



USAID/HAITI PAD WORKSHOP REPORT

WORKSHOP DESIGN AND FACILITATION SUPPORT

December 2018

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SECTION 1: ENGAGEMENT OVERVIEW

The Economic Growth and Agriculture Development (EGAD) office at USAID/Haiti initiated the information gathering phase of a new multi-sector project appraisal document (PAD), which will address the Mission's Economic and Food Security Advanced Development Objective. This effort to inform future planning will also look to build on, align with, and incorporate insights from the USAID/Haiti Strategic Framework (2018-2020). The PAD will encompass interventions related to agricultural productivity; access, availability and utilization of nutritious food; private sector competitiveness; and households' vulnerability to shocks.

The Haiti Mission requested technical support from USAID's Center for Transformational Partnerships (CTP) and its Promoting Excellence in Private Sector Engagement (PEPSE) project to support the facilitation of a series of workshops in Port-Au-Prince in October 2018. These workshops convened a variety of perspectives (private sector; development partners; government officials; donors; etc.) to gain insights on the challenges, opportunities and potential solutions that might exist in the agriculture, food security, and economic growth sectors. The outcomes of these workshops will provide vital information for the Mission in its upcoming effort to develop a PAD for the EGAD office.

WORKSHOP OBJECTIVES

The PEPSE engagement team (the "team") was contracted to facilitate discussions with key stakeholders to 1) identify the challenges and constraints that limit economic and human development in Haiti and 2) gather those stakeholders' insights on possible solutions that might inform the PAD's core theory of change or otherwise be incorporated into future PAD and activity designs. The team key work streams were as follows:

Inform the development of the PAD for EGAD office

The EGAD Office has requested support in facilitating a two one-day workshop that will function to inform the development of an upcoming PAD. Specific objectives of these workshops included:

- Identifying and convening key internal and external stakeholders, designing and facilitating workshops to elicit and capture valuable insights into the focus sectors of the upcoming PAD. These stakeholders included representatives from entities within the private sector, public sector, civil society, and more.
- Gathering, organizing and recording feedback and insights from stakeholders to identify the constraints in key sectors, as well as possible approaches to reducing those barriers.
- Providing detailed notes and readouts from the sessions to the Mission to inform the PAD design.

WORKSHOP FORMAT

The workshop was designed with a few key principles in mind:

- Equal opportunity for participation. Many of the sessions involved group work followed by a read out and discussion. Activities were designed in a manner to encourage those who

would be less likely to speak up in a larger group to participate with in their group. In addition, stickies and voting engage all participants.

- Active Participation. Activities were also designed to get participants engaging with others. Groups will change throughout the day to encourage cross-collaborative efforts. In addition, sessions were designed with minimal presentation time to allow the most time for idea creation and discussion.
- Think Outside the Box. The workshop was designed to stimulate thoughtful conversations and maintain a solution orientation.

WORKSHOP AGENDA

8:30 – 9:15	Arrival and Welcome!
9:15 – 9:30	Workshop Goals, Overview, and Introduction: USAID/Haiti Mission Director
9:30 – 9:45	Setting the Stage: Workshop Context and USAID/Haiti Strategy
9:45 – 10:45	Session I: External Constraints (Haiti Macroeconomic)
10:45 – 11:00	Coffee Break
11:00 – 12:00	Session II: Internal Constraints and Synergy Identification
12:00 – 12:15	Ideation Exercise Introduction
12:15 – 1:15	Lunch Break
1:15 – 2:30	Session III: Ideation Working Session
2:30 – 2:45	Coffee Break
2:45 – 3:45	Session IV: Ideation Presentation and Discussion
3:45 – 4:00	Report Out and Wrap-Up

WORKSHOP FEEDBACK AND EVALUATION

Participants were invited at the end of each day to complete a three-question evaluation of the workshop. A copy of the evaluation form can be found in Annex F.

Summary statistics for the evaluations collected were as follows:

	Day 1 (Economic Growth)	Day 2 (Food Security)	Total
Average	8	7.5	7.7
Count	21	28	49
Median	8	8	8
Standard Deviation	1.2	1.1	1.2

In addition to the quantitative statistics capture above, a snapshot of qualitative feedback captured from the participants is outlined below:

DAY 1-Economic Growth

Liked Most:

- Methodology was interesting and motivating
- Ideation exercise
- Sharing of information and idea-> interactions among different groups

Improvements:

- More diversified participations/more private sector participation
- Better explain the goals/deliverables/outputs from the workshop

DAY 2-Food Security

Liked Most:

- Everyone was able to participate/contribute
- Exchanges/debates at the tables
- Diversity of participants

Improvements:

- More diversified participations
- Exercises were dominated by one voice at the table
- Too much focus on the supply side, not enough on the demand side

Overall participants seemed to find the workshop valuable and enjoyed the opportunity to engage with other stakeholders. Several participants especially noted individually their appreciation for the structure of the activities that allowed all members to participate. While one group struggled during the ideation exercise to come to consensus with a strong voice, most groups were able to work harmoniously and enjoyed the interaction with fellow participants.

SECTION 2: WORKSHOP DETAILED NOTES

The following sections provide detailed notes captured during the workshops. The notes follow the agenda for each day starting with the external constraints exercise then moving into the internal constraints and synergy identification and finally the ideation exercise. The notes provided in this section summarize the raw data that was collected during the workshop during discussions or written on sticky notes.

Participant Information

Invitations were sent to approximately 100 individuals for both the Economic Security and Food Security workshops. Individuals were invited from diverse sectors, including the private sector, public sector, financial sector, academic sector, NGOs, and multilateral organizations. On day 1, thirty five (35) participants attended the Economic Security workshop. On day 2, fifty one (51) participants attended the Food Security workshop.

Of the 35 participants on day 1, eighteen (18) represented USAID, while six represented the private sector, six from NGOs, and the remained representing the public sector. Private sector companies included food manufacturers and processors, and consulting firms in information technology and finance sectors. A representative from the Central Bank of Haiti was also in attendance.

Of the day 2 participants, 12 represented USAID, while another 26 represented NGOs and other multilateral donors, 8 represented the private sector, and the remainder represented the public sector. Private sector was represented by MFIs, agriculture processors, and input supplies. Representatives from local and international NGOs including Mercy Corps and Concern International were in attendance. In addition, the Government of Haiti was represented by the Ministry of Agriculture (MARNDP) and the National Coordination for Food Security (CNSA).

There were no participants representing the academic sector in attendance at either workshop, although perspectives from the sector were discussed in breakout sessions and incorporated into the ideation exercise.

WORKSHOP 1: ECONOMIC GROWTH/PRIVATE SECTOR COMPETITIVENESS

EXTERNAL CONSTRAINTS SESSION NOTES

Participants discussed at their tables the following external constraints that face Haiti from experiencing further economic growth:

- Lack of sustainable management of renewable resources
- Weak workforce development
- Exploitation of resources
- Lack of infrastructure (technology, roads, electricity) – creates expenses for businesses
- Lack of access to capital, funds, investment
- Poor governance and communication between central and local governments and a lack of national economic policy or strategy
- Lack of access to markets
- Lack of flexible funding streams and the time horizon of donor funds
- Duplication or gaps in development efforts from lack of strategy or communication between donor organizations
- Lack of support for exporters

Several ideas were raised more frequently and led to further discussion. These constraints included the following:

Weak governance. On several occasions, it was raised that in the opinion of the stakeholders the government does not provide adequate support for business owners. In some cases, they are perceived as not supporting the facilitation of needed paperwork for export companies. For example, a representative of Caribbean Food Manufacturing S.A. (CFM S.A.), an importer of raw materials and cereals exporter (*corn flakes*) noted difficulty in their ability to have their product batches tested by the national laboratory Tamarinier situated on the northern part of Port-au-Prince. He explained that the lead time for receiving test results varies greatly and leads to complications in his own business model. For example, he noted that some issues leading to varying lead times include the absence of personnel with signatory authority, lab technicians are on leave or absent without replacements, or lack of laboratory equipment and supplies necessary to perform the appropriate test for his products.

Weak financial systems. Numerous aspects of weak financial systems were raised as a key barrier to economic growth in Haiti. For example, the exchange rate and subsequent purchasing power decrease has an immense negative effect on industries from food export to power generation as noted by several stakeholders. One firm (CFM S.A.) noted that it does not have much difficulty purchasing US dollars, but it must absorb all fluctuation of pricing within its profit margins. In addition, due to the rapid devaluation of the gourde, Cooperative Electrique de l'Arrondissement des Coteaux (CEAC) has seen its revenue in USD decreased significantly and has limited its expansion prospects as all repair and network expansions must be financed in USD. "Every gourde it receives from its customers is worth less and less every day."

In addition, the exchange rate issue has spurred additional challenges. For example, when the currency devalues, the cost of labor increases because the government increases the minimum wage, the price of fuel increases, the price of materials increases, and the cost of basic services increases (garbage collection, generator service, water, etc.). These secondary effects make it challenging for businesses to manage cash flows and input and material cost. In contrast, when the currency appreciates (like it did in April 2017 when the intervention of the central bank, BRH, caused the gourde to appreciate from 70 gourdes for \$1US to 62 gourdes for \$1US in one month) local costs remain as they were. This translates to lower profit margins for the export companies who receive fewer gourdes for each \$1 US sold to local banks to pay for local services and raw materials.

Additionally, the increases in fuel prices triggered by currency fluctuations create challenges for organizations like CEAC who rely on fossil fuel burning generators to provide 88% of their energy to their customers. The fuel price fluctuations also lead to increased public unrest which can disrupt business activities. For example, on July 6th and 7th, huge public outcry led to looting and vandalism because of a steep increase in fuel price. This price volatility most affects the middle class which absorbs most of the costs (fiduciary, vandalism, etc.). Unfortunately, business owners are forced to simply pass on these costs to their customers.

One solution suggested to the rapid devaluation of the local currency, which creates an amalgam with the rise in inflation, is to increase local production to replace imports. Furthermore, locally produced basic goods need innovative makeovers to make them attractive to customers, already familiar with imported products, such as chips, rice & beans, and their packaging format, etc.

As an example, CFM S.A. would be an ideal customer for locally produced corn to replace the raw material it imports from Turkey or at least supplement weak local production with imports until local farmers are able to meet the entire demand. CEAC has identified its source of devaluation as the use of fossil fuel generators to produce electricity in its region of operation. If it can replace part of the fossil fuel budget with the use of solar panels, as the sun is locally available, it would mitigate its currency devaluation risk significantly.

INTERNAL CONSTRAINTS AND SYNERGIES SESSION NOTES

Participants discussed at their tables the following internal constraints they face in operating their organization. This list serves as an example of possible endemic constraints firms face in Haiti:

- Level of education of workers is low, so high level managers must be involved in managing employees at the lowest levels, rather than spending their time improving the business (issues of work ethics) (from private sector)
- Inability to respond flexibly to needs (from donor)
- Lack of communication between public, private, and donor sectors
- Private sector is set in its own ways and is hesitant to entrust their proprietary ideas with USAID
- Lack of enabling environment for business
- Short time frame of project funding cycles
- Lack of coordination among rural farmers
- Stability in financial sector (unreliable access to banks)

Several ideas led to further discussion. These constraints included the following:

Revenue collection from energy generation and distribution. CEAC noted that they are unable to collect revenues due from government entities in the region they operate which creates deficits in their budget. Typically, they are only collecting about 1/3 of what is needed to breakeven. It was noted that this issue also affects the EDH company which is owned by the government. Electricity consumed by government entities are not paid to the energy company, forcing an annual deficit of more than a hundred million dollars. In the case of CEAC, the local government is claiming that the company is using part of the existing infrastructure to transport and distribute electricity. A new law passed in 2017, attempted to help regulate the sector by de-monopolizing the industry and forming four areas of business opportunity: production, transportation (grid with high voltage), distribution (medium voltage), commercialization (meters and low voltage)

Lack of financing. CFM S.A. noted that they have demand to export other types of cereals to neighboring Caribbean countries, but they are unable to fulfill these demands due to lack of financing. Specifically, based on current demand, CFM S.A. would need approximately \$20 million to add the new product lines and establish the distribution channels.

IDEATION SESSION NOTES

After identifying both external and internal constraints, participants were invited to help design solutions that would address these constraints and further economic development in Haiti. An overview of the ideas designed are outlined below. A transcribed copy of each group's solution is provided in the annexes.

Ideation Solutions:

Improve governance efficiency for quality check labs. To address a weak enabling environment for private sector exporters, this team proposed to improve exports by increasing the capacity of Tamarinier national laboratory to provide test results in a timely manner. The solution would support private sector investment in Tamarinier to improve efficiency and availability of lab materials for testing. The solution leverages a partnership with local state university (Université d'Etat d'Haïti).

Information & Technology (IT) capacity building program. The team identified poor IT infrastructure as a leading constraint. To address this constraint, the team proposed creating a more favorable enabling environment to build out IT infrastructure through capacity building programs. The goal of the program would be to improve access to IT infrastructure to ameliorate business competitiveness in the IT sector in Haiti.

Farmer networks. One team identified a lack of organization between farmers as the main cause of reduced interest of businesses to provide services to farmers. Therefore, they proposed to create farmer networks that would help organize rice growers in the Artibonite region in groups or associations which would be able to share the cost of mobilization of rototillers by TransAgri. Tilling the soil using the shared equipment would be an added cost to rice growers, but the techniques used would enable fields to triple their production output (yield) per hectare.

Small and Medium Enterprises (SME) capacity. This team identified weak access to financing for SME and high operating expenses as a major constraint to SME development and growth. To address these constraints, they proposed to support and reinforce the capacity of SMEs through the creation of SME Hubs, coaching, and other professionalization services. The goal of their solution was to support incentives for the creation of businesses by reducing financing barriers through guarantee

mechanisms and other blended finance tools, to or through credit facilitation mechanisms in other sectors (crowdfunding).

Off-grid energy projects. This team noted the lack of capacity to generate and distribute electricity as main barrier to economic development in Haiti. Therefore, they proposed to increase investment in off grid energy projects. One stakeholder, CEAC, is looking for financing to improve its capacity to store energy from solar modules which would lower its dependency on fossil fuel generators to provide electricity and help the coop reach breakeven. Without this financing model, and with current operations subsidies scheduled to dry out by the end of 2019, CEAC will have to significantly increase the price of the kilowatt hour and reduce the hours of electricity provided to the communities in the Les Coteaux Arrondissement region.

WORKSHOP 2: FOOD SECURITY

EXTERNAL CONSTRAINTS SESSION NOTES

Participants discussed at their tables the following external constraints that Haiti faces from experiencing better food security:

- Poor infrastructure (roads, irrigation canals, etc.)
- Lack of means or infrastructure for transformation and production
- Trade policy and contraband
- Changes in food culture (consumption of fast food)
- Lack of education on nutrition
- Lack of research programs for food/nutrition
- Need to strengthen agricultural market systems around products that already exist in Haiti, rather than trying to introduce new products
- Articulation and discussion around agricultural, nutritional, and trade policy
- “We first need to fill our stomachs before we can reach for the nutritious food”
- Reorientation of food behavior back toward the “old ways”
- Work to move toward volume and resilience
- Lack of social inclusion of subsistence farmers (“paysans”)
- Lack basic services offered to subsistence farmers (water, electricity)
- Lack of training adapted for producers (on when to plant, how to build resilience against natural disasters, how to increase sustainability, etc.)
- Lack of insurance coverage against internal and external risks
- Urban migration (partly due to lack of services for rural areas and people)/lack of economic opportunity for rural youth.

Several ideas were raised more frequently and led to further discussion. These constraints included the following:

Infrastructure. A lot of discussion focused on the lack of infrastructure specifically related to roads, industrial parks, and electricity.

Contraband food production. It was noted that the lack of enforcement of tariffs on food products entering the country (i.e. contraband products) makes it more difficult for local producers to compete. Additionally, some imported products aren’t subject to tariffs further reducing local

producers' ability to compete with foreign made products. The perception is that borders are porous and see more than \$400 million worth of products come into Haiti without paying the proper taxes which could be used for further development.

Nutrition habits. Participants noted that eating habits have changed over the years in so that now Haitians prefer to eat imported products over local organic foods. Participants felt that 30 years ago, a typical Haitian family ate rice only once a week; whereas today, rice is consumed 5 to 6 times a week. Not only are Haitians consuming more rice but they consume imported rice because even imported top quality rice is less expensive than locally made rice in the Artibonite Region.

Farmer support. Participants believe there is a lack of support for farmers, especially rural and subsistence farmers. Stakeholders noted that farmers have complained that fertilizers which were imported by the government, destined to be distributed freely or at least at a subsidized price to them by local elected officials are sold at a high price to those who can't afford it. In addition, local fertilizer companies and other inputs suppliers are not supported to meet local demands.

Risk mitigation. A continued theme during the second day of the workshop was the lack of risk mitigation products for farmers, specifically insurance products. The perception was that commercial bank would not ever venture into lending funds to agricultural companies and similarly that insurance company would not insure crop production. The banks and insurance companies need to manage their own risk and the agricultural sector has too many elements and risks that cannot be accounted for. However, Fonds de Développement Industriel, FDI, is a financing branch of the central bank, BRH, and in this capacity it can provide limited financing for agricultural businesses. Loans are still very onerous incurring 8% to 12% interest rates.

Governance instability. It was noted that instability in public sector continues to create challenges for private sector development in agriculture. For example, some good initiatives considered "good" for agricultural actors were not continued under the new Minister of Agriculture. In addition, several key offices have experienced high turnover rate including the Ministry of Agriculture (*MARNDR*) and the Ministry of Commerce (*MCI*).

INTERNAL CONSTRAINTS AND SYNERGIES SESSION NOTES

Participants discussed at their tables the following internal constraints they face in operating their organization. This list serves as an example of possible endemic constraints firms face in Haiti:

- Funding for research and implementation
- Instability of public institutions prevent continuity of services (from public sector)
- Strengthening of legislation
- Prioritize research and scientific validation
- Global governance should define political lines
- Universities are losing their function (there is a lack of research)
- Lack of coordination between the NGOs
- Capacity building of the state

Several ideas led to further discussion. These constraints included the following:

Access to finance. Several stakeholders noted that their biggest constraint to growing their business was the lack of financing available to them in the agriculture sector. Specifically, when financing could

be arranged, the cost of financing is so high it reduces or eliminates profit margins. Therefore, it is almost impossible for agricultural business to make additional significant capital investments which could create value and economic profit for Haiti.

Coordination. A lack of coordination among NGOs working in Haiti was raised. The sentiment was that NGOs understand that their donors dictate which projects they can implement and how the funds will be allocated. For example, it was noted that large multinational NGOs often do not participate in local NGO coordinate meetings and that this lack of visibility has contributed to lack in impact/results in certain regions. Several stakeholders noted that multiple NGOs are perceived to be implementing the same or similar programs, while other areas and approaches that could be complementary are ignored. These stakeholders felt that this was a missed opportunity to “multiply” or aggregate impact.

IDEATION SESSION NOTES

After identifying both external and internal constraints, participants were invited to help design solutions that would address these constraints and further food security in Haiti. An overview of the ideas designed are outlined below. A transcribed copy of each group’s solution is provided in the annexes.

Ideation Solutions:

Conditioning centers. This team sought to improve the structure of the value chain by introducing collection and conditioning centers. The goal of their solution was to put in place an organization which would help connect producers to the market buyers. For example, this organization would gather information from buyers and producers and help fill the gaps in that buyers would know what products are available and at what price, and farmers would understand which crops to produce based on demand and when they would be needed.

SMS early warning. One team envisioned the creation on a disaster early warning system using SMS technology to communicate with farmers, giving them enough warning before natural disasters, and providing them with information on how to secure their home and family and protect their crops. In addition, one participant suggested that this solution could also engage the local agricultural engineers, who are employed by the Ministry of Agriculture and report directly to local officials as they are in direct contact with farmers, therefore ensuring communication on the ground at the local level.

Industrial park. This team sought to create more Mini Industrial Parks (MIP) throughout Haiti where synergistically linked companies would have access to basic infrastructure and equipment to conduct business. For example, in one MIP a seed production company, a fertilizer company, and a storage and processing company could co-locate to benefit from material, equipment, and storage synergies. These companies would share the electricity costs, the rent, the security, the transport cost, and they would benefit from improved communication and planning due to colocation.

Water user associations. This team developed a solution in which farmer groups and coops would work together under a larger association that would help link farmers to businesses. The association would advocate for and focus on aggregating production and ensuring adequate water availability and distribution.

Access to information. This team sought to create a database that would make information public whereas the data would be uploaded directly by farmers and growers in real time. It was envisioned that the database information would provide entrepreneurs with access to updated information and therefore better identify opportunities for agro-business solutions.

Business professionalization. This team identified access to finance as a major challenge for SME agro-businesses. To help overcome this challenge, their solution involved the creation of an organization that would help professionalize these businesses by helping them manage their finances and think through a business plan and maintain other vital records. The goal of the organization would be to help farmers have stronger financial reporting and business savvy when applying for loans.

Perishable fruit processing. This team's solution to competition from foreign products was to create a company in a Mini Industrial Park environment that would store perishable fruits and vegetables and transform them into products which could compete with imported food products. To finance their solution, this team would seek financing of MIP from the IDB and European Union via the Ministry of Commerce.

Coordination Support. This entity would promote good governance in food security and good nutritional habits by coordinating sectoral efforts. The director of the CNSA (Coordination Nationale pour la Sécurité Alimentaire), a government entity, led by Mr. Armel CAZEAU, is promoting the SSAN document which we are seeking.

SECTION 3: ANALYSIS AND KEY FINDINGS

To provide a better picture of how USAID targeted interventions could most strategically address constraints in Haiti, an analysis of the most common constraints identified during the workshops was performed. In the constraints analysis, the team reviewed the sub intermediate results identified by USAID against the information surfaced during the workshops. The below tables depict overlaps and gaps in the identified constraints in alignment with USAID/Haiti's strategy.

CONSTRAINTS MAPPING

Green=Identified by USAID and raised in workshops

Blue=Identified by USAID and not raised in workshops

Yellow=Identified by participants in workshops and not identified by USAID

2.1 VULNERABLE HOUSEHOLDS BETTER ABLE TO WEATHER SHOCKS AND CHRONIC STRESSES

2.1.1 Capacity to manage risk improved							
Weak overall coordination	Lack of or weak disaster management plans and implementation of those plans	Dis/non-functional early warning systems	Weak emergency preparedness	Poor infrastructure	Clean drinking water supply	Poor Urban Planning	Climate and enviro. degradation
2.1.2 GOH capacity to develop and manage effectively targeted social protection mechanisms strengthened							

Lack of GOH political will		Lack of capacity to target and deliver social services (esp at department level)		Politicization of social protection policies		Limited Resources		
2.1.3 Improved livelihoods of vulnerable households								
Limited access to credit	Limited employment opp.	Weak purchasing power	Assets quickly depleted in the event of shocks.	Lack of assets	Lack of livelihood diversification	Market info. and efficiency	Limited market access	Education and training

2.2 ACCESS, AVAILABILITY, AND UTILIZATION OF NUTRITIOUS FOOD IMPROVED

2.2.1 Strengthened inclusive agricultural systems that are productive and profitable					
Weak agricultural systems (storage, transportation, etc.)	Limited market access	Limited access to credit	Poor watershed management	Land tenure for farmers	Weak purchasing power
Limited research and extension	Lack of policies to support investment	Degraded soils	Limited access to inputs	Limited access to water	Post disaster losses
2.2.2 Consumption of nutritious and safe diets increased					
Limited nutritional information available (education on nutrition)	Weak local production of nutritious food	Lack of awareness of what foods are safe and nutritious	Cultural preference for non-nutritious diets (urban vs rural)	Nutritious foods may be too expensive	
2.2.3 Use of direct nutrition interventions and services increased					
Lack of coverage by preventive services (community health workers, ASCPs)	Distance to health services prohibitive	Quality of clinical services variable (few trained clinicians, lack of meds/supplies)	Lack of policies tailored to support access and availability of nutritious food	Poorly managed supply chain by GOH	Weak social protection systems

2.3 PRIVATE SECTOR COMPETITIVENESS IMPROVED

2.3.1 Business enabling environment enhanced						
Limited land tenure	Public and private sector corruption	Limited domestic resource management	Poor contract enforcement	Lack of laws, regulations, and policies and enforcement		
2.3.2 International and regional trade capacity improved						
Trade imbalance, especially with DR	Need for import substitution	Lack of laws, regulations, and policies and enforcement	Lack of capacity to meet standards (SPS, quality, etc.)	Capacity for complex manufacturing	Lack of financial infrastructure	
2.3.3 Access to finance increased						
Unfavorable exchange rate	Lack of laws, regulations, and policies and enforcement	Lack of recognition of potential	Limited creditworthiness information	Inflation	Lack of financial products for poor	Lack of business support services for SMEs
2.3.4 Increased employment opportunities, especially for youth						

Lack of job skills (esp. professional skills)	Limited vocational education opportunities	Economic instability	Lack of youth policy	Limited awareness of opportunities	Limited access to opportunities	Environmental degradation	Limited access to credit
2.3.5 Access to electricity increased							
Lack of connection to national grid	Lack of laws, regulations, and policies and enforcement	Reliance on single state-owned provider	Tariffs subsidized and low payment (low ability and willingness to pay)	Dilapidated infrastructure	Lack of innovation in the sector	Access to finance for new projects	Lack of demand (slow economic growth)

EXTERNAL CONSTRAINTS:

In addition to the above analysis, a count of the most common themes raised are outlined below. The objective of the following analysis was to depict the constraints that were most “top of mind” for the stakeholders that participated. The top identified constraints included:

- Poor governance / lack of legal frameworks
- Lack of access to finance
- Lack of education (including professional skills and business ethics)
- Absence or poor infrastructure such as roads, electricity, technology.

Below is a histogram representing the key themes and the number of times they were raised during the workshops.

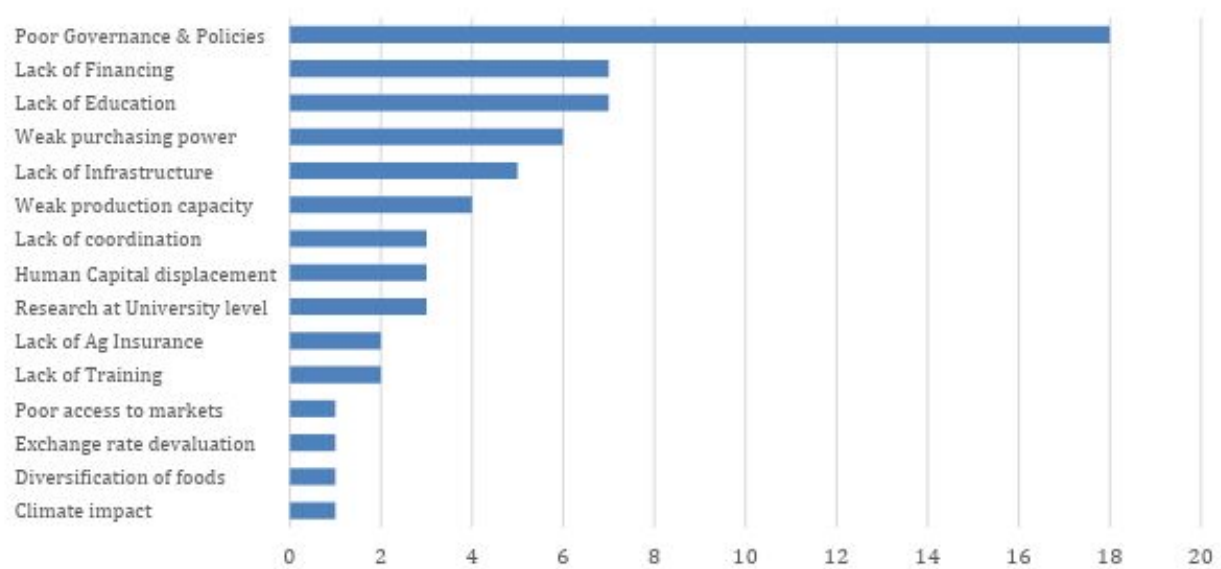


Figure 2: External Constraints

INTERNAL CONSTRAINTS:

Similarly, an analysis was performed to identify the constraints that most affect the ability of organizations in Haiti to work effectively. The top constraints identified across groups were:

- Lack of flexibility and timing of donor funds.
- Lack of a communicated strategy for inclusive development in Haiti from the government.
- Lack of access to financing.
- Lack of coordination among actors working to solve similar problems.

Below is a histogram representing the key themes and the number of times they were raised during the workshops.

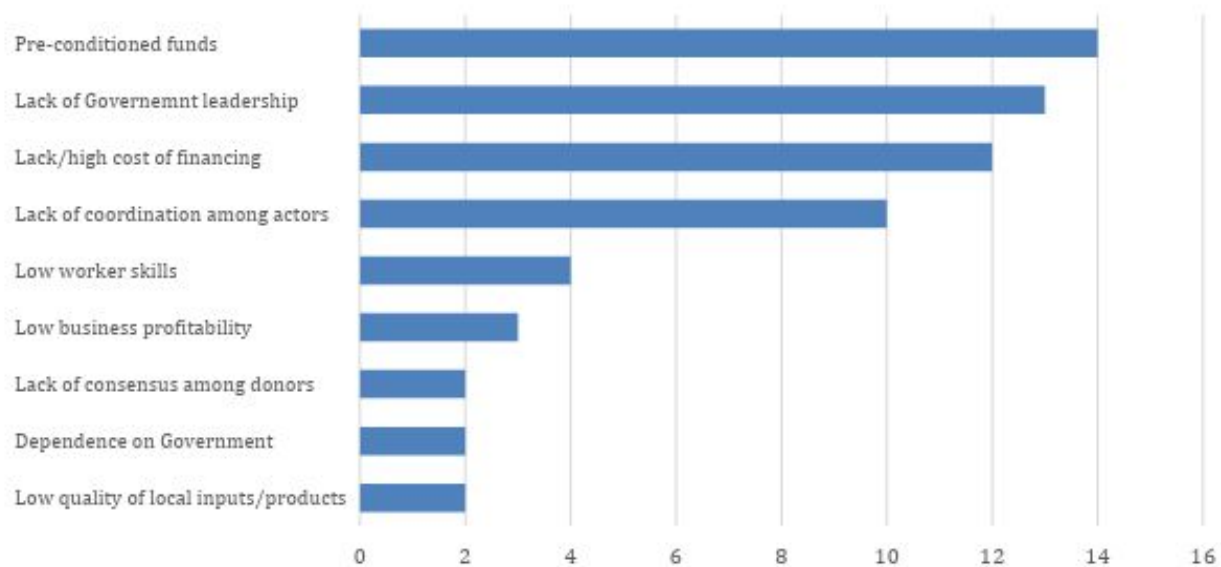


Figure 3: Internal Constraints

SAMPLE SOLUTIONS IDENTIFIED

In addition to the constraint analysis above, several interesting solutions we raised throughout the workshop. Below is a discussion reviewing the solutions in more details, identifying how these solutions could address the constraints outlined above, and envisioning ways USAID could engage in supporting the solution.

CFM S.A. CASE:

CFM S.A., a local producer of cereals for export has difficulty exporting its product due to the long lead time to obtain test results which are the responsibility of the Laboratory at Tamarinier. They cited multiple reasons for the long delays which range from missing materials to the absence of a signatory authority on site to sign the test results. These results are a necessary part of their business in that the results are required before the product is authorized to leave Haiti and at the port of entry in the country of import (example, Jamaica).

One mean to improving economic conditions in Haiti, could be through increasing exports and the value of those exports. Currently, Haiti is not able to compete with the low cost of imported rice and other basic foods. The method of the food production in Haiti can be certified organic, although the

process of certifying plots of land and products is costly and inefficient. By exporting more organic products, Haiti would be able to increase the value of its exports. Such an endeavor could help alleviate some of the constraints identified by the workshop participants including:

- Weak purchasing power – with higher production capacity and quality, farmers will receive more money for their produce.
- Human capital displacement – with more money to be made working the land, people will not feel a need to be in the Port-au-Prince and other more urban areas.
- Poor access to market – North America and Europe have made the conscious decision to support organic and non-GMO products, therefore grocers and suppliers are looking to source more organic fresh produce.
- Devaluation of the local currency – increased export would help alleviate the trade imbalance which could help stabilize the currency.
- Diversification of foods – with higher purchasing power farmers will have the option to diversify their own food and meal choices.

USAID could support a program focused on increased exports of high value products in the following ways.

- Provide technical assistance to support better inventory management and professionalization of the Lab itself to meet international standards.
- Support the Lab in expanding its ability to provide organic certifications for specific plots of land and foods.
- Broker partnerships with local Universities to provide internship opportunities for bio-med, medical, and related field students.
- Support organizing visits of the Lab for high school students to engage the next generation interested in entering chemistry and biomedical fields.
- Support the Lab in developing mobile lab units and business models to expand the Lab's capacity and reach.

TRANSAGRI S.A. CASE:

TransAgri S.A. is a local company which offers field preparation services and expertise to farmers. It owns mechanical equipment which plow fields, expand irrigation, etc. Their main challenge in expanding access to these products is due to the lack of organization of farmers in any given crop producing area. For example, most Haitian farmers own small plots of land that may or may not adjoin one another. Typically, TransAgri receives an order from one farmer to plow his/her field while the surrounding farmers have the same needs. The company employees then resort to soliciting other farmers nearby to pay for the service as well, so it may be affordable to each farmer and profitable to the company. If the farmers were better self-organized in associations or cooperatives – in each micro-climate – the head of each organization could negotiate directly TransAgri (or potential future competitors) on behalf of all the farmers.

Once organized, the cooperatives would benefit from the shared expertise, shared planting seasons planning, could secure seeds and fertilizers together, could harvest together or as the market is ready to absorb. MARNDR representatives in these regions serve as consultants providing the expertise

required. This model could help alleviate some of the constraints identified above in the following ways:

- Weak purchasing power – with experts' advice and coordinated efforts focused on planting and harvesting, fields will have higher yields, grow better quality foods and farmers will receive more money for their produce;
- Poor quality of inputs and products – as farmers are organized, ag-coop leadership will be able to secure better seeds and appropriate fertilizers to improve quality of products;
- Lack of government leadership – integrating the local agriculture specialist (representatives of the MARNDR) as consultants to the cooperatives would improve the presence of the government in these regions. They would report to the local elected authority;
- Lack of worker skills – proximity and expert advice to ag-coops would help improve worker skills and introduce improved ways of planting brought by technology (mechanical equipment);
- Low business profitability – higher yield, better quality, lower costs (since they are shared) will undoubtedly improve profitability of individual farmers;
- Weak production capacity – the production capacity of each ag-coop will improve by implementing new techniques of preparing fields, planting, harvesting, storing, transporting, etc.;
- Human capital displacement – with more money to be made working the land, people will not feel a need to be in the Port-au-Prince Major Metropolitan Area;
- Poor access to market – North America and Europe have made the conscientious decision to eat healthy and more food grocers are looking to source organic fresh products;
- Devaluation of the local currency – with increased local production in volume and in quality, the exchange rate will stabilize;
- Diversification of foods – with higher purchasing power, farmers will have the option to diversify their foods;

USAID could support a mechanization cost share model to increase agriculture productivity in several ways outlined below:

- Work with MARNDR to ensure that Agricultural Specialist are nominated for each region with one or multiple micro-climates.
- Work with local leadership, authorities, and existing entities (MFIs) to incentivize the creation of agricultural cooperatives.
- Support capacity development for Agricultural Specialists.
- Organize meetings between entrepreneurs and Ag-coop leadership to secure products for local and international markets.
- Facilitate joint ventures between existing fresh food exporters in South America and local entrepreneurs to meet the demand of existing, established customers in Europe and North America.
- Support the implementation of communications system with local leadership and authorities to share information about product pricing, input pricing, weather, etc.

MINI INDUSTRIAL PARK CASE:

Another solution identified during the workshop was the creation of Mini Industrial Parks (MIP) which would group agro-business (or other complementary) entrepreneurs in an appropriate environment

and ecosystem. The cost of doing business in Haiti is a massive and discouraging barrier of entry for young entrepreneurs with great ideas and ambition, limited funding, and critical human capital. MIPs represent a great opportunity to focus efforts from synergistically aligned activities to produce a product for the local market or for export. This model could encourage the entrepreneurial spirit of many Haitian youth by helping to alleviate the entry cost of establishing a business.

As an example, an MIP could host a peanut seed producer, a bio-fertilizer business, an Ag consultant firm, a peanut storage business, and a peanut butter / peanut tablet (sweets made with peanuts). Another example could be an MIP which concentrates on yams, from miniset yam (smaller yams which are more desirable for export) to regular yam production, to yam chips.

This model could help alleviate some of the constraints identified by the workshop participants, including:

- Lack of infrastructure – when 3 to 5 small agro-businesses are in the same facility they can share the same basic infrastructure such as electricity, security, running water, sanitation services, rent, etc. These basic services are typically too expensive to acquire and therefore inhibit entrepreneurs from launching new businesses, especially in a financing constrained environment.
- Poor quality of inputs and products – one of the advantages of having MIPs is the level of control it provides at almost every stage of the value chain since most actors are in the same physical area and can easily cross a street to talk to each other. Seed quality in the case of the peanut MIP can easily be verified.
- High cost of financing – businesses inside an MIP share expenses which minimizes the entry costs and the financing needs.
- Low business profitability – as costs are reduced, synergies are developed, and economies of scale realized, business profitability will increase.

USAID could support the creation of an MIP model in the following ways:

- Convene stakeholders with knowledge of past attempts to develop MIPs to identify constraints and lessons learned.
- Help identify areas or buildings with existing assets that would require little infrastructure investment to serve as MIP through brokering partnerships. This could also be a business opportunity for an entrepreneur owner of a building or land which could be converted to a MIPs. S/he could receive rent from entrepreneurs inside the MIP.
- Broker linkages throughout the value chain by linking farmers to MIPs. Farmer groups could serve as virtual members, since they do not produce inside the park, therefore providing MIPs secured local production as their raw materials are indispensable to the success of the MIP.

SECTION 4: CONCLUSIONS

Throughout the workshops it was clear that there are several problems in Haiti that create a difficult environment for entrepreneurs, farmers, NGOs, and donor alike. However, there remain several opportunities to tackle these challenges, and USAID stands poised to strategically address key systematic constraints that would have a transformative impact on Haiti's economy and food security. In convening a diverse set of actors, USAID has accessed a brain trust whose cumulative knowledge of the environment and cumulative creativity have been captured in this report. These

stakeholders thoughtfully identified constraints that they feel most affect Haiti's ability to generate wealth as a country and ensure food security for its people. The content, suggestions, ideas, and the feedback provided by the stakeholders both align with USAID own analysis and provide an opportunity to develop its programs to most strategically target these identified constraints and therefore have a targeted impact.