**HA-L1137**

**Activity of Component 2: Incubation program for the Haitian youth to foster socio-economic inclusion through entrepreneurship**

*Background, lessons learned from other IDB initiatives in Haiti and rationale of the activity*

**Background**

More than 95% of the Haitian businesses operate in an informal way and the majority of them are microbusinesses (e.g. informal sellers on the streets)[[1]](#footnote-1). According to the 2018 Ease of Doing Business Report of the World Bank, Haiti ranks #181 out of 190 countries, and #189 out of 190 specifically for the “Starting a Business” indicator. According to the same report of the previous year (Ease of Doing Business Report 2017), it can take 97 days to start a business in Haiti. In terms of education opportunities for youth, only 22% of the eligible population is enrolled in secondary education and only 1% of Haitian youngster will move on to university[[2]](#footnote-2).

In this context of high informality of the market and limited access to secondary and advanced education and training, there is very limited data on the entrepreneurship ecosystem in Haiti and the impact that it has on the socio-economic inclusion of youth. No study has been conducted on youth entrepreneurship either.

However, over the past years, the country has seen an increasing number of initiatives, of different scales, open to candidates with either a business proposition or an established business (see **Annex** for a summary of the main ones) and most of them have received a lot of attention and participation from youth.

Despite these efforts which are often short term and limited by funding availability, the country lacks established initiatives and business incubators defined as training spaces where entrepreneurs can work to kick-off a business, interact with other mentors and access mentors[[3]](#footnote-3); the very first incubator, which has a technological focus, was announced only last month[[4]](#footnote-4).

Considering that an increasing number of LAC countries has been investing into supporting youth entrepreneurship and have development policies for that specific purposes[[5]](#footnote-5), in 2017 the Bank organized two pilot initiatives in Haiti with the goal of testing the interest of the Haitian youth in the domain of entrepreneurship, gather lessons learned for future interventions and see if youth entrepreneurship could be an effective tool for youth’s socioeconomic inclusion and empowerment.

The first initiative was “*Haiti Entreprendre – Le Futur Commence Maintenant*” of March 2017, followed by a second initiative called “*Haiti Creative*” of October 2017 which focused more specifically on the orange economy. While “*Haiti Entreprendre*” was open to youngsters from all over the country but targeted more specifically the Northern Region, “Haiti Creative” did not have a specific geographical focus. Both initiatives offered workshops and brief training sessions for selected youth entrepreneurs and concluded with pitching competitions; the winners were then invited to participate into networking trips to gain further exposure.

These two initiatives were pilot projects, and both received attention from a variety of stakeholders, saw the submission of more than 270 business propositions, the participation of almost 600 youth - in addition to the participating applicant entrepreneurs - and sponsors from the private sector (see Annex 1 for a summary of the results of the two initiatives). The Facebook platform used for the outreach has passed the 9400 followers[[6]](#footnote-6).

In June 2018, Haiti Country Office, in partnership with the Spanish City of San Sebastian, has recently launched “Haiti Startup Talent Incubation Program 2018” – less than 1% of the youth applicants declared to have received training on entrepreneurship; however, all applicants indicated clear expectations to develop various skill sets if admitted to the incubation program.

**Lessons learned.** Based on these two initiatives in Haiti and on the ongoing outreach process for Haiti Startup Talent Incubation Program 2018, a series of lessons learned could be identified.

* There is interest for opportunities that empower youth by providing a platform to present a business idea, gather feedback and acquire skills to move forward. Young people are fully aware of success stories of entrepreneurs (boosted by social media and smartphones).
* The type of business ideas received throughout the two competitions reflected the economic structure of the country. For instance, most of the ideas submitted for “*Haiti Entreprendre*” – which did not have a sectoral focus – concerned agribusiness, being agriculture the main economic sector of the Haitian economy. On the other hand, most of the ideas received for “*Haiti Creative*” – which did focus on the creative and cultural industry – concerned handicrafts production (with very limited or no proposals concerning more advanced domains such as design or technology);
* Self-selection: most of the applicants were from urban areas or living near urban areas;
* A lot of the participants understand “support to entrepreneurship” with an expectation to receive financial support; however, most applicants lacked knowledge on how to develop a business and thus were far from being investment ready. Training opportunities, mentoring and continuous follow-up emerged to be an opportunity to enable youth entrepreneurs to develop their ideas, reach a minimum viable product and only then, eventually, receive funding.
* Infrastructural challenges such as the high price of electricity, the unreliable electricity provision, the lack of high speed internet and the lack of enabling spaces where youth can gather and work inhibit youth entrepreneurship; almost all participants confirmed that having access to enabling work space – with reliable internet and power – would be a major contribution to facilitating their entrepreneurial efforts[[7]](#footnote-7);
* Another important lesson learned is that in Haiti there are trainers, mentors and established entrepreneurs willing to sustain entrepreneurial initiatives for youth. This expertise can be engaged to further develop local capacity. Also, the diaspora has emerged as a source of talent with Haitian trainers that are enthusiastic about reconnecting with their country and pass on skills to local youth, with the advantage of not encountering language or cultural barriers.
* These two initiatives, even if they were small pilot projects, gave visibility to local success stories and this had an impact on the success of these startups[[8]](#footnote-8).
* Less than 5% of the youth applicants who have applied so far to Haiti Startup Talent Incubation Program 2018 declared to have received training on entrepreneurship; however, all applicants indicated clear expectations to learn and develop various skill sets if admitted to the incubation program. This interest youth for developing entrepreneurial skills sets confirmed what already identified with the initiatives “*Haiti Entreprendre*” and “*Haiti Creative*”.

**The proposed intervention.**

Based on the level of interest that emerged in these pilot projects, and considering the identification of an international partner (the University of Ottawa[[9]](#footnote-9)) willing to invest resources and mobilize experts for supporting youth entrepreneurship in Haiti, the operation - under its Component 2 - will include an Incubation Program comprising: (i) the basic adaption of an already existing space to become a training center and co-working space for selected aspiring entrepreneurs; (ii) the design and implementation of an incubation program selecting and training entrepreneurs twice a year, over a training period of 6 months and (iii) the provision of specialized training, mentoring activities and services through experts and mentors.

The Incubation Program will be implemented by the University of Ottawa which will rely on the partnership with the local Haitian Institution ISTEAH - *Institut des sciences, des technologies et des études avancées d'Haïti.*

The ISTEAH, which has been declared of Public Interest by the Government of Haiti in July 2015, is a Haitian academic entity which, thanks to the efforts of its founders who are established Professors with experience in Canada and the US, has been mobilizing resources from the diaspora and has been pushing some major initiatives focusing on socioeconomic development throughout knowledge transfer and entrepreneurship.

A flagship effort, for instance, is the creation of an Innovation Cluster in Northern Haiti, the so-called “City of Knownledge” near Cap-Haitien[[10]](#footnote-10). This effort, which has brought together international, national, public and private partners is the first of its kind in Haiti, focusing on establishing a pole that can enable entrepreneurship and innovation as a tool for development[[11]](#footnote-11).

The ISTEAH will physically host the co-working space. All training activities and the co-working space will be in Port-Au-Prince but a variety of “satellite workshops” and outreach activities will be conducted throughout the country to ensure participation of youngsters from all over Haiti[[12]](#footnote-12). The goal of the partnership with ISTEAH is to establish the Incubation Program so that with ISTEAH’s expertise and connections the training activities can continue also after the completion of the operation[[13]](#footnote-13).

The selection process for accessing the Incubation Program will be based on the quality of the business propositions presented by applicant youngsters and it will be open to all those with a high potential business idea. Particular outreach efforts will be made to ensure engagement of applicants from the target departments of the operation. The Incubation Program will be physically hosted at ISTEAH in Port-Au-Prince but will be open to candidates from other urban areas. During the selection process, priority will be given to proposals that are of high potential and are submitted from NEET youth from the target areas.

The training program will be designed taking into account the Haitian contexts and will be provided in the facilities of ISTEAH in Port-Au-Prince which will include a fully equipped co-working space.

**The most recent initiative: Haiti Entreprendre Incubation Program 2018 and 2019**

The previous initiatives “Haiti Entreprendre” and “Haiti Creative” allowed to showcase Haitian talent and potential; this has resulted in an increased interest towards youth entrepreneurship in Haiti. At the beginning of 2018 the Development Agency of San Sebastian (“Fomento de San Sebastian”) and the Administration of Guipuzcoa (Basque Country, Spain) contacted the Bank with the offer to co-fund an incubation program, in Haiti, for youth entrepreneurs and to second French speaking experts from Spain to assist selected entrepreneurs. The local Haitian Foundation CASELI has been identified as local partner to physically host the co-working space and the incubation training activities.

The “Haiti Entreprendre Incubation Program 2018”, which will be followed by a 2019 edition, is expected to become a testing phase for the activities envisioned under HA-L1137 and will provide useful insights and further lessons learned which will allow to speed up the implementation of HA-L1137.

The outreach and marketing efforts to advertise the call for the Haiti Startup Talent Incubation Program 2018 resulted into 170 applications (more than in the previous initiatives) and various local partners, including from the private sector, have contacted the Bank team in charge of the initiative to discuss collaboration and complementarities to support youth entrepreneurship.

The data collected through the application process provides some interesting information:

* less than 5% of the youth applicants who have applied so far to the Incubation Program declared to have received training on entrepreneurship; however, all applicants indicated clear expectations to learn and develop various skill sets if admitted to the incubation program.
* approx. 58% of applicants were NEET;
* most of the applications were from urban areas (the advertising of the incubation program did not target, specifically, urban areas but most of the applications came from people living in the cities or near cities).
* 26.8% of the applications came from women;

The Haitian Foundation CASELI will use this type of information collected through the application form to further tailor the training for participant youth.

**ANNEX 1**

**Main results of “Haiti Entreprendre” (March 2017) and “Haiti Creative” (October 2017)**



Blog post before the event: <https://blogs.iadb.org/puntossobrelai/2017/03/02/el-futuro-empieza-ahora-haiti-y-la-apuesta-al-emprendimiento/>

Blog post post after the event: <https://blogs.iadb.org/puntossobrelai/2017/07/21/conoce-a-los-ganadores-del-primer-haiti-startup-talent/>

HAITI ENTREPRENDRE - FIGURES:

* 130 business ideas presented to the competition; 12 finalists invited to pitch.
* 800 people registers to the initiative (general public + applicants); the attendance had to be capped at 300 due to space limitation;
* The initiative received a lot of interest: the dedicated Facebook page ([www.facebook.com/haitientreprendre](http://www.facebook.com/haitientreprendre)) passed from 0 to 5,000 followers in a month.
* The initiative received very extensive media coverage.



HAITI CREATIVE - FIGURES:

* 250,000 Facebook visualizations;
* 15,000 clicks
* The Facebook page ([www.facebook.com/HaitiEntreprendre](http://www.facebook.com/HaitiEntreprendre)) reaches 9000 followers;
* 146 business ideas presented to the competition;
* 21 teams of applicant entrepreneurs were invited to a training sessions with experts; 9 of them were invited to pitch;
* 100 participants attended the Dialogue on Entrepreneurship in the Orange Economy;
* 9 articles in the local press in addition to multiple radio interviews.

**ANNEX 2**

**Overview of some of the most recent activities to support entrepreneurship**

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| **Center for Innovation and Entrepreneurship – University of Quisqueya**  Link: <http://uniq.edu.ht/cei/>  One of the most known training programs (which included a co-working space) was the one run by the Center for Entrepreneurship and Innovation (CEI) of Quisqueya University which received funding from the Clinton Bush Haiti Fund; the fund has depleted and since the cutting of funding the CEI has focused on small scale and training program and on the selling of consultancy services. Informants from the CEI indicated that due to the lack of funding they haven’t been able to follow up and track the progress or successes of the entrepreneurs who graduated from the program.  Between Dec. 2015 and August 2015, CEI trained 914 aspiring entrepreneurs, 492 existing entrepreneurs, 94 public sector officials and 138 business consultants; CEI has also facilitated the creation of 140 new businesses and have provided managerial, legal support and technical assistance to more than 2013 entrepreneurs and aspiring entrepreneurs via different types of activities such as workshop, on-site technical assistance, elaboration of business plan, business plan competition, forum, follow-up on project, consultation meeting, technical assistance through the phone[[14]](#footnote-14). |
| **Digicel Entrepreneur of the Year**  Link: <http://www.digicelhaitientrepreneur.com/?lang=en>  Digicel Entrepreneur of the Year is an initiative that started in 2010 and that gives visibility to entrepreneurs who are already operating in the market; the initiative focuses on providing exposure, recognizing achievements and promote further networking. To date over 600 entrepreneurs have been involved[[15]](#footnote-15).  An association of the entrepreneurs who received the prize of Entrepreneurs of the Year has recently been created as a platform for further networking. |
| **Yunus Social Business Haiti**  Link: <http://yunussbhaiti.com/fr/accueil/>  Yunus Social Haiti, which has recently completed its operations in Haiti, operated as a subsidiary of the Yunus Social Business Global Initiatives. YSB Global has offices in 7 countries including Haiti and was co-founded by Nobel Prize-winning laureate Muhammad Yunus and is headquartered in Germany. Yunus Social Business Haiti, which was co-funded also by USAID, had a portfolio of 11 social businesses in Haiti, which received almost USD 1.5 million in financing.  Portfolio of YSB Haiti-supported social businesses: <http://yunussbhaiti.com/en/social-business/current-haiti-social-business-portfolio/> |
| **LEAD – Pan-American Development Foundation**  Link: <https://www.padf.org/lead/>  The Pan-American Development Foundation (PADF) implemented the USAID-co-funded LEAD Program - Leveraging Effective Application of Direct Investments, which concluded in March 2017.  LEAD was conceived as a pilot project with the objective of stimulating growth and employment by supporting Haitian small and medium-sized enterprises (SMEs) and social enterprises (SEs) through small grants and technical assistance; the program also strongly focused on mobilizing matching funds from the diaspora.  Some of main findings of the final evaluation include:   * The project was able to mobilize investment, largely as matching fund from the diaspora (US$ 1.04 for every grant dollar); however, not all participating SMEs felt that they were accompanied in connecting with investors; * Few applications to the program were able to meet the selection criteria, indicating that more outreach may be needed to publicize selection criteria clearly and to provide technical assistance;   The final evaluation of the program can be accessed here: <https://pdf.usaid.gov/pdf_docs/PA00MFXK.pdf> |
| **Entrepreneur Du Monde**  Link: <https://www.entrepreneursdumonde.org/fr/pays/haiti/>  Entrepreneurs du Monde is a French public interest association which works with populations in developing countries. It works along three pillars: social microfinance, access to energy and support to the creation of micro-enterprises.  Entrepreneurs du Monde created Palmis Mikwofinans Sosyal, a social microfinance project in 2003. In 2010, after the highly damaging earthquake, it set up three others: an access to energy project: Palmis Enèji; a project to support Very Small Businesses: “Say Yes! To Business” and a project to train local craftsmen in earthquake and hurricane resistant construction.  Specifically to the “Say Yes! To Business” project an entrepreneurship and employability office in Port-au-Prince was created. In 2017, the entrepreneurship and employability office ran 2 pilot projects (with a total of 38 trainees). The most motivated students were then given individual support to draw up a business plan for their planned undertaking.  In 2018, 150 people (focusing especially on women and young people aged between 15 and 35) will take part in 3 courses of 8 theory sessions and one practical session (visiting businesses, meeting entrepreneurs). The theory sessions are based on the involvement and participation of the trainees. Each trainee must also formulate their own career plan (creating a business or starting a job search).  Source: <https://www.entrepreneursdumonde.org/en/interactive-map/#2362> |

1. Haiti’s private sector consists mainly of micro, small, informal and fragmented enterprises. There are around 900,000 Micro, Small and Medium‑Sized Enterprises (MSME), 60,000 of which are small and medium-sized (with between 10 and 49 employees), or larger-sized companies (with 50-250 staff) and is estimated that around 95% of companies in Haiti remain informal. Source: Inter-American Development Bank, Haiti Private Sector Assessment Report, 2014. [↑](#footnote-ref-1)
2. Suzata, Eriko. 2011. Education in Haiti: An Overview of Trends, Issues, and Plans. World Innovative Summit for Education. [↑](#footnote-ref-2)
3. ## Entrepreneuriat et jeunes en Haïti: entre opportunités et Challenges - <http://www.lenational.org/entrepreneuriat-jeunes-haiti-entre-opportunites-challenges/> - accessed on July 5th, 2018.

   [↑](#footnote-ref-3)
4. In June 2018 the tech incubator “Alpha”, supported by the Ministry of Economy and Finance, was launched. The incubator will focus on technology and software. Source: <http://www.lenational.org/alpha-haiti-le-premier-incubateur-technologique-en-haiti-est-lance/> [↑](#footnote-ref-4)
5. For a summary of the interventions in Chile, Colombia, Mexico and Peru, see *OECD, Startup America Latina 2016 – Sintesis y Recomendaciones de Politica*: <https://www.oecd.org/dev/americas/Startups2016_Si-ntesis-y-recomendaciones.pdf> [↑](#footnote-ref-5)
6. Haiti Entreprendre Facebook page : [www.facebook.com/haitientreprendre](http://www.facebook.com/haitientreprendre) [↑](#footnote-ref-6)
7. This feedback from the participants of “*Haiti Entreprendre*” and “*Haiti Creative*” is in line with evidence that co-working spaces are enabling environment fostering creativity and reducing costs. For an in-depth analysis see:

   Mulsa, Victor; Anastaria Nedayvoda, and Ghia Zaatari. *Creative Community Spaces. Spaces that are Transforming Cities into Innovation Hubs*, 2017

   Link: <http://documents.worldbank.org/curated/en/609151499428251887/pdf/117300-WP-P158681-PUBLIC-Creative-Community-Spaces.pdf> or

   Jongseok S., Lidziya L., Young-Seok O., Dongphil C., *Priorities of Coworking Space Operation Based on Comparison of the Hosts and Users’ Perspetives*, MDPI, 2017

   Link: <http://www.mdpi.com/2071-1050/9/8/1494/pdf> [↑](#footnote-ref-7)
8. For instance, one of the local Haitian startups, winner of “*Haiti Creative*” was selected as special participant to Demand Solutions Miami and was invited to Florida to represent Haiti: <http://www.lenouvelliste.com/m/public/index.php/article/175358/18-startups-damerique-latine-des-caraibes-et-du-sud-de-la-floride-a-demand-solutions-miami-2017>.

   Anacaona recycles soap and turns it into a high-end product using locally sourced Haitian spices; Anacona exports to Europe and has expanded its sales to the USA through Amazon. [↑](#footnote-ref-8)
9. The University of Ottawa is a bilingual Canadian University which has an Entrepreneurship Hub for students willing to develop prototypes and start a business (<https://entrepreneurship.uottawa.ca/>).

   The University of Ottawa counts with a Haitian community of students and professors and has established relations with Haiti, either through training activities or other form of exchanges.

   The University of Ottawa has been identified as implementor of exceptional capacity because of (i) its expertise in delivering a training program of this kind and managing a co-working space, (ii) its existing relations and exchanges with Haiti and Haitian trainers and its extensive knowledge of Haiti and its socioeconomic characteristics, (iii) its willingness to support this activity within the operation through the mobilization of its network of professors and students also of Haitian descents, potential investors and other partners and actors that have an interest in building human capital in Haiti.

   Professors and experts of the University of Ottawa participated in “Haiti Entreprendre” and “Haiti Creative” and contributed to the selection and training of entrepreneurs. [↑](#footnote-ref-9)
10. The objective of the Innovation Cluster is to stimulate innovation and entrepreneurship by encouraging intensive interactions, sharing of equipment, exchange of knowledge and know-how among a variety of stakeholders in Northern Haiti. For more information: <http://www.pigran.org> [↑](#footnote-ref-10)
11. A detailed interview of Prof. Samuel Pierre, founder of ISTEAH, visit: <https://lenouvelliste.com/article/186757/le-professeur-samuel-pierre-veut-contribuer-par-une-action-reflechie-a-la-resolution-des-problemes-du-pays> [↑](#footnote-ref-11)
12. The ISTEAH counts with facilities in Port-Au-Prince, Hinche, Cap-Haitien and Les Cayes and collaborates on a regular basis with other academic entities in Haiti, such as the State University. [↑](#footnote-ref-12)
13. FAES will sign a contract with the University of Ottaway; a Memorandum of Understanding will then be signed between the University of Ottawa and the ISTEAH. [↑](#footnote-ref-13)
14. These figures were presented in an internal report elaborated by the CEI dated August 31, 2015 which was confidentially shared with the Bank team. [↑](#footnote-ref-14)
15. About Digicel Entrepreneur of the Year: <http://www.digicelhaitientrepreneur.com/?lang=en> [↑](#footnote-ref-15)