

Integrated Economic Zones in Haiti

Executive Summary

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International Finance Corporation



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Acronymes

CFI	Centre de Facilitation des Investissements
CII	Commission Interministérielle des Investissements
CNZF	Conseil National des Zones Franches
DGI	Direction Générale des Impôts
DZF	Direction des Zones Franches
EIA	Environmental Impact Assessment
EPZ	Export Processing Zone
FZ	Free Zone
GoH	Government of Haiti
GNP	Gross National Product
HOPE	Haitian Hemispheric Opportunity through Partnership Encouragement
IC	Investment Code
ICAD	Industrial and Commercial Area Development Division
IEZ	Integrated Economic Zone
IFC	International Finance Corporation
ILO	International Labor Organization
IP	Industrial Park
LCZ	Low-Carbon and Green Zones
MCI	Ministry of Commerce and Industry
MEF	Ministry of Economics and Finance
MOU	Memorandum of Understanding
OPM	Office of the Prime Minister
PIM	Parc Industriel Métropolitain
PPP	Public-Private Partnership
ROO	Rule-of-origin
RMG	Ready-Made Garment
CMT	Cut-Make-Trim
SEZ	Special Economic Zone
SONAPI	Société Nationale des Parc Industriels
USD	United States Dollars
VAT	Value Added Tax

The Government of Haiti, in partnership with the Private Sector, can create 380,000 jobs and 100,000 home sites over the next 20 years through the development, promotion and management of some 2,000 ha of Integrated Economic Zones (IEZs). In such a program, both partners could expect to make satisfactory economic and financial returns. The IEZs would first leverage the significant investor interest from the Ready Made Garment industry spurred by the duty free access into the United States provided by the Help and Hope Acts. Initially they would be located close to the Port au Prince metropolitan area and in the North of Haiti but later would be developed in the South as infrastructure improves. To ensure the success of such a zone program the Government would need to reform the zone investment climate to meet global investor expectations of a simple, predictable and streamlined legal and regulatory environment coupled with available serviced land and/or standard factory buildings on which to establish.

This executive summary brings together the key findings of five reports completed by IFC on the topic of IEZs in Haiti between June 2010 and October 2011. The reports are available upon request.

1. What are Integrated Economic Zones and why are they developed?

The generic economic zone concept has evolved over time, resulting in large variety of zones (Figure 1), with differing objectives, markets, and activities, including:

Figure 1: Types of Economic Zones

Type of Zone	Development Objective	Physical configuration	Typical Location	Eligible Activities	Markets	Examples
Free Trade Zone (Commercial Free Zone)	Support trade	Size < 50 hectares	Ports of entry	Entrepot and trade-related activities	Domestic, re-export	Colon Free Zone, Panama
Traditional EPZ	Export manufacturing	Size < 100 hectares; total area is designated as an EPZ	None	Manufacturing, other processing	Mostly export	Karachi EPZ, Pakistan
Hybrid EPZ	Export manufacturing	Size < 100 hectares; only part of the area is designated as an EPZ	None	Manufacturing, other processing	Export and domestic market	Lat Krabang Industrial Estate, Thailand
Single Factory EPZ	Export manufacturing	Designation for individual enterprises	Country-wide	Manufacturing, other processing	Export market	Mauritius Mexico Madagascar
IEZ/SEZ/Freeport/Free Economic Zone	Integrated development	Size >100 km ²	None	Multi-use	Domestic, internal and export markets	Aqaba, Jordan and Panama Special Economic Zones

- **Free Trade Zones** are small, fenced-in, duty-free areas, offering warehousing, storage and distribution facilities for trade, transshipment and re-export operations, located in most ports of entry around the world. A leading example is the Colon Free Zone in Panama.

- **Export Processing Zones (EPZ)**, industrial estates offering special incentives and facilities for manufacturing and related activities aimed mostly at export markets, typically take two forms. The traditional EPZ model is where the entire area within the zone is exclusively for export-oriented enterprises licensed under an EPZ regime. This is the case of Haiti’s free zone law, with CODEVI being its only materialization.
- **Hybrid EPZs** in contrast are typically sub-divided into a general zone open to all industries regardless of export orientation and a separate EPZ area reserved for export-oriented, EPZ-registered enterprises.
- **Single Factory EPZ** scheme is where incentives are provided to individual enterprises regardless of location; factories do not have to locate within a designated zone to receive incentives and privileges.¹ Leading examples of countries relying exclusively on a single factory scheme include Mauritius, Madagascar, Mexico and Fiji; countries like Costa Rica, USA and Sri Lanka allow both industrial estate-style zones and single factory designations.
- **Integrated or Special Economic Zones (IEZs)** are generally a much broader concept—typically encompassing much larger areas; accommodating all types of activities including industrial, commercial, tourism, retail sales; permitting people to reside on site; and providing a much broader set of incentives and benefits. The large-scale IEZs in China are a traditional example but the concept is also an initial success in places as close as Panama.
- **Low-Carbon and Green Zones (LCZs)** reflect one of the recent trends that will be critical in attracting sustainable investment and addressing climate change mitigation in parallel. LCZs include components of pollution control and environment management, reuse and recycling of resources in terms of industrial symbiosis are important ingredients of low-carbon IEZ. The LCZs would be designed, developed and operated in a low-carbon, and sustainable mode aiming to reduce carbon footprint.²

1.1 Rationale for Economic Zones Development

For developing countries, economic zones have traditionally had both a policy and infrastructure rationale. The typical economic zone policy package of import and export duty exemptions; streamlined customs and administrative controls and procedures; liberal foreign exchange policies; and income tax incentives – are meant to boost an investment’s competitiveness and reduce business entry and operating costs. There are four traditional broad policy reasons for the development of economic zones in developing countries:

- *In support of a wider economic reform strategy:* In this view, EPZs are a simple tool permitting a country to develop and diversify exports. Zones are a way of reducing anti-export bias while keeping protective barriers intact. The EPZs of Taiwan and South Korea follow this pattern.

¹ Single factory EPZ programs are similar to Bonded Manufacturing Warehouse schemes, although typically offering a broader set of benefits and more flexible controls.

² Thomas Farole and Gokhan Akinci, *Special Economic Zones: Progress, Emerging Challenges, and Future Directions*, World Bank Group, 2011

- *Serve as “pressure valves” to alleviate growing unemployment:* The EPZ programs of Tunisia and Dominican Republic are frequently cited as examples of robust, job-creating programs that have remained enclaves with little linkages with their host economies.
- *Experimental laboratories for the application of new policies and approaches:* China’s IEZs are classic examples of this category. Financial, legal, labor and even pricing policies were introduced and tested first within the IEZs before being extended to the rest of the economy.
- *Attract foreign direct investment:* Most new EPZ programs, particularly in the Middle East, are designed to attract foreign investment.

In the new concept of IEZ —the one proposed for Haiti— there is a focus on improving competitiveness and the integration of the zones with the domestic economy, while creating thousands of jobs for Haitians. This type of IEZs include fully serviced sites with facilities for sale or lease (e.g standard factory buildings) aimed at enhancing the competitiveness of manufacturers and service providers, and realizing agglomeration benefits from concentrating industries in one geographical area. These include efficiencies in government supervision of enterprises; provision of off-site infrastructure; improved environmental controls; increased supply and sub-contracting relationships among industries; among others. This ‘infrastructure rationale’ is one of the most important driving forces behind zone development in countries lacking of infrastructure.

A major development has been the re-thinking of the role of zones in economic development. Development objectives behind the first economic zones were viewed in relation to a trade restricted or closed economy. Zones were intended to promote exports, create jobs and transfer technology through backward linkages. The rapid pace of globalization and trade liberalization is stimulating a much broader view of zones, their development objectives and performance expectations. Increasingly, zones are viewed as a key mechanism to promote two-way trade and facilitate liberalization and modernization of the host economy. This is evident in many aspects—economic zone policy package, physical development approach, governance structures, etc. But the most vivid example is the expansion in the types of zones. Countries in the region are facilitating the development of zones to meet specific objectives and target markets. As depicted in Figure 2, traditional EPZs are increasingly being augmented and sometimes supplanted by new, more flexible arrangements.

Figure 2: Free Zone Concepts in Latin America and the Caribbean

Free Trade Zone (Commercial Free Zone)	Traditional EPZ	Hybrid EPZ	Single Factory EPZ	IEZ/SEZ/Freeport/Free Economic Zone
Argentina Bahamas Belize Brazil Colombia Curacao Panama	Argentina Bahamas Belize Dominican Republic Guatemala Jamaica Nicaragua Peru Trinidad & Tobago Uruguay Venezuela	Bolivia Brazil Colombia Costa Rica Cuba Ecuador El Salvador Haiti Honduras	Jamaica Mexico Costa Rica	Bahamas Chile Colombia Panama

Successful global examples of IEZ also include the Subic Bay Freeport in The Philippines, and Aqaba Special Economic Zone (SEZ) in Jordan.

2. Why Haiti Should Support Integrated Economic Zones

There is strong investor interest in Haiti that could create 380,000 jobs by 2030. With abundant affordable labor and close proximity to the US for shipping and travel, Haiti possesses good potential to capture new investment in the apparel, agri-business, construction/building materials, logistics and tourism sectors in the near term, while transitioning over time to other higher-value industries and services with complementary factor input and labor skills requirements. To realize job creation through new investment, over 2,000 hectares (ha) of serviced land will be needed for these sectors and residential investors over the next 20 years (600 ha over the next 5 years).

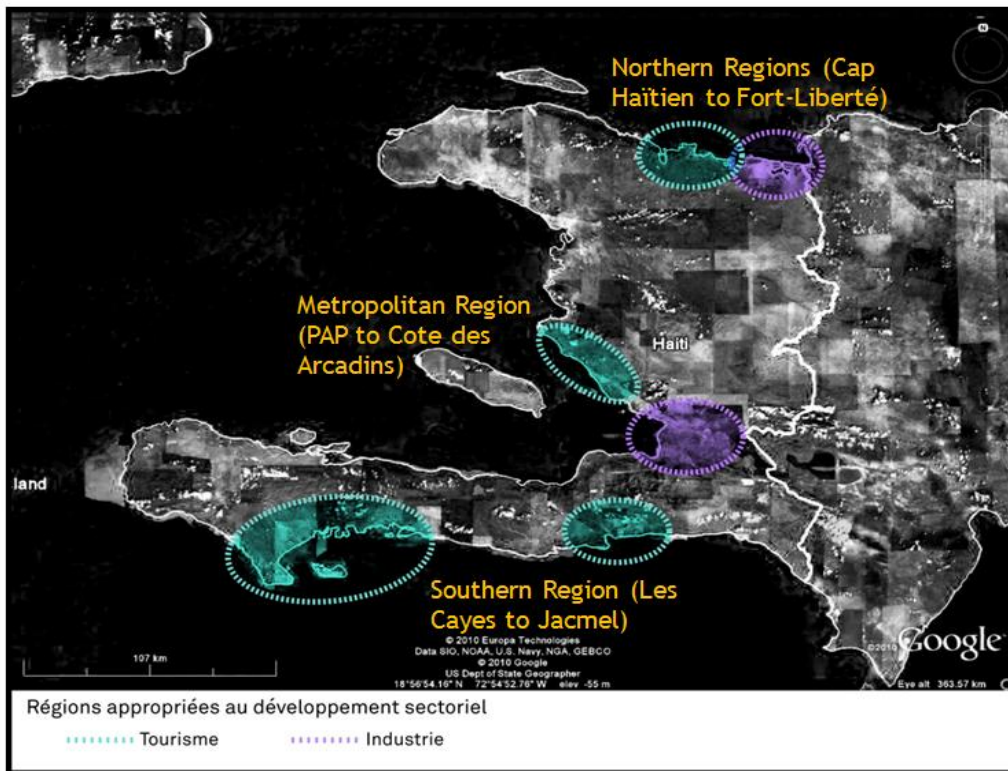
With highly favorable trade access for apparel products under the US Haiti Economic Lift Program (HELP) Act³, both existing and potential new apparel manufacturers in Haiti are well-positioned to capture a greater share of the US market demand, delivering up to an additional 35 million dozen knit products (cotton t-shirts, bottoms, and tops) and 80 million woven products (basic chinos, jeans, and uniforms) each year to US buyers at competitive prices. Given Haiti's unique advantage of almost tripled quota allowances and liberalized rule-of-origin (ROO) requirements for apparel exports to the US under the HELP Act, apparel producers would spearhead investment in Haiti over the next five years, laying the foundation for other investments. Similarly, agri-business and construction materials are two other sectors that will drive investment in IEZs due to Haiti's natural resources in agriculture and the reconstruction needs. As labor skills and the business climate improve, there will be additional investments and a transition into other higher-value industries such as electronics/electronics assembly.

3. Where could IEZs locate in Haiti

Investors would demand over 2,000 ha of serviced land in the next 20 years, and 600 ha in the next 5 years. Most of the demand for industrial land in Haiti is expected to materialize in Greater Port-au-Prince and the North/Northeast of the country. Tourism demand is widely distributed throughout the country (see Figure 3).

³ The US HELP Act extends to 2020 duty-free access to the US for eligible knit/woven goods produced in Haiti and Dominican Republic, without regard to the source of fabric inputs.

Figure 3: Anticipated Target Regions for Industrial and Tourism Development



3.1 High-Performing Sites

Through a screening process of 65 sites, seven high performing sites have been identified. They are: Ganthier, Laffiteau, Corail (NABATEC), West Indies Free Zone, Fort-Liberté, Cap Haïtien, and Park Hispaniola.⁴ For each of the seven sites, strengths and weaknesses were analyzed, and the distinct set of project development requirements necessary to develop the site successfully into an IEZ were identified. The sites present advantages such as their good connection to the road networks and access the labor pools, among other, but some still face challenges such as the issues with land tenure and land use, financing, informal settling, and access to power sources.

⁴ The seven sites were presented to GoH and other stakeholders according to their development potential during the workshop in Port-au-Prince on September 18, 2010. Feedback on the analysis was solicited and received, both verbally and in writing, from workshop participants representing the highest levels of government, private sector organizations, civil society associations, and the donor community. The comments of the participants largely supported the main findings of the site assessment.

Figure 4. High performance sites in Metropolitan area



Figure 5. High performance sites in North/North East



3.2 Sites Strategy for IEZ Development

A flexible and multi-use IEZ regime would allow the Government of Haiti (GoH) and the private sector to set up a range of different types of zones, including tourism development districts, free zones, and industrial zones. Zones will be developed first where short-term job creation impacts and investment efficiencies are highest. This points first to the Port-au-Prince Metropolitan Area, where existing trunk infrastructure can be exploited. At the same time, to develop the North of Haiti, top GoH's priority for decentralization, trunk infrastructure should be expanded (*i.e.*, energy, water, wastewater, telecommunications) and one or two IEZs should be developed over in the short- to medium-term. In addition to the Caracol industrial park in the North of Haiti (previously called NIP), a future IEZ could be located on Fort-Liberté bay for tourism, residential and other activities. As the road network to the South coast improves, additional IEZs could be developed in that region. At the same time, tourism development districts – a related but different development tool – can be designed and implemented in key tourism destinations, including those with significant cultural heritage assets, such as Jacmel and Cape Haïtien. In this way, a phased approach to zones development can ensure appropriate regional distribution of economic benefits to a broad cross-section of the Haitian population.

Figure 6. Development Strategy for IEZs in Haiti

Geographical Scope	Short-Term	Medium-Term	Long-Term
National Strategy	<ul style="list-style-type: none"> ➤ Identify “development ready” sites for quick success ➤ Begin longer-term site selection 	<ul style="list-style-type: none"> ➤ Ensure that regional plans include infrastructure for IEZs ➤ Develop large new sites on a decentralized basis 	<ul style="list-style-type: none"> ➤ Encourage the growth of IEZs near new ports ➤ Use IEZs to enable Haiti to enter new, higher-value sectors
Port-au-Prince Strategy	<ul style="list-style-type: none"> ➤ Expand PIM ➤ Develop West Indies Free Zone and/or Park Hispaniola 	Develop additional IEZs north or east of PAP (<i>e.g.</i> , Ganthier, Laffiteau, Corail)	Develop new IEZs around new port
North Region Strategy	<ul style="list-style-type: none"> ➤ Develop Caracol Industrial Park (formerly NIP) ➤ Prepare Regional Development Plan 	<ul style="list-style-type: none"> ➤ Establish Tourism Development District at Cape Haïtien ➤ Develop Fort-Liberté IEZ ➤ Plan transshipment port and logistics facility 	<ul style="list-style-type: none"> ➤ Expand tourism and other value-added services
South Region Strategy	Prepare Regional Development Plan with tourism clusters and associated developments	<ul style="list-style-type: none"> ➤ Establish Tourism Development Districts ➤ Build trunk infrastructure ➤ Develop resorts 	Diversify IEZs into agro-processing and other industry as port facilities develop

4. How IEZs will succeed in Haiti?

Given a series of conditions to be established mostly by the GoH, Haiti can successfully implement IEZs to create the estimated 380,000 jobs in 20 years.

4.1 What does success look like?

To start this important effort for the country, a pilot IEZ of about 150 ha would be developed and managed as a Public-Private Partnership (PPP) at a cost of about USD 270 million⁵ and located in the outskirts of Port-au-Prince (fulfilling the criteria indicated in the Sites Assessment).

The GoH would develop the pilot site to fully serviced plots and then lease the site to a Private Sector Manager/Promoter/Developer who would construct Factory Buildings as required by tenants and lease both buildings and serviced plots at market rates and promote, manage and administer the site. Government lease rate to the Private Sector Manager would be established by tender for the PPP concession. Government would not lease residential land to the Master Developer rather all residential land sales would be handled by the Government directly. Provided the Government lease rates are appropriate, both parties could expect to make satisfactory profits: the Government largely because of its ability to borrow at below market rates and the Site Manager because of the opportunity offered by the PPP to lease the site from the GoH at below market rates.

The Government as Master Developer could expect a Return on Equity above 15% – entirely satisfactory for a public investment – against an equity investment of USD 30 million with a Payback Period of 6 years fuelled by income from lease payments of up to USD 2.00 per sq. meter per year from the Private Sector Partner for the serviced industrial and commercial sites. Further the Private Sector, for an equity investment of USD 60 million to construct Factory Buildings would expect a Return on Equity of above 15 per cent and a Payback Period of 6 years after completion of Phase II. The other USD 180 million would be lent by local and international financial entities. As the Private Sector Partner would be in full possession of the site and not dependent on any Government payments for viability, this could be attractive to global developers and would be politically very attractive as it promises positive returns to both parties to the PPP concession – the Government and the Private Sector Partner.

The pilot zone, with an estimated Economic Return of above 30 per cent and an Economic Benefit/Cost Ratio of about 1.4, could be economically viable and could make a significant contribution – USD 217 million at Net Present Value – to the GNP of Haiti over its life cycle. Further it would be directly responsible for the annual employment of some 24,000 workers within the industrial and commercial zones. This amounts to approximately 480 workers per ha developed.

⁵ This does not include offsite infrastructure, such as roads, power, housing, etc. but does include electricity generation and housing site development.

4.2 What might a successful IEZ in Haiti look like?

More specifically, a successful pilot IEZ would be planned as a mixed industry and residential zone of 150 hectares and be located north or east of Port-au-Prince and be well-connected to Port-au-Prince and the Dominican Republic and their ports. Travel time to the port would be less than two hours. As there is limited power infrastructure in the immediate vicinity, additional power generation facilities would have to be developed for the region as a whole or for this site specifically. Further the site would need to establish its own water infrastructure from its access to adequate supplies of fresh water for industry and residential purposes. Local labor would be relatively scarce and there would be no industry in the area. However, some initial residences for workers would be developed and, as the metropolitan area would likely continue to expand in the coming years, the labor pool will get closer and closer as time goes by.

4.3 What factors are key to determine an IEZ's success?

Stability of prices

Government and relevant institutions must use the relevant instruments to control inflation. With the current rate at approximately 10 per cent -a rate which is significantly above potential markets- costs are likely to rise faster than any export based revenues.

Diversifying the Industry Mix attracted to IEZs in Haiti

Haiti needs to continue attracting Ready-Made Garment (RMG) industry tenants that create the most jobs. The industry's Cut-Make-Trim (CMT) assembly model prevalent among potential RMG tenants for an IEZ in Haiti is, however, becoming increasingly uncompetitive worldwide and relies largely on duty free access to the US Market under the HELP and HOPE schemes, low-cost labor and low lease rates to survive. This has significant implications for the present and future sustainability of any IEZ in Haiti. While welcoming the RMG/CMT tenants and creating PPP models that would match their expected lease rate levels, the country needs to rapidly evolve with other key sectors and new niches of higher value added to diversify such risk to IEZ and the country as a whole.

Other industries such as light manufacturing, agro-industry for export and high-end logistics, are less sensitive to higher labor costs and rents.

Labor Conditions, Productivity and Lease Rates within the RMG Industry in Haiti

Labor productivity in the RMG Industry in Haiti is estimated at 35 per cent in a global environment where 70 per cent is the goal and at least 50 per cent is the norm. This clearly raises labor costs per unit but also raises overhead costs per unit including rent and depreciation. Since labor costs cannot be directly reduced, Haitian manufacturers have no alternative, if they wish to remain profitable, than reducing these overheads. The country needs to engage in initiatives that would increase firm productivity and overall competitiveness of the country as a whole (power, roads, ports, logistics) before labor and building rates can go higher. Regarding labor conditions, the government must make sure these are in line with IFC-ILO Better Work provisions.

Site Development Costs

Since the earthquake Haiti has seen a huge increase in demand for construction equipment and materials; a demand that has not been met. This surplus demand has driven construction costs up to the point that, in Haiti at the present time, site development costs and Factory Building construction costs are at least 50 per cent higher than global norms.

These represent a significant burden for any zone developer. As noted earlier, potential tenants for IEZ in Haiti have a low ability and willingness to pay and are presented with a multitude of alternative zone sites both in the region and globally. Thus, in large part, zone developers will find it difficult to pass these high development and construction costs on to their tenants through rental charges. Macroeconomic stability and increased competition should bring those costs down.

Cost of Capital or Interest Charges

Unfortunately, any large infrastructure project in Haiti such as an IEZ could be perceived as an inherently risky project because of the past political environment in Haiti and because of the nature of the client base. It is normal for RMG suppliers to either buy the land outright or take a 30 year lease and build their own factory. However in Haiti they are currently only willing to enter into a 3 year lease on a Standard Factory Building because of the perceived risk in operating in Haiti. Such a perceived risk could be expected to raise the market interest rate for any commercial borrowings needed to fund this project and threaten the financial viability of the project. Again, macroeconomic, social and political stability should contribute to reducing financial costs in the long term.

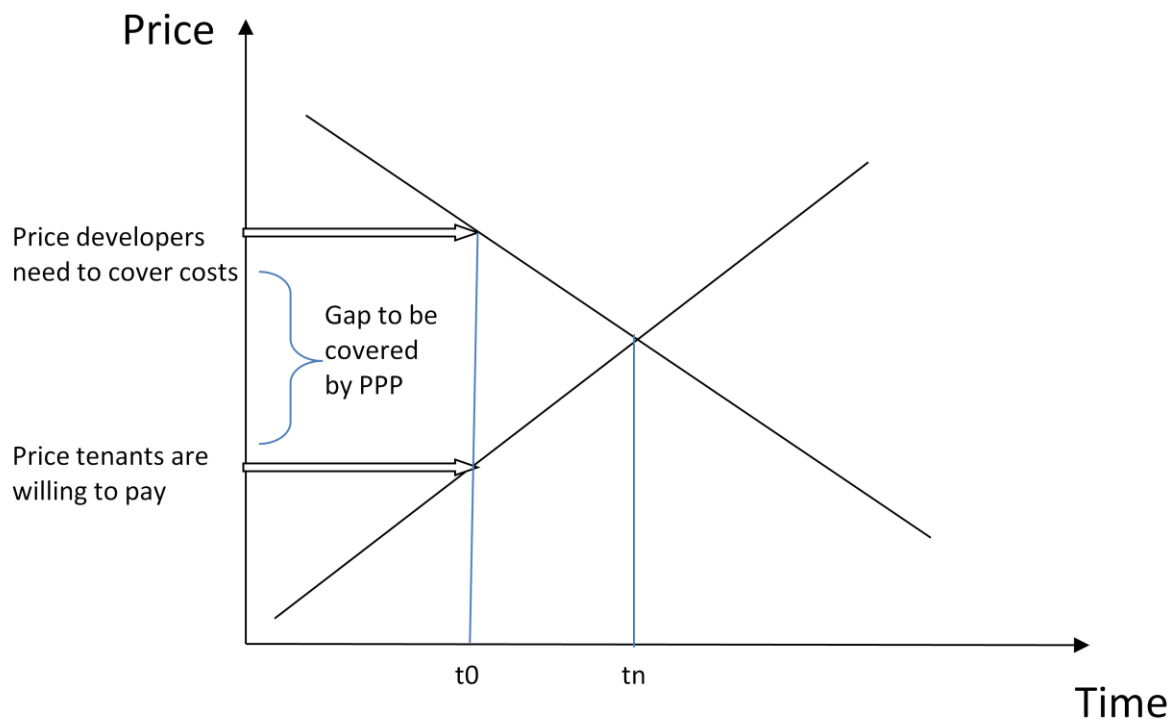
Global liquidity

Given the current economic global downturn and the instability in international markets, investors need to be reassured by the host countries. The Government of Haiti could give clear signals to the international community about their commitment to attract Foreign Direct Investment and improve investment climate to support long term, sustainability-led and job-creating investment projects.

A successful PPP mechanism to solve market gaps

For the reasons indicated above, markets are not properly functioning in Haiti. There is a disconnection or disequilibrium between the lease rate (price) required to cover the costs of the IEZ development and the price tenants are willing to pay.

Figure 7. Price gap between developers and tenants



An effective PPP mechanism has to be established to cover that gap. With time, increased confidence in the country, increased competitiveness and evolution towards higher value industries and activities would bring tenants more willing to pay market lease rates. In parallel, more competition in the construction industry should bring construction costs down. At the time these two match, the PPP mechanism can be progressively faced out and free markets would take its place.

5. What needs to be done to allow IEZs to succeed in Haiti?

The Government of Haiti can make significant steps to allow for the success of IEZ by targeting and removing the following obstacles:

1. a burdensome business formation and licensing process;
2. the absence of a formal land-titling/cadastral system and real property registration;
3. a complex customs administration;
4. prohibitive costs and limited availability of serviced land, facilities, and utilities;

5. the lack of a modern construction code;
6. no contemporary international arbitration/mediation mechanisms;
7. the lack of adequate investor safeguards to protect private property rights including the risks related to eminent domain; and
8. disjointed, fragmented, and overlapping legal, regulatory, and institutional structures regulating free zones, industrial parks, and general investment in Haiti that need updating to match modern IEZ frameworks.

The establishment of a national integrated economic zone (IEZ) regime is a simple, focused, and powerful policy tool for the GoH to consider adopting to carry out the needed legal/regulatory/institutional reforms during the short and medium terms.

A new IEZ regime, to be applied at perhaps two pilot locations in Haiti, will spur new investments by providing internationally competitive legal, regulatory, and institutional structures for private foreign and Haitian investors alike, delivering serviced land, facilities, infrastructure, and other business-enabling features, and encouraging private-sector participation in infrastructure development. Thus, the IEZs can serve as a “test case” for potential national-level policy reforms in Haiti.

5.1 Haiti’s Existing Free Zone, Industrial Park, and Investment Policies and Regulatory Features

As a whole, the existing Haitian Free Zone (FZ), Industrial Park (IP), and Investment Code (IC) policy and regulatory regimes are not generally conducive to attracting new investments that will create jobs and enable investors to leverage Haiti’s comparative advantages. These sub-par policies and practices have resulted in investor confusion and higher costs partly responsible for an underperforming Haitian zones regime when compared with those of its neighbors, including the Dominican Republic and Nicaragua. Figure 8 below summarizes the existing Haitian FZ, IP, and IC policies.

Figure 8. Haiti’s performance against best practice zone principles

Best-Practice Zone Principle	Haiti’s Rating
● = Good Practice ○ = Sub-Standard Practice	
Investment Incentives and Regulatory Framework	
Linkages with Domestic Economy	●
Extra-territoriality for Customs Purposes	●
Licensing and Permitting	◐
Customs Controls	◐
Dispute Resolution	○
Eligibility for General Zone Benefits and Privileges	◐
Fiscal and Customs Exemptions/Incentives	◑
Zone Land Regulation	
Anti-Speculation	●
Land Titling and Land Registry/Cadastre System	○

Best-Practice Zone Principle	Haiti's Rating
Additional Land Ownership Issues	
Socio-Economic Provisions	
Environmental Regulation	
Labor Standards	
Physical Development and Management Practices	
Building Permits	
Private Sector Development Rights and Obligations	
Location Criteria for IEZs	
Onsite Infrastructure and Facilities	
Zone Institutional Structures	
Administrative Authority and Autonomy	
Inter-Agency Agreements for Service Delivery to Investors	
Private Participation on Governing Boards	
Public-Private Partnership	

Additionally, the complex legal/regulatory/institutional structure of Haiti's FZ/IP/IC regimes has further accentuated the underlying investor confusion. First, three separate, albeit overlapping and sometimes conflicting laws apply to free zones, industrial parks, and investment projects in Haiti. Second, multiple government entities have competing and often conflicting jurisdictional mandates over free-zone affairs. Third, no implementing regulations under any of the three laws.

5.2 Reform Approach and Strategy to Establish a Modern IEZ Framework in Haiti

To provide Haiti with a new IEZ legal/regulatory/institutional framework that is conducive to regulate a new generation of IEZs nationally, the GoH should consider adopting a two-staged approach. In Phase I, the short-term strategy, the GoH promulgates new IEZ regulations in accordance with existing Haitian laws through a Presidential Order. In Phase II, the medium-term strategy, the GoH enacts a new IEZ umbrella law that embraces all classes or kinds of integrated economic zones, establishes an autonomous institutional authority that will regulate all IEZs in Haiti, codifies the IEZ regulatory reforms into the law, and implements reforms that can be adopted only through legislation. All reforms undertaken must be in line with international and local labor, environmental, and social codes.

Figure 9. Summary of the proposed IEZ Legal/Regulatory plan of action



Besides filling in a regulatory void, the adoption of the IEZ implementing regulations (Phase I) has the potential to achieve the following short-term tangible objectives that will facilitate investment in Haiti:

- Consolidate and harmonize Haiti’s FZ, IP, and investment laws under one regulatory framework;
- Streamline the FZ, IP, and IC institutional structures and clarify the administrative powers, obligations, functions, and responsibilities of DZF, CNZF, CII, and the *Société Nationale des Parcs Industriels* (SONAPI);
- Establishment of a “One-Stop Shop” at DZF and/or SONAPI or CFI;
- Creation of a best-practice zone-selection licensing process and establishment of clear rights and obligations for zone developers/operators, zone users, and zone residents;
- Piloting of needed customs, environment, and building-permit reforms that can eventually be extended to the rest of Haiti at a later date.