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Benefit-Cost Analysis

Costs and Benefits of effective interventions to ensure the transfer of technology in Haiti

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Haïti Priorise
Un plan de développement alternatif

COSTS AND BENEFITS OF EFFECTIVE INTERVENTIONS TO ENSURE THE TRANSFER OF TECHNOLOGY IN HAITI

Haïti Priorise

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Abstract

The state, through its various missions, is required to promote the creation of an environment conducive to collective well-being. This responsibility implies the establishment of a macroeconomic framework favorable to the intensification of the economic activities undertaken by the private sector, which can lead this sector to generate more wealth while contributing to the creation of employment[1]. To this end, the state must orient its public expenditure in order to guarantee the growth and a better distribution of this created wealth. It is, therefore, important to analyze any project/program before its implementation in order to measure its impact in the economy, to guarantee better effectiveness of expenditures incurred. Several methods can be used to assess the impact of a public action. But in the case of this study, the method used is the benefit-cost analysis (BCA), to measure whether it is necessary for the Haitian state to carry out the intervention, which consists of the inclusion of a clause in the legal public procurement document demanding that, for any contract won by a foreign firm, the latter subcontracts 20% to a local firm.

In effect, in the framework of public procurement in Haiti, although the number of local firms participating in public tenders is higher than the number of foreign firms, it follows that foreign firms gain more shares in public procurement, about 70%. This current situation shows that public spending benefits more from the competing economies of Haiti.

One explanation is the weak competitiveness of local businesses. To remedy this situation, an intervention is proposed which will permit Haitian companies to obtain, within the framework of these contracts, tasks to be carried out on behalf of foreign firms. This will develop their ability to carry out certain activities, strengthen their skills and improve their competitiveness. This will eventually allow local firms to gain larger shares of the public markets, having benefited from technology transfers, one of the impacts of which is job creation in the economy.

In the framework of this study, the benefits identified are productivity gains and the multiplier effect on GDP, and costs are those related to technology transfer, administration and those borne by foreign firms to find local partners. The calculation is made based on the present values of these indicators to measure the effectiveness of this intervention over a period of 15 years.

The results obtained on the basis of this method (BCA) have shown that if the Haitian state undertakes this intervention, the benefits will be more than proportional to the amount invested. The intervention will yield 4.5 gourdes of benefits for each gourd spent; 0.95 without multiplier effect.

[1] Strategic plan of the Ministry of Trade and Industry, 2013-2016

Policy Summary

Context

Around fifty businesses (local and foreign) participate regularly in calls for tender launched by the Haitian state, the amounts of which represent about 15% of the national GDP. However, foreign firms win more than 70% of these contracts because of their competitive advantages. Public spending thus favors the leakage of capital to foreign economies, and the spillover effects to the local economy are relatively low. In addition, with opportunities to integrate the CARICOM market[2] and the prospect of signing the WTO agreement[3] on public procurement, Haiti is opening its various sectors of activity to external competition. Yet the level of competitiveness of Haitian companies is relatively low, resulting from their low level of capitalization, high operating costs and low level of technology. The direct consequences are the increasing loss of shares in public commissions and/or the absence of participation in external tenders.

Procurement contracts can be one of the instruments the Haitian state could use to improve local supply. In this case, public spending must be oriented and the necessary spending able to have a relatively large impact on the Haitian economy must be identified.

Solution Proposed

The solution proposed is the insertion, within the framework of the legal tender documents, of a clause which stipulates that for any contract awarded to an international business, it subcontracts to local businesses 20% of this contract, ensuring at the same time the transfer of technologies.

Benefits, Costs and Benefit-Cost Ratio

The cost-benefit analysis was carried out over a period of 15 years. The identified costs consist of technology transfer costs, administrative costs and foreign firm searches for local partners. We assume that there would also be an increase in the value of tenders arising from the fact that international firms, by soliciting local suppliers, will necessarily increase the costs of carrying out the work.

Table 1 Costs

Component	Millions of gourdes
Technology transfer	322.1
Administration	30
Search	137.6
Local supply	19,703.7
Total, undiscounted	20,193.4

[2] Caribbean Common Market
[3] World Trade Organization

The literature review led us to identify the benefit of productivity gains in the industrial sector by local firms as the principal advantage. Assuming a multiplier effect in the economy, manifested by the growth of the Gross Domestic Product (GDP), the benefits are multiplied by a factor of 5.

With the multiplier effect, the BCR is 4.5 (5% discount rate); without the multiplier effect it is 0.95.

Table 2 Summary Table, Benefit-Cost Ratio

Intervention	Discount	Benefit	Cost	BCR	Quality of evidence
Inserting a clause requiring that, in calls for tenders, 20% of the contract be subcontracted with local companies in the case that a foreign company wins the contract	3%	73,712,403,409	15,562,255,211	4.74	None
	5%	62,897,150,602	13,984,489,019	4.50	
	12%	38,971,224,324	10,281,788,045	3.79	

Intervention	Discount	Benefit	Cost	BCR	Quality of evidence
Inserting a clause requiring that, in calls for tenders, 20% of the contract be subcontracted with local companies in the case that a foreign company wins the contract	3%	16,237,483,168	15,562,255,211	1.04	None
	5%	13,351,307,479	13,984,489,019	0.95	
	12%	7,192,008,565	10,281,788,045	0.70	

Amounts are in gourdes

Potential Sources of Revenue Integrated into the Intervention

Treasury and Technical and Financial Partners (PTF) of the Haitian State.

Indicators of Success and Costs of Monitoring and Control

We can mobilize several indicators to measure this intervention. First, long-term indicators (impact indicators) will be: the industrial sector value added and the multiplier effect on GDP.

Next, we intend to measure the short-term results by the number of local firms that have obtained subcontracting contracts with foreign firms.

Then, once the public intervention is completed, these first results should be measured with the following indicator: the clause is inserted into the legal document for public procurement in Haiti.

For the indicators allowing us to monitor the implementation of the intervention, we will use the number of contracts subcontracted with local firms each year.

Potential Implementing Partners

The Ministry of Trade and Industry, the National Public Procurement Commission (CNMP), local and foreign businesses and PTFs.

Schedule (Start Date and Principal Stages)

1) Proposal to include it in the Public Investment Program (PIP): July 2017
2) Development of a draft document to carry out the work on the insertion of the clause: August 2017
3) Validation of the document and granting of credit in the PIP 2017-2018: August 2017
4) Execution of work: December 2017-July 2018
5) Implementation of the inserted clause: October 2018

Risks of Implementation of the Intervention

Delay in approval of clause insertion project

Change of the head of government, thus change of priorities

High cost of offers from international firms

Weak evidence of data

Increase in imports of intermediate goods not produced in Haiti

Justification for the Intervention

Benefits

Improvement of local firms' competitiveness: productivity gains in the industrial sector

Multiplier effect on national GDP

Description of Beneficiaries

Local firms are the direct beneficiaries

Unmeasured Benefits

Number of jobs created

Dynamism of other related sectors

Introduction

Over the past 10 years, Haitian government spending has been very important in stimulating economic growth, yet it is not forthcoming. Indeed, GDP growth rates for the same period are quite contrary to policy expectations. Expenditure by the Haitian state should enable technological progress and the strengthening of local businesses in both the private and public sectors (Chery, 2010) in order to promote wealth creation and eventually job creation. Public expenditure is defined as procurements which are contracts between the state and third parties (legal or natural persons) for the purpose of carrying out construction works, acquiring goods and services or benefiting from intellectual services.

The legal documents on public procurement in Haiti, including those relating to the application of the law on public procurement in Haiti, provide in articles 57, 58 and 59 preferential clauses for local businesses[4], but no accent is placed on subcontracting and transfer of technology to local firms for public procurement won by foreign firms. It is important to note that over the last 5 to 10 years, international companies' market share has been about 70% compared with 30% for local firms[5]. However, the state must be able to advance the Haitian economy in the context of these public orders by better directing expenditure, in order to enable local companies to better organize themselves and to master certain technologies that would enable them to enter the international market while gaining significant market shares. This implies that the Haitian state must, through public policies, enable local businesses to be more competitive by controlling price and quality parameters in order for them to integrate into the international market. Furthermore, the evolution of the international context in the framework of globalization now requires that, in order for a business to be sustainable, it must be competitive, otherwise it will be unable to integrate into the international market and may lose shares of the local market, and be unable to win tenders to execute public commissions. In effect, Haitian businesses are under-capitalized and face very high operating costs, which reduces the

[4] Modalities of application of the law fixing general rules on public procurement in Haiti and public service concession agreements

[5] Annual report of the National Public Procurement Commission (CNMP) ex.2011-2012,02012-2013, 2013-2014, 2014-2015

competitiveness of Haitian businesses compared to those of other countries of similar size, such as Rwanda, where forecasts of growth rates are 8% (IMF, 2013).

Yet Haiti has signed various agreements, including those allowing it to eventually integrate the Caribbean common market. With CARICOM, opening up public procurement is planned in order to facilitate regional businesses' participation in the tenders of member countries with a view to developing markets, fostering greater competition, enabling the state to have goods and services with better value for price, and, in the future, with the likely signing of the GPA[6], to open the market to all the WTO countries that are signatories to this agreement. Local businesses will, therefore, see their market share reduced and, for some of them, will declare bankruptcy if they are not competitive with all the adverse consequences this would have on the economy in Haiti.

Consequently, the Haitian state must, within the framework of its public policies, focus on certain actions in order to improve the competitiveness of local firms. Public commissions, as outlined above, are the appropriate instrument with which the state can, within the framework of its expenditure, guarantee a better competitiveness for local businesses. The Haitian state awards public contracts every year for amounts representing 15% of national GDP[7]. The Haitian state can use these amounts spent on purchases to start the process of building national competence (Chéry, 2010) in the different sectors considered strategic in order to contribute to the economic growth of Haiti and the creation of employment.

In the context of this work, an intervention should be proposed whereby the Haitian state must include in the national documents relating to invitations to tender a clause which stipulates that for a contract awarded to a foreign business, the latter must subcontract to local businesses about 20% of this contract, while at the same time ensuring the transfer of technologies. In order to evaluate the effectiveness of each gourd spent in the framework of this intervention, we will carry out a benefit-cost analysis, which will allow us to assess the level of impact of these local requirements for public procurement.

[6] The World Trade Organization (WTO) Agreement on Government Procurement (GPA)
[7] Annual report of the National Public Procurement Commission (CNMP) ex.2011-2012,02012-2013, 2013-2014, 2014-2015

First, the work begins with a literature review in order to better argue this approach. In this sense, it will be necessary to review the literature on the subject while highlighting the mechanism by which technology transfers and a better competitiveness of companies can be guaranteed, and then briefly present the methodology and the justification for this, as part of this analysis. Finally, emphasis will be placed on the results obtained from the BCA to assess to the extent possible the impact that this intervention could have on the Haitian economy.

Literature Review

The intervention consists in inserting a clause in the legal document on public procurement in Haiti to require foreign firms outsource 20% of contracts with the local firms. In the context of this benefit-cost analysis, it is important to see, for each gourd invested in public procurement contracts, what benefit the national economy could derive if this decision were taken, specifically productivity gains and the multiplier effect on national GDP.

The emphasis placed on public procurement is expressed both in national and regional documents. Indeed, the legal documents on public procurement in Haiti have defined preferential schemes for local businesses. As noted above, Articles 57, 58 and 59 set the conditions for preferential margins for local businesses. Moreover, in the context of the GPA, preferential clauses are granted to developing countries[8]. In addition, for the CARICOM region, different members of the community have developed policies aimed at promoting local businesses, such as preferential margins, quotas and partnerships[9]. This shows a constantly increasing interest in developing countries being able, in a context of globalization and market integration, to create conditions to favor the development of local businesses by using restrictions in their favor in the context of public procurement.

It should be highlighted that these local requirements refer to provisions (usually under a specific law or regulation) that commit foreign investors and businesses to a minimum threshold of

[8] Article V: Developing countries in ADOPTION OF THE RESULTS OF THE NEGOTIATIONS UNDER ARTICLE XXIV:7 OF THE AGREEMENT ON GOVERNMENT PROCUREMENT, FOLLOWING THEIR VERIFICATION AND REVIEW, AS REQUIRED BY THE MINISTERIAL DECISION OF 15 DECEMBER 2011 (GPA/112), PARAGRAPH 5

[9] The CSME Public Procurement Regime—Opportunities and Challenge for the Private Sector, Philip Mc Lauren, 2016

goods and services to be purchased or acquired locally (UNCTAD, 2013), one of whose aims is to develop a competitive local offer based on technology transfers.

Provisions for encouraging local businesses can cover different things and can be effective in different sectors and affect all inputs in most goods and services, depending on the priorities of the country in question. They include, to name but a few: (UNCTAD, 2013)

- Minimum thresholds for the quantity of materials purchased locally for the production of goods, generally expressed as a percentage of volume, tonnage, length or number, in particular for heavy industrial inputs
- Minimum thresholds on the amount of expenditure or hours of work using services, ranging from engineering and transport to financial services and insurance
- Explicit or implicit requirements for businesses/entities to take into account the development of local content in their project and strategic planning
- Requirements for businesses, operators or investors to locally establish installations, factories, production units or other facilities

It is expected that local businesses will be strengthened through the transfer of technology, a direct consequence of the requirement imposed by the intervention on international firms. Given that the BPW sector accounts for an average of 70% of public procurement, value added will be in the industrial sector.

Veloso (2006) in his work on the impact of such requirements on the economy shows that foreign firms are more reluctant in horizontal transfers (transfer of know-how that could involve competition from the beneficiary) than vertical ones[10], and that there is a greater effect of externalities resulting from vertical transfers in developing economies.

Dlala (1990) showed how, for Maghreb countries, local businesses could benefit from technology transfer in the framework of contracts between foreign firms and local firms (Dlala, 1990). Still, evidence showed that foreign firms were somewhat reluctant about the restrictions set out in

[10] For further details, Investissement direct etranger, transfert de technologie et croissance economique en Europe Centrale et Orientale Cristina Jude (2015) and COMMERCIALISATION OF PATENTS AND KNOW-HOW FROM ACADEMIA TO INDUSTRY, JOINT VENTURES, AVOIDING THE PITFALLS, CONTRACTUAL ISSUES (Dr. BOJAN PRETNAR)

these partnerships. Therefore, it is important to note that if foreign firms define the terms of partnerships, it will be difficult to obtain the economic benefits desired. For this, the state must define in a clause what it expects from a partnership, in the framework of a public contract.

We also took into account the work of Chéry (2010), which shows how public spending can favor the development of local businesses. It is important for the state to develop a policy aimed at developing the protected sectors in order to support and strengthen the competitiveness of sectors exposed to international competition. As a result, by leading foreign firms to subcontract in sectors without international competition, knowing that the industrial sector accounts for more than 20% of GDP and the BPW sector for about 60-70% of public procurement, it will be easier in this sector to encourage horizontal technology transfer, enabling local businesses to perform better in the production of goods not exposed to local competition, but which will be used as inputs for local businesses to benefit from technological improvements in these sectors.

Technological improvements increase the productivity of the beneficiary businesses directly and, through their adoption and dissemination, benefit the whole economy indirectly[11]. Thus, assuming that the labor factor (number of workers and hours worked) remains unchanged, productivity gains translate into an increase in the volume of production. In the case presented here, local firms will develop innovative processes or improve their expertise from the transfer of technologies. Thus, they will be able to win larger shares of public procurement, which will increase their level of production and, thereby, the added value of the sector. As a result, the appropriate indicator for measuring productivity gains in the sector is its added value.

Defining the Counterfactual Scenario

When analyzing the costs and benefits of imposing a regulation, it is necessary to compare the consequences of its application with the status quo (Meunier and Mardsen, 2009).

In our case, the baseline scenario will be constructed with a set of businesses with the same profiles to carry out the planned public orders over a given period. The indicators that we will analyze for these businesses in the absence of the intervention are: market shares, GDP and industrial sector added value.

[11] The OECD Jobs Strategy, 1998

Consequently, the status quo implies an industrial sector added value rising from 82 billion to 122 billion over 15 years and market shares for local firms rising from 18 to 27 billion gourdes for the same period, or about 30% of market shares.

Thus, the competitiveness of local businesses will be measured by the increase in the industrial sector added value and the increase in the market shares of local businesses.

On the basis of this approach, we were able to define the analysis framework presented in the following table:

Table 1: Methodology Summary

Benefits	**Intervention-response**	**Methodology for estimating intervention response**
Economic growth	Multiplier effect of productivity gains on GDP	Available statistics on the evolution of national GDP
Improvement of industrial sector added value	Productivity gains of local firms	Available statistics on the added value of the Building and Public Works (BPW) business sector
Costs	**Private or public**	**Method of quantification of costs**
Administrative costs	Public	Empirical data on administrative costs for these types of activities in public institutions
Transfer of technology	Private	Empirical data on the costs of technology transfers
Search costs for foreign firms locating a local partner	Private	Empirical data on costs incurred by foreign firms in locating a local firm
Cost borne by foreign firms in agreeing to subcontract to a local firm	Private	Empirical data on costs borne by foreign firms in subcontracting

Theory

As for public spending and its impact on the economy, we cannot forget not only the work of Keynes, but also authors like Robert, Barro and Lucas. These latter showed the importance of public spending in supporting local supply in a context of market liberalization. This implies that businesses must be more competitive in order to gain greater market shares. They argued for public investment in research and development, leading to innovation, construction of public infrastructure and improvement of human capital.

But there are not many studies on the relationship between public expenditure (public procurement) and the development of local businesses. However, in our case, it is really a question of analyzing the impact that a political decision to promote local businesses in public tenders can have.

According to Chéry (2010), state purchases should be seen as a public policy instrument seeking, among other things, to target economic efficiency, promote competition and support local production. They are considered an asset for local businesses regardless of their sector of activity. The state must encourage the strengthening of local businesses through public expenditure for the purpose of improving their competitiveness in order to create jobs.

To this end, it is important for the Haitian state to insist on efficient management of state purchases, to offer local businesses the opportunity to build expertise in the production of certain goods and services, and to begin to follow a technological itinerary, all while developing a national competence in production. Only in this case would the Haitian state be able to assess the impact of its purchases on the national economy.

According to Gérald Chéry, the purchasing policy of the Haitian state benefits competing economies more than the local economy. Public expenditure is largely summed up by the purchase of imported consumer goods and road construction, largely by foreign firms. Thus, the needs of the state are met by imports which lead to a growing impoverishment of households through the leakage of economic surplus which should facilitate accumulation in Haiti.

To remedy this situation, the Haitian state must orient public commissions so that local companies can participate in public tenders and also be able to improve their competitiveness, while being able to gain more market shares.

Calculation of Costs and Benefits

The intervention consists of the inclusion of a clause in the legal document on public procurement requiring that for any contract won by a foreign firm at least 20% of the contract be subcontracted to a local firm. This is the solution proposed to encourage the transfer of technology and skills from foreign firms to Haitian firms. The analysis of the costs and benefits of this action extends over 15 years.

The total amount of public contracts is 61.5 billion gourdes. Although Haitian firms are far more numerous than international firms[12], they gain only 30% of public procurement—18.4 billion gourdes. The intervention proposes that foreign firms outsource 20% of tenders won to Haitian firms—an opportunity amounting to 8.6 billion gourdes for the Haitian private sector.

The assumptions used in assessing the impact of the clause in favor of local firms are presented in Table 1.

Table 1: Value of Indicators

Indicators	Values
Average value added to industrial sector GDP (2006-2016)	9.02%
Relative share of public procurement amounts in GDP	15%
Local partner search costs vs. turnover ratio	0.0001710
Productivity gains made by local firms	3.0%
GDP growth, on average, annual	2.7%

Prices are in gourdes.

[12] They are 35, compared to 15 foreign firms in this sector.

Costs

The identified costs consist of costs of technology transfer, administrative costs and costs of searches undertaken by foreign firms for local partners.

Table 2 Costs

Component	Millions of gourdes
Technology transfer	322.1
Administration	30
Search	137.6
Local supply	19,703.7
Total, undiscounted	20,193.4

We assume that there will also be an increase in the supply by foreign firms due to the fact that international firms, by soliciting local suppliers, will necessarily increase their costs for carrying out the work. To assess this cost, we referred to Veloso's (2006) approach, studying the automotive sector in Brazil, which estimated the inflation of local procurement costs between 0.5% and 8%. Since we did not have any other sources to make a comparison, we took the median (4.3%) for the first year and applied a gradual shift up to 1.9%, assuming an improvement in expertise and the efficiency of local firms over the years.

Benefits

The literature review led us to identify the benefit of productivity gains by local firms in the industrial sector as the main benefit.

Table 3 Productivity Gains

Discount rate	Billions of gourdes
3%	16.2
5%	13.4
12%	7.2

As explained previously, technology transfers provide direct productivity gains to the sector where they have been effected and have an impact on national GDP. Indeed, the multiplier effect (M) translates into the ability of an economy, by increasing their attractiveness and competitiveness, to enable the economic fabric to benefit from the creation of wealth realized on its territory (Florentin and Chabanel, 2016). Therefore, increasing the added value of the sector will have an impact on economic growth.

Kraay (2014) studied the impact of public spending on the economy as a whole. In a sample of 102 developing countries, he estimates the government spending multiplier to be about 0.4, that is, one dollar of additional public expenditure increases GDP in the same year by about 40 cents, knowing that it generally remains within a range of about 0.3 to 0.5 and the multiplier is, most often, significantly different from zero and also substantially less than one.

In addition, Kraay (2014) estimates that multipliers are larger in countries relatively less exposed to international trade. Imports are a good indicator of openness. The Haitian economy is relatively open: imports as a % of GDP were about 50% in 2015 and 40-45% before the earthquake in 2010. By comparison, imports as a % of GDP are on average 38% in low-income countries. Therefore, M may be lower in Haiti, that is, less than the 0.4 on average. We have selected a multiplier effect of 0.3.

Shen et al. (2014) discusses the impact of public spending when resources come from outside. With domestic debt financing, the standard foreclosure effects associated with government spending take precedence. When the government increases domestic borrowing to finance its increase in consumption, investors require a higher interest rate to contain public debt. A higher interest rate then crowds out private investment. With domestic debt financing, the output multiplier is 0.26. The output multiplier is much larger than with internal funding. The multiplier is 0.43, compared with 0.26 with domestic financing. Using the results of Shen et al (2014), the indication is that M in Haiti is around 0.3 in the first year and increases with time. We increased M gradually from 0.3 to 0.42 over the lifetime of the project.

Assuming a multiplier effect across the economy, manifested by the growth of gross domestic product (GDP), the benefits multiply by a factor of 5.

Table 4 The Multiplier Effect on the Haitian Economy

Discount rate	Billions of gourdes
3%	16.2
5%	13.4
12%	7.2

We used the benefit-cost method to assess the impact of implementing a policy to promote local businesses in public procurement. After discounting the various indicators, we obtained a rather satisfactory result. For discount rates of 3%, 5% and 12%, it is in the state's interest to carry out the intervention, as each gourd invested would generate a profit of 4.74 gourdes, 4.50 Gourdes and 3.79 gourdes for GDP and industrial sector value added.

Table 5 Summary Table, Cost-Benefit Ratios

With the multiplier effect, the BCR is 4.5 (5% discount rate); without the multiplier effect, it is 0.95.

Intervention	Discount	Benefit	Cost	BCR	Quality of evidence
Inserting a clause requiring that, in calls for tender, 20% of the contract be subcontracted to local businesses, if it is a foreign business that wins the contract	3%	73,712,403,409	15,562,255,211	4.74	None
	5%	62,897,150,602	13,984,489,019	4.50	
	12%	38,971,224,324	10,281,788,045	3.79	

Intervention	Discount	Benefit	Cost	BCR	Quality of evidence
Inserting a clause requiring that, in calls for tender, 20% of the contract be subcontracted to local businesses, if it is a foreign business that wins the contract	3%	16,237,483,168	15,562,255,211	1.04	None
	5%	13,351,307,479	13,984,489,019	0.95	
	12%	7,192,008,565	10,281,788,045	0.70	

Amounts are in gourdes.

Conclusion

In the context of this work, it was interesting to see that the evolution of the international economic environment, in particular linked to the phenomenon of globalization, leads the state to favor, through public policies, a legal, fiscal and normative environment adapted to the growth of businesses in the game of global economic competition.. Public procurement is one of the instruments available to the Haitian state to carry out this process, that is, the Haitian state can strengthen local supply by steering its purchases with a view to improving the economic performance of local businesses. As foreign companies are more competitive, they still win public tenders in more than 70% of cases. Therefore, by taking certain legal measures that result in requiring foreign firms to subcontract approximately 20% of their contracts to local firms, this will allow the latter firms to increase their competence through technology transfers and to improve their competitiveness.

This led us to appreciate the impact that such a measure could have on the Haitian economy. Using the BCA method, we were able to measure the benefits of implementing this intervention on the Haitian economy.

In effect, the Haitian state would gain by carrying out this intervention, since for each gourde invested, GDP and productivity gains will increase more than proportionally, as shown in the summary table above.

Local firms will thus be able to benefit from technology transfers within the framework of the contracts that will be subcontracted to them, to learn from foreign firms and to develop expertise in the execution of certain tasks. As a result, local firms are more competitive because their productivity increases and the value added of the sectors in which they operate shows a positive growth rate. As a result, more wealth will be created in the Haitian economy, whose benefits include, among other things, job creation for the Haitian economy and increased tax revenues for the Haitian state.

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Haiti faces some of the most acute social and economic development challenges in the world. Despite an influx of aid in the aftermath of the 2010 earthquake, growth and progress continue to be minimal, at best. With so many actors and the wide breadth of challenges from food security and clean water access to health, education, environmental degradation, and infrastructure, what should the top priorities be for policy makers, international donors, NGOs and businesses? With limited resources and time, it is crucial that focus is informed by what will do the most good for each gourde spent. The Haïti Priorise project will work with stakeholders across the country to find, analyze, rank and disseminate the best solutions for the country. We engage Haitans from all parts of society, through readers of newspapers, along with NGOs, decision makers, sector experts and businesses to propose the best solutions. We have commissioned some of the best economists from Haiti and the world to calculate the social, environmental and economic costs and benefits of these proposals. This research will help set priorities for the country through a nationwide conversation about what the smart - and not-so-smart - solutions are for Haiti's future.

Haïti Priorise

Un plan de **développement** alternatif

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