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HAITI

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This BIDeconomics provides a map of opportunities with actionable recommendations rooted in international best practices, based on the IDB's knowledge and experience. It is our contribution to fostering more inclusive and sustainable development for the Haitian population. We extend our gratitude to everyone who made this possible, with special thanks to:

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HAITI

Landscape of Opportunities

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We are all aware of the reality: Haiti faces profound socio-political and economic challenges. The current situation is marked by fragility, conflict, and criminal violence, yet it also presents an opportunity for transformative change and progress.

For the last 30 years, Haiti has endured numerous political crises and prolonged civil unrest, severely undermining the country's **governance and institutions**. According to the United Nations (UN), the number of people killed in armed violence increased by 120% in 2023 compared to 2022—and is increasing even further in 2024—while kidnappings surged by 83%. In areas controlled by armed groups, 70% of women and girls have experienced some form of gender-based violence. As of September 2024, over 700,000 people have been internally displaced. As of mid-October 2024, the International Organization for Migration (IOM) reported more than 153,000 deportations back to Haiti. Food insecurity affects nearly half the population (48%), according to the Integrated Food Security Situation.

Although post-earthquake reconstruction efforts were made, the country recorded successive contractions in real Gross Domestic Product (GDP), marking its worst economic performance in three decades. In fact, fiscal year (FY) 2024 was the sixth consecutive year of negative growth. The nation suffers from the lowest GDP per capita in the Western Hemisphere, while **the private sector continues to face significant challenges** in initiating and expanding operations.

The Human Development Report 2020 revealed that informal employment in the non-agricultural sector accounts for 88.1%, with 93.8% of the female population engaged in informal jobs. An estimated 60% of the workforce earns below the minimum wage, and women earn, on average, 32% less than men. This multidimensional crisis hampers the **delivery of public services** and exacerbates structural challenges. Access to quality education is limited at all levels, as is healthcare. Only 2 out of 3 people have basic water services, and 1 in 2 has electricity.

Despite these challenges, policy reforms have been implemented in collaboration with

the International Monetary Fund, encompassing areas such as governance and anti-corruption, tax and revenue administration, public finance management, and Central Bank independence. Thanks to grant-based financing from international partners and debt relief, the average debt stock, which was 29.6% of GDP between FY2000 and FY2010, fell to 24.1% between FY2011 and FY2021. It is projected to decrease further to 14% in FY2024, driven by Venezuela's debt forgiveness and repayments.

Improved public finances, reduced monetary financing, the slowdown in economic activity, and Central Bank regulatory measures have contributed to the appreciation of the Haitian Gourde (HTG). Since its highest peak at 154 HTG/USD in April 2023, the gourde appreciated to 131 HTG/USD in November 2024. Additionally, inflation decelerated from an unprecedented 49.3% year-on-year rate in January 2023 to 27.9% by September 2024.

The Inter-American Development Bank Group (IDB Group) has outlined a series of recommendations to help Haiti overcome its current challenges. For this, we took into account the recently approved IDB Framework to Support Populations in Situations of Fragility, Conflict, and Criminal Violence (FCCV) 2024-2027, a document that emphasizes practical implementation over the mere establishment of new laws and regulations.

The proposed recommendations are organized in three sets:

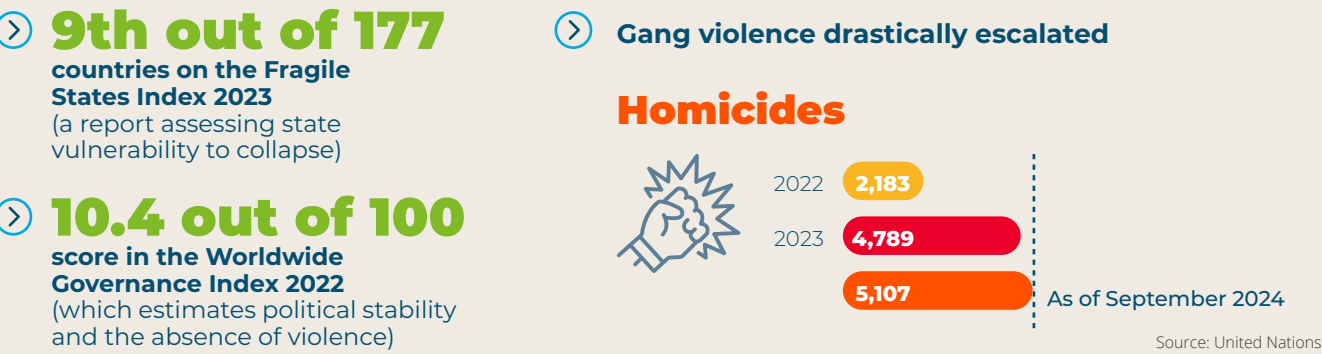
- 1. State Capacity via Institutional Strengthening.**
- 2. Provision of Public Services through Better Planning.**
- 3. Economic Development by Creating a Conducive Business Environment.**

The journey from fragility to stability is complex, yet attainable with the right strategies and support. There is room for optimism and hope for a brighter future. Achieving prosperity will be tremendously difficult, but it is a duty we cannot forsake.

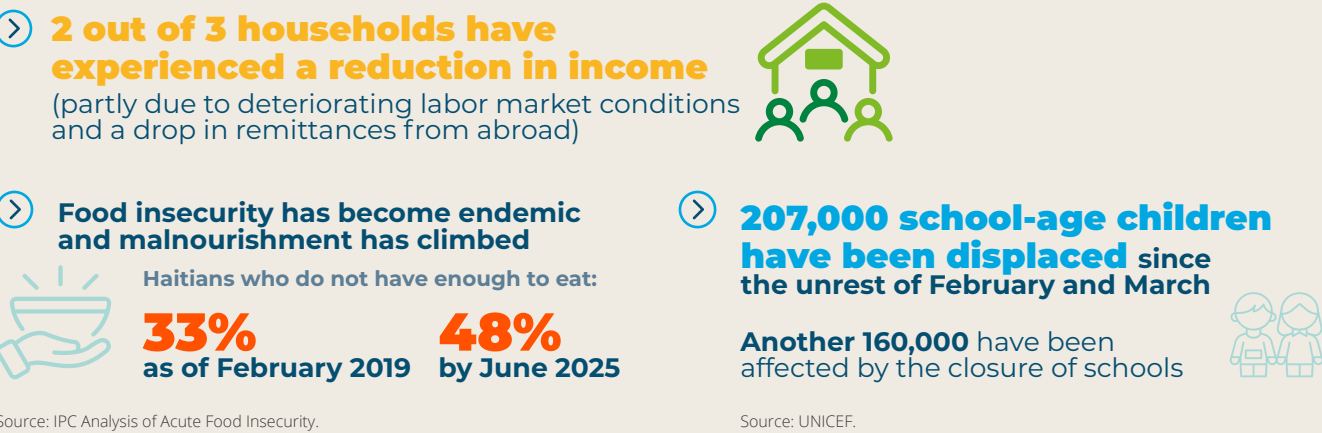
Haiti Overview

Challenges That Can Be Overcome

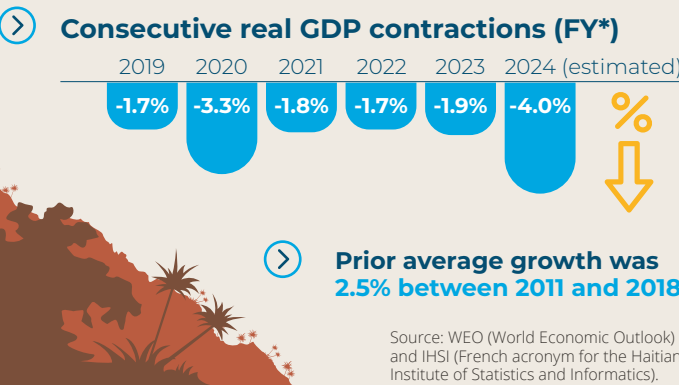
State capacity must be strengthened



Access to basic services should be enhanced to improve social indicators

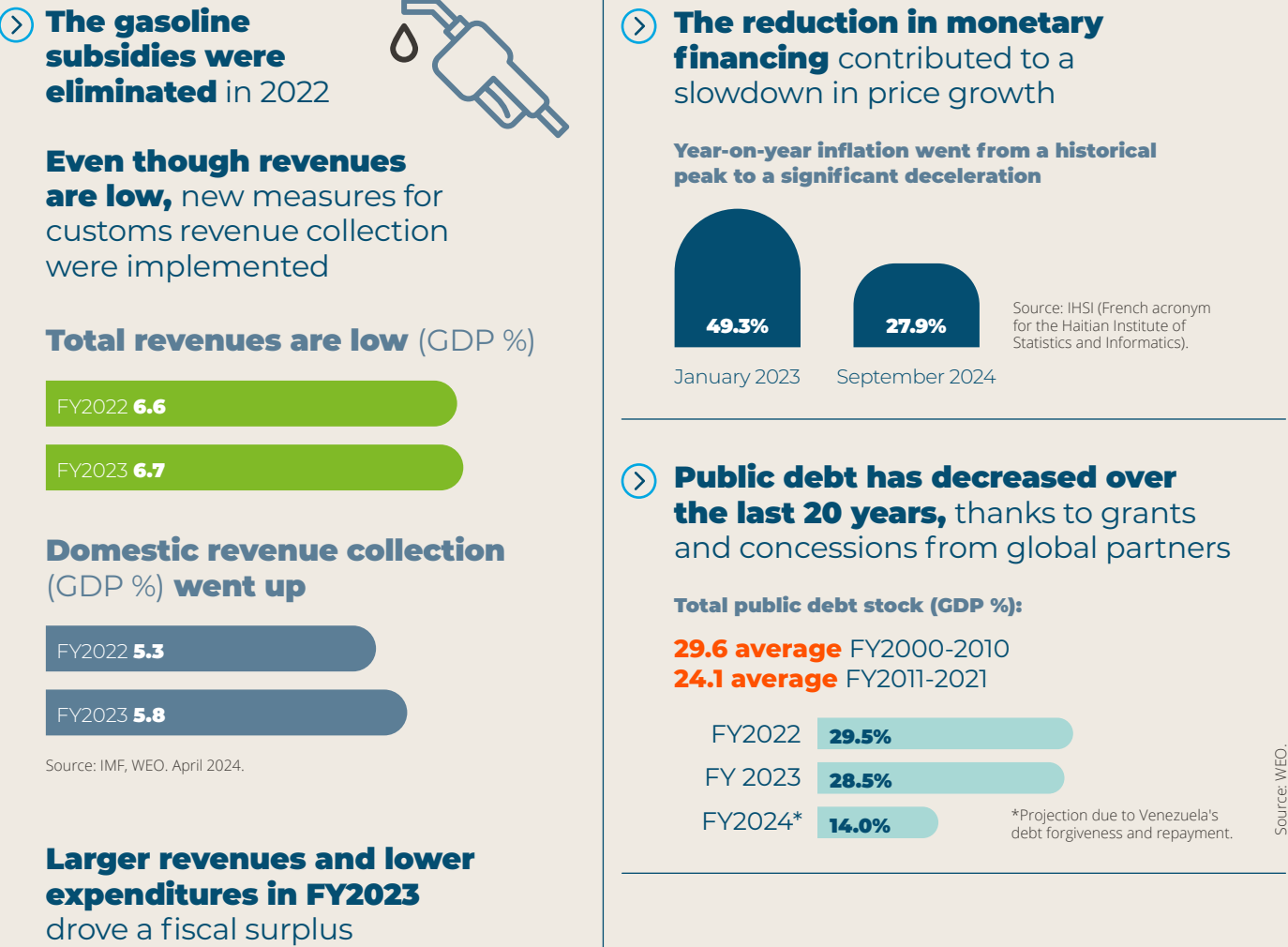


The economy needs to be reactivated



*The fiscal year (FY) in Haiti runs from October to September.

Essential Conditions Have Begun to Emerge





PATH OF OPPORTUNITIES

3 SETS OF RECOMMENDATIONS



State Capacity via Institutional Strengthening

- › Rule of Law
- › Government Management



2. Provision of Public Services through Better Planning

- › Food Security and Healthcare
- › Education
- › Resilient Infrastructure



3. Economic Development by Creating a Conducive Business Environment

- › Labor Market, Entrepreneurship, and Financial Inclusion
- › Sources of Revenue: FDI, Cross-Border Trade, and Remittances
- › Private Involvement in Critical Sectors





1. STATE CAPACITY VIA INSTITUTIONAL STRENGTHENING

The country needs to reestablish essential conditions for governance, political stability, and the protection of its citizens. Democratic order and public safety are fundamental, as are effective management and the proper administrative skills to prioritize and execute strategies with due accountability. It is crucial to work on the following areas:

- › **Rule of Law**
- › **Government Management**





RULE OF LAW

Haiti has a long history of social and political turmoil, struggling with violence. Since 2016 the country has not held elections, leaving the nation in a deepening crisis.

United Nations experts say that gangs have “more firepower than the police”



80% to 90% of the capital is controlled by criminal groups

Deaths due to armed violence have skyrocketed

40.9 homicides per 100,000 inhabitants (2023)

18 LAC average 5.6 World average

Source: United Nations.



Gender-based violence has surged



1,005 sexual violence survivors were assisted by Médecins Sans Frontières (Doctors Without Borders) in Port-au-Prince from January to May 2023, almost double the number from the same period in 2022

Nearly 1,800 incidents from January to March 2024 were reported by the United Nations

75% were cases of sexual violence



15% constituted physical assault

10% involved psychological or emotional violence

The high perception of impunity affects society's confidence.



70% of respondents said the police took over 30 minutes to 3 hours to respond to a crime or never arrived

Only 23% of the population trusts the police

36% LAC average

The institutional framework for legality and integrity **faces significant challenges.**

Source: LAPOP, 2018.



2nd country in the world at high risk of money laundering and terrorist financing

Source: Basel AML Index 2022.



172nd out of 180 countries in the Corruption Perceptions Index 2023, published by Transparency International

17 out of 100 score*

*The score reflects the opinions of experts and businessmen on the levels of corruption in the public sector.



RECOMMENDATIONS

FOUNDATIONAL POLITICAL FRAMEWORK

- **Ensuring fair electoral processes** is crucial for democratic governance and accountability. This includes clarifying the roles of key agencies and boosting their capacities.
- **Bolstering the Center of Government (COG)** can enable better strategic management, policy coordination, and expenditure oversight. This involves strengthening the COG agencies (the Primature and the Ministry of Economy and Finance) to set and achieve government-wide priorities such as security, public services, employment, and business environment challenges.

TRANSFORMATION OF LAW ENFORCEMENT

- **Modernizing police training** should enhance effectiveness against threats such as organized crime. Criminal investigation skills need to be improved, along with meritocracy in police career paths.
 - » **Technology and preventative measures** could be very useful, in addition to community partnerships and creating care units for victims of violence.
 - » **Social violence prevention programs and local collaborations targeting at-risk youth** would boost the national capacity to decrease crime.
- **Tightening firearms legislation** should facilitate stricter regulations on firearm possession, sale, and distribution, and intensified efforts to apprehend those involved in the illegal trade.
 - » **It is advisable to increase border and port surveillance** and collaborate with international agencies to intercept illicit arms shipments.
- **Strengthening the ULCC (French acronym for Anti-Corruption Unit)** is vital for transparency. It is necessary to handle corruption complaints, enforce regulations, and establish an independent commission to investigate corruption.
- **Preventing gender-based violence (GBV)** is possible with improved services, such as a one-stop shop model for survivors, targeted training on GBV awareness, and collaboration with community centers, schools, and healthcare facilities. Public campaigns are also key to challenge harmful attitudes.

NATIONAL AND FOREIGN SPECIALIZED SUPPORT

- **Engaging with local and international organizations that uphold human rights and the rule of law** would bolster justice institutions like the police and criminal investigation agencies. This can be achieved by focusing on police reform, organized crime, and firearms trafficking.
 - » **It is important to start with a proper diagnosis of police and prosecutor's services**, while enhancing anti-financial crime measures.
 - » **Conducting a national risk assessment of anti-money laundering and combating the financing of terrorism (AML/CFT)** would help authorities reinforce the legal framework on these matters. Likewise, it would be useful to improve the capabilities of the Financial Crimes Intelligence Unit and establish a national coordinating institution for AML/CFT efforts.



GOVERNMENT MANAGEMENT

Deficiencies in public administration have translated into ineffective execution.

THREE main challenges:

- » **Limited organizational and technical capabilities.**
- » **Feeble accountability and rule of law framework.**
- » **Lack of consensus and support for reforms.**

The gaps in digital government exacerbate public management challenges



187th out of 193 countries in the UN E-Government Index 2022

FOUR crosscutting public administration functions need to be updated with digital technologies

- ✓ **Budget** ✓ **Strategic planning**
- ✓ **Public investment** ✓ **Human resources**

Better public expenditure and performance indicators are required.



Budgeting and spending systems...

- » Do not adequately link sector strategies to budget allocations.
- » Do not incentivize fiscal discipline.
- » Do not have proper checks and balances.



Public procurement processes face a shortage of data and poor planning

- » Oversight is limited by the lack of independence of the Public Procurement Commission (CNMP in French), situated within the Prime Minister's Office.

Clientelism, patronage, and absence of meritocracy in the public service remain, presenting a bureaucracy in need of strengthening, as well as low wages and a deficient scheme of incentives.

Size of the public sector*

3.2% of GDP constitutes the public sector wage bill

8.8% is the LAC average



Public employment represents:
Almost HALF of formal employment... but only 3% of total employment
(vs 11% of LAC average).

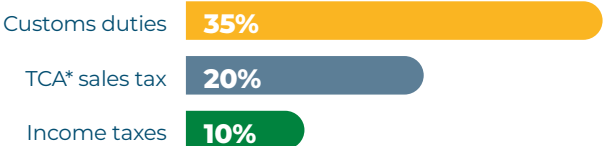
*Information from the last available date.
Source: [Worldwide Bureaucracy Indicators Dashboard](#).

Revenue administration has improved, especially customs, but revenue mobilization is affected by weak policies and the institutional capacity of tax administration agencies.



The tax system is primarily reliant on indirect taxes

Sources of total revenue (FY2023)



Source: Ministry of Economy and Finance.
*Taxe sur le Chiffre d'Affaires, French acronym for Turnover Tax.



RECOMMENDATIONS

PUBLIC MODERNIZATION

- » **Improving capabilities at the country level** (e.g., civil service and digital transformation) and the sector level (e.g., health and education) would reinforce public management. It is crucial to focus on practical implementation to ensure the effectiveness of regulatory frameworks.
 - » Ongoing initiatives to foster state transformation should be supported, such as the deployment of the Integrated Public Financial Management System.
 - » Data collection is valuable for transparency and for evidence-based policies.
- » **Developing a national digital strategy with investments in infrastructure (e.g., connectivity and cloud services)** would enhance the provision of public services. Digital identity, e-signatures, and improved online services are fundamental, as is fostering digital skills among public employees and citizens. Cybersecurity and streamlined administrative processes are also vital.
- » **Promoting comprehensive civil service reforms** is necessary to introduce a merit-based salary system and improve gender equality. Other changes may include redesigning pay scales, creating a sustainable pension system, and establishing service delivery standards.
 - » **A digital human resources management system (e-HRMS)** would streamline recruitment and payroll.
 - » **Transparency in public servant asset declarations** and a robust whistleblower office are desirable.

RESPONSIBLE AND TECHNICAL FINANCES

- » **Strengthening the National Public Procurement Commission (CNMP in French)** is important for boosting public investment and acquisition efficiency. This can be achieved by revamping the system's principles and rules, ensuring transparency, and monitoring contracts.
 - » **It is essential to establish a publicly accessible registry of buyers and suppliers** with transparent selection mechanisms, leveraging digital tools.
 - » **Other efforts should focus on fortifying the Supreme Audit Court** (Cour Supérieure des Comptes).
- » **Open budgeting practices, regular audits, and transparency in government spending are fundamental for building public trust.** Some pivotal steps include creating platforms for public engagement in decision-making and involving civil society in government oversight.
- » **Formulating a medium-term budget framework using a top-down approach** can establish expenditure limits that guide budget planning at the line ministry level.
- » **Enhancing governance and accountability in tax and customs administration** can be decisive for revenue mobilization. Simplifying the tax system may broaden the tax base and reduce exemptions.
 - » **Refining the general inspection for taxes in the Ministry of Economy and Finance** is feasible through investments in staffing, training, and annual audit work plans.



2. PROVISION OF PUBLIC SERVICES THROUGH BETTER PLANNING

Improving the delivery of basic services for citizens is fundamental, with strategic investments, enhanced governance, and effective regulation. This section provides a contextual analysis and offers recommendations on the following key areas:

- › **Food Security and Healthcare**
- › **Education**
- › **Resilient Infrastructure**





FOOD SECURITY AND HEALTHCARE

Malnutrition is a major problem exacerbated by high inflation, extreme weather events, and violence.

1 out of 2 Haitians faces acute levels of food insecurity

Source: Coordination Nationale de la Sécurité Alimentaire (CNSA).



112th out of 113 countries in the Global Food Security Index 2022 (designed by Economist Impact)

A multi-year cycle of drought has negatively impacted local food production



5,800 hectares of cropland have been lost since 2022 in Artibonite, the main agricultural region, due to gang-related displacement

Source: World Food Program, April 2023.

Medical care requires improvement, especially for maternal and child health. Access is more restricted in rural and semi-urban areas.



The system is understaffed and under-resourced

Only 23% of the population have access to primary care of good quality

Source: "Assessing the Quality of Primary Care in Haiti", Bull World Health Orgwan, 2017.



There is less than 1 hospital bed per 1,000 people, far below international standards

2.1 is the average in Latin America and the Caribbean

Source: [World Bank](#).



The health sector is fragmented

- » Non-public providers, including NGOs, churches, and for-profit organizations, **operate with limited government oversight.**
- » Lack of coordination between healthcare centers for referrals **complicates access to essential services.**

Under-resourced water and sanitation services remain a significant problem.



Only 67% of the population has access to improved water sources

98% is the LAC average

Source: UNICEF/WHO, 2019.



The organizational structure of these sectors is a major obstacle

- » The provision of water and sanitation is overly centralized.
- » The Water and Sanitation National Directorate (DINEPA) is intended to be a regulatory entity, but it has focused on project execution.



The lack of waste management leads to health issues in a situation of low access to healthcare delivery



RECOMMENDATIONS

FINANCIAL SUPPORT FOR CITIZENS

- » **Unconditional and conditional cash transfers** enable the population to access food. Utilizing electronic systems for enrollment and payment delivery is crucial for expanding coverage, tracking progress, and minimizing corruption in these processes.

CLIMATE-RESILIENT PRACTICES

- » **Improving water provision while mitigating pollution and sedimentation** may be achieved through the rehabilitation of forests and riverbanks, implementing payments for ecosystem services, and adapting agricultural practices.
- » **Facilitating access to basic education for local farmers** supports the adoption of sustainable approaches, such as ecosystem-based adaptation.
 - » **Financial initiatives, like subsidies for climate-friendly producers,** can significantly impact by providing resources for food procurement.

HEALTH PROGRAMS

- » **Widening access to primary care services,** particularly those focused on maternal and child health, is crucial. This includes areas like family planning, immunizations, nutrition, prenatal care, neonatology, and obstetric hospital services.
- » **Providing free healthcare services to producers and vulnerable populations** in rural areas can improve access to the system, ease financial burdens, and thereby enhance food security while fostering long-term resilience.
- » **Investing in infrastructure, equipment, mobile units, personnel training, and retention initiatives for skilled healthcare staff is vital.** Strengthening the Ministry of Public Health and Population would enhance the management of fundamental infrastructure, including the National Center for the Supply of Essential Medicines (PROMESS in French).
 - » **Developing accessible telemedicine for remote areas** is also key to bridging the gap between urban and rural healthcare.

SUSTAINABLE WATER MANAGEMENT

- » **Refining governance and coordination among different stakeholders** is critical to avoid overlapping responsibilities.
 - » **The water and sanitation sector needs the completion of legal frameworks for decentralization** and the clear separation of functions. **Defining a Public Utility Policy and a tariff policy** based on efficiency and sustainability is also necessary.
 - » **Strengthening the planning, operational, monitoring, and regulatory functions of the Water and Sanitation National Directorate (DINEPA in French)** is instrumental for service coverage and quality.
 - » **Collaboration between the Ministry of Public Health and Population, Departmental Directorates, and the private healthcare network** would lead to better coverage, regulation, and a more efficient referral system.



EDUCATION

Youth is a powerful asset
1 out of 2 Haitians
is under 25

Source: UNICEF.



Women are a
crucial group too,
representing 41% of
heads of household

Source: World Bank

It is urgent to improve sector governance, management capacity, and public investment.

The Ministry of National
Education and Professional
Training has the lowest budget
allocation in the region



Fiscal year 2025:
USD 321 million
1.2% of GDP

Source: Own calculations based on Ministry of Economy and Finance [budget data](#).

Given the limited provision
of public education...

Private providers operate
over 80% of schools

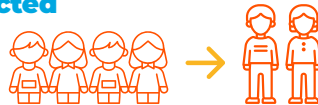


Source: World Bank, 2017.

The net primary enrollment rate increased from 60% in the early 2000s to 70% in 2015. However, access to school remains limited.

Children enter 1st grade
2 years later than expected

Just half of 1st graders
reach the 6th grade



Source: World Bank Group, 2018.

Poor learning outcomes stem from inadequate teaching quality, an outdated curriculum, and insufficient materials.

13% of 1st graders
repeat the year

Source: Ministère des Affaires Sociales et du Travail (MAST), 2013.



A 4th grade math assessment
by the Ministry of Education in
public and private schools in 2015
found that student scores
were only slightly better
than random guessing

Diversity challenges persist in classrooms. Teen pregnancy prevents many girls from entering or continuing their studies, and people with disabilities face significant barriers.

Only 3.5% of
children with
disabilities
have access to education
in Port-au-Prince



Source: Ministry of National Education and Professional Training.

The quality of the home environment is low, with a majority of children lacking access to early stimulation, responsive care activities, and age-appropriate books.

Very few infants are enrolled
in center-based programs

3% of children
under 2 years old

58% of children
from 3 to 5 years old

Source: IDB Grant Proposal HA-J0008.



RECOMMENDATIONS

ADMINISTRATIVE BREAKTHROUGHS

- > **Efficient spending of the existing budget** is imperative to ensure both quality and coverage. It is also essential to distribute resources equitably across the general directorates and regional offices of the Ministry of National Education and Professional Training.
- > **Strengthening and implementing the Education Management and Information System (EMIS)** is crucial for regulating and accrediting institutions to meet high standards. This requires a national budget allocation to operationalize the system and maintain interconnections between the Ministry's technical and departmental directorates and the EMIS.
- > **Basing decision-making on data is essential.** This can be accomplished by providing training to Ministry staff and partners, establishing the necessary technological infrastructure, integrating data use into sectoral projects, and consolidating data generation and governance to improve the efficiency of data collection efforts.
- > **Curriculum development** is critical and should be supported by the implementation of quality assurance systems. The new curriculum should be standardized to ensure its use in both public and private schools. An aligned evaluation framework should be developed to measure student performance based on their participation in international assessments.

INCLUSION MEASURES

- > **Assuring access for marginalized groups and regions, particularly in rural areas,** requires special attention to people with disabilities and adolescent girls.
 - » **A safe-schools initiative** would help prevent sexual harassment.
 - » **A distance tutoring program** could provide additional support to students at risk of dropping out, helping them stay engaged and succeed academically.
 - » **A national school feeding strategy** is necessary to attract out-of-school children, increase enrollment rates, and keep the most vulnerable students in class. Moreover, it would contribute to enhancing their academic performance.
 - » **Providing childcare facilities to support female participation in education** is crucial for advancing gender equality.

EARLY CHILDHOOD INITIATIVES

- > **Experiences from similar fragile and vulnerable contexts can be effectively adapted in Haiti to improve early childhood development (ECD).**
 - » **A promising approach is the high-impact Reach Up and Learn (RUL) program,** which organizes home visits with play-based activities to promote interactions between adults and children in vulnerable environments, benefiting both child development and parenting practices.



RESILIENT INFRASTRUCTURE

Basic public works face complex procurement processes, capacity constraints, political and economic instability, and weaknesses in the legal and regulatory framework.

Inadequate infrastructure, governance, and regulations hinder access to reliable electricity



2 out of 5 Haitians have an electricity connection, the lowest in LAC

39 kWh is the yearly per capita energy consumption, the lowest in the world

Source: "Haiti: Selected Issues", International Monetary Fund.

The weak performance of transport infrastructure impacts socioeconomic development, affecting businesses and connectivity



Lowest rank in infrastructure among 141 countries

Source: The Global Competitiveness Report, 2019, World Economic Forum.

Only 40% of people in rural areas have access to all-weather roads

Source: IDB Grant Proposal HA-L1130.

80% of roads are not deemed to be in good condition

Source: <https://hashaiti.org/stories/blog/rough-road-conditions-haiti/>



Haiti experiences one of the fastest urbanization rates in LAC, but territorial planning has been deficient.



Between 2000 and 2015, urban residents doubled, reaching 60% of the total population

Source: "Haitian Cities: Actions for Today with an Eye on Tomorrow", World Bank.

70% of Port-au-Prince inhabitants live in informal constructions

Source: IDB, December 2023.

Climate change adaptation needs to be correctly addressed. Extreme weather events and seismic activities represent a national threat.



66% of Greater Port-au-Prince is exposed to high seismic risk

Source: "Haitian Cities: Actions for Today with an Eye on Tomorrow", World Bank.

185th out of 192 countries in the readiness score* for climate adaptation, according to the Notre Dame Global Adaptation Initiative (ND-GAIN) 2021

*The score "measures a country's ability to leverage investments and convert them to adaptation actions".



RECOMMENDATIONS

PIVOTAL ASSETS

- > **Transforming governance in the energy sector** is decisive for improving coverage and service quality. A comprehensive regulatory framework is imperative to expand electrification.
- > **Improving access to digital connectivity, quality, and affordability** is vital for economic development.
- > **Modernizing transport roads, safety, and management** demands institutional reforms and sustainable financing mechanisms for both new projects and ongoing maintenance.
 - » **Encouraging local firm participation in tenders** can enhance transportation efficiency, while leveraging technical expertise from organizations like the Haitian Association of Construction Firms and the National College of Haitian Architects and Engineers.
 - » **Further investment in the road network** is critical in the Northwest department, which faces severe food insecurity and lacks connectivity with the rest of the country.
 - » **Clearly defining obligations between the Ministry of Public Works and the Ministry of Agriculture** would ease coordination for rural road network upgrades and maintenance, thereby enhancing connectivity for remote areas and improving agricultural market access.

PUBLIC RESPONSIBILITIES

- > **Ensuring that regulatory frameworks are updated, clear, consistent, and compliant with international standards** might boost investor confidence.
 - » **Laws governing infrastructure projects** must facilitate private sector participation while safeguarding public interests and promoting sustainable development.
 - » **Simplifying procurement procedures and implementing electronic payments** would contribute to efficiency and transparency.
- > **Capacity-building** can foster infrastructure development by strengthening the abilities of public workers and institutions, particularly in project management, procurement, and governance. This requires training, technical assistance, and partnerships with international organizations.

CLIMATE ADAPTATION

- > **Integrating climate change considerations into infrastructure** is essential for protecting investments. The Ministry of Environment should lead the development of regulations with robust and effective social and environmental safeguards.
 - » **Nature-based solutions in public policy** may cost-effectively mitigate disaster risk.
- > **Developing an urban growth strategy for cities** is necessary in Haiti's North and Northeastern regions, focusing on resilient infrastructure.
 - » **Disaster risk prevention measures** must be incorporated into urban planning, including the creation of a building code adapted to the country's climate and seismic risks.
 - » **Territorial planning, rather than sectoral planning**, is suggested through a process involving municipalities and civil society.
 - » **A comprehensive assessment of existing infrastructure** would help identify areas requiring intervention and modernization.
- > **Implementing disaster risk management** is vital in both rural and urban areas.



3. ECONOMIC DEVELOPMENT BY CREATING A CONDUCTIVE BUSINESS ENVIRONMENT

A favorable investment climate and essential conditions for businesses are crucial to overcoming the crisis and advancing toward prosperity.

This requires creating employment opportunities, expanding access to credit, and establishing the necessary infrastructure and institutional frameworks for international commerce, with active participation from corporate entities. These are the suggested fields of intervention:

- › **Labor Market, Entrepreneurship, and Financial Inclusion**
- › **Sources of Revenue: FDI, Cross-Border Trade, and Remittances**
- › **Private Involvement in Critical Sectors**





LABOR MARKET, ENTREPRENEURSHIP, AND FINANCIAL INCLUSION

High levels of unemployment, underemployment, and informality pose significant obstacles to productivity and household income.

Inadequate regulatory and institutional frameworks hamper private sector efforts, entrepreneurship, and innovation.

Unemployment rates are among the highest in Latin America and the Caribbean

2023* **19%** Total
34% Youth
(2nd highest in the region)

*Estimated
Source: World Bank.



7 out of 10 jobs are categorized as vulnerable and short-term in nature

Source: United Nations Development Program, 2020.

Women experience lower labor force participation rates compared to men



In the Caracol and Codevi industrial parks, tens of thousands of jobs have been suspended.



The textile sector faces a shortage of orders



The closures of the Haitian-Dominican border have put further strain on the arrival of raw materials

179th out of 190 countries in the ease of doing business index

180% of the average per capita income is the cost of starting a business.

97 days is the average time required
28.8 days in LAC

Source: Doing Business 2020.

The very low penetration of financial services restricts access to credit, an issue particularly relevant for MSMEs (micro, small, and medium-sized enterprises).



80% of employment comes from these companies

Agriculture, for instance, significantly contributes to GDP and employment, yet it receives minimal financing from the banking system

MSMEs are underserved by banks, partly due to the lack of reliable credit scoring systems

The absence of regulations governing leasing and factoring limits the availability of financial services



RECOMMENDATIONS

JOBS PRESERVATION AND CREATION

- > **Establishing incentives for recruiting and retaining workers** is essential. Equally important is providing access to fast, high-quality training programs aligned with industry standards.
- > **Reassigning workers to emerging sectors** through labor intermediation remains imperative. Policies should prioritize strategic and growing industries such as green technologies, textiles, technology, and infrastructure.
 - » The Ministry of Social Affairs and Labor must amend occupational health and safety standards to address potential human rights issues.
- > **Implementing a robust labor market information system** is fundamental for analyzing trends and guiding strategic planning for employment interventions.
- > **Improving industrial efficiency and infrastructure** to attract investment and generate job opportunities can be achieved by streamlining further customs procedures, optimizing the shipment of raw materials and inputs, and facilitating the transit of goods across borders.
 - » **It is crucial to enforce effective inventory management systems within industrial parks**, as well as to restore and optimize operations in the Industrial Park of Caracol.
- > **Postponing and temporarily reducing social security contributions** would alleviate financial pressure on businesses and help preserve jobs.

NEW VENTURE OPPORTUNITIES

- > **Promoting entrepreneurship** can be accomplished by improving the business climate, enhancing regulatory dialogue, and providing flexible financing instruments tailored to the Haitian context.
- > **Legislative measures should be considered to support ventures led by women** and increase their participation, as well as that of diverse groups, in the labor market. These measures should explicitly prohibit sexual harassment and address domestic violence.
 - » **Short-term vocational training programs and credit initiatives for women microentrepreneurs** should be developed, alongside strategies to enhance their access to financial services.
 - » **Collaboration with women's organizations** can strengthen support for both emerging and established women entrepreneurs.

ENABLING BANKING SERVICES

- > **Creating a centralized credit rating bureau** would improve access to financing by standardizing and systematically disseminating risk data among financial intermediaries.
- > **Developing guarantee schemes** for underserved segments could help close the financing gap while mitigating credit risk concerns. This can be achieved through government resources, blended finance, and the involvement of multilateral development banks.
 - » **Financial services should specifically target micro, small and medium-sized enterprises.**
- > **Advancing a regulatory framework for leasing**—considering its early adoption and potential—and encouraging factoring alternatives would help broaden financing options.



SOURCES OF REVENUE: FDI, CROSS-BORDER TRADE, AND REMITTANCES

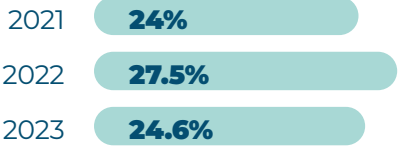


The country attracts very low levels of foreign direct investment (FDI). In addition to security issues, several other factors contribute to this situation:

- ✗ **Limited effectiveness** of the Center for Facilitation of Investments (CFI), the national promotion agency
- ✗ **A poor perception** of the country abroad
- ✗ **Lack of interest from companies to invest** or expand due to inadequate infrastructure
- ✗ **Complex administrative** processes

Low trade openness and limited integration into international supply chains increase transaction costs and restrict productivity. Exports are weak, while the import bill is large, creating economic risks.

Despite the recent decrease, imports remain sizable



Source: IMF World Economic Outlook, April 2024.



Non-tariff barriers (NTBs) are high, hindering trade and economic growth

Ranked 139th out of 141 in the 2019 Global Competitiveness Index for NTBs



Exports represented only 5.1% of GDP in FY2023, the lowest in the region

Source: IMF World Economic Outlook, April 2024.

Trade is highly concentrated

Over 83% of exports went to the United States in 2020

Source: "Haiti's Troubled Path to Development", Council on Foreign Relations.

The export base is narrow

90% consists of clothing and apparel

Source: United States Department of State.



Haiti relies heavily on diaspora remittances

15% of Haitians reside abroad

1.77 million in 2020
A 21% increase from 2015

Source: United Nations Department of Economic and Social Affairs.

Remittances account for 15.2% of GDP in FY2023

Source: Own calculations.

Transferring USD 200 to Haiti costs an average of 7.7% of that amount

These fees, among the highest in the region, reduce the effectiveness of remittances as a source of financial support

Source: Remittance Prices Worldwide.



RECOMMENDATIONS

CONDITIONS FOR INVESTORS

- **Fortifying the Center for Facilitation of Investments (CFI)** would ameliorate the overall investment environment. This includes aligning its operations with international standards.
 - » Establishing a post-investment support unit would help ensure effective assistance for investors after their commitments are made.
- **Creating a one-stop investment window (Guichet Unique pour les Investisseurs – GUI)** is equally important. This requires reviewing business procedures and implementing an electronic GUI.
- **Boosting institutional capacity to attract and retain foreign direct investment (FDI)** involves professionalizing technical support for promotion, updating strategic and operational plans to meet global standards, and appointing experts to lead key sectors within the CFI.
 - » **Hardening management and technical teams** with training in trade, investment, and soft skills is essential.
 - » **Fostering sustainable FDI that promotes deeper manufacturing integration, expands market reach, and involves more sophisticated products** should also be prioritized.

INTERNATIONAL COMMERCE

- **Revising and reinforcing legal and institutional frameworks for trade promotion and investment** is feasible if processes are simplified.
- **Taking advantage of least-developed country flexibilities in trade agreements** and accelerating integration with regional organizations like CARICOM would be beneficial.
- **Invigorating free zone activities and coordinating efforts with neighboring authorities**—such as cross-border transport corridors and tourism zones—would stimulate development.
- **Crafting export policies, identifying strategic niche markets, and pursuing sustainable product opportunities** are vital for increasing revenue streams.
 - » **Offering business development services** would support companies' efforts to go global and bolster small- and medium-sized enterprises.

OVERSEAS TRANSFERS

- **Leveraging modern technologies for remittances** can reduce transaction fees and improve engagement with the diaspora.
- **Partnering with financial institutions to create innovative products that utilize remittance flows, such as remittance-backed mortgages,** can maximize the impact of diaspora contributions.
- **Collecting data on migrant networks, demographics, returnees, and vulnerabilities** would enable better decision-making and targeted interventions.
- **Setting up effective mechanisms to channel diaspora resources into investments, development projects, and economic growth** could be transformative. Key initiatives may include diaspora development bonds, public-private investment programs, and business networks that connect Haitians abroad with those in the country.



PRIVATE INVOLVEMENT IN CRITICAL SECTORS

Public-private partnerships (PPPs) have partially served as a vehicle to engage business organizations in infrastructure development.

Ongoing regulatory challenges, the absence of a cohesive framework, and insufficient incentives remain significant obstacles



The shortage of vital resources for export and import, such as electricity, contributes to an unreliable supply chain.



Private-led and joint public-private investments aimed at addressing electricity challenges in certain areas face significant constraints

The experience with rural electrification has been mixed

- ✓ NGOs and private operators have developed independent thermal and renewable energy mini-grid initiatives
 - » Communities have shown a willingness to pay for reliable electricity, despite high tariffs (ranging from USD 0.40 to USD 2.00 per kWh).
- ✗ Most of the processes launched to concession regional networks and mini-grids for EDH (Electricité d'Haïti, the state electricity company) have been declared void
 - » Either price proposals have exceeded reference values, or companies have demonstrated a lack of interest due to high investment costs, financial risks, and an inadequate regulatory framework.



Transportation infrastructure also poses a challenge for trade. Divided opinions on the PPP instrument and limited project development capabilities deter potential investors.



A PPP Unit was established within the Ministry of Finance in 2012, but it operates without a guiding policy, and project prioritization depends on political will

The lack of a formal relationship between the Water and Sanitation Regional Offices (OREPAs in French) and the public, private, or public-private entities responsible for providing services in urban areas hampers effective service delivery.



- » There are no explicit responsibilities for each party, which limits the ability to channel incentives to providers based on performance commitments.
- » The OREPAs remain weak, with undefined policies and operating procedures.
- » The absence of a legal structure is a major impediment to establishing sustainable entities responsible for operating water and sanitation services in urban areas.



RECOMMENDATIONS

AN ENABLING ENVIRONMENT FOR THE PRIVATE SECTOR

- **Establishing a clear policy framework and enhancing government institutional capacity** can facilitate the identification and structuring of viable projects. It is essential that initiatives are technically sound and commercially appealing, making it easier to attract international financing.
 - » **Improving the overall business climate, including strengthening the rule of law and ensuring contract enforcement** is critical for sustainable infrastructure development, regardless of the procurement mechanism.
 - » **It may be necessary to significantly adapt classic PPP models**, adopt more traditional government-pay arrangements, or limit private-sector service provision, given the extended payback periods and higher risks for investors in Haiti.

INVESTMENTS BY KEY AREAS

- **Increasing private sector participation in the electricity industry** requires updates to the National Energy Plan and clearer regulations to stimulate investment, particularly in renewable energy and mini-grid projects.
 - » **Enhancing the National Authority for the Regulation of the Energy Sector (ANARSE in French)** and modernizing distribution and transmission networks are essential, opening opportunities for private-sector contracts in operations and management.
- **Major export promotion** can be achieved by creating a more favorable environment for businesses, enabling them to contribute more effectively to job creation, productivity, and foreign trade.
 - » **Reforming the air and sea transportation sectors, through better governance, regulatory upgrades, and increased corporate involvement**, is crucial to boost exports.
 - » **The adoption of innovative technologies, such as drones and geolocation data**, can enhance urban transport systems.
- **Elevating the performance of water and sanitation providers** is feasible through the consolidation of standard operating procedures and improved monitoring of PPP contracts.
 - » **These contracts should be adapted** to ensure better incentives and coordination in service delivery.
 - » **Collaboration with IDB Invest and IDB Lab should be strengthened to effectively implement strategic interventions.**
 - » **Gradually revising subsidies and encouraging private-sector participation in waste collection and treatment** is suggested to ensure full cost recovery.
 - » **Continuous support, oversight, and adjustment of alternative institutional arrangements for service providers and local regulation** are crucial for sustained improvement.
 - » **Data collection on water and sanitation services, including solid waste management**, should be strengthened for better planning and cost assessment.



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Abstract: Haiti faces deep-rooted challenges that have long hindered its path to stability and sustainable development. Persistent insecurity and economic hardships continue to strain the country's progress. However, as this publication analyzes, with sustained efforts to strengthen governance, improve public service delivery, and create a more supportive environment for businesses, there is potential for gradual recovery and a pathway toward a more stable future.

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