Despite the catastrophic destruction unleashed by the earthquake on January 12, 2010 – Haiti, the poorest country in the western hemisphere – undoubtedly has the potential to move beyond its troubled history and its recent tragedy to emerge a stronger and more secure nation. Its proximity to North American markets, regional stability, prosperous and politically powerful diasporas, and a relatively homogenous sociopolitical fabric provide a unique set of competitive advantages when compared to other fragile states. Strategic and well-coordinated development interventions, backed by sustained funding and the political will of the Haitian government and international community, will help the resilient Haitian people to re-embark on a road to recovery and growth. The need of the hour, however, is to create a rapid, seamless transition from emergency relief to medium and long-term reconstruction and development, focused on equitable economic growth underpinned by broad-based revitalization of the private sector.

Haiti is in the bottom of the global rankings in terms of access to business credit and protection of investors. Strategic rebuilding of Haiti needs to be accompanied by fiscal, regulatory and administrative reforms to stimulate investor confidence in the economy, combined with rebuilding of productive infrastructure and ensuring access to affordable credit by micro, small and medium enterprises (MSMEs). However, this growth needs to take place within a broader framework targeted at establishing a functional state characterized by good governance, political and economic decentralization, and capable of managing debt sustainability, preventing environmental degradation and providing basic services for its citizens.

CHF International (CHF) has been working in Haiti for the past fifteen years. It is currently implementing the USAID-funded KATA Program that focuses on promoting stability through job creation, infrastructure improvement, and technical assistance to the garment and construction sector, in five of Haiti’s most volatile urban centers. Based on its in-country experience, CHF proposes the following mid-to-long term economic development strategies for immediate implementation.
Over the past years, Haiti’s textile/garment sector has made significant progress, creating much-needed jobs to meet international garment demand. The market access provided through the HOPE/HOPE II legislation, the investor confidence generated through the trade delegations led by Former President Bill Clinton, UN Special Envoy to Haiti, and assistance from foreign aid organizations have allowed the industry to leverage its low-cost labor force and become the largest single sector of the Haitian economy. Prior to the earthquake, the garment sector—employing 21,000 workers in 30 factories—accounted for 8% of the country’s formal employment.

According to US industry analysts, apparel production has fallen by 50-70% since the earthquake on January 12 due to the destruction or damage of garment factories, export-oriented infrastructure and tragic loss of work force. However, the garment sector, has responded with remarkable resilience and many factories have started repairs or come back online. However, the window of opportunity for retaining the interest of the North American buyers is narrow. CHF recommends the following interventions to avoid the sector from collapsing and ensure continued growth:

- Restoring market confidence by utilizing the upcoming Sewn Products and Equipment Suppliers (SPESA) Expo to be held in Atlanta, to showcase the revival and the competitive advantage of Haiti’s garment sector within the global market and build business linkages between Haitian factories and US apparel brand and retailers, US yarn and fabric manufacturers and suppliers.

- Improving access to credit for the SMEs operating within the Haitian garment sector including those SMEs that are horizontally or vertically linked to the garment sector value chain. In the aftermath of the earthquake many SMEs within the garment value chain are in critical need for working capital to restart production and meet their current orders to stay in business. However, the infrastructure needed to provide secure debt financing is absent. Thus, a one-time grant program with robust oversight needs to be implemented immediately to assist Haitian manufacturers to recover quickly from the current crisis and recreate and expand job opportunities (especially in urban centers).

- Expanding investment for scaling up workforce and value chain development initiatives to address the loss of skilled labor, and offer opportunities for the business community to engage in market-driven options to assist in Haiti’s recovery.

- Establishing Export Processing Zones (EPZs) outside Port Au Prince for the textile industry outside Port Au Prince and supporting them with the necessary public works will create jobs, decrease inequality between urban and rural populations, and stimulate domestic demand for the textile industry and also somewhat shield the industry from demand fluctuation in foreign markets.
Rebuilding Haiti’s Construction Industry

Haiti’s construction industry is a domestic, location-specific sector. After a decade-long stagnation during the 90s for a wide-range of issues including Haiti’s recessionary trends and price increases of construction inputs during 2001-2002; political instability; and lack of skilled labor, technologies and construction standards that affected the industry’s competitive advantage vis-à-vis international firms (mainly from Dominican Republic)—the industry has been registering incremental growth since 2004, primarily due to an increase in political stability and influx of donor funds for infrastructure development. Prior to the earthquake, there were estimated 300-plus construction contractors in Haiti—concentrated mainly in Port-au-Prince. Ironically, the large-scale destruction of housing and infrastructure now provides new opportunities for the sector to rebuild bigger and better. Some key approaches for medium to long-term include:

• Developing a recycling industry that can utilize the rubble from the earthquake to create new construction materials for affordable housing and infrastructure projects; create financial instruments to promote and expand the industry;

• Rapid expansion of workforce development for construction specialists, laborers, and project managers through innovative partnerships between private firms and donor community with provisions for subsidizing training or offering vouchers for small firms;

• Encouraging association development and advocacy for enforcement of building codes and standards and new designs for safer, more energy-efficient structures as well as loosening financial restrictions that undermine contractor cash flows in collaboration with Haiti’s National Construction commission, and other relevant stakeholders;

• Encouraging small business participation in contracts through set-asides.
Building capacity of the agricultural sector

Haiti's continues to be a food deficit country, with food imports accounting for 48% of its national consumption. Prior to the earthquake more than 2.4 million people were estimated to be food insecure. The earthquake has worsened the situation. In the immediate aftermath of the earthquake, acute food shortages have emerged in Port-au-Prince and surrounding areas as a result of loss of income earning opportunities, destruction of key infrastructure for food supply and rapid increase in food prices. However, current emergency food distribution will be inadequate for the emerging food insecurity and destruction of natural resources that is being generated by massive displacement of populations toward rural and urban areas outside of Port-au-Prince.

In the medium-run, agricultural grants will have to be provided to the small scale farmers to buy seeds, fertilizers and small-scale equipment, and “food for work programs” will have to be established for the displaced urban population. Meanwhile, organizations involved in food relief will need to focus on utilizing cash transfers instead of direct food aid to help revitalize the domestic agro-economy. In the long run, it is critical to rebuild and modernize the country’s agricultural sector to reduce its food insecurity and burgeoning trade deficits. Promoting egg and chicken-farming to ease reliance on Dominican imports; and, developing a selected number of high-value agriculture chains (mango, banana, avocados, coffee, cocoa), for both local and export markets will create jobs in the rural areas and boost export earnings.

- Scaling up the development of public-private partnerships which can link small scale producers to large scale buyers while leveraging USAID and IDB’s efforts in value chain development of Haiti’s fruit markets. These partnerships can promote the organization of small farmers into grassroots collectives/cooperatives; provision of basic managerial and governance skills to the collectives; technical assistance to increase their knowledge about plantation, collection, handling and logistics to increase productivity;

- Linking agro-based SMEs (especially in the fruit value chain) to new sources of financing including commercial credit and equity financing; strategic distribution of warehousing and cold storage facilities; rebuilding rural infrastructure, specifically feeder roads and electricity are also critical to ensure growth and sustainability of the agricultural sector.

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ii. http://www.doingbusiness.org/ExploreEconomies/?economyid=85#GettingCredit