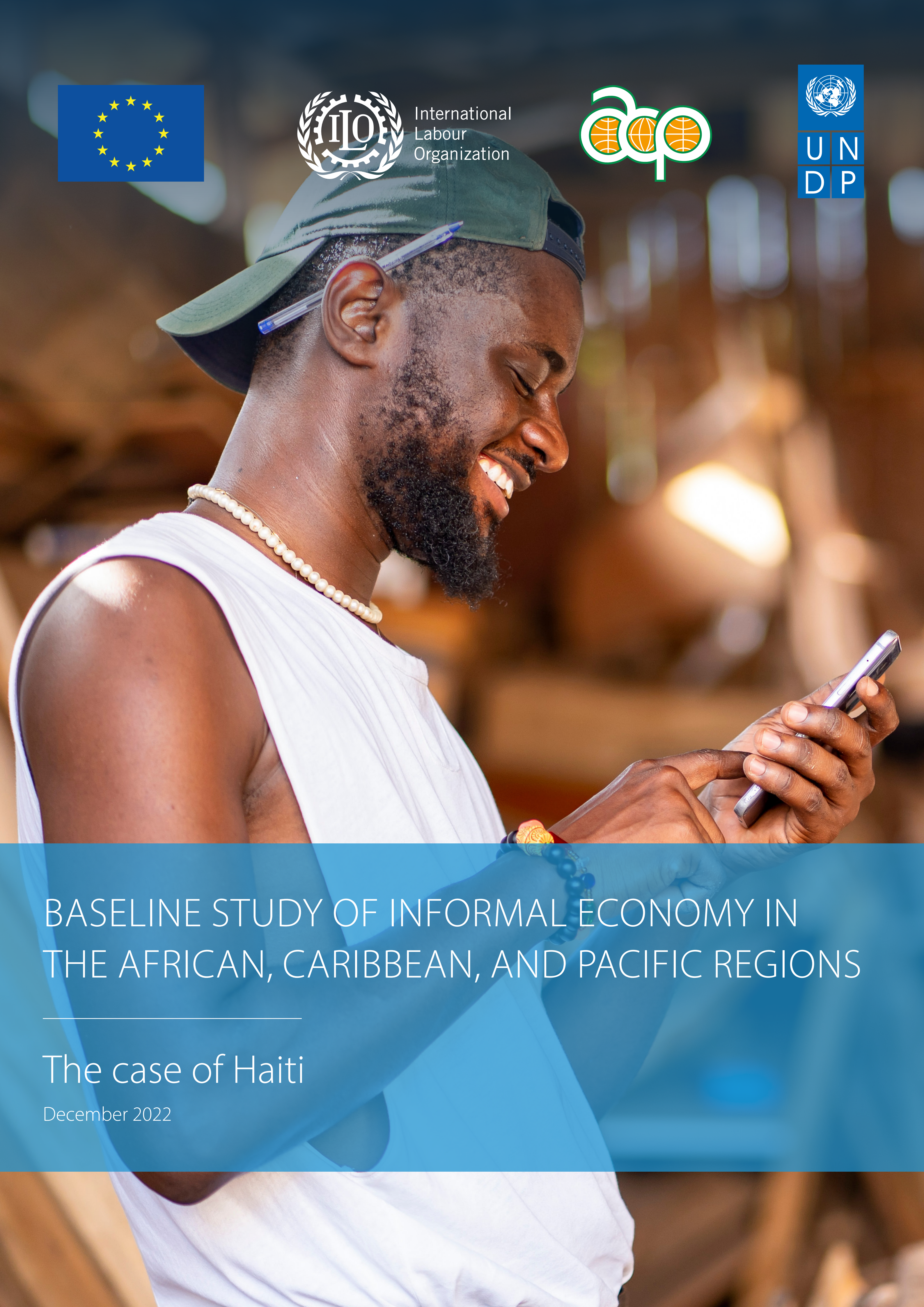
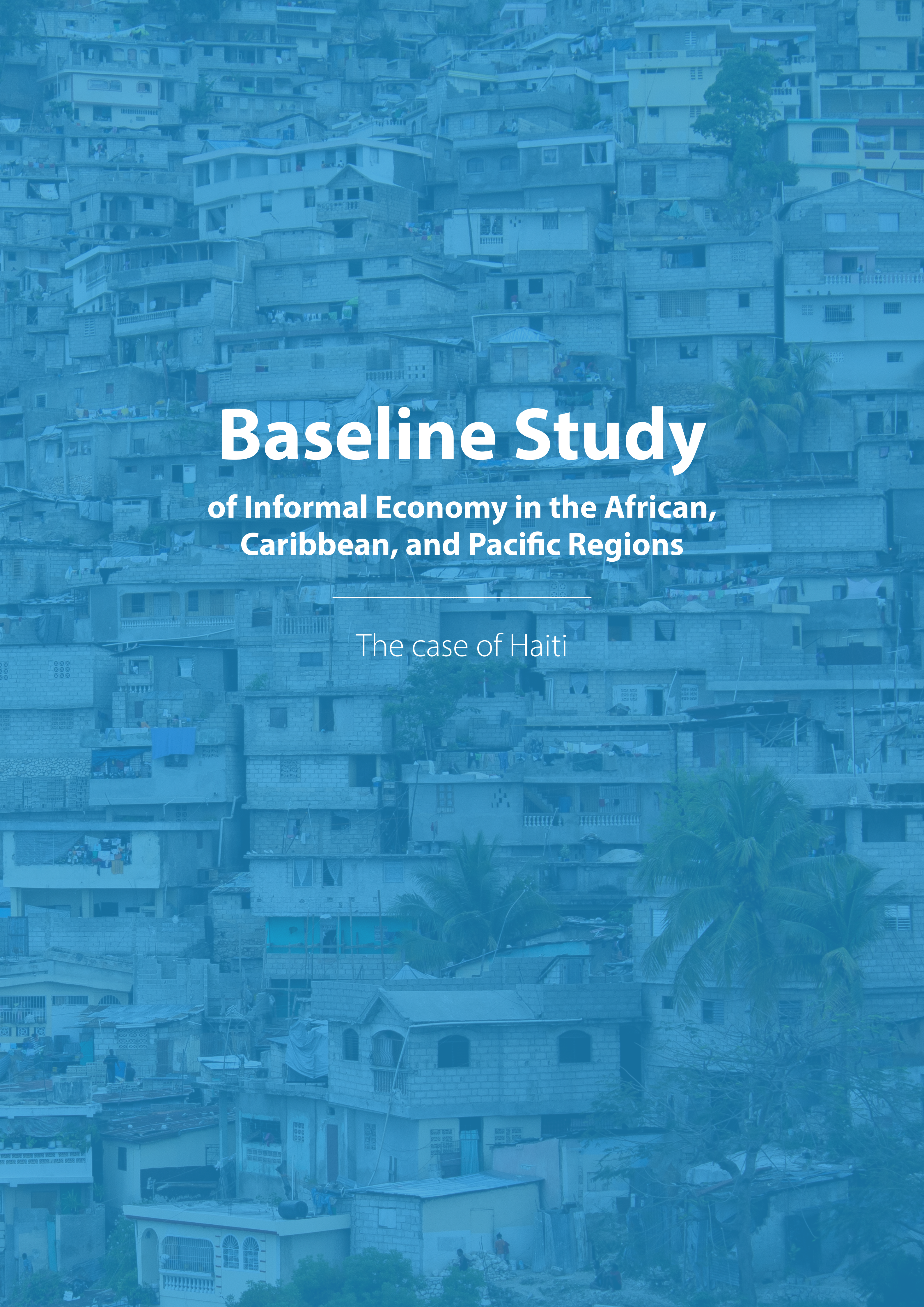


BASELINE STUDY OF INFORMAL ECONOMY IN THE AFRICAN, CARIBBEAN, AND PACIFIC REGIONS

The case of Haiti

December 2022



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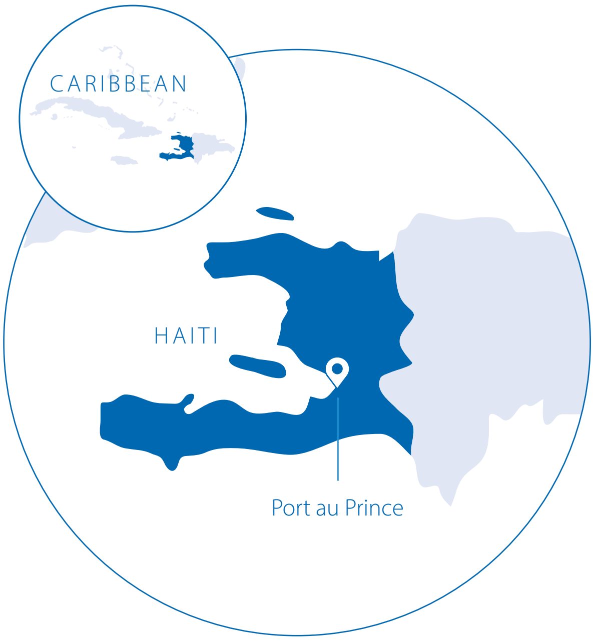
CONTENTS

ACRONYMS

ACME	Association for Micro-Enterprise Corporations
ADIH	Association of Industries of Haiti
AGOA	African Growth and Opportunity Act
ANIMH	National Association of Microfinance Institutions of Haiti
ATH	Haitian Tourism Association
BNC	Banque Nationale De Crédit
BRH	Bank of the Republic of Haiti
BTI	Business Technology Innovation
CAD	Computer Aided Design
CAM	Computer Aided Management
CBRH	Central Bank of the Republic of Haiti
CIF	Centre for Investment Facilitation
DGI	Direct General of Taxes
EBA	Everything But Arms
EPAC	Economic Policy Analysis Centre
ESC	Enterprise Service Centres
EU	European Union
FDI	Industrial Development Fund
FGDs	Focus Group Discussions
FINCA	Foundation for International Community Assistance
GDP	Gross Domestic Product
HDI	Human Development Index
HELP	Haiti Economic Lift Program Act
HOPE	Hemispheric Opportunity through Partnership Encouragement
IADB	Inter-American Development Bank
ICT	Information, Communication and Technology
IDB	Inter-Development Bank
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
LAC	Latin America and Caribbean Region
MCI	Ministry of Commerce and Industry
MEDA	Mennonite Economic Development Associates
MIMIC	Multiple Indicators Multiple Causes
MINUSTAH	United Nations Stabilization Mission in Haiti
MSMEs	Micro Small and Medium Enterprises
NBER	National Bureau of Economic Research
NE2P	Northeast Second Partnership
NGO	Non-Governmental Organization
OACPS	Organization of African, Caribbean and Pacific States
OGITH	General Independent Organization of Haitian Workers
ONA	Organizational Network Analysis
PITAG	Programme d'Innovation Technologique pour l'Agriculture
PPP	Public Private Partnership
PSME	Micro Enterprise Support Programme
SEEP	Small Enterprise Education and Promotion Network
SLGP	Small Loans Guarantee Programme
SONAPI	"Société Nationale des Parcs Industriels"
SWOT	Strengths, Weaknesses, Opportunities, and Threats
UNDP	United Nations Development Programme
USA	United States of America
USAID	United States Agency for International Development
VSLA	Village Savings and Loan Associations
WRAP	World Responsible Apparel Production

EXECUTIVE SUMMARY

Haiti's informal sector constitutes the hub around which the economy's future growth path rotates given the primacy of the sector for employment creation, poverty reduction and economic growth. The sector currently accounts for over 90 per cent of national employment.



Haiti has a large, vibrant and heterogeneous informal sector traversing the primary, manufacturing and service sectors. The informal sector consists of tens of thousands of individuals and micro, small and medium scale enterprises (MSMEs). The size of the informal sector in Haiti is estimated at US$33 billion, which is about 55.1 per cent of the nation's GDP.

Specific objectives of the study:

- Examine the factors propagating informal enterprises
- Assess the performance of past government efforts
- Offer practical solutions to effectively transform informal enterprises
- Develop a four-year action plan to support the transformation and formalization efforts in the country

Study methods:

A qualitative research method was adopted for the study. First, an in-depth interview of individuals spread across the informal sector ecosystem was undertaken using well-structured interview guide. Second, Focus Group Discussions were adopted across select groups operating in the informal sector. Third, based on the responses from the interviews and Focus Group discussions, we used a case study methodology to identify a key informal sector for the purpose of intervention by the UNDP/ILO. Finally, a detailed multi-year, budgeted work plan (actions plan) for the implementation of the transformation of the chosen informal sector activity in the country over a period of four years was prepared as guide to the proposed intervention.

Main findings:

The SWOT analysis of the informal sector reveals a sector that is characterized by strengths ranging from a young digitally motivated labour force to an economy that is adequately connected to external markets. The main weaknesses include the low level of capacity development, low level of digital penetration, lack of access to credit by informal enterprises and lack of inclusive safety nets. The main opportunities consist of the vast potentials for exploitation of the opportunities in agriculture and the fishing industry, tourism, financial technology and trade. The major threat remains political and macroeconomic instability.

Drivers of informaility

The drivers of informality in the economy are classified as macro, micro and sectoral issues for the purpose of this study.

LEVELS

Macro	Micro	Sectoral
The macro issues include conflicts, climate disasters, unemployment, poverty, lack of training for economic actors in the informal sector, an economy that is biased towards primary production, and low level of economic and social development.	The micro drivers are the overall lack of information and access to information, which feeds into and weakens the formalization efforts, complexity of the registration procedure for enterprises to formalize and stifling bureaucratic interference with the formalization process that breeds corruption.	The lack of supervision of economic actors, lack of incentives from government and high-handedness of public officials in dealing with informal sector operators in the informal sector tend to reinforce the apathy towards formalization by enterprises in the sector.

Specific intervention areas

To shed light on why most attempts at formalization failed in the past, we summarized our findings under specific outputs for ease of analysis.

Intervention area 1: Regulation, regulatory incentives & advocacy. Some of the recent regulatory activities by the Ministry of Trade and Industry (MCI) in recent times include the reduction of the business registration period to less than or equal to three days for a sole proprietorship, the operationalization of the one-stop shop within the MCI, and the establishment of an information platform on social networks. The MCI also offers some technical and financial assistance to MSMEs. Government has established some initiatives in conjunction with other stakeholders. These include the Entrepreneurship Support Programme (PAPEJ), the Graduate Support Programme, and the Microenterprise Support Programme (PSME) covering three areas: formalization, technical assistance and financial assistance and the Women's Entrepreneurship Support Programme. These programmes have met with varying degrees of success.

Intervention area 2: Financial Sector and Innovation. Most informal sector actors do not have access to loans for business take-off and expansion. Microfinance remains the major player, as small firms cannot access loans from banks because they are not formalized and cannot afford to meet the loan terms and requirements. Some of the interventions in the financial sector that have proved helpful include the HAITI MSME USAID initiative aimed at supporting Haiti's microfinance and SME sector, the IFC /IDA-PSW Small Loan Guarantee Programme (SLGP), and the new Act by the Central Bank of Haiti which enables it to supervise and regulate microfinance institutions. Recently, the Leasing Haiti project has also come on board paving the way for small firms that cannot afford loans to buy equipment. Implementing new financial 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.

Intervention area 3: Capacity Building and Promotion of Technology. Capacity building for the informal sector in Haiti focuses mainly on three areas – building the capacity of the staff of MCI who handles MSME issues, the operators (incubators, aggregators and others) in the informal sector, and owners and employees of informal enterprises who carry out daily operations. Some of the interventions in this area in the past include, the MINUSTAH project aimed at advancing employment opportunities and economic initiatives in Haiti, the BEL Initiative programme, which provides training in entrepreneurship and The Centre for Entrepreneurship and Leadership in Haiti (CEDEL), which provides services such as incubation, acceleration, access to investments and business consulting. Others include the Banj which, as incubator, rents out space for start-ups to generate revenue, the Haiti start up Talent that promotes Haitian entrepreneurship and funding for SMEs and the Caseli programme which supports SMEs and connects them with funding, training, and business education.

Intervention area 4: Sector Specific Collective Action. The Constitution of Haiti guarantees the freedom to associate. So, technically, the government supports unionization. However, the percentage of the labour force in the formal sector in Haiti is about 13 per cent. Understandably, the ITUC and its union partners tend to focus their labour movement efforts on activities in the formal sector. Other associations such as the Haitian Manufacturers Association (ADIH), Haitian Tourism Association (ATH), Association for Micro-Enterprise Corporations (ACME), and the Centre for Investment Facilitation (CIF) offer channels to identify business partners and engender collaboration. NE2P has facilitated micro-enterprise grants to small businesses in Little Haiti and undertaken a number of technical assistance initiatives in the microenterprise sector. Better Work Haiti (BWH) is an ILO endeavour jointly hosted with the IFC. Its employment-intensive investment programme attempts to strengthen local technical capacity, address employment creation and income generation for the most vulnerable who are mostly in the informal sector.

Overall, past efforts at formalization failed because they were grossly insufficient. Most stakeholders are of the view that the state security apparatus failed to protect the sector while decision makers and political actors have vested interest in selected informal enterprises. Decision outcomes in favour of the wealthy who control the state prevents any form of change. Policy pronouncements are not often accompanied by concrete actions. The process of creating a formal business exists in the Haitian commercial code but lack of awareness by economic agents operating in the Haitian informal economic landscape slows down all forms of formalization. Tax regimes pose problems to newly formalized businesses and prevent new businesses from formalizing. Majority of participants in the baseline study on the informal sector argue that in spite of recent efforts by government and development partners, the sector is still largely neglected. There is no incentive for newly formalized enterprises. There is no funding or subsidy programme for newly formalized enterprises. Security climate is precarious and worsens business climate, which prevents microenterprises to thrive and grow.

Some of the practical solutions emerging from stakeholders include the following. First, the starting point of the transformation and formalization of the Haitian informal sector is improving the security climate, promoting transparent and accountable governance, building ability of informal enterprises to respond and adapt to shocks in crisis times, and enlarging the social safety nets of informal sector operators. Second, facilitating informal enterprises access to finance including introducing new financial products and services that meet the needs of informal enterprises. Third, there should be intensive campaigns to create awareness on the advantages of formalization and how they outweigh the narrow benefits of informality while specific capacity building programmes targeted at financial literacy as well as technical and managerial skills remain critical for success. Fourth, building strategic partnerships between government institutions and informal sector aggregators and incubators should be strengthened. Such partnerships should be focused at creating awareness about the benefits derived from formalization, identifying the needs of the various constituents of the informal sector (including specific training programmes, tax incentives newly formalized enterprises, and provision of loan guarantees to informal sector operators).

Most participants advanced the choice of applying digitization to the garment industry because ICT enjoys a great transversality and it helps to modernize economic activities and makes the garment sector more attractive to youth. When fully functional, ICT serves not only as a hub for economic growth but also enhances the efficiency of households, firms, government, and trade, thereby promoting overall welfare. The role of ICT in the financial services, garments and agricultural sector is quite revealing for transformation. The adoption of digital financial services (DFS) offers a transformational solution to financial exclusion driven by informality. It simplifies processes (reduces direct and indirect costs of formalities) and introduces new financial technologies (FinTech for enterprises). The garments industry is a rapidly growing technology-savvy sector. Digitization will go a long way to help firms to keep pace with the rapidly evolving production processes in the industry. All levels of the textile industry now use simulation-based engineering.

Stakeholders deliberated on the application of ICT to four sectors (governance, financial inclusion, agriculture and garment industry) before they finally chose the garment industry as the most appealing sector. Stakeholders believe the garments industry is a rapidly growing technology-savvy sector and digitization will go a long way to help firms to keep pace with the rapidly evolving production processes in the industry. All levels of the textile industry now use simulation-based engineering, which would be popularized through digitalization. Organizing the garment industry operators in clusters and shells could accelerate the use of digitalization among informal operators.

The project outlined four critical outputs: framework for formalization of informal enterprises, development and promotion of financial services and broadening of avenues for the capitalization of financial intermediaries, building capacities of informal sector intermediaries (e.g., Village Savings and Loan Associations -VSLA), aggregators (e.g. Association for Micro-Enterprise Corporations – ACME) and government (e.g., Centre for Investment Facilitation – CIF) and strengthening the use of digital technology, and finally, establishing sectoral collective action platforms. Under each output, activities that feed into the realization of the output are identified. Each activity comes with a measurable indicator. An implementing agency and a country focal agency are also suggested for validation.

In conclusion, the formalization of the informal sector in Haiti requires careful balancing of the strategic interventions. The absorption of the target beneficiaries into the formal sector has implications for government scrutiny, licensing, and vulnerability for taxation. This must be balanced against the benefits of better market information and opportunities, access to bank credit, training programmes, and greater visibility to informal enterprises. Establishing microenterprises shells for the garment industry or dedicating the existing under-utilized factory shells in the Northern part of the country could offer these opportunities. Charting a path for the transformation of the informal sector in Haiti will go a long way towards the achievement of key national goals while improving the standard of living of the people. Our study has identified the garment industry as the key sector with ICT as a cross-cutting instrument that could be targeted to catalyse transformation in the informal sector. Apart from creating jobs on its own, it has the power to bring about a change when bundled with core economic sectors such as financial services and tourism. It can also stimulate growth and create jobs in other sectors such as tourism and arts and crafts.

CHAPTER ONE

Background and Context

1.1 INTRODUCTION

Haiti, the oldest independent State in the world and and a part of the French colony, is geographically, resourcefully, culturally and historically endowed. Among its peers, Haiti's comparative advantages include its proximity and access to global markets (USA, Dominican Republic and Mexico), youthful population and labour force, dynamic diaspora population, craftsmanship and tourism assets.

However, these assets and opportunities are yet to be converted into development outcomes. About 22 per cent of Haitians live in the capital city, Port-au-Prince, driving urban unemployment, urban poverty and urban informality. Unemployment rate is estimated at about 15.7 per cent (percentage of total labour force) and the poverty rate at 24.5 per cent (poverty head count ratio atUS$1.90 a day-2011 PPP). While still relatively high, extreme poverty stands at less than US$1.25 per day and declined from 31 per cent in 2000 to 24 per cent in 2018 (UNDP 2021). The observed national decline in poverty was driven by rising labour income, especially in non-agricultural enterprises, private transfers and aid. However, Haiti remains one of the poorest countries in the Latin American and Caribbean region (LAC). Rural poverty continues to be severe in Haiti. Nearly 75 per cent of the inhabitants in the rural areas are poor and close to 37 per cent are extremely poor (UNDP, 2021). Haiti is one of the poorest, most unequal, politically unstable and climate-change prone countries in the world. Its level of underdevelopment, explained by the foregoing factors, tend to perpetuate endemic informality (both legal and illegal) and the rising trend of informal enterprises in Haiti.

Informality is a serious development challenge facing Haiti and several of the Latin America and the Caribbean economies. Informal enterprises, as defined by ILO (2020), refers to all economic activities (by workers and economic units) that are, in law and in practice, not supported or inadequately supported by formal provisions or arrangements. In terms of composition, the sector is very diverse. Many of its constituents are survivalists (very poor people who work part-time in various non-farm income-generating activities), self-employed people who produce goods for resale, or offer services, and very small businesses (microenterprises) that usually operate from a fixed location with more or less regular hours. Thus, the informal participants include very poor, marginal people as well as members of the working class.

Informal economy is more endemic in Haiti than any other country in the region in terms of its intensity, drivers, and impact on overall development (Aspilaire, 2017). In fact, Haiti is a special case of paradox of equity or extreme business inequality with just about 15 families controlling a bulky share of the private sector (almost all the major imports and over 70 per cent of private credits) in contrast to the ubiquitous micro, small and medium enterprises with limited or no access to formal credit but accounting for 55 per cent of GDP and about 87 per cent of employment (Aspilaire, 2017; ECLAC, 2020; UNDP, 2021).

Informal enterprises have been a long-standing feature of the country's economy. Haitian informal sector is very resilient based on its ability to bounce back after several shocks (either economic crisis, natural disasters, or political conflicts) (Aspilaire, 2017). The informal enterprises have been a better absorber of economic and labour supply shocks, thereby making them an important coping strategy in periods of crisis in the formal sector, and and through the formal-informal linkages they help smoothen the supply chains for the formal economy by providing certain goods and services to the formal enterprises (ILO, 2018 and UNDP, 2021). Haiti's informal sector is small and highly regulated in some areas (e.g. taxes and tariffs) and unregulated in other activities like the absence of workers protections and rights as well as the lack of uniform wages and workers conditions of service. The sector had long been ignored and has not been fully acknowledged in development policies. Rather, informal enterprise operators are viewed as a problem or in a pejorative manner, which makes it difficult for Haiti to leverage its complimentary advantage of being very close to major international markets.

Changing the narratives of the informal sector in Haiti requires having a very clear understanding of the dynamics, characteristics, drivers and root causes as well as engaging the stakeholders in offering solutions to transform and formalize the informal enterprises in the country.

1.2. BASELINE STUDY OBJECTIVES

The overall objective of this exercise is to conduct a baseline study on the informal sector in Haiti. The specific objectives are to:

- Examine the factors propagating informal enterprises
- Assess the performance of past government efforts
- Offer practical solutions to effectively transform informal enterprises
- Develop a four-year action plan to support the transformation and formalization efforts in the country

1.3. METHODOLOGY

The approach adopted for this study is a mix of methods, the primary goal being the accomplishment of the tasks enumerated above.

Desk reviews of relevant publications.

- Qualitative approaches.
- Individual depth interviews with individuals representing 16 organizations from the formal and informal sector.
- Semi-structured face-to-face interviews (following an interview guide with open-ended questions). The face-to-face interviews gave the benefit of being able to observe and record non-verbal as well as verbal behaviour.
- Eight focus group interviews were conducted. The groups were composed of 6-8 participants from 56 different organizations.
- A case study approach was adopted to identify a leading informal sector with strong backward and forward integration with other sectors. The choice of this sector is based mainly on the outcome of the in-depth interviews and group discussions.
- A detailed multi-year, budgeted work plan (actions plan) was prepared for the implementation of the transformation of the chosen informal sector activity in the country over a period of four years.
- Plans are under way to organize a validation workshop consisting of key stakeholders. This workshop will be used to validate the findings and conclusions generated from the above-mentioned study methods.

Collectively, the primary survey elicited information and used in-depth interviews and eight focus group discussions with individuals from about 56 organizations across the various stakeholders (regulators, informal enterprises, newly formalized enterprises, financial institutions, incubators, and aggregators). The analysis below provides some practical illuminations to this process.

1.4 LIMITATIONS OF THE REPORT AND DATA GAPS

The country has been embroiled in political crises for a while now. The insecurity posed by the crisis has also been a big challenge, particularly for the focus group discussions where the gatherings of crowd is frowned at. In view of the above, it was very difficult to speak to people either individually or in groups. However, with the support of government officials and stakeholders, we were able to organize interviews with ecosystem stakeholders to elicit the needed information for the baseline study. Other than the inability to go to rural areas, the insecurity context did not affect the quality of the assessment.

CHAPTER TWO

Status of Informal Enterprises in Haiti

2.1 INFORMAL SECTOR SCOPE AND CONTRIBUTIONS TO THE ECONOMY

Informal enterprises dominate formal economic activities in several dimensions. The informal sector is composed of individuals and enterprises, accounting for 91.5 per cent of total employment in Haiti (Elgin et al (2021). About nine out of ten jobs in Haiti are provided by the informal sector, comprising 47 per cent from informal private, 39 per cent from agriculture and 1.0 per cent from household. The private formal sector accounts for 7.5 per cent and the government (including State-Owned Enterprises) accounts for 4.4 per cent, while the NGOs employ 1.2 per cent (World Bank, 2015).

Activities in the metropolitan areas are also dominated by informal enterprises accounting for about 81 per cent of total enterprises (Aspilaire, 2017). The low contribution of the formal private sector to total employment (7.5 per cent) explains the dominance of informal enterprises (World Bank, 2015) with only about 15 families dominating the formal sector (Aspilaire, 2017).

The share of the informal sector in the overall economy is high. The size of the informal sector in Haiti is estimated at US$33 billion, which is about 55.1 per cent of the nation's GDP (Elgin et al, 2021).[1] The high share of the economy with no support from the formal sector including public sector and the organized private sector calls for immediate attention.

Agriculture is the largest sector of the economy, employing about two-thirds of the labour force but accounting for only 21.9 per cent of GDP. This is closely followed by manufacturing, 20.8 per cent, and services about 57.3 per cent (Author's compilation from the World Bank's World Development Indicators – accessed in October 2022). Agriculture is majorly for production of subsistence crops, including cassava (manioc), plantains and bananas. Arabica coffee and sugarcane are the main cash crops.

Haiti has a large, vibrant and heterogeneous informal sector traversing the primary, manufacturing and service sectors centred around food production and beverages; textiles, wearing apparel and leather; auto supplies and wood products mainly wood and cork; iron work, artisanal, carpentry, masonry, paper and paper products; publishing, electronics, chemicals, rubber and plastics. Other non-metallic mineral products include basic metals and fabricated metal products.

[1] Computing informal sector contribution to GDP has been very challenging in Haiti. For instance, Schneider, et al (2010) estimated the sector to contribute 56.4 per cent of GDP during 1999-2007 and later rose to 64.17 per cent during 2008-2010 (Aspilaire, 2017). Recent estimates, using the MIMIC (multiple indicators and multiple causes) approach, put it at US$35 billion - about 59.1 per cent of GDP."

The small size of the domestic economy, internal instability and the wave of trade liberalization have all constrained the performance of the manufacturing sector in Haiti.

The informal sector is a major source of migrants' absorption in the country. This is more so with internal migration where the capital city, Port-au-Prince, remains a focal point of attraction. The dynamic diaspora system in Haiti and the international development partners have been supporting this neglected sector over the years. Diaspora's remittances in Haiti (accounting for about 20 per cent of GDP) is one of the highest in the Caribbean region, and households receiving remittances (domestic or foreign) rose from 42 per cent in 2000 to 69 per cent in 2012 (World Bank, 2015). Without the support from domestic and international transfers, it would have been extremely difficult for the informal sector to serve as a shock absorbing sector to the economy in periods of economic instability. In Haiti, the formal sector is also contributing to the growth of informal employment, accounting for 7.3 per cent of total employment, especially through sub-contracting or outsourcing mechanisms (Aspilaire, 2017).

Despite these challenges, a consensus from ecosystem stakeholders reveal that informal enterprises potential growth could be maximized through sectors such as agribusiness, light manufacturing, tourism heritage, and artisanal mineral mining. The contribution of Haiti's informal sector goes beyond employment and value added to GDP. They include:

Building the resilience of the economy to shocks (economic, political or natural disasters).

Supporting value chain development in Haiti through the formal-informal linkages.

Ensuring low-cost contract enforcement through the use of reliable social networks (friends, family, and ethnics) in the absence of an effective formal legal enforcement system from the public sector.

Effective support to the transformation and formalization of MSMEs offers potential to broaden tax base, reduce the unemployment rate, deepen food sufficiency (through bio-organic agriculture, agro-business and fishing), promote exports, and curb external migration. As a result of its contributions, the informal sector should not be seen as a problem but as a solution in Haiti.

2.2 ASSESSMENT OF INFORMAL ENTERPRISE AND KEY DRIVERS

The stakeholders' characterization of the main features of informal enterprises in Haiti aligns with existing studies. The informal sector in Haiti is characterized by ease of entry, low resource base, family ownership, temporary street vendors and casual retailers as well as low level of technology, low capital requirements and limited differentiation of the ownership of the mean of production (Garcia-Bolivar, 2006). World Bank and IFC (2021) also argued that informal enterprises are not only characterized by their smallness but by low productivity because of internal factors like limited entrepreneurial experience, low education and external factors like limited access to finance and electricity. It is also the sector where demand for loans is fulfilled largely by informal means and partially by microfinance institutions.

Understanding the factors and causes of informality is a useful approach for addressing the challenges and forging strategies to support formalization of MSMEs. An analysis of each of these factors is provided below:"

2.2.1 The Regulatory Environment for Informal Enterprises

Weak regulatory frameworks and Inadequate legal and regulatory frameworks

The country is characterized by fragmented and dysfunctional judicial system, lack of international mediation and arbitration, absence of official contract enforcement, ineffective land cadastre and registry, lack of formal contract enforcement and limited protection of minority investor interests. This is further complicated by a judicial system that is corrupt, slow, unprofessional and unpredictable (World Bank, 2015). This leads to lack of information on the process of legalization, benefits from the formal economy, the slowness of the formalization process, the complexity of formalization, which deters formalization.

Over regulation and over concentration

The burdensome government regulations mostly associated with government ineffectiveness, non-inclusive policies, winner-takes-all politics, and oligopolistic structure where 15 families control the private sector and three families control 70 per cent of loans. In the context of bad governance, the informal sector actors view the taxes and social security contributions to be too high to the extent that it consumes their profit margins (Schneider and Enste, 2000; BTI, 2022).

One major limitation to starting a business in Haiti is the complicated administrative procedure required to register an enterprise. For instance, as argued by the World Bank (2020), registering with the Commerce and Industry to obtain the authorization of operations alone takes 78 days. This is in addition to 7 days to notarize company deeds, 10 days to prepare memorandum of association and 15 days to obtain tax ID. Currently, the vast majority of enterprises are small and do not consider official registration a priority due to lack of incentives to register, lack of information about the registration process. Yet they form the core of the economy. The formal sector is small and highly regulated in some areas such as taxes and tariffs. The findings from García-Bolívar (2006) that operating in formal sector in Haiti reduces profits as a share of gross incomes of informal enterprises from 19.0 percent to 12.5 percent further confirms the concerns from stakeholders about the burden of taxes on microenterprises.

Some of the interviewees were not very enthusiastic about the notion of transformation given the benefits presented by informality including low or no taxes, locational advantages that confer ease of access to clients, nearness to markets etc., which they considered to be higher than the intended benefits of formalization.

Political instability

The country is historically known for spiral political conflicts, short-lived governments, and violent street protests, as well as social and economic chaos since the overthrow of Jean Claude Duvalier's Government in 1986. For instance, between 1986 and 2014, there have been 18 changes of the Presidents and top government leaders. The spiral of political conflicts has undermined all state institutions including the parliament, judiciary and public administration, and most of these institutions are derelict, leading to government failures. Since 2018, Haiti has experienced a rising trend of kidnappings, summary killings, and massacres.

In 2019, the country witnessed serious socio-political unrests, with armed gangs wrecking havocs on people and causing a partial halt in economic activities for several months, including the assassination of President Jovenel Moise on 7th July, 2021.

The ongoing political and governance situation demotivate people, more so entrepreneurs, to think of short-term investment as opposed to long-term investment, thereby accelerating the formation and operations of informal enterprises. As argued by Garcia-Bolivar (2006), informal enterprises have their own customary ways of organizing and managing their business; hence subjecting them to processes of an unstable government becomes a disincentive.

Mistrust between informal enterprises, formal enterprises and government

Inaccessibility to public services, inefficient inspection service for informal enterprises, lack of organization of the state system, complete absence of the State in certain areas (especially rural areas), and opacity of public services led to mistrust between informal enterprise operators and the government, which discourages formalization and encourages tax evasion (Garcia-Bolivar, 2006; World Bank, 2015; BTI, 2022).

Regional macroeconomic crises drive the growth of informal enterprises

The regional dimension of informality, starting with the debt crisis of the 1980s and the associated adoption of the structural adjustment programmes through intensive liberalization and privatization, coupled with the onslaught of globalization leading to deindustrialization makes informality inevitable.

Low Productivity as a binding constraint to formalization

The country's economy is characterized by low productivity, low incomes, and poor working conditions. On the other hand, agricultural workers earn less than 20 per cent of incomes in the formal sector, and the non-farm informal workers earn less than 50 per cent of what their counterparts in formal sector earn. This has been linked to low productivity, skills, education, poor occupational safety and limited access to social protection coverage.

Poor business operating environment

The over-concentration and overregulation of the private sector makes doing business very challenging to entrepreneurs in Haiti as manifested in Ease of Doing Business that deteriorated from 177 (out of 190 counties assessed) in 2012 to 182 in 2018, but marginally improved to 179 in 2019. This is the worst in the Caribbean region. The World Bank Ease of Doing Business, Garcia-Bolivar (2006) and BTI (2022) argued that high cost of doing business is promoting informality in Haiti by citing the following examples:

- Profit margins of newly formalized enterprises reduced by at least 6.5 per cent.
- The burdensome renewal of business license or registration process cost about 5.8 per cent of small enterprise gross incomes.
- The lack of integration among 24 institutions responsible for processing of business registration makes registration to take 97 days compared to 16.5 days in the Dominican Republic.
- The World Bank Ease of Doing Business 2020 estimated the cost of business registration in Haiti to be 179.7 per cent of GNI per capita (compared to 13.5 per cent in the Dominican Republic). This constitutes a huge and overly burdensome cost to newly formalized enterprises.

Poor governance

This takes the form of poor control of corruption (e.g., the mismanagement of the Petrocaribe Fund), rule of law, government effectiveness, lack of voice and accountability. For instance, the country's performance on the corruption perception index has been generally low, with a score ranging between 17 and 22 out 100 points (2012-2021), which ranked the country 164 out of 180 countries in 2021 – an improvement from 170 in 2020. Haiti is worse than the Latin America and the Caribbean average in control of corruption, rule of law, government effectiveness and voice and accountability. Corruption is a hidden cost to formalization.

2.2.2 Access to Finance

Low financial inclusion and limited digital services

Based on the World Bank's 2017 FINDEX, Haiti has one of the lowest financial inclusions in Latin America, with only 33 per cent owning bank accounts and about 28 per cent of farmers have bank accounts (World Bank and IFC, 2021; IFC, 2021). Without the support from rural microfinance institutions and financial cooperatives, entrepreneurs have been left out of the financial system completely, resulting in limited growth of MSMEs

Limited access to finance

Lack of clear regulatory frameworks and weak institutional supervisory capacity makes the financial sector operations operations predatory. Digital financial services are at its early stage to enhance access to financial services.

Financial structure is weak with inadequate credit information system constraining lending to microenterprises. Microfinance remains the major player, as small firms cannot access loans from banks because they are not formalized, and cannot afford the lending rates ranging between 17.0 per cent and 27.0 per cent between 2019 and 2022, and the high collateral requirements. However, non-deposit taking microfinance institutions face constrains of funding issues.

The MSME credit gap in Haiti is estimated at about US$2.5 billion (IFC, 2021). In the absence of formal finance, use of own funds, borrowing from relatives and friends as well as from loan sharks are the available financing alternatives (commonly called Ponya), which are too expensive and not easily accessed.

The limited spread of bank branches where one branch caters to an average of 15,748 people accounts for low usage of financial institutions and services. Compared to 45 per cent of adult population using banking services in Latin America and the Caribbean, only 27 per cent makes use of formal financial services in Haiti. And lending to agriculture, a sector contributing 22.0 percent of GDP and employs about 50 percent of the labour force, is almost non-existent (World Bank, 2015 and IFC, 2021). It is only 0.2 per cent of the banking sector credit to the private sector in 2014 (World Bank, 2015). The low share of credit to the agricultural sector is because of the absence of collateral (BTI, 2022). The empirical evidence from Jacob (2021) on Haiti reveals that access to finance, higher profit margins, stability, and perception of success are factors that motivate informal sector operators to formalize.

The microfinance institutions that could bridge the financing gap for informal enterprises are facing excruciating operational environments in Haiti (Box 1). Supporting microfinance and banks both financially, technically and institutionally through policies remain crucial. There is an urgent need to improve existing financial products and services, and design and/or adopt new financial products and services to meet the needs of the enterprises. This will provide entrepreneurs in this sector with more choices in terms of financial services and products. Participants from the different study methods expressed the need for credit guarantee schemes and micro-insurance.

Box 1: The operating environment is very challenging for Microfinance in Haiti

The unstable political environment, recurring natural disasters that destroyed business and their owners, the complex business environment, including services delivery and infrastructure make the operational environment of microfinance institutions very complex and challenging – and much more for small businesses. To compensate for these challenges, microfinance banks interest rates (ranging from 30 per cent to 55 per cent a year) are higher than those of the traditional banks.

The experience of some microfinance banks (most of whom are non-profit) further illuminates the complex working environment because of the recurring natural disaster alone. The default rate after the earthquake was 18 per cent as opposed to the acceptable 2-3 per cent international standards.

Box 1: The operating environment is very challenging for Microfinance in Haiti (continued)

In 2010 alone, 600 of the 1,800 microfinance banks employees living in Port-au-Prince alone lost their homes to earthquake – an indication of the seriousness of the issue. For instance, Finca Haiti (one of the largest microcredit in Haiti) wrote off almost a third of its portfolio after many clients died in the earthquake or lost their homes and businesses. FINCA incurred US$2.0 million losses three years before the earthquake and had considered closing its for-profit bank in 2008 after the earthquake. ACME (another Haitian microbank) also raised additional capital after 53 per cent of its borrowers were late on their payments. Surviving such write-offs and additional capital injection without the support of international organization would have been impossible.

While appropriate levels of interest are important, high rates make informal and small businesses lose their profit margins, which makes them highly uncompetitive. Supporting and evolving a manageable interest rate that promotes business growth, keep microfinance in business, and promote national development remain critical for government and other stakeholders to ensure that access to financial services by the informal sector actors is realized. A new development model for Haiti's microfinance should be promoted that can facilitate access to financial services. Consolidation of existing microfinance banks to be more self-sustaining could be one of the options for consideration.

Source: Author's analytics from https://www.nytimes.com/2010/11/14/business/global/14haiti.html

2.2.3 Low and Sub-standard Education Capacity among Financial Intermediaries and Informal Enterprises Development

Low educational level

Haiti's educational system is substandard and has impaired the skill development of the labour force. The literacy rate stood at 61.7 per cent (63.5 per cent for men and 58.3 per cent for women) in 2016. Currently, less than 25 per cent of students who sit the national examination pass every year. In Haiti, only 10,000 out of the 150,000 sitting the national examination are admitted to higher institutions, leaving 93.3 per cent of the youths without requisite skills every year with women and girls facing greater obstacles (BTI, 2022).

Low labour absorptive capacity of the formal economy

The growth rate of the labour pool far outpaces the absorptive capacity of the formal sector. Thus, the rate of growth of formal jobs is unlikely to keep up with the growth of the working-age population complicated by the rising rural-to-urban migration (Aspilaire, 2012; World Bank, 2015).

2.2.4 Collective Action Platform and Innovation

Limited access to reliable infrastructure

The country experiences low access to information and technology, low level of digital penetration (many actors do not own a cell phone for personal use), and poor infrastructural base (including factory space, regular water supply, poor electricity supply), and unreliable electricity supply with high cost of electricity discourages business formalization (Aspilaire, 2017; ECLAC, 2020). For instance, only 35 per cent of Haitians have access to electricity at the national level and 11 per cent in rural areas.

Low level of competition stifles innovation

The endemic oligopolistic private sector makes competition very difficult. For instance, Haiti ranks 140th out of 148 countries in the global competitiveness index 2014-2015. The country was ranked the least in the intensity of local competition and extent of market dominance in the Caribbean region (World Bank, 2015).

High level of poverty

With a GDP per capita of US$ 1,272.4, Haiti is the poorest country in the LAC region and ranks among the poorest, globally. Majority of individuals working in the informal sector are among the 58.5 per cent of the population living under the national poverty line. Poverty is more endemic among informal sector operators in the urban areas and in the agricultural sector in the rural areas. While less than 10 per cent of formal workers are poor, over 70 per cent in agriculture and urban inform sector grapple with poverty (World Bank, 2015).

Counter cyclicality between informality and GDP growth

Evidence from several scholars has proved that the fall in GDP, the rise in taxes and government expenditures and an increasing inflation are important factors influencing the growth of the informal economy (e.g., Schneider, et al, 2010; World Bank, 2015; Aspilaire, 2017). As found by Aspilaire (2017), about 1.0 per cent decline in the growth of GDP expands informality by about 1.0 per cent since 1971 to date. A similar trend was observed in the growth trajectory of GDP per capita, taxes, exchange rates, trade liberalization, corruption perception, quality of public service delivery.

Exposure to natural disasters

Haiti is in the hurricane alley, which makes it susceptible to recurring natural disasters (happening almost every year between 1971 and 2013) like hurricanes, floods and earthquakes. These destroy the livelihoods of the informal actors, making them to start afresh after every disaster. The disasters worsen the recurring challenges facing the informal economy and complicate the operations of enterprises, especially the informal ones, with limited ability to deal with such shocks.

Haiti's disaster experience is haunting: 137 natural disasters between 1971 and 2014, representing an average of 3.1 disasters per year; 5,000 square kilometres of land surface per disaster, affecting 13 million people, and leading to 23,427 deaths per million and a total damage of 1,776 per cent of GDP. All these continue to propagate informal enterprises in the country. The uncertainty of disasters even makes it challenging for informal sector operators to undertake long-term investments (World Bank, 2015; BTI, 2022).

2.3 LANDSCAPE OF CURRENT AND PAST EFFORTS TO SUPPORT INFORMAL ENTERPRISES FORMALIZATION

The study used desk review, individual interview and focus group discussion to makes analysis and understand the past efforts in formalizing informal enterprises by examining their success and gaps.

2.3.1 Regulatory Environment for Informal Enterprises

The Ministry of Commerce and Industry (MCI) of Haiti oversees all formalization process and activities of the private sector, including the informal sector. There are many uncoordinated agencies involved in the registration of enterprises. All businesses are expected to register with the MCI, the Haitian tax office, the quasi-governmental Banque National de Credit, the social security office and the retirement insurance office. This is in addition to a registration with the Centre for Investment Facilitation (CIF).

In recent times, progress has been made with MCI serving as the coordinating agency with division of labour assigned to participating institutions. Some of the achievements of the MCI in recent years include:

- Reduction of the business registration period from 90 days to less than or equal to 3 days for a sole proprietorship.
- Operationalization of the one-stop shop within the MCI (Actors who want to formalize find a Director General of Taxes (DGI) office within the MCI itself). The one-stop shop is part of a project sponsored by the Inter-American Development Bank (IADB) that seeks to reduce the average time needed to register a business from 70-90 days to 10 days initially.
- The Centre for Investment Facilitation (CFI) also provides opportunities for pre-registered and fully authorized companies in manufacturing, agribusiness, and real estate to reduce their registration time.
- Establishment of an information platform on social networks.
- The MCI offers some technical and financial assistance to MSMEs, though very limited.
- Incentives from the Bank of the Republic of Haiti (BRH) for certain sectors of economic activity.
- The MCI is currently initiating implementation of several projects. For instance, it has entered into a Memorandum of Understanding with international organizations such as USAID in the North of the country. It is also collaborating with the Ministry of Tourism and the State University of Haiti on some initiatives.
- Review of minimum wage in November 2019, which used the maquila industry (Export Processing Zone) as the benchmark, led to 19 per cent increase from 420 gourdes to 500 gourdes (about US$4.7) per week (ECLAC, 2020) is commendable. This may not affect workers in the informal sector, but it affects the informal workers in formal sectors.

Overall, these initiatives have not been successful because of fragile security situation in the country, macroeconomic instability, lack of synergy between the actors of the ecosystem and lack of coherence with other activities implemented in the informal sector as confirmed by participants in the FGDs.

Reasons presented for the limited effectiveness and impact of the different initiatives from the different groups and desk review formalization resulting in setbacks include:

Lack of incentives to register businesses and existing programmes are inadequately funded. This prevents informal actors from formalizing. There is no real motive to push them to formalize. On the other hand, entrepreneurs even question the importance of formalization.

Lack of information about the registration process. The procedure to follow is not really known by the actors of the informal sector. However, the MCI is working on mechanisms to popularize the registration process.

Lack of consistency in terms of law enforcement within the state body. The Directorate General of Taxes (DGI), which should follow up on the work of the MCI, often issues patents without a registration certificate. Policy pronouncements are not often accompanied by concrete actions. And in many cases:

- There is a need for the State to build sufficient institutional capacity to implement its policy. Systematic monitoring and evaluation system (using control indicators) should be in place.
- More often than not, decision makers and political actors have a lot of vested interest in the informal sector. It is a source of wealth for the latter. The authorities have their own economic activities in the informal sector, where market managers carry out arbitrary and recurring levies on small entrepreneurs. Maintaining the low performance with limited growth of the informal sector is used as a tool of state domination to the detriment of the weakest in the society. Decision made by the authorities mostly supports the wealthy and not operations of the informal economy actors and they ensure no changes are made to those decisions.
- Lack of awareness campaigns and education of ecosystem stakeholders. The process of establishing a formal business exists in the Haitian commercial code but lack of awareness by economic agents operating in the Haitian informal economic landscape slows down all forms of formalization.
- The procedures are not structured, and the State is not visible in certain areas. In addition, all efforts are concentrated in the western part of Port-au-Prince, where all economic activities are concentrated.
- Bribery, corruption, extortion, high-handedness of tax officials is overwhelming.
- The initiatives taken by the State are factual actions that only provide ephemeral solutions – structural problems are never addressed. Those to be affected by policy are not consulted to understand their socio-economic conditions, needs, and expected roles in the formalization process.
- Tax regimes pose problems to newly formalized businesses and prevent new businesses from formalizing. "Tax incentives do not exist for some and when they do exist, they are not inclusive." Some participants in this study argue that the transformation of the informal sector is not the subject of any public policy.

To support formalization in the country, there is a need to establish relevant incentives for formalization, educating informal operators on processes and benefits of formalization, promoting coordination among government agencies, and enforcing regulatory implementation.

2.3.2 Access to Finance

Informal sector actors do not have access to formal financial services. Credit from the formal banking system is restrictive and excludes the MSMEs. The banking system is highly concentrated with three major banks

(Unibank, Sogebank and BNC) holding 80 per cent of total banking sector assets and about 75 per cent of loans. Close to 70 per cent of loans is monopolized by about 10 per cent of borrowers. Domestic credit to the private sector by banks represented 10.4 per cent of GDP in 2019, significantly below the 55.7 and 44.1 per cent averages in Latin America and Caribbean Countries (LAC) (BTI, 2022).

Stakeholders, during the in-depth and focus group discussions, overwhelmingly echoed that Haitian firms are credit constrained. The MSME credit gap in Haiti is estimated to be US$2.5 billion and 49 percent of small firms report to underserved (IFC, 2021). And as argued by World Bank and IFC (2021), domestic credit to the private sector stood at 10.4 percent of GDP compared to 55.7 percent in Latin America and 44.1 percent in the Caribbean while 78 percent of firms in Port-au-Prince were considered to be partially or fully credit constrained compared to 23.0 percent average in fragile and conflict affected states and 16.9 percent in Dominican Republic. And as shown in the 2019 World Bank Enterprise Survey, only 7.0 percent of entrepreneurs from the bottom 40 percent reported having borrowed money to either start or grow their enterprises. The high concentration nature of the banking sector, the chronic funding situation of MFIs and underdeveloped financial infrastructure like poor credit information system, weak protection of creditor's rights and absence of collateral.

The underutilization of digital financial services is another impediment to financial access. In Haiti despite 60 percent of adult population usage of mobile phones and 30 percent have smartphones, only 15 percent of the population holds e-money account (World Bank and IFC, 2021).

In fact, only 16.7 percent of rural populations have an account in a financial institution compared to 37.6 percent in urban areas, and only 3 percent have a loan compared to 10 percent of Haitian adult population at the national level. The low level of financial literacy is one of the factors for this. For instance, 78.0 percent of people with low levels of financial education live in rural areas (World Bank, 2019).

Some initiatives that have proven very instrumental in addressing the challenges of financial inclusion include the following (IMF, 2020; IFC, 2021; World Bank and IFC, 2021):

- The HAITI MSME (2006-07): A USAID/HAITI initiative aimed at supporting Haiti's microfinance, small and medium enterprises sector (MSME). The initiative had four objectives, namely, to: build strong institutions; improve the enabling environment for microfinance; promote the development of new products and services; and support access of MSMEs to new markets. USAID engagement with the National Association of Microfinance Institutions of Haiti (ANIMH) contributed to the success of this project, especially because of the great impact financing on the livelihood of micro- and small-scale borrowers, the substantial impact on female beneficiaries, and the launch of the Haiti Mobile Money Initiative (USAID, 2017).
- The new Act of the Central Bank of the Republic of Haiti (BRH) to regulate and supervise microfinance institutions could strengthen their capacity to meet the needs of informal and formal micro-enterprises.
- The IFC /IDA-PSW Small Loan Guarantee Program (SLGP) recently collaborated with a microfinance institution in Haiti (Sogesol) to expand its MSME portfolio across the country with a view to fostering economic growth and creating jobs. The first tranche of loans disbursed enabled the microfinance bank to provide 354 loans, 30 per cent directed at very small enterprises, 19 per cent to the agricultural sector,

and 33 per cent to women-owned companies (IFC, 2021). The risk-sharing arrangement allows IFC to charge lower risk-sharing rates, thus allowing IFC's partner financial institutions to provide accessible interest rates to SMEs as well as to extend loans that were not previously available. As a result of their small size, undocumented performance and limited experience, lending to MSMEs poses serious risks. The SLGP program has reported successes in a number of countries including Haiti by offsetting such risks and boosting lending to microenterprises and women, two groups that are often financially excluded in loans programs in many developing countries. The project that targeted 500 enterprises by 2023 had achieved about 71 percent success two years before the end of its completion.

- In 2010, USAID and the Bill and Melinda Gates Foundation supported the development of digital services, including MonCash (IMF, 2020), which contributed to increasing access to financial services
- New financial products, such as Nano and digital loans, digital repayment of microloans, or e-payment of salaries could expand financial services to informal enterprises or formal microenterprises.
- The recent introduction of leasing could be a major boost to microenterprises especially those in the manufacturing sector. The first lessor in Haiti had financed more than $9.0 million in leased asset with eight out of ten lessees being MSMEs (World Bank and IFC, 2021).
- The implementation of social protection that expanded the subsidy of 3,000 gourdes to 1.5 million vulnerable families affected by COVID-19 through mobile wallet contributed to access to finance to informal enterprises.
- The Konbit Solidarity Scheme of OFATMA, a health insurance program that provides coverage to the formal and informal sectors, piloted in 2012 and launched in 2014, is mandatory for formal workers and voluntary for informal workers. The employers jointly pay a payroll tax equal to 6 per cent of the employee's salary. Informal workers contribute 100 gourdes (USUS$1.50) per month, and the government pays a subsidy of 600 gourdes (USUS$9) per person per year into the scheme. Creating awareness among informal sectors on the advantages of this scheme is necessary (USAID, 2017). Another learning point is the $4.0 million USAID support on microcredit guarantee to Micro Credit Capital and Segelso on MSMEs funding between 2007 and 2013
- The creation, in October 2000, of the savings and credit bank for Haitian workers (COPECTRAH), which serves the needs of micro, small and medium enterprises and their workers, is novel. The solidarity lending aspect of Fonkoze, targeted at groups of five women, and the Business development program to individuals for 12 months starting from US$1,300.00 to rural enterprises is another effort.
- The most important safety net is the remittances from the large Haitian diaspora, and it stood at 29 per cent of GDP in 2018. To support social security institutions, the Office National d'Assurance-Vieillesse (ONA), the National Office for Work Accident, Health and Maternity Insurance Programs (OFATMA) were established (Numas, 2002; Aspilaire, 2012 and 2017). However, Haiti's social safety net is rudimentary, fragmented, limited in reach, and underfunded.
- The National Financial Inclusion Strategy (NFIS) adopted by the Haitian government in 2013, aimed at helping to create an enabling environment for financial services, promoting financial capability, and establishing an adequate consumer protection framework. This was implemented under the leadership of the Central Bank of Haiti and the Haitian Ministry of Economy and Finance. The USAID Haiti Finance Inclusive project (2017 – 2019) is an initiative to support the promotion of financial inclusion in Haiti.

- The Guidelines for remote banking services issued by the Central Bank of Republic of Haiti in 2010, allowed banks to provide digital financial services. The authorization for the second largest bank and the main telecom operator to provide a "mini-wallet" mobile account is an accomplishment on digital financial services.

The lessons from the implementation of new products and services like "mini-wallet" mobile account, the establishment of the savings and credit bank, and the implementation of the Konbit Solidarity Scheme, to mention a few, can inform the formalization of informal enterprises in Haiti. Building on the lessons from these various projects and the experience from national actors like the BRH, the Small Enterprise Education and Promotion Network (SEEP) and the National Association of Microfinance Institutions in Haiti (ANIMH), and international partners working in the country including the USAID, IFC, World Bank, the European Union, ILO and UNDP, among others, will be very valuable in the implementation of the new project.

2.3.3 Capacity among financial intermediaries, aggregators and Informal Enterprises

Capacity building for the informal sector in Haiti should focus mainly on building capacity in these two areas:

The staff of MCI who handle MSMEs-related issues to enable them improve service delivery to the operators in the informal sector.

Those engaged in the informal sector, including entrepreneurs and employees. The entrepreneurs have limited financial literacy and lack financial and digital trainings.

Capacity building initiatives:

1.	The European Union's "Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime" of which Haiti is a major beneficiary implemented between 2017 and 2021. Any effort to transform informal enterprises should build on past and existing initiatives including the Binational Cooperation in favour of Haitian-Dominican Relations that ended in 2021 (Box 2) and the ongoing EU Multiannual Indicative Programme (2021-2027). To align with the "productive and resilient territories" pillar of the Multiannual Indicative Programme in Haiti, the application of ICT in climate resilient agri-food system could make the two projects complementary.
2.	The ILO and the United Nations Stabilization Mission in Haiti (MINUSTAH). The initiative launched a strategic partnership aimed at advancing employment opportunities and economic initiatives in Haiti on 27 March, 2014. The partnership framework aimed at promoting the Decent Work agenda in Haiti through jointly providing capacity building and technical assistance to national institutions implementing programmes focusing on employment, social protection, social dialogue and good labour governance targeting the most vulnerable population. One of the initiatives under the programme is the Enterprise Service Centres (ESC) that provides technical assistance to micro, small and medium sized enterprises, thus building local employment capacity.
3.	The BEL Initiative programme is an entrepreneurial programme of the Georgia Haitian-American Chamber of Commerce (GAHCCI). It provides training in entrepreneurship. The Centre for Entrepreneurship and Leadership in Haiti (CEDEL) provides services such as incubation, acceleration, access to investments and business consulting. It coordinates the Diamond Challenge in partnership with University of Delaware for Haitian high school entrepreneurs.
4.	Existence of Banj, the incubator who rents out space for start-ups to generate revenue and hosts events where entrepreneurs or relevant speakers share information.
5.	Haiti start-up Talent promotes Haitian entrepreneurship and funding for SMEs while Caseli supports SMEs and connects them with funding, training, and business education.
6.	Youth Entrepreneurship Support Programme (PAPEJ) which is aimed at creating 2,000 businesses annually and helping them in the development and execution of their businesses. This programme, in addition to linking youths to the Youth Credit Programme of PAPEJ, facilitates linkages to the National Insurance Office (ONA), and trains the youth on leadership, entrepreneurship, and management. This initiative should be supported by partners for more impact and sustainability.
7.	The Graduate Support Programme equips new graduates with an entrepreneurial idea technical and financial support.
8.	The Microenterprise Support Programme (PSME) covers three areas: formalization, technical assistance, and financial assistance. On this last axis, the ministry works in collaboration with the Industrial Development Fund (FDI)
9.	Women's Entrepreneurship Support Programme focuses on sustainable livelihoods and economic empowerment targeted at women entrepreneurs and informal sector workers.

Box 2: EU's Project on Binational Cooperation in favour of Haitian-Dominican Relations

The "Binational Cooperation in favour of Haitian-Dominican Relations", funded from the 11th European Development Fund (EUR 20.0 million), implemented between 2017 and 2021, was to help the two countries to implement some of the activities articulated in their national development plans.

Project objectives

- Foster improved economic integration and collaboration in trade and private sector development*
- Dialogue and support to civil society
- Environment, climate change and disaster risk reduction

An aspect of this project is to enhance enterprise productivity in border zones of the two countries, which indirectly helps to improve the performance of informal sectors in the border communities. Although the political environment is a major lesson that affected the management of the project, it however built on EU's previous projects on sustainable economic growth and enterprise competitiveness, which the current project needs to build on for sustainability.

Source: European Union (2018)

*E.g. enterprise competitiveness

2.3.4 Collective Action Platform and Innovations

In the past some platforms played active roles in promoting businesses in the country. Including:

- Haitian Manufacturers Association (ADIH),
- The General Independent Organization of Haitian Workers (OGITH) has assisted informal operators to be organized to be able to enhance their productivity and performance as well as benefit from collective bargaining.
- The ILO project on "Improving the living conditions of sub-contracted workers" was aimed at improving the safety, hygiene and health standards for this category of workers.
- Haitian Tourism Association (ATH), Association for Micro-Enterprise Corporations (ACME),
- Centre for Investment Facilitation, (CIF) offer channels to identify business partners and engender collaboration.
- Trade Unions coordinate the activities of their members maintaining labour rights but less on the specific requirements of transformation of the informal sector.
- The Northeast Second Partnership, Inc. (NE2P) is a community-based initiative under the HACDC aimed at economic development in Haiti. NE2P has facilitated micro-enterprise grants to small businesses in Little Haiti. It has also undertaken several technical assistance initiatives in the microenterprise sector.

CHAPTER THREE

A case study of a key informal sub-sector

3.1 INFORMATION, COMMUNICATION AND TECHNOLOGY (ICT)

Rationale

During the group discussions and in-depth interviews, the participants identified key economic sectors that could be used to pilot the formalization of informal enterprises, including garments, agriculture and tourism, but it was the Information, Communication and Technology (ICT) sector that was prioritized. Of the 10 FGDs that were conducted, four groups identified ICT as a preferred sector, two groups identified agriculture, and two groups supported the garments industry. The other two groups were inconclusive.   The report will use ICT and Digitization interchangeably in this study. The various participants advanced the choice of digitization as a determining choice because ICT enjoys a great transversality.   Owing to data constraint, the study was not able to undertake an in-depth analysis to determine jobs, output in supplier industries, etc.

Moreover, the choice made here follows from the views of the ecosystem participants. This sector is the core of any modern transformation pilot project, and it creates new opportunities for gradual transformation. Investments in the ICT sector will greatly contribute to the development of the Haitian economy. The ICT sector serves as a hub for economic growth and enhances the efficiency of households, firms, government and trade. This study reviewed the implications of the digitization of important sectors of the economy.

ICT has three types of effects that are considered critical for the Haitian economy as follows:

- Direct impact on employment, exports and GDP. ICT affects the extent and quality of employment in the informal and formal sectors by safeguarding employment and incomes. Technology-based innovative processes in the informal economy can enhance productivity and the working conditions of the labour force. On its own, as a platform economy, it creates new employment opportunities.
- Studies have shown that the development of the ICT sector can be integrated into different sectors, thus driving transformation through the rest of the economy and contributing to improving the growth rate of the economy.
- ICT will have a multiplier effect on increasing efficiency of operation in the backward and forward linkages. The lateral or horizontal linkages providing means for different activities to interact and contribute to all stages of production is a unique feature of digitalization. Thus, ICT services allow for cooperation between different activities and participants in the production process.

3.2 SWOT ANALYSIS OF THE ICT SUB-SECTOR

Digitization features at two levels in the economy and firstly is the basic access to the internet, which is a basic first step to digitization. In addition, Haiti's internet penetration rate stood at about 41.4 per cent of the population at the start of 2022. The low level of ICT penetration, especially among informal enterprises, where most production process are not automated is due to low level of awareness, poor electricity supply, high costs of ICT penetration and the absence of regulatory policy on the ICT.

Stakeholders' views/SWOT analysis of the ICT Sector

STRENGTHS

- The Haitian population is young and literate. These young people can handle at least one digital tool.
- Labour is relatively cheap.
- The ICT industry is beginning to develop.
- ICT is beginning to play an important role in the delivery of public services.
- Acceleration of the use of ICT could reduce the registration time of companies, provide access to information, and reduce corruption and fraud.
- Haitian companies using ICT are more efficient and more competitive. Their information processing time is faster and could help create alternatives to collateral.
- It could be an asset in terms of production, processing, transportation of agricultural products, and boosting tourism.

WEAKNESSES

- Government investment in the ICT sector is low. Most existing investments are private sector initiatives.
- Low level of the creation of awareness of the importance of the sector
- The diffusion of ICT within the informal sector is very low. Most informal sector activities employ a low level of technology.
- Poor infrastructure base, including electricity supply and cost, water availability to industry and waste treatment.
- Very low integration of technologies in the economy including garment industry and agricultural production, which accounted for why most production processes is done manually

OPPORTUNITIES

- Direct contribution to GDP in terms of employment and income.
- Indirect contribution as input into other sectors such as agriculture, tourism and the garments industry.
- High potential for development of industrial craftsmanship, agro-industry and popularization of Haitian cultural values.
- Opportunity to reduce processing times and costs for information related to business registration process. This simplifies tax processes and boosts government revenue.
- Haiti's rising trend of internet penetration rate which rose from 34.5 percent in 2020 to 41.4 percent of the total population in 2022 (https://datareportal.com/reports/digital-2022-haiti)
- Huge potential for forward and backward linkages.

THREATS

- The climate of macroeconomic instability.
- Cost of purchase, installation, maintenance of some technological equipment.
- Absence of public policies and regulatory framework for the sector.
- ICT and unemployment. May lead to outsourcing, replacement of labour with machines and worsen the unemployment situation in country.

3.3 ICT AND IMPLICATIONS FOR ENTERPRISE FORMALIZATION IN HAITI

The implications of ICT on enterprise formalization are examined from four dimensions, as presented below:

3.3.1 Digitization and governance

There is a consensus across all stakeholders that corruption is an important impediment to enterprise formalization in Haiti. In this regard, digitization can help promote e-governance with limited physical contact between government officials and informal enterprise operators.

Apart from taming corruption, it can develop information sharing mechanism among stakeholders, be used as an education channel among the informal enterprises on formalization process and associated benefits. Use of e- governance system will promote transparency and accountability among government institutions. Overall, this could help bridge the trust deficit between the government and the governed.

3.3.2 Digitization and financial inclusion

Digitization could accelerate financial inclusion as has been the case with MPESA in Kenya. By reducing service cost, thereby facilitating access to financial services to MSMEs sector, digital finance will enhance financial deepening thus embracing both breadth and depth dimensions of financial development. The increased growth of enterprises will serve as an incentive to the MSMEs to formalize. Access, for now, is highly restricted, especially for MSMEs and specifically women, who are mainly in the informal economy.

The adoption of digital financial services (DFS) offers a transformational solution to financial exclusion driven by informality. How does it achieve this? It simplifies processes (reduces direct and indirect costs of formalities), including clients, enhances digital on-boarding, facilitates digital payment by accelerating electronic payments in settling bills, promotes electronic transfer mobile payments, and biometrics crowd-funding, enables P2P transactions, improves access to information and savings mobilization, provides alternative data for credit reporting thus expanding outreach by banks and microfinance institutions, creates more room for financial literacy, and offers financial consumers protection.

The rising trend of mobile phone access in Haiti offers an opportunity for wider coverage of financial services in rural Haiti. For instance, in 2021, there were around 64 mobile cellular subscriptions per 100 inhabitants in

Haiti – from 1 in 100 in 2001 and 40 in 100 in 2010. And in 2021 alone, 7.31 million additional mobile phone subscriptions were added.[2]

Promotion of digitization will have a knock-on effect by broadening access to wider markets in an era of trade liberalization. This will tend to minimize, to some extent, the disadvantages suffered by the domestic markets because of broadened access to a variety of products from other countries.

3.3.3. Digitization and the garment industry in Haiti

Garment manufacturing is the leading sector in the Haitian economy. The sector has strong potential of absorbing informal workers because of the traditional skills across rural and urban areas in Haiti. In 2021, the industry accounted for about 81.2 per cent of total exports. Among the top performing textiles category are knit or crochet clothing, accessories: US$955.6 million (69.1 per cent of total exports), clothing, accessories (not knit or crochet): US$177.9 million (12.9 per cent), Headgear: US$18.8 million (1.4 per cent), and miscellaneous textiles, worn clothing: US$18.2 million (1.3 per cent). Close to 52,000 workers are in the textiles industry, making the sector a high employer of labour. A major strength for the garment industry is the country's proximity to the US, which imports close to 90 per cent of total apparels manufactured in Haiti.

Digitization will go a long way to keep pace with the rapidly evolving production processes in the industry given that most of the textile industries currently use simulation-based engineering. Polymers used to manufacture synthetic fibres stimulate molecular modelling. This allows the use of polymers for specific needs and accelerates the development of new biodegradable fibres. There are advances in fibre testing with automated and new lab management systems. The yarn and fabrics come in various forms, allowing for new applications. ICT is used for all aspects of fabrics, for instance, the CAD/CAM (computer aided design/computer aided management) is computer software used for design and manufacturing prototypes, finished products and automated production management. ICT is used for quality control, production, human resources management, and administrative procedures. All of these might look futuristic, but CAD is making a debut in many advanced economies. To remain competitive, the garments industry must explore the adoption of these innovations in the industry especially in fibre, yarn and fabrics, where newer home based technologies are being employed. This will allow such products produced in Haiti to be competitive and meet international standards.

3.3.4 Digitization and the Agricultural Sector

Agriculture employs more than half of the working population and contributes about 25 per cent to GDP – mostly carried out through informal activities. And as argued by World Bank (2015), 39 out of every 100 informal jobs in Haiti are from the agricultural sector more than half of the working population and contributes about 25 per cent to GDP. Most of the people in the rural areas depend on agriculture although it is faced with several constraints, including low crop yields, declining output, and lack of access to technology and key

[2] Source: https://www.statista.com/statistics/502111/mobile-cellular-subscriptions-per-100-inhabitants-in-haiti/#:~:text=In%20 2021%2C%20there%20were%20around,registered%20in%202021%20in%20Haiti.

production factors by smallholder farmers, post-harvest losses due to lack of storage and processing facilities, limited access to credit by small farmers and poor rural households, vulnerability to climate change and poor road infrastructure. Consequently, Haiti currently suffers from food insecurity and reducing export earnings from agriculture.

Smallholder farmers (SHFs) are the dominant players in Haiti's agriculture and some interventions to support the SHFs have been successful. They include:

- IFAD Country Strategic Opportunities Programme (COSOP) aimed at facilitating small-scale farmer's access to markets and rural finance.
- PITAG (Programme d'Innovation Technologique pour l'Agriculture et l'Agroforesterie), which is a collaboration between the Government and Inter-American Development Bank (IDB), and designed to help smallholder farmers improve their productivity and income levels.
- FONTAGO implemented between 2017and 2018 and provided technical support to shape the programme through research and training in sustainable agricultural technologies and promotion of sustainable agricultural technologies and practices.
- ILO's "Strengthening Agricultural Opportunities through Training and Technology Investment programme" which aims at "developing promising value chains in terms of market opportunities by maximising added value in Haiti". This project targeted 1000 young beneficiaries most of whom are women. These participants will be listed on a virtual platform and trained in the best production and post-harvest techniques.
- Several AgTECH company currently operates in the economy.

Digitization to support transformation of the agriculture sector can include database management systems, provision of extension services, and E-commerce marketing, thereby increasing the visibility of farmers by linking them with buyers to boost sales and prepare farmers for the export market, consequently increasing their incomes, use of mobile money and facilitating cash transfers nationwide.

By providing training in Digital Value Chains and Digital Financial Literacy, farmers, especially those in the rural areas, will be reached easily. While these various areas of interventions might not be possible simultaneously, efforts geared at providing adequate data base management could be linked to e-commerce marketing to boost the visibility of farmers. This may not preclude the digital financial literacy for farmers especially those in the rural areas as articulated in Output 3 of the Work plan for this study.

3.4 THE GARMENT INDUSTRY AS A PILOT CASE SECTOR

3.4.1 Introduction

The ICT or digitalization sector, as illuminated above, has been identified as an important cross cutting tool to operationalize the intervention in the garment industry, including the use of digital financing platforms that can facilitate access to finance and ecosystem action platforms that can promote solution-driven collaboration among informal enterprises.

This section presents the rationale, the significance, the SWOT analysis, and selected past efforts and partnership in the garment industry.

3.4.2 Rationale and significance to the Haitian economy

During the group discussions and in-depth interviews, the participants identified several key economic sectors that can be targeted for piloting the informal sector transformation and formalization, including ICT, garments industry, agriculture and agro-processing, financial services, and tourism.

As mentioned above, the priority sector to national stakeholders is the ICT sector. The second priority sector falls on the garment and agriculture sectors. To be able to reach consensus on this issue, another set of criteria was adopted.

To leverage market opportunities effectively for the transformation and formalization of the informal sector in Haiti, four criteria were used including the following:

- Political economy approach where there is low barrier to entry and potential for reforms is high in a short to medium time period – within two to three years.
- Inclusiveness of the sector, especially in promoting the leaving no one behind agenda by focusing on the bottom 40 percent of the population, including the potential for more youth and women.
- Comparative advantage of the sector in leveraging existing opportunities for Haiti.
- Potential of the sector to create high-value add, in terms of generating incomes that will take people out of poverty.

The structural economic transformation that could make agriculture the leading sector in the Haitian economy is a long-term issue. And as argued by Lundahl and Soderlund (2021), such reforms are not possible in the medium term and given the image of a country as manifested in the rising trend of gang terrorism, political instability, and recurring natural disasters make tourism unappealing in the medium term.

The sector that meets the four criteria is the garment industry with digitalization and digital finance seen as the cross-cutting instruments for the transformation of the selected sector. This sector is the core of any modern transformation pilot project, and it creates new opportunities for gradual transformation, and it does not discriminate against micro firms and rural households.

Besides, its labour productivity is higher than agriculture (Lundahl and Soderlund, 2021), which provides a good opportunity to lift people out of poverty than agriculture. Investments in the garment industry will greatly contribute to the development of the Haitian economy.

There was consensus among the stakeholders during the interview session about the leading role of the garment industry in Haiti and the strong potential between formal and informal garment industries – cutting across fibre production, apparel design, sewing and assembly, packaging and retailing. The formal-informal linkage in the industry provides opportunity for informal enterprise formalization. The sector accounts for between 80 percent and 90 percent of total exports and over 6 percent of GDP between 2016 and 2019, it is a high-value sector that touches a large segment of the population – currently the largest employer in the formal sector jobs (World Bank and IFC, 2021). The sector's employment rose from 21,301 in 2008 to 56,051, adding about 34,750 between 2008 and 2020 (Lundahl and Soderlund, 2021). And as further argued by USAID (2017), Haiti's apparel industry could provide employment of 300,000 over the next eight years if well-resourced and prioritized.

The apparel industry connects Haiti to the rest of the world. For instance, between 2016 and 2019, the sector's exports averaged $1.0 billion accounting for about 95 percent of goods with the apparel sector accounting for 83.4 percent. Stakeholders considered this sector to have high employment potential.

As mentioned above, the top performing textiles components are knit or crochet clothing and accessories (accounting for about 70 percent of total exports), non-crochet and non-clothing and accessories (accounting for about 13.0 per cent), headgear (accounting for 1.4 per cent), and miscellaneous textiles (accounting for 1.3 percent). And as argued by USAID (2015), the growth of garment industry in Haiti is expanding to other services such as cardboard boxes, polybags, packaging, hangers, labels printing, and embroidery with high potential to generate decent jobs. Leveraging the capacity of this for transformation could be very transformative and could help accelerate enterprise formalization process in Haiti.

Several factors like proximity to high-income market (the North America), several trading agreements, low labour costs and the rising trend of multilingual population are positioning Haiti as a market hub for the garment industry. This could also be a major attraction to investors in light manufacturing. A major strength for the garment industry is the country's proximity to the US, which imports 82.0 per cent of total apparels manufactured in Haiti in 2016 followed by the European Union and the Dominican Republic (World Bank and IFC, 2021). The existing trade partnership agreement facilitates market access for Haiti like the Caribbean Basin Trade Partnership Act (CBTPA), Hemispheric Opportunity through Partnership Encouragement Act (HOPE II), the Haiti Economic Lift Program (HELP), and the Everything But Arms (EBA) agreements. Moreover, as production cost rises in Asia, garment producers and marketers are looking elsewhere, which creates opportunity for Haiti to expand its market reach beyond the existing markets. (Source: Computed from World Bank and IFC (2021)).

Despite the market access opportunities, Haiti is still struggling to utilize these market access agreements effectively. For instance, as argued by the World Bank and IFC (2021), Haiti was only able to meet 45 percent of its capacity in 2016 under HOPE Agreement. Expanding the opportunity to microenterprises across the regions could help obviate the existing supply side constraints and to diversify apparel exports away from few products like T-shirts and Sweaters.

ICT is used for quality control, production, human resources management, and administrative procedures. For instance, the use of simulation-based engineering including computer aided design (CAD) to manufacture synthetic fibres accelerates the development of new biodegradable fibres prototypes and finished products. For instance, ICT in garment printing, washing and dyeing is key to remaining competitive in the market. The experience under COVID-19 where ICT-based enterprises were making huge profits while non-ICT-based enterprises were making losses has shown that digitalization-based apparel in Haiti is not ambitiously futuristic, but a tool to drive competitiveness and to transform the industry for good. For Haiti to access synthetic and synthetic rich markets with higher prices globally (especially in USA, Europe and China), digitalization of such activities as embroidery, patching, cording, sequins beading and garment printing is key.

The role of Garment sector in the development of Informal sector

The garment industry is central to value chain development and economic integration through multiple channels: supply of raw materials like natural and synthetic fibers (e.g. cotton wool and silk); provision of intermediate inputs like yarns and fabrics produced by formal and informal enterprises (including spinning, weaving and knitting); garment production networks (mostly outsourced to informal and microenterprises); export channels established by trade intermediaries; and marketing networks including retail activities (IMF, 2015).

In Haiti, the garment industry is the largest formal employer with strong link to the informal sector activities. This is done through outsourcing activities associated to the various value chain processes mentioned above. The informal garment activities could take the form of: first household workers whose employment relationship with an employer is neither recognised nor protected; second microenterprises facing barriers to formally set up; and third informal or casual workers in formal apparel industry through outsourcing services (IMF, 2015; Aspilaire, 2017; USIAD, 2017). Applying ICT such as CAD/CAM technologies can help to simplify production processes and make yarn and fabric activities more home-based.

The job multiplier of the garment industry is very high. As argued by USAID (2017), for every one job in apparel production in Haiti, 0.28 jobs exist in the supply chain, and 0.33 jobs are supported by workers spending their wages on food, education, goods, and services.

Overall, in 2017, a total of 65,892 jobs have been created directly and indirectly in the economy (comprising 41,000 apparel industry jobs, 11,456 supply chain companies' jobs, and 13,437 jobs associated with workers spending their wages in the community. The main challenge, however, is low productivity mostly linked to limited entrepreneurship experience, low level of education, limited access to inputs (e.g. electricity, water, and finance) and political instability (USAID, 2017). This is in line with the findings from Lunsahl and Soderhund (2021) that the direct jobs in the industry rose from 27,144 workers in 2010 to 56,051 workers in 2020 - most of whom were youths between the ages of 16-30 and women from poor background.

The high-value nature of the garment sector with high export-orientation makes informal enterprises benefit from the growth of export commodities, technology transfers, and for the country to meet the trade partnership quotas that it has missed for many years. This can lead to enhancement of decent jobs and better incomes for informal enterprises that could help lift people out of poverty.

ICT can increase productivity, lower production costs and boost wages for the informal workers in the industry (Lunsahl and Soderhund (2021) and World Bank and IFC (2021). The Better Work Haiti project has been involved in a lot of interventions aimed at improving the welfare of the informal workers in this sector. One major barrier towards robust results is the inadequacy of inspection and incomplete and sometimes inaccurate information. ICT could be deployed to alleviate these problems. Our choice of intervention here will be to focus on labour-saving ICT technologies that can boost production for the single household producer and boost information access for micro-entrepreneurs. This will include access to information by informal sector workers with the objective of improving their welfare.

3.4.3 The SWOT Analysis of the Garment Industry

Haiti's garment industry possesses some strengths and opportunities that are unparalleled among low-income countries including the long-standing historical relationship with strategic partners and investors like USA, Europe and China, which provided opportunity for many trade and investment agreements like AGOA, HOPE and HELP. Another is the Better Work Programme that has been certified by the World Responsible Apparel Production (WRAP), which serves as an international endorsement of the industry globally. Table 2 contains the detail information about the SWOT analysis of the industry.

In spite of the huge strengths and opportunities, the industry is bedevilled by a number of challenges, which are more endemic in informal and micro enterprises (USAID, 2015; Aspilaire, 2017). This includes obsolete garment equipment and facilities, outdated labour laws, absence of continuous training programme for the industry workers, limited skill and expertise in supply chain management, limited and dilapidating infrastructure, and volatile business environment including political instability, high level of insecurity, and recurring natural disasters. Apart from the low literacy rate for 15 years and older that was put at about 50 percent compared to over 75 percent in Guatemala and Nicaragua and over 90 percent in Dominican Republic, the cost of electricity is also considered more expensive than its comparator countries (USAID, 2015). This confirms the prohibitive cost of electricity mentioned by informal sector operators, which they think affect their profits.

Moreover, some of the opportunities today may soon not be valid if nothing is done. For instance, the strategic partnership and trade agreement that have been giving the country an advantage will soon be coming to an end, including AGOA, HOPE and HELP, which will have serious impact on the development of the MSME sector. Lack of transparent and accountable governance, weak Union-Industry relationship, and inadequate attention given to existing industrial parks and special economic zones could also have some negative impacts on micro and informal enterprises in Haiti.

3.4.4 Selected past efforts and partnerships

Past efforts

Better Work Programme, an initiative that brings together all levels of the apparel industry to improve working conditions, respect for labour rights for workers, and boost the competitiveness of apparel businesses has been one of the major accomplishments of the industry. Its certification by the World Responsible Apparel Production (WRAP) is commendable and should be sustained and strengthened.

The geographic decentralization of industrial park away from Port Au Prince is another accomplishment. As at 2016, about 40 percent of the total employment in the sector was in the Northern part including CODEVI and Caracol – although most of them are presently underutilized, experiencing about 90 percent under-utilization (Lundahl and Soderlund, 2021). This offers a good opportunity for microenterprise growth, especially if small-large enterprise linkages are promoted.

The establishment of the 'Table de Dialogue Social' in 2012 as a platform for dialogue involving the government, the union and industry leaders to address the challenges facing the industry including wages. The establishment of the 'Conseil Superieur des Salaires' to handle salary matter is another development that has calmed the nerves of actors on salary issues in the sector – although there is still more room for improvement.

SWOT analysis of the Garment Sector

Stakeholders are of the view that the SWOT analysis below is applicable to formal and informal enterprises in the sector because of the formal-informal garment industry linkages in Haiti.

STRENGTHS

- The historical link between Haitian and US apparel companies is unparalleled to any other low-income country globally with exports concentrating on the apparel sector – over 80 percent.
- The rising trend in garment products diversification from just T-shirts and Jeans to more complex sewing and techniques offers a tremendous opportunity to be leveraged.
- The developing trend of service industry (e.g., hangers, sewing thread, and polybags) supporting garment industry is novel.
- The workforce experience in US and Europe market tastes is another uncommon experience to many low-income countries.
- Some labour regulations like those that allow 48 hours and 6 days a week is an advantage over most countries with 45 hours and five days a week.
- The market accessed through several partnership agreements including AGOA, HOPE and HELP – making Haiti to enjoy duty free access - is an important advantage.

WEAKNESSES

- The sector is characterized by obsolete garment equipment and facilities, which makes it difficult for many MSMEs to attract high-end retailers and buyers.
- Some labour laws are outdated and call for immediate review including the law on labour strikes, the law requiring annual bonus of workers amounting one month salary, and the law on payroll tax of 2 percent of monthly salary to be dedicated to professional training (which has not been fully implemented over the years for training).
- Absence of continuous training programme for the industry workers is disincentivizing investors and new companies. As of 2016, 60-80 percent of workers in the sector are unskilled (USAID, 2017).
- Limited skill and expertise in supply chain management and material sourcing knowledge is another impediment. This often leads to long fabric sourcing lead time.

- The limited level of infrastructure such as lack of factory space; basic services like electricity, water, sanitation, and roads; and poor communication infrastructure is an impediment to industry growth.
- Long delay in business registration is a serious impediment. Haiti was ranked 189 out of 190 countries in 2020 and it took 97 days for a business registration to be completed.
- The volatile business environment including political instability, high level of insecurity, recurring natural disasters, among many others increase risks, discourage investors and affect productivity enhancement.

OPPORTUNITIES

- The existence of industry support the Haitian Garment industry like the Centre for Facilitation of Investment (CFI) and the Association of Haitian Industry (ADIH) help to complement the country strengths in the garment industry.
- Favourable market access to offer unlimited potential buyers through partnership and trade agreements is an uncommon opportunity.
- The better work programme introduced in 2009, certified by the World Responsible Apparel Production (WRAP), adds to the image of the industry globally.
- The high level of unemployment (15.73 percent in 2021) provides opportunity to hire labour at a relatively inexpensive cost.
- Given the low cost of labour, the Higher US Tariff Schedules offer a better competitive advantage to Haitian garment industry relative to Asian manufacturers that are experiencing rising wages.
- Many international partners like the United Nations, European Union, and USAID are interested in promoting competitiveness in Haitian garment industry.

THREATS

- Most of the strategic partnership and trade agreement are coming to an end. For instance, AGOA, HOPE and HELP are coming to an end in 2025 and no effort to lobby for their extension is yet to start.
- The recurring natural disasters like earthquake and floods, long standing political instability and the rising trend of gangsterism are serious threats to any business.
- Lack of good governance including lack of transparent and accountable governance makes corruption to be rampant.
- The weak Union-Industry relationship is a threat to the entire garment industry.
- The inadequate attention given to existing industrial parks and special economic zones discourages new investors and hamper productivity of existing companies.

Sources: Stakeholders' consultations; USAID (2015; 2017); World Bank and IC (2021); Lundahl and Soderlund (2021).

The government has capitalized on its geographical location advantage by developing several trading and investment agreements that served as opportunities for the garment industry in Haiti. Such trade and investment partnership agreements like the Caribbean Basin Trade Partnership Act (CBTPA), Hemispheric Opportunity through Partnership Encouragement (HOPE) Act in 2006, the HOPE II in 2008, the Haiti Economic Lift Program (HELP) Act in 2010, the African Growth and Opportunity Act (AGOA), and the Everything But Arms (EBA) agreements have facilitated market access for Haiti. The country also benefits from the Canadian Guide for the Least Developed Countries duty free for such commodities like clothing, yarn and fabric, footwear, knitted or crocheted fabrics. For the country's garment products, the demand for its products is not an issue, but ensuring competitiveness and standards.

Partnership for the transformation of the garment industry

Several partnerships have been undertaken to improve the performance of the garment industry in Haiti. Most of these partnership are targeted at organized garment enterprises with limited focus on the informal and micro-enterprises. It is important to note the role played by the Haitian Resource Development Foundation (HRDF) and the Mennonite Economic Development Associates (MEDA) in shaping collective actions among microenterprises in Haiti.

In addition to the various partnerships like CBTPA, HOPE, and HELPT, some partnerships have become noticeable. For instance, the Local Enterprise and Value Chain Enhancement including the finance of Caracol Factory Shell by USAID and the Inter-American Development Bank have contributed to the decentralization of garment factory shells away from Port Au Prince (USAID, 2015).

Besides, the World Bank and IFC have also promoted several joint ventures in Haiti including the Power plant E-power, CODEVI industrial park, Vietnamese telecom Viettel and the Leopard capital fund that is driving industrialization effort in the country (World Bank, 2012).

In addition to incubators like the Centre for Facilitation of Investment (CFI), SONAPI, GOAL, and ADIH, some existing companies like Fairway Apparel, Genesis, Sewing International, Industrial Revolution II, Premium Textiles, Gladiator Textiles, Horizon Manufacturing, H&H Textiles, IRLL Textiles, Indigo Mountain, H&H Global, Val D'or Textiles, AGA Inter American Woven, CODEVI-Gruppo M, and Youm Kwang Textiles could play the aggregator role for micro and informal enterprises as suppliers as was done in Morocco for small farm holder farmers. For instance, CODEVI, the maker of Calvin Klein t-shirts and other brand garments, which employs more than 6,000 Haitians in its Ouanaminthe factory could serve as a role model for aggregator in the country. Partnering with organizations like that could be a game-changer.

CHAPTER FOUR

Possible Areas of Interventions

4.1 INTRODUCTION

According to the respondents that participated in the various discussions and in-depth interviews, the practical solutions that could lead to the transformation and formalisation of the Haitian informal sector must first go through the establishment of a security climate, good governance, building resilience to respond and adapt to shocks during crisis and enlarge the social safety nets. Given the effects political instability could have on the business environment and economic development of the country as a whole, a joint-efforts of the various international organizations in this regard cannot be underestimated. The international partners in the country could help mobilise more partnership and support from the global community to implement the various intervention areas outlined in this report. The interventions should be joint efforts of government, development actors and citizens. The proposed interventions should establish and promote a climate of trust and healthy competition.

4.2 POSSIBLE INTERVENTIONS TO SUPPORT ENTERPRISES TRANSITION TOWARDS SUSTAINABLE GROWTH AND FORMALIZATION”

4.2.1 Creating enabling regulatory environment for Informal enterprises and incentives for formalization

Earlier we confirmed that lack of information on the process of legalization, benefits from the formal economy, the slowness of the formalization process, the complexity of formalization, all deter formalization. In this regard, there is a need for the State to demonstrate willingness to register informal enterprises and create an atmosphere that fosters a win-win value preposition for all stakeholders, including the informal actors.

Some areas that were suggested are:

Reducing the cost of business registration: The government agencies (especially the MCI) responsible for the oversight of the informal sector is working on a number of initiatives aimed at reducing the cost of business registration while making the registration process smoother by reducing bureaucracy. For instance, since 2009 the articles of incorporation do not need to be approved by the Office of the Prime Minister, which reduced 60 days from the business registration process. MCI has also initiated a process where enterprises can start operating their enterprises. Such authorization is published in the public journal.

Electronic registry for informal sector enterprises: The introduction of Electronic Registry of Commerce since 2012, which is a precursor to one stop shop, is another innovation that should be built upon (World Bank, 2020). As a starting point, the regulatory authorities should consider reviewing the existing regulation and make them amenable for adoption by the informal sector without burdening the sector.

Align the needs of the various constituents of the informal sector such as informal sector workers, microentrepreneurs, and government with existing policies, regulatory frameworks, and guidelines to meet such needs including building on the Electronic Registry of Commerce to develop the long-awaited One-Stop-Shop business registration to reduce time spent on business registration from over 110 days to less than 45 days as is the case in Dominican Republic.

Supporting tax incentives such as gradual taxation for newly registered businesses and a reconsideration of the current tax schedule requires collaboration between the State and informal sector associations and international organizations. This will be a key ingredient to the transformation journey.

4.2.2 Facilitating Access to Finance

Given the significant role that financial services plays in the growth of MSMEs and the highly limited access to financial services in Haiti, the following are the recommendation to support the development of financial markets aimed at addressing the bottlenecks at the macro, meso and micro levels.

Consider use of guaranteed schemes, development of new products, promote digital finance and build the capacity of the financial intermediaries and MSMEs.

A number of ongoing efforts aimed at improving access especially by MSMEs and women were highlighted in Section 2.3.2. However, these efforts are hardly sufficient. While connected lending (i.e., lending through Know Your Customer process) could be a good insurance against bank failures through non-performing loans and loan repayment default, the high concentration therefrom excludes the MSME sector from benefitting from bank loans even when MFIs associated with such banks exist.

MFIs have been very active at extending loans to the informal sector. However, many of them are non-deposit taking. The BRH has been given the permission to supervise MFIs. This, if effectively done, will enhance MFIs deposit taking capability and enhance impact and outreach. In addition, authority should be given for saving mobilisation.

The need to build the capacity of the Village Savings and Loan Associations (VSLA) including financial and digital literacy to be able to train their members on the same issue.

There is a need to support select-garment microenterprises in accessing financial services including digital and non-digital services; standard accounting practices; and building their capacity through training, coaching and mentorship to dacilitate access to banking services. Learning from the USAID Haiti Finance

Inclusive project (2017 – 2019) and collaboration with the Small Enterprise Education and Promotion Network (SEEP) and the National Association of Microfinance Institutions in Haiti (ANIMH) that participated in the implementation of the project. Learning from the Financial Inclusion Map prepared under this project would be key to the implementation of the financial aspect the EU-OACPS-ILO-UNDP Project." With "Learning from the Financial Inclusion Map prepared under the USAID project would be key to promoting financial inclusion among informal enterprises in Haiti.

Leveraging the power of remittances to support microenterprises in the garment sector could also be explored. Haiti is one of the countries with the largest flow of remittances. For instance, remittances rose from 20 percent of GDP in 2022 to 38.5 percent in 2019 (World Bank, 2020) with 27 percent of urban households and 26 percent of rural households receiving remittances (Singh and Barton-Dock (2015). Working with the Bank of Haiti, the Association of Industries of Haiti (ADIH) and USAID to turn these remittances into a productive resource for microenterprises in the garment sector could also be explored. Focusing on preliminary actions like policy advocacy and developing framework (with RBH) that could be used to turn remittances (e.g. Diaspora bond) into an important financing source of the garment industry remains critical to success.

As has been suggested in this study, digital financial solutions that provide access to hard-to-reach firms and individuals especially in the rural areas could be a major catalyst for formalization.

4.2.3 Building Capacity among financial intermediaries and Informal Enterprises Development

Deliberate support to build the capacity of different stakeholders will need to be identified as follows:

- A more visible role for government for the provision of leadership and partnership in establishing training and education programmes. This can be achieved by establishing training and education programmes in management, finance, ICT, accounting and entrepreneurship.
- Capacity building programmes for government officials and regulators to effectively engage and partner with informal enterprises, monitor and supervise their activities as well as training programme to financial intermediaries, possibly through the leadership of the Central Bank for them to understand the needs of informal enterprises and develop relevant instruments to meet their needs.
- Support technical training of informal sector operators and their agents (aggregators and incubators through training of trainers). The need to be better organized and exposed to practical technical and training support is considered vital. Stakeholders specifically request for improvement in their ability to engage in bulk buying, better sourcing of raw materials, enhanced marketing of their products, better planning and inventory control and improved financial management including record and bookkeeping.
- Capacity building for financial intermediaries should focus on building skills and training of the service delivery units/ departments to support the delivery of financial services to the informal enterprises.
    - Training in digital technologies especially on new products should be prioritised.
    - The emphasis should be on service oriented products that are widely acceptable.
    - Financial literacy training (both workplace and classroom) for lower income segments majority of who are in the informal sector should be initiated. Financial literacy should be prioritised for women to boost their confidence and trust and should also be designed to create awareness and signal a call to action.

4.2.4 Fostering collective and mutually reinforcing action and innovations in a selected sector

Public-Private Dialogues and Partnership

The need to form strategic partnerships with economic agents/organizations will stimulate formalisation. Consider supporting On-going efforts and closer collaboration with development partners, policy makers, private sector associations, aggregators among others through government inspired engagement and coordination.

Hold regular public private dialogues between the government of Haiti, the informal garment enterprises and the organized private sector is vital to promoting free flow of information, ensuring policies reflects the needs of the sector operators, and promote trust between the Government and the informal enterprises in general and the micro-enterprises in the garment industry including ACME and ADIH.

Organizing informal enterprises in the garment industry into cooperatives

Although organizations like the Haitian Resource Development Foundation (HRDF) and the Mennonite Economic Development Associates (MEDA) have tried in the past to lay the foundation for collective platforms for informal enterprises, yet the development of cooperatives among the informal and microenterprises operating in the garment industry is relatively weak. Building on what has been done in the past in organizing microenterprises in the garment industry into cooperatives and associations should be prioritized. This is important for several reasons, namely, making their voices heard in government policies, sharing experiences on issues confronting them, engaging in bulk buying and marketing of their products, among others.

Advocacy and awareness creation to scale up the value of formalization

There will be the need to drive formality through use of advocacy. This will require promotion of intensive campaigns to create awareness and upscale the benefits of formalization over the gains of enterprises remaining informal. Sector specific campaigns should enlarge benefits such as access to finance and market information, access to public infrastructure and services, enforceable commercial contracts, clear bankruptcy and defaults rules and access to government subsidies and incentives.

Formalization of informal jobs will also lead to legal recognition and protection of workers. Such rights and benefits as freedom from discrimination, a reasonable minimum wage, occupational health and safety facilities, employer contribution to health and pensions, right to organise and bargain collectively and membership in formal trade unions will boost the welfare of workers.

Develop Advocacy and Communication Plans and the roadmap for implementation with strategic focus on the garment industry. The communication and advocacy and the associated capacity development should not be limited to informal and micro-enterprises but also their associations (e.g., ANIMH and SEEP) as well as government institutions responsible for the selected sector, BRH and deposit taking financial institutions. The focus here is for the ecosystem stakeholders to better appreciate and accept their roles and their members in the formalization of informal enterprises and particularly the garment industry around the four outputs of the project.

4.3 MULTI-YEAR WORK PLAN

We provide below an extract of the multi-year work plan for Haiti based on the outputs identified from the analysis from the previous sections and suggest activities under each output. A fuller work-plan and budget is provided in the annex.

OUTPUT 1	OUTPUT 2	OUTPUT 3	OUTPUT 4
Integrated policy framework for formalization of informal enterprises developed and promoted.	New financial services developed and promoted and capitalization opportunities for financial intermediaries expanded.	Capacities of informal sector intermediaries, aggregators and government strengthened, and use of digital technology promoted.	Sectoral collective action platforms established and operational.

4.4 CONCLUSIONS

The informal sector in Haiti has the potential to make bold contributions to increasing productivity and consequently employment and poverty reduction. Policy analysts emphasize the need to direct interventions to target sectors which can bring about a rapid positive change in these core areas of challenges to the economy. This will require supporting a transition of the economic sector in which the incidence of poverty is highest, unemployment is high to a sector that sustains the livelihood of majority of Haitian. In the context of Haiti, the need to focus attention on either agribusiness or the garment industry where digitalization could be deployed to enhance efficiency and increase productivity and accelerate high-value activities that could contribute to taking people out of poverty and generate decent jobs is very important. Focusing on the garment industry, for instance, can allow many informal enterprises and households to benefit from the growth of export commodities and technology transfers; and for the government to meet the trade partnership quotas, which has been a challenge over the past decade, thereby benefiting from taxes and tariffs from the rising exports of apparel goods which accounts for over 80 percent of exports and about 7.0 percent of GDP.

Charting a path for the transformation of the informal sector in Haiti will go a long way towards achieving the aforementioned key national goals. Deploying ICT, to the garment industry or agriculture of agro-businesses, apart from transforming the production process that enhances enterprise productivity through technology transfer and emersion, has a high potential to stimulate growth and create jobs in other sectors, such as digital financial sector, tourism and arts and crafts.

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ANNEX 1

SWOT Analysis of the informal sector in Haiti

As indicated above, data was collected from desk review, selected ecosystem stakeholders through in-depth interviews and focus group discussions. The details of the coverage of the interviews and focus group discussions are shown in Annex 2.

The sector's richness in creativity, connection to the external markets, its capacity to mobilize unrequited private transfers and its profitability are among its strengths. Formalizing informal enterprises has a strong potential of broadening the country's tax base, strengthening the resilience of the economy (through decent job creation), and diversifying the economy through agro-processing, tourism and ICT.

The table below outlines the main summaries of its strengths, weaknesses, opportunities and threats to Haiti's informal sector.

Stakeholders' views on the SWOT analysis of Haiti's informal enterprises

STRENGTHS

- Most young people working in the informal sector have good numeric skills and mastery of at least one digital tool.
- Significant cash flow within most enterprises. This ensures that enterprises are mostly able to meet financial obligations as they occur and plan for the future
- Considerable level of profitability of informal activities
- The sector still manages to capture a good part of the unrequited private transfer flows received and creates annual wealth.
- Connected to the external markets through physical proximity to US and Dominican markets and trade agreements that give duty-free market access to US markets in textiles (the HOPE and HELP Acts).
- The sector is rich in creativity in terms of craftsmanship.

WEAKNESSES

- Lack of training and coaching programme for workforce.
- Lack of effective mid-level management expertise.
- Outdated labour laws. Most labour laws date back to 1984 and need revision.
- ICT is not applied in all compartments of the informal sector.
- Low level of digital penetration, leading to low innovation – many actors do not own a cell phone for personal use
- Poor infrastructural base, including factory space, water supply and electricity supply.
- High interest rate on loans for expansion contracted by enterprises. Informal loans commonly called Ponya in the Haitian language, not easily accessed.

CONTINUED

- Concentration of economic activities in the capital, Port-au-Prince, and difficulty in accessing sources of supply outside this capital.
- Volatile business environment and fear of approaching state authority.
- Excessive inflow of contraband, which tends to weaken local enterprises by affecting domestic prices.
- Lack of inclusive social safety nets.

OPPORTUNITIES

- Formalization of the informal sector has potential to broaden tax base.
- Improved productivity of this sector would reduce the unemployment rate, deepen food sufficiency and curb the rate of external migration.
- Rich in economic opportunities, including high potential to exploit agriculture globally with a focus on bio-organic agriculture, fishing and agro-processing and tourist wealth (historical sites and tourist heritage).
- High potential of ICT by capitalizing on the versatility of teeming unemployed youths.

THREATS

- Formalization of the informal sector has potential to broaden tax base.
- Improved productivity of this sector would reduce the unemployment rate, deepen food sufficiency and curb the rate of external migration.
- Rich in economic opportunities, including high potential to exploit agriculture globally with a focus on bio-organic agriculture, fishing and agro-processing and tourist wealth (historical sites and tourist heritage).
- High potential of ICT by capitalizing on the versatility of teeming unemployed youths.

ANNEX 2

Schedule of In-depth Interviews and Focus Group Discussions

Entretiens

Numéro	Nom de l'institution	Point Focal	Catégorie	Commune / Département	Date de l'entretien
1	Caisse Populaire pour la Réussite de Gros-Morne	Erick Cédieu	Microfinance	Gros-Morne Artibonite	28/06/2022
2	Bitasyon Jesus	Gérard Gattereau	Secteur agricole	Cayes / Sud	28/06/2022
3	Samo Depot	Samuel Aris	Commerce	Port-au-Prince / Ouest	01/07/2022
4	Frienship Club	Casimir Kemsly	Association secteur des femmes	Delmas / Ouest	01/07/2022
5	Diagnostic & Development Group (DDG)	Isnel Pierreval	Firme de consulta-tion	Delmas / Ouest	01/07/2022
6	Espace d'Encadrement Entrepreneur-Quisqueya (QE3)	Jackson Joseph	Incubateur	Port-au-Prince / Ouest	04/07/2022
7	Dynasty Hub	Reginald Ladouceur	Co-Working Space/ Incubateur	Pétion-Ville / Ouest	04/07/2022
8	Sant Kilterel Nago	Reginald Dorcéus	Art et Culture	Pétion-Ville / Ouest	06/07/2022
9	Caisse Léogânaisse d'Épargne et de Financement	Jean-Marie Rebecca	Microfinance	Léogane / Ouest	07/07/2022
10	Lazou Store	Jean François Lazarre	Vêtement	Port-au-Prince / Ouest	10/07/2022
11	Absence de nom	Leo	Artisanat	Port-au-Prince / Ouest	09/07/2022
12	Absence de nom	Maxillon Sanon	Vendeur de livre	Port-au-Prince / Ouest	09/07/2022
13	Absence de nom	Maxo Elmira	Électronique	Port-au-Prince / Ouest	09/07/2022
14	Richard Groupe	Richard Guercy	Transport, Mode et Service	Pétion-Ville / Ouest	12/07/2022
15	SOGESOL	Rocheny Sifrain	Microfinance	Port-au-Prince / Ouest	19/07/2022

Focus Group

Numéro	Nom de l'institution	Point Focal	Catégorie	Commune / Département	Date du Focus Group
1	École professionnelle Haïti Tech	Rhony E. Desrogènes	Centre professionnel	Port-au-Prince / Ouest	30/06/2022
2	OFRA	Dieudonne Jolivar	Association de femme	Port-au-Prince / Ouest	02/07/2022
3	Confédération des travailleurs/euses des Secteurs Public et Privé	Marc Dorvil	Syndicat de travailleur	Pétion – Ville / Ouest	05/07/2022
4	FG avec les petites marchandes	Leger Freda	Commerce de detail	Port-au-Prince / Ouest	10/07/2022
5	Rasanbleman Nasyonal Madan Sara	Mercita Paul	Association du secteur informel	Pétion-Ville / Ouest	12/07/2022
6	OIVDECH/ OPSDH	Nathalie Bazile / Nephtalie Chery	Association de femme	Delmas / Tabarre / Ouest	05/07/2022
7	BANJ	Marc Alain Boucicault	Incubateur	Delmas / Ouest	16/07/2022
8	Ministère du Commerce et de l'Industrie (MCI)	Michel Espady	Régulateur	Port-au-Prince / Ouest	20/07/2022

ANNEX 3

Stakeholders

Informal sector ecosystem stakeholders (Based on informal sector categories in Haiti)

- Food and drinks (10)
- Books and papers (5)
- Auto-supplies and repairs (5)
- Garments (10)
- Electronics (5)
- Iron works (5)
- Artisanal (5)
- Carpentry (5)
- Masonry (5)
- Transportation (10)
- Tourism (5)
- Fruits and tubers (10)
- Animal husbandry (10).

Informal Sector Regulators

- Ministry of Economy and Finance
- Ministry of Commerce and Industry
- Association of Industries in Haiti
- The Haitian Central Bank
- Board of Conciliation and Arbitration of Haiti

Financial intermediaries

Commercial Banks

- Bank of Nova Scotia
- Banque De L'Union Haitienne
- Banque de la Republique D'Haiti
- Banque De promotion Commerciale et industrielle SA
- Banque Nationale De Credit (BNC)
- Banque Nationale De Development Agricole et INDUSTRIEL
- Banque Nationale De Paris
- Capital Bank SA
- Citibank NA
- Societe Generale Haitienne De Banque SA
- UNIBANK SA

Microfinance

- Action Centre la misere (ACLAM)
- Association pour la Cooperation avec la Micro Entreprise (ACMA)
- African Methodist Episcocal Church Service and Development Agency (AME-SADA)
- Banque Populaire Haitienne (BPH)
- Banque de l'Union Haitienne SA (BUH)
- Bureau de Coordination des Programmes de Development de l'Eglise Methodiste d'Haiti (COD-EMH)
- Caritas Haiti (CARITAS)
- Fonds de Developpment Industriel
- Fond Haitienne d'Aide a la Femme (FHAF)
- Fondasyon Kole Zapol (FONKOZE)
- Micro Credit capital (MCC)
- Sevis Finansye Fonnkoze
- Sogesol

Credit Cooperatives (networks)

- Levier network
- Desjardines Network
- Other Cooperatives

Informal Sector Incubators

- Haitian Vision Foundation
- Entrepreneurship Growth and innovation
- The Banj's lab accelerator
- Centre for Entrepreneurship and Leadership (CEDEL) Haiti
- Haitistartup Talent
- Caseli
- StartupGrind
- The Bel Initiative (Georgia Haitian American Chamber of Commerce, Inc (GAHCCI).

Informal Sector Aggregators

- Haitian Manufacturers Association
- The American Chamber of Commerce in Haiti
- Chamber of Commerce and Industry of Haiti
- Association Haitienne pour le Development des Technologies de l'Information et de la Communication (AHTIC)
- Haitian Tourism Association
- Franco-Haitian Chamber of Commerce and Industry
- Association for Micro-Enterprise Corporations
- National Association of Microfinance Institutions of Haiti
- Haitian Association of Construction Companies
- Association Nationale des Medias Haitiens (ANMH)
- Professional Association of banks
- Association of Mango Exporters
- Chamber of Commerce and Industry of the Professionals of the North
- Chamber of Commerce and Industry and the Professionals of Croix-des-Bouquets
- Chamber of Commerce, Industry and the Professionals of the South
- Caracol Industrial Park
- Cosa Industrial Park
- Centre for Investment Facilitation

Academic, CSOs and international development partners

- UNDP
- USAID
- Mennonite Economic Development Associates (MEDA)
- Partners Worldwide
- ILO
- EU