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## **PROGRESS REPORT:**

# **DEALING WITH CONSTRUCTION PERMITS – OCTOBER 2009.**

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DEVELOPMENT (I-TRADE) PROJECT**

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## INTRODUCTION

The World Bank Report “Doing Business 2008 - Haiti” estimates the time required for dealing with permits necessary to build a commercial warehouse and connect to utilities to be 1,179 days. This estimate is based on 2007 data. In 2008 Haiti was ranked 126<sup>th</sup> of 178 countries in terms of dealing with licenses. Note: since 2009 this indicator was renamed dealing with construction permits.

Under the auspices of the Prime Minister’s Office, and in collaboration with the Ministry of Construction and Public Works (TPTC) and the public Telecommunications Company TELECO, I-TRADE will conduct in November 2009 a mapping analysis of procedures necessary to obtain a construction permit.

The purpose of this special report is to provide updated information to the public and the World Bank on I-TRADE’s upcoming support activities to TPTC and TELECO in order to streamline permits processing times and for upcoming reforms to be considered by the World Bank when it establishes its 2011 estimate.

## HAITI’S CONSTRUCTION PERMITS REFORMS AND INITIATIVES

In 2008 Doing Business measures the procedures, time and cost necessary to build a commercial warehouse and connect to utilities. With 11 procedures, taking 1179 days and costing 791.3% of income per capita, Haiti performs worse than many countries in the region on the Dealing with Construction Permits indicator. While Doing Business focuses on the permits, it also measures time and cost of utility connections in its case study. These seem to be the main bottleneck in Haiti: in Port-au-Prince, utility (water, electricity, and telecom) connections account for 92% of the total delays and 18% of the total cost.

**Table 1: “Requirements for Dealing with construction permits” indicators**

Step	Procedure	# days	Cost HTG
1	Submit plans (by architect or engineer) to the municipality	60	130,060
2	Obtain approval by Ministry of Public Works (TPTC)	35	no charge
3	Receive a municipal inspection at the beginning of construction	1	no charge
4	Receive a random municipal inspection during construction	1	no charge
5	Receive a municipal inspection at the end of construction	1	no charge
6	Request a telephone connection from TELECO	1	no charge
7	Obtain a phone connection from TELECO	1080	5000
8	* Request electricity connection from EDH	1	no charge
9	* Obtain electricity connection from EDH	29	18000
10	* Request water connection from SNEP	1	250
11	* Obtain water connection from SNEP	14	5320
	<b>Total</b>	<b>1179</b>	

\* Takes place simultaneously with another procedure

In November 2009 I-TRADE will begin to streamline reforms with TPTC and TELECO, so utility connections (such as the telephone, accounting for 1,080 days) can be obtained faster.

## **UPCOMING REFORMS**

- a) I-TRADE plans to work closely with TELECO studying the constraints faced by the telephone company. The time to obtain a telephone connection from TELECO represents 90% of the total time required for setting up a warehouse in Port-au-Prince. In order to improve this indicator, I-TRADE will undertake in December 2009 a detailed mapping of TELECO's service provision processes.
- b) I-TRADE will also undertake in December 2009 a detailed mapping of the construction permit procedures to identify bottlenecks. The construction permit process is unclear and cumbersome resulting in most people not requesting building permits before construction. Currently, the municipalities provide verification of construction application (60 days), and forward it to the Ministry of Public Works (TPTC) for approval (35 days) which cannot be done without verification. There is ambiguity whether the municipalities are solely in charge of checking the building applications. In this case, it might be necessary for municipalities to hire engineers or train current personnel. The detailed mapping will allow identifying bottlenecks and designing solutions for the construction permit approval process.
- c) I-TRADE will also undertake discussions with Municipalities in December 2009 to create and publish an official fee schedule for reviewing building plans at the municipality level. Currently, there is no official fee schedule and different municipalities charge different fees for the same service-reviewing building plans. For example, 100 gourdes per square meter is normally charged in Croix des Bouquets, while it is 50 gourdes per square meter in Port-au-Prince (Doing Business reports the amount for Croix des Bouquets). Having an official fee schedule published in each municipality would increase transparency, while lowering the overall cost for construction companies (leaving less room for unofficial payments) and preventing unfair treatment of building permit applicants. For example, in Pétion-Ville the fees seem to be standard and publicly known.