

TC ABSTRACT

I. Basic Project Data

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| ▪ Country/Region: | HAITI/CID - Isthmus & DR |
| ▪ TC Name: | Promoting exports and attracting FDI to Haiti |
| ▪ TC Number: | HA-T1261 |
| ▪ Team Leader/Members: | ARIAS URONES, ANA (INT/TIN) Team Leader; DUGAS, FABRICE GHISLER (INT/TIN); VALDERRAMA-CELAYA, CLAUDIA (INT/INT); IMANA, ZAIDA VICTORIA (INT/TIN); CHRETIEN, LOUIS-FRANCOIS (LEG/SGO); JULIA VILLACAMPA, RAFAEL (INT/TIN) |
| ▪ Taxonomy: | Operational Support |
| ▪ Number and name of operation supported by the TC: | Private Sector Development via the Promotion of Exports and the Attraction of Investments-HA-L1133 - 1. Support for Preparation |
| ▪ Date of TC Abstract: | 20 Dec 2018 |
| ▪ Beneficiary: | The government of Haiti |
| ▪ Executing Agency: | INTER-AMERICAN DEVELOPMENT BANK |
| ▪ IDB funding requested: | \$ 300,000.00 |
| ▪ Local counterpart funding: | \$ 0.00 |
| ▪ Disbursement period: | 18 months |
| ▪ Types of consultants: | Individuals |
| ▪ Prepared by Unit: | Trade & Investment |
| ▪ Unit of Disbursement Responsibility: | Integration & Trade |
| ▪ TC included in Country Strategy (y/n): | No |
| ▪ TC included in CPD (y/n): | Yes |
| ▪ Alignment to the Update to the Institutional Strategy 2010-2020: | Institutional capacity and rule of law |

II. Objective and Justification

- 2.1 The objective of this program is to support the design and preparation of the operation HA-L1133. Additionally, the program will be financing a benchmark analysis of special economic zones and industrial parks models that could be transferred and customized to Haiti and an action plan to improve the business climate in the country (specifically the Doing Business index) through the existent One-stop shop for investment.
- 2.2 In the process of preparation of the operation "Development of the Private Sector via the Promotion of Exports and Investments" (HA-L1133) it is necessary to deepen the knowledge obtaining in: 1) analysis of models of special economic zones and industrial parks for be adapted and transferred to Haiti; 2) accompany an action plan to improve the business climate through the current one-stop shop for investments. (especially the Doing Business index). Business climate and the industrial parks/special economic zones are issues in which the investment promotion agency (CFI- for its acronym in French), executor of the next operation, needs to work with as 1) if the business climate is weak, the country will not be able to attract and expand FDI, and 2) if the industrial parks and special economic zones are not efficient and fulfill the investor's needs, the CFI won't be able to succeed attracting FDI either.

III. Description of Activities and Outputs

- 3.1 The activities of this TC will seek to (i) perform an analysis of the investment promotion strategy of the Haitian government in relation to Free Trade Zones, Special Economic Zones, and Industrial Parks, where CFI, Free Zones Directorate, and National Society

of Industrial Parks are involved, as well as with the Professional Associations of the Sector (Association of Industrial of Haiti - ADIH- and the incipient Association of Free Trade Zones). This analysis will be the basis for a (ii) participatory process aimed at coordinating the efforts in the area in Public-Private collaboration. At the same time, it is necessary to define through a participatory process a (iii) detailed action plan to improve the business climate. Therefore, all activities serve to support a good preparation of operation HA-L1133.

- 3.2 **Component I: Public-Private collaboration to attract FDI in Free Trade Zones, Special Economic Zones, and Industrial Parks.** This component will seek to draft a coordinated and joint effective investment promotion strategy in relation to Free Trade Zones and Industrial Parks in Haiti
- 3.3 **Component II: Improvement of the business climate for business in Haiti.** The component seeks to elaborate a realistic national action plan to improve the business climate using the electronic single window for investment (OSS) that the CFI will be hosting in 2019.

IV. Budget

Indicative Budget

| Activity/Component | IDB/Fund Funding | Counterpart Funding | Total Funding |
|---|------------------|---------------------|---------------|
| Public-Private collaboration to attract FDI in Free Trade Zones, Special Economic Zones, and Industrial Parks | \$ 150,000.00 | \$ 0.00 | \$ 150,000.00 |
| Improvement of the business climate for business in Haiti | \$ 150,000.00 | \$ 0.00 | \$ 150,000.00 |

V. Executing Agency and Execution Structure

- 5.1 The Executing Agency will be the "IDB Trade and Investment Division" and the execution will be coordinated with the CFI (beneficiary).
- 5.2 The Investment Promotion agency (CFI) does not have the mandate to improve the business climate and the efficiency of the industrial zones in Haiti. There is political division between the CFI, SONAPI (the industrial parks institution) and the Free Zones Directorate, so the IDB has to play a role enabling coordination between the institutions. Additionally, the CFI has not the required expertise team to draft the ToRs and execute these activities. At the same time, Haiti continues in a very weak position in the Doing Business ranking (182 of 190) where for the indicator of starting a Business, ranks 189 or dealing with Construction Permits, ranks 180. Through the one-stop for investment that the country is designing currently, the business climate could be improved if, in parallel, a country joint effort is done. In order to achieve this goal of improving the business climate, an action plan with concrete activities, chronograph and responsibilities is proposed.

VI. Project Risks and Issues

- 6.1 1) Delay in execution due to weak coordination and follow-up between the CFI and the other institutions participating in the program (public and public-private). To minimize this risk, a TC monitoring system and the organization of meetings to review progress with the institutions involved in it will be established.
- 2) Political risk due to the instability of the country

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "C".