



## Economic Growth

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### Overview

USAID/Haiti's rationale for the Economic Growth objective is to alleviate poverty while creating the conditions for sustained economic growth and job creation. This objective meets closely the needs of the Haitian government which places high priority on wealth creation, micro credit programs, employment creation, and on natural resource management to revitalize the country's economy. Therefore, USAID/Haiti activities are designed to facilitate trade, rebuild private sector links with markets, increase farmers' income, increase Government of Haiti (GOH) revenues, reduce corruption, strengthen financial and business services for small businesses and micro-entrepreneurs, create short and long term jobs, and improve youth workforce skills which will lay the groundwork for future growth. In FY 2009, USAID/Haiti anticipates spending a total amount of \$45.45 million on activities in the Economic Growth objective.

### Activities

In FY 2009 USAID, through a network of implementing partners, will support the GOH through the following activities:

**Private Sector Productivity:** Build the private sector's ability to participate in domestic and international markets and to act collectively instead of individually; strengthen private sector associations; improve public/private dialogue and provide assistance to the Ministries in the areas directly related to private sector development, such as commerce, finance, tourism and public works. USAID will also help improve the quality of the out-of-school youth workforce through basic literacy and entrepreneurship trainings, internships in selected businesses and a job assistance program. Through its higher education program, USAID resources will fund technical assistance on workforce training and support organizational development of the community based organizations.

**Trade, Investment and Business Enabling Environment:** Provide support to address the regulatory framework for business, and update business and investment legislation; strengthen Haitian public institutions and private sector trade associations in order to lower formal and informal barriers to trade, increase the competitiveness of exports, and ultimately enable Haiti to take advantage of trade opportunities under international trade agreements such as the Haitian Hemispheric Opportunity through Partnership Encouragement Act II. Improve the business enabling environment in order to promote investor confidence, create jobs, and reduce opportunities for corruption in business-related measures. As a part of this effort, USAID is supporting the Investment Facilitation Center to encourage a transparent, efficient investment process.

**Financial Services and Markets:** Build the capacity of the commercial banks to develop new products and services; increase access to financial services for productive Micro, Small and Medium Enterprises (MSMEs) by providing credit guarantees; increase the capacity of financial institutions to offer diversified financial services to low income families, and MSMEs by:

- Strengthening linkages between the formal and informal sectors of the economy;
- Facilitating broader investment in productive sectors;
- Harnessing broad-based savings and providing a secure financial environment for them, so households can better cope with economic shocks;



**Signing ceremony for DCA agreement with two Haitian commercial banks**

- Strengthening microenterprise productivity by increasing total flow of finances to MSMEs, promoting business opportunities in competitive value chains, and increasing access to finance and market information.

**Fiscal Policy:** Assist the Direction Générale Des Impôts (DGI) in the development of Strategic and Tactical Plans for modernization and review of the main tax laws, implementation of sound tax audits, collections, and taxpayer services and education, as well as the development of a plan for data processing.

**Agricultural Sector Productivity and Enabling Environment:** Assist GOH personnel in making land-use policy a tool that encourages land investments that have positive long-term effect on production and degradation rates; development of market value chains such as:

- Traditional crops: coffee, mangos, cacao;
- Non-traditional crops: yams, pepper and processed goods;
- Non-agricultural sectors such as handicrafts and tourism.

Assist farmers in the creation of business development services, including credit and market linkages, and improvement of productive and market infrastructure, which will result in an increase of farmers' revenues.

**Natural Resources and Biodiversity:** Reduce the on-going degradation of Haiti's natural resource base and maximize agricultural production through the following activities: watershed management, soil conservation, alternative energy source development, production and marketing of high value tree crops, and intensified production in irrigated flat lands.

## **FY 2008 Results**

- In FY 2008, considerable progress was made on tax law reform, development of training manuals, and delivery of training courses to more than 80 DGI staff members, including 30 officials in human resources management, tax audit, and tax collection. In addition, the DGI submitted the revised Law on Fiscal Procedures to the Ministry of Economy and Finance.
- U.S. technical assistance has helped strengthen GOH commitment to an improved trade and investment environment by helping the GOH and the private sector reach consensus on a number of important reforms such as: 1) the program for modernization of the legal framework for trade and business; 2) the selection of policy items for advocacy support; 3) the organizations of events bringing together the public and the private sectors on issues related to trade.
- USAID-funded microfinance institutions assisted more than 326,000 micro-enterprises. In addition, financial services activities also promoted lending to productive sectors and expanded lending to rural and semi-rural micro-enterprises for a total value of almost \$2 million of private financing with 1,645 loans issued.
- 3,661 farmers received training, 115 hectares of land were brought under improved resources management practices, and 44 women's organizations received assistance.
- Two new loan guarantees injected an additional \$6 million into the productive sectors raising the overall amount to \$12.5 million.