of interest.	Build reputation as an independent and effective regulator.	High
23	Increase financial support for winning bidders to reach financial closure (for example, an umbrella program offering risk mitigation solutions).	Have a demonstration effect.	Quick win
24	Strengthen outreach of the financial fund OGEF with potential investors early on.	Attract firms with experience in fragile environments.	High
25	Estimate the potential for solar and hybrid applications in the commercial and industrial sector, starting with industrial parks and free zones.	Reduce market risk for private investors.	High
26	Develop financial solutions (that is, affordable long-term debt, partial credit guarantees) to be deployed with grant funding, to enable pico solutions and solar home systems distributors, PayGo firms, and MFIs to extend payment terms.	Scale up successful pilots.	High
Water Sector			
27	Consider relevant PPP models for new and renovated piped water systems (for example, a feasibility study could cover a locality or a cluster of localities).	Determine the most feasible PPP model.	High
28	Engage in social communication campaigns to make citizens and municipalities aware of the cost of water provision.	Improve willingness to pay for water and decrease fraud and vandalism.	High
29	Share international experience on PPPs in similar FCSS.	Raise awareness among stakeholders about PPPs.	High
30	Focus DINEPA on its central regulatory function while regional ORE-PAs focus on asset management and operations.	Improve performance and accountability.	High
31	Leverage adoption and use of off-grid solar pumps and mobile payments.	Reduce operating costs.	Quick win
32	Develop a local fund to improve access to finance of private operators.	Foster local ownership.	High

	Recommendation	Objective	Priority
Apparel Sector			
33	Conduct a PPE demand analysis and develop tools to facilitate growth of made-in-Haiti products.	Adapt to COVID-19 market changes.	Quick win
34	Establish a strategy to implement policy levers and actions to allocate resources, collect data, and foster stakeholder coordination.	Develop a sector continuity plan for post-COVID-19 recovery.	Quick win
35	Commit to obtaining C-TPAT certification, by US Homeland Security, for the Cap-Haïtien port to facilitate exports in the North.	Facilitate exports to the United States.	Quick win
36	Encourage better coordination between government agencies, the private sector, unions, and the development community.	Align toward common goals.	Quick win
37	Enhance workforce and skills development for operators and middle managers; implement productivity-enhancing programs.	Improve labor productivity.	High
38	Encourage more rapid build-out, enhance physical infrastructure and service provision, improve management of public industrial parks, and promote fairer competition between public and private industrial spaces. Promote resource efficiency (energy, water, and waste) in industrial parks and special economic zones.	Attract investors and increase interest from new buyers.	High
39	Improve the predictability of the implementation of the labor code (for example, minimum-wage-setting methodology, night-shift wages, worker-employee relationship).	Reduce uncertainty costs for firms and workers.	High
40	Develop a financial guarantee facility to ease the restrictive letter of credit requirements for local producers.	Increase access to finance.	Quick win

Note: ANARSE = National Regulatory Authority of the Energy Sector; C-TPAT = Custom-Trade Partnership against Terrorism; DFS = digital financial services; DINEPA = National Directorate for Drinking Water and Sanitation; EMI = electronic money issuer; FCS = fragile and conflict-affected state; MFI = microfinance institution; MSMEs = micro, small, and medium enterprises; OGEF = Off-Grid Energy Access Fund; OREPA = Regional Office of Drinking Water and Sanitation; PayGo = pay as you go; PPE = personal protective equipment; PPP = public-private partnership; SEZ = special economic zone; telecom = telecommunications; VAT = value added tax.

ENDNOTES

- 1 World Bank Enterprise Survey, 2019, enterprisesurveys.org.
- 2 Vetiver essential oil accounted for 4 percent of exports, followed by tropical fruits (mangoes), copper waste and scraps, beans (cocoa, coffee), and fisheries and crustaceans, among others.
- 3 In this model, a private operator is responsible for operating and maintaining a utility but not for financing an investment.
- 4 The Post-Covid-19 Economic Recovery Plan (PREPOC) 2020–2022 government plan aims to achieve 2.4 percent GDP growth (similar to the rate previous to the 2018–19 sociopolitical crisis), create employment (50,000 jobs), and foster economic diversification through activities in six pillars. The PREPOC has an estimated cost of 24.4 percent of GDP over a three-year period.
- 5 Overall, inclusive gains could arise from better quality of and access to goods and services; their affordability and subsequent consumption effects; and income gains (including from profits and labor income).
- 6 GSMA Intelligence Database, <https://www.gsmainelligence.com/data/>, accessed 2019.
- 7 World Bank Enterprise Survey 2019, enterprisesurveys.org.
- 8 World Bank Enterprise Survey 2019, enterprisesurveys.org.
- 9 Considering the high share of female labor force participation, the expansion of the sector could potentially improve productivity, education, and health outcomes for underserved segments of the population, because women tend to spend relatively more on those types of expenditures.

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