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Benefit-Cost Analysis

Human Rights in the Labor Market



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Haiti Priorise

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List of Abbreviations

ILO: International Labor Office

LBW: Low Birth Weight

CCC: Copenhagen Consensus Center

CEDAW: Convention on the Elimination of All Forms of Discrimination against Women

ECVH: Enquête sur les conditions de Vie en Haïti [Survey on Living Conditions in Haiti]

ECVMAS: Enquête sur les Conditions de Vie des Ménages après Séisme [Survey of Living Conditions of Households after the Earthquake]

EEEI: Enquête sur l'Emploi de l'Economie Informelle [Survey on the Use of the Informal Economy]

EMMUS: Enquête Mortalité, Morbidité et Utilisation des Services [Survey on Mortality, Morbidity and Use of Services]

IHSI: Institut Haïtienne de Statistique et d'Informatique [Haitian Institute of Statistics and Information Technology]

MAST: Ministère des Affaires Sociales et du Travail [Ministry of Social Affairs and Labor]

MCFDF: Ministère de la Condition Féminine et aux Droits de la Femme [Ministry of Women's Affairs and Rights]

MEF: Ministère de l'Économie et des Finances [Ministry of Economy and Finance]

SDG: Sustainable Development Goals

MDG: Millennium Development Goals

ILO: International Labor Organization

UN: United Nations

DC: Developing Country

BCR: Benefit-Cost Ratio

UNICEF: United Nations Children's Fund

Abstract

Women account for more than half of the world's population, however their contribution to activity figures, growth and economic well-being is clearly below their true economic potential. Equal rights in the labor market remain a challenge for some developing countries. Particularly in Haiti, social distortions and inequalities that rule the labor market prevent women from developing to full capacity. According to a study carried out by the Ministry of Women's Affairs and Rights (MCFDF), the formal sector is only 32.7 per cent women, of whom only 7 per cent are in management positions. This situation reflects the marginalization of women in the formal labor market. Similarly, in the informal labor market, domestic workers, the majority of whom are women and children, also feel the effects of the inequality of the labor market. Indeed, in addition to being underpaid, they are virtually excluded from the system of labor protection. The present study deals with two interventions to remove certain distortions that weigh on the labor market by identifying and analyzing the costs and benefits that will maximize profit per gourds spent.

The first intervention consists of establishing a paid and non-transferable six (6) week paternity leave after the delivery of the employee's spouse or partner. This intervention is proposed with a view to achieving greater gender equity in the labor market, in particular to guarantee the full and effective participation of women and their equal access to management functions at all levels of decision-making. Indeed, as has been demonstrated throughout the world, women benefit most when men take paternity leave¹. The costs that will result from the implementation of this intervention are the costs of paid paternity leave and the costs of men's employment displacement. The expected benefits are increased employment for women, free time for men and increased productivity for companies that diversify their bases.

The second intervention involves an increase of about 43% over the amount of the minimum wage for domestic workers set out in the presidential decree of May 1, 2016. The latter will therefore amount to 250 gourdes instead of the 175 gourdes of the decree. At the same time, it will be possible to set up baselines and standards to guarantee the interests of domestic workers. The

¹ <http://www.nytimes.com/roomfordebate/2011/07/05/how-can-we-get-men-to-do-more-at-home/for-gender-equality-take-fathers-into-account>

costs of implementing this intervention are: a loss of employment in the domestic worker class, a surplus lost by employers, increased growth delay among children of domestic workers and a decrease in the school attendance rate of children of domestic workers. Similarly, the implementation of this intervention generated benefits such as the increase in the surplus of domestic workers and the benefits due to the additional number of children enrolled in school.

Through this document, a benefits-cost analysis allowed us to show that investing in these two projects would be socially beneficial for the country and for women in particular. Indeed, it has been proved on the one hand that granting paternity leave to men will benefit the families themselves and the companies; and on the other hand, the increase in the minimum wage of domestic workers will improve their purchasing power. In this respect, the Benefit-Cost Ratio (BCR) criterion allowed us to draw the conclusions necessary for our study.

Policy Summary

Overview and Context

- Issue

The social status of an individual, of any sex, depends to a large extent on his or her entry into the labor market, which is the ideal place for the distribution of wages and social benefits. Equal treatment in the labor market, whether formal or informal, is still a challenge for Haiti. This market reflects social inequalities, particularly those related to gender; women find themselves marginalized. The active female population is estimated at 38.4% according to the statistical analyses published by the IHSI². That of men is worth 1.35 times that of women. Between the ages of 20 and 35, the increase in female participation rates is slower than that of men, suggesting a problem of reconciling family obligations with economic activity at reproductive ages.³ Moreover, according to data collected in the Survey on the Use of the Informal Economy (EEEE - 2007), the unemployment rate of women is lower than that of men. It stands at 19.2% against 14.7% for men.

In addition, women who work are over-responsibilized, without income to match their social obligations. In the formal sector, in addition to having less access to certain employment opportunities than men, women work in precarious jobs and the income generated remains very low. The formal sector counts only 32.7 per cent women, 7 per cent of whom hold positions of responsibility. Moreover, even when they participate in the labor market, women continue to bear most of the domestic and child care tasks. This entails a double burden for them without any recognition or evaluation of this level of contribution to reproductive labor.

The informal sector remains the most accessible sector for women. The Martelly-Lamothe gender equality policy document 2014-2034 states that they are self-employed (83% opposed to 73% for men) and mainly in commerce. In effect, victims of exclusion from the formal and paid employment system find themselves in the informal sector, where they account for a significant

² IHSI, Estimation of the Haitian Population, 2009

³ Survey on the Use of the Informal Economy (EEEE), 2007 p.29

55.9%. What are the most effective measures that the government can take to try to improve this chaotic situation of discrimination against women in the labor market?

At the same time, in the informal sector, there is a category of workers composed mainly of women (88% women versus 12% men⁴) called "domestic workers." This group of workers, who come mainly from the rural areas of the country, do not enjoy the same level of protection as other workers and are victims of various abuses such as: overworking for low pay, discriminatory treatment, daily aggression, etc. Given their high numbers, inexperience and lack of professional training, often with limited education, they are in a weak position in relation to the dominant position of employers, who are solely responsible for defining terms and working conditions in the negotiation of salaries. Faced with this situation, measures taken by public services to build up their working conditions remain insufficient. Indeed, in May 2016 a presidential decree increased the minimum wage of domestic workers to 175 gourdes, but this is still insufficient given the continuous increase in the cost of living. As a result, other measures must be taken by the government to strengthen their social protection and fight for the rights of men whose work is a necessity for their survival and a need for those who benefit from it.

Two interventions are proposed with the aim of providing elements of solutions to these overwhelming situations.

- [Intervention 1: Paid and Non-Transferable Paternity Leave](#)

In the search for greater gender equity in the labor market, we propose the establishment of paid and non-transferable six (6) week paternity leave after the wife or partner's delivery. This intervention consists in promoting the valorization of women in the labor market. Indeed, employers are reluctant to hire women on the pretext that women may be absent for long periods due to maternity. This will change the preconceptions that women are predisposed to domestic work and men bring bread to the house, on the one hand, and on the other hand, it will be a curb on the almost certain interruption of women's careers on the labor market after a birth.

⁴ Calculation based on data collected in EMMUS 2012

This intervention targets men in the formal sector. It is anticipated that 90% of fathers' leave will be taken for the duration of the intervention. By doing this intervention, the percentage of women working in the formal sector is consequently increased by 6.8% annually; the gender pay gap, currently 32% in Haiti, is reduced; and free time at home is created for men.

- **Intervention 2: Increase in the Minimum Wage for Domestic Workers**

This intervention involves an increase of about 43% of the amount fixing the minimum wage of domestic workers in the presidential decree issued on May 1, 2016 by President Jocelerme Privert. The wage will therefore be 250 gourdes instead of 175 gourdes. This increase will take into account the macroeconomic indices in accordance with Article 4 of the Law of September 2009 on the minimum wage. The main objective here will be to improve their income so that they can better meet their needs and have better access to basic services. The analysis of this intervention will be done in two scenarios. The first will take into account the Haitian reality that the job market is non-competitive, filled with moral hazards, distortions and adverse selections. Following this logic, it will be realized under the assumption that the increase in the minimum wage will not result in any loss of employment in accordance with the work carried out on increasing the minimum wage in the informal sector in developing countries. However, in view of the fact that an academic document is being produced, one cannot ignore the fact that economic theories support a decline in employment after an increase in the minimum wage. Thus, the second scenario will be realized on the assumption that the increase in the minimum wage of domestic workers will lead to a loss of employment in line with economic theories on competitive markets.

Implementation Factors

- **Costs**

The costs involved in implementing these interventions are of two types, direct and indirect, and are divided into Costs 1 and Costs 2, which represent respectively the costs of implementing intervention 1 and the costs of implementing intervention 2.

Costs 1

The direct costs are the costs necessary for the remuneration of leave, and the indirect costs take into account the employment displacement for men.

Table 1: Costs1 in Gourdes at a Discount Rate of 5%

Costs of paternity leave	2,065,640,603
Costs of Employment Displacement for Men	71,900,449,667
Total	73,966,090,271

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Costs 2

Taking into account the initial assumptions, the direct costs are: a loss of employment at the level of the domestic workers' class and a surplus lost by employers. Indirect costs are an increase in growth delay in children of domestic workers and a decrease in the school attendance rate of children of domestic workers.

Table 2: Costs 2 for the Realization of the Intervention in Gourdes (Scenario 1)

Surplus lost by employers	3,600,102,229
Additional costs for school children	174,897,442
Total	3,774,999,671

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Table 3: Costs 2 for the Realization of the Intervention in Gourdes (Scenario 2)

Additional costs for school children	174,897,442
Increased growth delay in children of domestic workers	22,176,898
Surplus lost by employers	3,499,813,667
Loss in education	132,201,915
Total	3,829,089,922

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Potential Revenue Sources

The funds necessary to launch the intervention "paid and non-transferable paternity leave" will come from the public treasury via the employee's salary.

Indicators of Success and Control

To measure the evolution of the objectives of the intervention, the evolution of objectively verifiable results indicators will be taken into account. We have identified the following indicators:

- **Intervention 1:** the annual taking of paternity leave, the increase in women's employment in decision-making positions, the number of women employed in public administration, the annual salary received by women, the wage gap between men and women and the productivity of women in public administration.
- **Intervention 2:** Increase in the unemployment rate at the level of the domestic worker class, enrollment rate of children of domestic workers, increase in % of growth delay in children of domestic workers.

Intervention Implementing Bodies

- **Intervention 1:** The main implementing partner for this intervention is the Ministry of Economy and Finance (MEF). The mission of this ministry is to formulate and conduct the economic, financial and monetary policy of the Haitian State to promote the growth and socio-economic development of the country on a sustainable basis. Among other things, the MEF manages the treasury, the national budget and state property.
- **Intervention 2:** The key partner for the implementation of this intervention will be the Ministry of Social Affairs and Labor (MAST). This Ministry is responsible for the development of the workforce, the organization of social security and social protection, the administration of labor and the promotion of handicraft.

Timetable for the Implementation of Interventions

- **Intervention 1:** This program will begin in fiscal year 2017-2018 and will be carried out over a period of 10 years. However, if after this period, the assessment of the intervention is positive, it would be beneficial to renew this program.
- **Intervention 2:** This intervention will not extend over a set period but will be implemented once the bill on the minimum wage for domestic workers is changed and officially published in the monitor.

Risks of Interventions

- **Intervention 1:** The main risk that could threaten the implementation of this intervention is financial. Haiti is constantly encountering enormous budgetary problems. It is unable to raise sufficient resources to finance development projects.
- **Intervention 2:** In the framework of this intervention, once the law on the minimum wage is amended, the first risk could come from employers who may not comply with this new law by continuing to offer the same wage as before. And most domestic workers will have no choice but to accept the proposed salary, because most often this is their only source of income. Next, as it will be up to the MAST to monitor the implementation of this law, if it fails to revitalize the services within this ministry, there is a risk that it will not be able to offer domestic workers an institution allowing them to assert their rights in the event of non-compliance.

Justification for the Intervention

- **Benefits**

Implementing these interventions will bring great benefits to the direct beneficiaries themselves and to society in general. These benefits are divided into Benefits 1 and Benefits 2 which represent the benefits of intervention 1 and the benefits of intervention 2 respectively.

Benefits 1

Tradition has it that men are responsible for bringing home the daily bread and women are responsible for caring for the home. This situation is a source of inequalities both in society and in

the labor market. By introducing paid and non-transferable paternity leave, we expect to promote the active participation of men in the care of the home. It is hoped that over the period the annual taking of leave will be 90%. The direct benefit of this intervention is the free time for men and the indirect benefits are the increase of women's employment and the increase in the productivity of the companies which diversify their bases.

Table 4: Benefits 1 Total in Gourdes at a Discount Rate of 5%

Increased employment of women	71,900,449,666
Free time for men	2,065,640,603
Increased productivity for companies who diversify their bases	23,008,143,893
Total	96,974,234,164

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Benefits 2

This intervention offers the opportunity to address one aspect of respect for human rights. Indeed, offering a better salary to a group of people considered to be among the most vulnerable is a way to improve their living conditions. Any improvement in living conditions necessarily involves the possibility for all to have access to a set of basic services in a society. Increasing the minimum wage of domestic workers in Haiti will increase their purchasing power. Also, for those who benefit from this increase, their children will be able to go to school.

Table 5: Benefits 2 of the Intervention in Gourdes (Scenario 1) at the Rate of 5%

Surplus of domestic workers	3,600,102,229
Additional benefit of enrolled children	743,177,129
Total	4,343,279,359

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Table 6: Benefits 2 of the Intervention in Gourdes (Scenario 2)

Surplus of domestic workers	3,412,562,618
Additional benefit of enrolled children	710,998,366
Total	4,123,560,984

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Description of Beneficiaries

- **Intervention 1:** The intervention concerns men working in the Central Public Administration and at the level of public enterprises. There will be no exception whether the man is a civil servant or contractual.
- **Intervention 2:** The principal beneficiaries are domestic workers. The calculations were based on domestic workers in the Port-au-Prince metropolitan area, but the law will be applied to all domestic workers in the country.

Unmeasured Benefits

Due to a lack of reliable data across the country, some benefits could not be quantified. These include: family well-being, women's well-being, improving the well-being of children, improving social mobility and improving the living conditions of domestic workers.

Table of Costs and Benefits

The following table summarizes the costs and benefits at a 5% discount rate. The Benefit-Cost Ratio (BCR) index is also calculated to determine the level of effectiveness of the intervention.

Table 7: Costs and Benefits at a Discount Rate of 5% in Gourdes

<i>Interventions</i>	<i>Benefits</i>	<i>Costs</i>	<i>Benefit-Cost Ratio</i>	<i>Quality of Evidence</i>
<i>Paid and non-transferable paternity leave</i>	96,974,234,164	73,966,090,271	1.31	<i>Limited</i>
<i>Increase in minimum wage with no job loss (scenario 1)</i>	4,343,279,359	3,774,999,671	1.15	<i>Limited</i>
<i>Increase in the minimum wage with a job loss of 5.57% (scenario 2)</i>	4,123,560,984	3,829,089,922	1.08	<i>Limited</i>

Source: Excel spreadsheet accompanying the manuscript, An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project, December 6, 2016

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Introduction

At present, states are making women's economic development an essential aspect of gender equality, as this enables women to realize their potential and assert their rights. According to the United Nations (UN), this resolution also represents an effective strategy to reduce poverty, ensure the economic growth of developing countries and improve the health and general well-being of the population. With the ratification in 1981 of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the adherence in 1995 to the declaration and program of action adopted at the fourth World Conference of Nations, the Haitian State is committed to advancing gender equality in society. This concern is reflected in the Haitian Labor Code in Article 3: "All workers are equal before the law and enjoy the same protection and guarantees. Discrimination shall be abolished, in particular that which may arise from the intellectual or manual nature, the form, the compensation for work and the sex of the worker."

Furthermore, through the International Labor Organization (ILO), based on the principle "that there can be no universal and lasting peace without decent treatment of workers," the nations committed themselves with a view to joint action to promote decent work rights for all, while developing social protection and strengthening social dialogue in the field of labor. Since the creation of this organization in 1919 much progress has been made in this domain, but it must be noted that gender equality is still an objective to be achieved in the employment sector in certain developing countries (DC), notably in Haiti.

In order to continue and amplify this approach, the Martelly-Lamothe administration adopted the Policy on Equality between Women and Men (2014-2034), which is part of the international and regional commitments made by Haiti. This policy will make it possible to rectify in a sustainable way the inequalities between the sexes in all spheres of society, to identify the broad lines of concrete actions of the state and to identify its priority objectives for the next twenty years.

In Haiti, equal treatment in the labor market is still a challenge. This market reflects social inequalities, in particular those related to sex, through the fact that women find themselves marginalized and that those who make up the domestic workers are underpaid and do not enjoy

all forms of social protection. Indeed, in the formal sector, in addition to having less access to certain employment opportunities than men (unemployment rate for women is 17.3% compared with 11.5% for men, ECVMAS 2012), the jobs which women occupy are precarious and the income generated remains very low. The formal sector counts only 32.7 per cent women, 7 per cent of whom are in positions of responsibility⁵. What's more, even when they participate in the labor market, they continue to take over most of the domestic and child care tasks. This results in a double workload for them. Thus, victims of exclusion from the formal and salaried employment system, they find themselves in the informal sector where they occupy a significant share of 55.9%⁶.

This sector also includes a category of workers, majority women (88% women versus 12% men) who do not enjoy the same level of protection as other workers. These workers are called domestic workers and come from the poorest sections of the population. In the course of their work, they are victims of various abuses such as overwork, discriminatory treatment and daily aggression. Faced with this terrible situation, measures have been taken by public services, but for the moment they remain insufficient. In effect, in May 2016 a presidential decree increased the minimum wage of these workers fixing it at 175 gourdes per day. However, with the continuous increase in the cost of living, this wage is still insufficient to meet their needs and those of their families.

Given these overwhelming situations, gender equity must, therefore, more than ever be taken into account in any development strategy that seeks to be effective and aimed at the well-being of society as a whole. Through this research paper, two interventions are proposed. First of all, with the aim of ensuring the full and effective participation of women and their equal access to management functions at all decision-making levels, the first intervention seeks to establish paternity leave of six (6) paid and non-transferable weeks granted following the delivery of the employee's spouse or partner. In effect, through a rich literature review, it has been shown that women around the world benefit most when men take paternity leave. According to an article

⁵ Politique d'égalité femmes hommes 2014-2034, MCFDF Les Presses Nationales d'Haïti- December 2014 p12

⁶ Politique d'égalité femmes hommes 2014-2034, MCFDF, Les Presses Nationales d'Haïti- December 2014

written on the subject, paternity leave not only reduces the gap between men and women in the professional world, but the extended time for new dads also equalizes home responsibilities⁷. The second intervention will be carried out with the aim of setting up baselines and standards to guarantee the interests of domestic workers. It consists of an increase of about 43% in the minimum wage for domestic workers that was set in the presidential decree of May 1, 2016. The minimum wage will therefore be 250 gourdes per day instead of 175 gourdes.

Objective of Work

Through this document we want to determine whether the two interventions proposed to resolve certain social inequalities in the labor market will be effective and will represent a good investment for the country. To do so, we will identify the costs and benefits that could result from the implementation of each intervention and then analyze them.

Subdivision of Work

This study is divided into two parts. The first part deals with the first proposed intervention "paid and non-transferable paternity leave." The second part concerns the second intervention, namely, "increasing the minimum wage of domestic workers." For both parts, the same methodology was used. First, a literature review on the topic covered by the intervention is presented. This analysis will propose a series of studies which resemble the problem to be solved. Secondly, we will report on the theoretical orientation of our work especially in calculating the costs and benefits of each intervention. Third and last, we will present the various results of our study on the costs and benefits that each intervention will generate. Finally, to conclude we will proceed to the calculation of the benefit-cost ratio which measures the price of each gourde invested in the project before making the necessary recommendations.

⁷ *Lauren Windmeyer*, December 2015, *Women Benefit Most When Men Take Paternity Leave*

Part 1: Paid and Non-Transferable Paternity Leave

1.1. Literature Review

1.1.1. *Different Types of Intervention for Gender Equity in the Labor Market*

The ILO pursues four strategic objectives (employment, social protection, social dialogue and tripartism, principles and rights), which provide a solid basis for economic and social policies. The goal is to ensure that "results are better and equitably shared by all." There are several interventions with these objectives. These include anonymous recruitment, granting of parental leave and an increase in minimum wages (discussed in Part 2 for domestic workers).

Anonymous recruitment. The use of anonymous recruitment to combat discrimination in hiring attracts attention and interest. The results of a number of field experiments in European countries (France, Germany, the Netherlands and Sweden are considered here) highlight its potential to reduce some of the discriminatory barriers to hiring for minority groups and other disadvantaged groups. Anonymous (or blind) recruitment applications do not include information about the status of a member of a minority or other disadvantaged group in the written documents that recruiters use to decide who to invite to an interview for employment⁸.

Paid and non-transferable paternity leave. Another strategy used is paternity leave, which is a brilliant and ambitious form of social engineering. It is a behavior modification tool that has been shown to stimulate male participation in the household, increase women's participation in the workforce and promote gender equity in both areas. Leave of varying duration, depending on the country, is granted to any male employee of a business after the spouse's delivery. However, fathers only take the leave if they are well paid and non-transferable.

1.1.2. *Government Measures for Parental Leave*

There are a number of ways in which early childhood policy has been taken into account. However, it has always given rise to singular measures, particularly through paternity leave or parental leave, the effects of which are equivalent and convey different images of paternity, which allow men to take over their father role more freely. Behind these different governmental measures is a certain

⁸ Anonymous job applications and hiring discrimination, IZA World of Labor

definition of active mother and father that has consequences for the behaviors that each of them will adopt not only during their parenting career but also their professional careers, the two being strongly related. The family model that is based on a model in which the roles of father and mother are much differentiated, underlying the image of the father working outside the home and the mother caring for his children, is prevalent. On this basis, family policies may have confirmed and consolidated, rather than rebalanced, the division of labor between the sexes. However, this so-called traditional distribution, in some ways giving men the economic power and women the power over the children, is no longer in force for certain families. There are currently and simultaneously different family models. This cohabitation is facilitated by the fact that the child is becoming an element of male success and the place he occupies in society increases (Björnberg, U., 1997).

1.1.3. Impacts of Paternity Leave

In October 2015, the World Economic Forum released its Global Report on Gender Gaps, showing that the countries with the strongest economies are those that have found ways to improve women's careers, to bridge gender pay gaps and to keep women, who in most countries are now better educated than men, attached to the workforce after they become mothers.

While most mothers in the United States work, many women still see their careers suffer after a birth, partly because they end up bearing most of the domestic burden. A 2007 study found that 60 percent of professional women who stopped working reported that they were largely motivated by the unavailability of their husbands to share household chores and duties for children. The genius of paternity leave is that it forms the domestic and parental habits of the fathers. While paid paternity leave may turn out to be an unexpected gift, the biggest beneficiaries are not men or even babies. In the long run, the true beneficiaries of paternity leave are women, businesses and nations. The latter benefit when the women advance.

The literature suggests two mechanisms for the impact of paternity leave on employment of men and women. First of all, the attitudes of employers can change. In other words, if a particular post requires investment in professional training, employers may discriminate against women, anticipating frequent absence due to the birth of children and child-rearing activities. However, if

paternity leave allows men to spend more time outside employment, assuming a significant increase in paternity leave, this may limit discrimination against women. Second, Becker (1985) reported that significant changes in the allocation of household time can be made by minor changes in the initial conditions. Consequently, the change in the allocation work through paternity leave could change the trajectory of time spent on market activities. Using business-level survey data for private businesses in 53 developing countries, Amin et al found that the proportion of women in the total workforce for a typical business increased up to 6.8% when moving from a country that does not provide for paternity leave to a country that does⁹.

*1.1.4. Some Examples of Paternity Leave*¹⁰

Swedish Paternity Leave

In 1974, parental leave was implemented in Sweden replacing maternity leave valid from the first child. It is intended for both mothers and fathers. This law sought to erase the biological differences between men and women and, as a result, abolished maternity leave. Parental leave lasts 480 days. The mother is entitled to 60 days reserved for her, just like the father. The remaining 360 days are to be shared between both parents. Parents are entitled to 80% of their salary. In 1980, only 5% of Swedish fathers took parental leave; 10 years later, it was only 7%. Only when non-transferable and well-paid leave for fathers was introduced in 1996, the annual taking of leave rapidly increased to 77%. A second month of leave was introduced in 2002, and the figures exceeded 90%.

German Paternity Leave

In Germany, parental leave was reformed in 2007. Its duration was amended from two years to a maximum of one year. The new system encourages fathers to take their share of parental leave: if they ask for the two months to which they are entitled, parental leave can be increased to 14 months in total instead of twelve. According to a report by the German Ministry for Family Affairs, 25% of fathers asked for parental leave in 2010, compared with only 3.5% in 2006. This change

⁹ Does Paternity Leave Matter for Female Employment in Developing Economies? Evidence from Firm Data” Mohammad Amin Asif Islam Alena Sakhonchik, World Bank Group, March 2016.

¹⁰ Andrea Doucet, June 14, 2012, For Equality, Take Fathers into Account

was accompanied by a revaluation of compensation paid. Now, the parent who stops working to raise his or her children receives 67% of his net salary, capped at 1800 euros per month. The allowance may also be received by parents who reduce their working time below 30 hours per month. It is also increased by 10% for each other child under the age of six living in the household.

Quebec Paternity Leave

Over the last decade, most Canadian men and women have had the option of splitting up to 35 weeks of paid leave (which represents a supplement of 15 weeks of maternity leave). While the number of fathers taking leave initially increased (from 3% to 10% in just one year), the adoption of parental leave by men remained at about 12%. When the province of Quebec added three to five weeks of non-transferable paternity leave, it quickly resulted in 82% of Quebec dads taking this leave.

1.2. Theoretical Framework

1.2.1. Gender Theory

The development and use of the concept of gender resulted from the need to account for women in different social spheres and to highlight the dynamics of relations between women and men. The social character of the relations between the sexes, that is to say, their production or construction, is evidenced by the variations which these relations have experienced both historically and geographically. The relations between the sexes are indeed social relations, constructed and modulated by the different societies through their practices and their respective symbolisms in configurations that are both repetitive and original (Collin, Françoise, 2003).

Gender is a concept that refers to a political and social construction of the difference between the sexes. It is interactive and transversal; it operates in all spheres of society. In other words, gender refers to the social and cultural classification between masculine and feminine. Gender equality, or equality between men and women, encompasses the notion that all human beings, men and women, are free to develop their personal abilities and make their own choices without being bridled by stereotypes, rigid division of roles and prejudices. Gender equality means that the different behaviors, aspirations and needs of men and women are equally taken into account,

valued and encouraged. This does not mean that men and women must become identical, but that their rights, responsibilities and opportunities will no longer depend on being born of either sex¹¹.

Equity: Concept of natural justice in the assessment of what is due to each

Gender equity means that impartial treatment must be given to men and women, according to their respective needs. This treatment may be identical or different, but it must be equivalent in terms of rights, benefits, obligations and opportunities. Equity represents the idea of "what is right." Its approach aims to correct initial inequalities in order to achieve equivalence of opportunities (or chances) between women and men, taking into account their specific needs and interests. For historical, social or biological reasons, these needs and interests can be expressed in different ways.

1.2.2. Human Capital Theory

Human capital refers to all the qualities (knowledge, aptitudes, qualifications, skills, etc.) that are relevant from a labor market perspective (Hartog, 1999). The theoretical principle is that individuals consider the number of years spent in school as an investment. Just as the purchase of physical capital generates a profit, investment in human capital provides a future benefit. The only difference between human capital and physical or financial capital lies in the fact that the former is incorporated into individuals: one cannot, in effect, separate a person from the knowledge he contains, as one can do with his portfolio (Schultz, 1961, 1962, Becker, 1967).

Economists have recognized the importance of investment in human beings since the seminal work of Mincer (1958, 1974), Shultz (1961) and Becker (1962). Spending on education, professional training, labor migration and health care is helping to increase labor quality and increase productivity. The impacts of capital investment¹² are:

a) Individual Income

¹¹ ABC of Women Worker's Rights and Gender Equality, OIT, Geneva, 2000, p. 48

¹² UNICEF, La non scolarisation au Maroc, Une analyse en termes de coût d'opportunité, impacts de l'investissement en capital, p15

The Mincer elaborate form of compensation of human capital currently draws from the work of Becker: $\log(y) = a + bS + cX + dX^2 + e$

Where y represents the remuneration for the work of the individual (which can be measured by the hourly wage, monthly wage, etc.), S is the number of years of education received, X is the number of years of professional experience and e the error term. International bodies (notably, the World Bank) rely on the estimates provided by the remuneration function to assist in defining public education policies (Bennell, 1996). Nevertheless, with respect to the Mincer model, it can be noted that it takes little account of the variable quality of education.

b) Economic Growth

Human capital has a positive impact on economic growth. The observation highlights the principle that the benefit of education obtained at the societal level is significantly higher than the sum of the individual benefits. This result is due to the fact that education affects not only the productivity of the individual but also that of his environment. Economists describe this phenomenon by the so-called positive "externalities" associated with human capital. There are two methods of measuring the benefit of education for the economy as a whole, one microeconomic and the other macroeconomic. Both take into account the externalities of human capital but are divergent as to the treatment of these externalities. Macroeconomic models draw from the theory of endogenous growth (Romer, 1986) making human capital the principal source of economic growth.

To measure the level of human capital in a country and the extent of its impact on economic growth, Lucas (1988) considers that the output of a business is due both to the human capital of the employees and to the average human capital in the economy as a whole. If a company remunerates its workers by paying them wages, it does not compensate the average human capital factor in the economy as a whole for its contribution to the production of that enterprise. Consequently, the latter factor induces a positive externality. Human capital investment decisions are individual and only take into account private returns. This raises the question of how to "internalize externalities," in other words, how to find a way to encourage an individual to take into account the collective interest when deciding how many years to pursue his or her schooling.

It is therefore up to public policy to influence all individual decisions in order to meet the strategic objectives of investment in human capital.

1.3. Calculation of Costs and Benefits

1.3.1. Description of the Intervention

The paternity leave intervention is addressed to the men employed in Public Administration and in public enterprises, of all ages and titles combined. It is an intervention that will take effect at the request of the employee following the delivery of his wife or his partner. A total of six (6) weeks will be offered instead of the five (5) days initially provided for in the Civil Service Act. For the purposes of the analysis, the intervention will be carried out over ten (10) years, but in view of the results achieved, it can constitute a long-term governmental action. An annual taking of 90% of leave for fathers is planned for the duration of the intervention. By doing this intervention, the percentage of women working in the formal sector is consequently increased by 6.8% annually; the gender pay gap, currently 32% in Haiti, is reduced; and free time is created at home for men.

1.3.2. Objectives of the Intervention

This intervention consists in promoting the valorization of women in the labor market. In effect, employers are reluctant to hire women on the pretext that women may be absent for long periods due to maternity. This will change the preconceptions that women are predisposed to domestic work and men bring the bread home, on the one hand, and on the other hand, it will curb the almost certain interruption of women's careers on the labor market after a birth.

1.3.3. Counterfactual Scenario

The social status of an individual, of any sex, depends to a large extent on his or her entry into the labor market, the privileged place for the distribution of wages and benefits. Even today, the labor market reflects the inequalities that cross the social fabric, especially those related to gender. Women in formal employment, both in the public and private sectors, have very limited opportunities for promotion and, although some of them have recently been in management positions, this remains the exception. Thus, many women, rather than seeking a career in government, venture into business to establish and operate small and medium-sized businesses.

Because of this, they suffer prejudice which tends to prevent them from reaching their full potential and professional fulfillment.

1.3.4. Determination of the Target Population

The principal target of the intervention remains men in public administration and public businesses. No discrimination is made on the status of these employees. The estimate of the target population is evolutionary over the expected duration of the intervention. While working on the 15-59 age group, the entire active population is taken into account.

For the calculation, we start from the number of live births estimated by the Haitian Institute of Statistics and Information Technology (IHSI) for the year 2018, taking into account the percentage of the working population. The number of babies with at least one working parent is reached. Thus, we arrive at the number of formal sector employees who have at least one child and who are male by applying the percentage of formal sector employees who are male.

1.3.5. Description and Calculation of Costs

The inherent costs (direct and indirect) in the intervention are those due to paternity leave and those due to the employment displacement of men.

Cost of Paternity Leave

The cost of paternity leave represents the amount to be paid to encourage men to be more present during the first weeks of the newborn. It takes into account the number of men who will accept taking the leave during the intervention, the weekly wage and the duration of the leave (Table 16 in the Appendix).

Cost of Employment Displacement of Men

Paternity leave experiences in developing countries show that the weight of women in the formal sector increases by 6.8% annually when introducing paternity leave¹³. Fathers become more involved in care at home and tend to leave the labor market. Because of this, there is a difference between income from formal employment and that generated by women working in the informal

¹³ “Does Paternity Leave Matter for Female Employment in Developing Economies? Evidence from Firm Data”
Mohammad Amin Asif Islam Alena Sakhonchik, World Bank Group, March 2016.

sector, which is an alternative income. Thus the displacement of men's employment is measured by multiplying the number of women working by this difference in income (Table 17 in the Appendix).

1.3.6. Description and Calculation of Benefits

The intervention will generate many positive impacts for the family and society in general. The expected benefits are: increased employment of women, free time for men and increased productivity for companies that diversify their bases.

Benefit of Increased Employment of Women

Paid paternity leave means that more women remain in the labor force. This benefit is of the same magnitude as the cost of employment displacement for men. As a result, a decline in the employment of men leads to an increase in the employment of women.

Table 8: Benefit of Increased Employment of Women in Gourdes

Benefit of increased employment of women, 3%	79,975,436,626.19
Benefit of increased employment of women, 5%	71,900,449,666.84
Benefit of increased employment of women, 12%	51,433,287,618.94

Source: Excel spreadsheet accompanying the manuscript, An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project, December 6, 2016

Benefits of Free Time for Men

This benefit is of the same magnitude as the cost of paternity leave.

Table 9: Benefit of increased free time in gourdes

Benefit of free time for men, 3%	2,289,739,304.51
Benefit of free time for men, 5%	2,065,640,603.83
Benefit of free time for men, 12%	1,494,587,904.68

Source: Excel spreadsheet accompanying the manuscript, An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project, December 6, 2016

Productivity Benefits for Companies that Diversify Their Bases

The principal reason for the wage gap is that fewer women are hired for the best paying jobs. It has been shown that paid paternity leave leads to a reduction in the pay gap. The resulting increase in productivity for businesses is obtained by multiplying the benefits of the increase in women's employment by the current wage gap of 32%.

Table 10: Productivity Benefits for Companies that Diversify Their Bases

Productivity benefits for companies that diversify their bases, 3%	25,592,139,720.38
Productivity benefits for companies that diversify their bases, 5%	23,008,143,893.39
Productivity benefits for companies that diversify their bases, 12%	16,458,652,038.06

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Table 11: Total Benefits for One Year in Gourdes

Discount rate	Benefit of increased employment of women	Benefit of free time for men	Productivity benefit for companies that diversify their bases	Intervention benefits total
3%	79,975,436,626.19	2,289,739,304.51	25,592,139,720.38	107,857,315,651.09
5%	71,900,449,666.84	2,065,640,603.83	23,008,143,893.39	96,974,234,164.05
12%	51,433,287,618.94	1,494,587,904.68	16,458,652,038.06	69,386,527,561.68

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Part 2: Increase in the Minimum Wage of Domestic Workers

2.1. Literature Review

2.1.1. Domestic Work Over Time

Convention No. 189 defines domestic work as "any work done within or for one or more households."¹⁴ The work of domestic workers consists of various tasks: cleaning the house, cooking, doing the laundry and ironing, looking after children, caring for the family's elderly or sick, serving as a gardener, caretaker or driver for the family, and even taking care of pets¹⁵. It originated in the world history of slavery, colonialism and other types of servitude.¹⁶ Today, domestic workers represent a large proportion of the labor force, particularly in developing countries.

Many factors explain the increase in this type of service over time. Yet it is still not appreciated at its proper value within societies and is often poorly perceived. It is equated with unskilled work because it is traditionally considered that the skills required are natural. According to S. PASLEAU and I. SCHOPP in "Domestic Work and the Informal Economy," within rich and industrialized

¹⁴ Convention n°189, Decent Work for Domestic Workers

¹⁵ Article 254 of the Decree of February 24, 1984 updating the Labor Code of September 12, 1961

¹⁶ Decent Work for Domestic Workers, Report IV, International Labor Office Geneva

countries, the public sector could no longer satisfy these new needs (new domesticity¹⁷), because it was no longer what it had been before (cleaning, washing, cooking) but rather evolved over time with the new society (looking after children, caring for sick, elderly or the handicapped). Despite the growing importance of domestic work in societies, certain aspects related to working conditions and the compensation for these groups of people still struggle to reflect their proper value. In that respect, several works have been carried out by the International Labor Office to advocate for better remuneration in domestic work.

2.1.2. Importance of the Minimum Wage for Domestic Workers

International laws on the work of domestic workers relating to the fixing of a minimum wage were originally established to provide protection to groups of employees with a low level of compensation and for whom there were no other effective provisions fixing wages (ILO, 2002). It is recognized that domestic workers constitute one of the groups in need of such protection. Given their situation, it becomes important to address their vulnerability. In this sense, the fixing of a minimum wage can be considered as a social protection instrument aimed at reducing poverty and improving their living conditions. From this point of view, the determination of a minimum wage is a valid approach to domestic workers, given that these workers generally come from the poorest segments of society and represent considerable and growing proportions of labor in many countries (ILO, 2009).

In addition to being among the most vulnerable groups of people, their remuneration does not allow them access to a decent standard of living. According to the report of the Decent Work for Domestic Workers Convention in 2011, one of the principal factors explaining their level of remuneration is their low level of education. Other factors include the undervaluation of their work, the weakness of their bargaining power and the discriminatory nature of the determination of their wages. In this sense, considering the situation of the latter in society and the consequences of not taking into account their vulnerabilities, Convention No. 131 on the fixing of the minimum

¹⁷ "Le Travail Domestique et l'Economie Informelle", S. PASLEAU and I. SCHOPP University of Liège - LABORES

wage for developing countries considers the determination of the level of wages as a means of combating poverty and also contributing to economic and social development¹⁸.

2.1.3. Criteria for the Determination of the Minimum Wage for Domestic Workers

In a 1985 general observation on the application of Convention No. 131, it was agreed that every effort should be made to extend the protection guaranteed by a minimum wage fixing method to domestic workers in countries where this protection did not yet exist. At present, the most recent (No. 189) convention on domestic workers in 2011 highlights the measures that must be taken to ensure that domestic workers benefit from the minimum wage system, where such a system exists, and that the compensation be fixed without discrimination on grounds of sex¹⁹. All ILO member states that have signed Convention No. 131 must maintain procedures that are adapted to the conditions and needs of the country, allowing for the fixing and adjustment from time to time of minimum wages payable to groups of employees protected under the convention. Haiti is a member country of the ILO but has not yet signed any of these conventions. Yet the ratification of these conventions by the state authorities would represent a great weapon in the struggle to defend the rights of domestic workers and ensure their protection on the labor market.

In fixing the minimum wage, the ILO, through the Minimum Wage Fixing Report, emphasized that, whatever mechanism was adopted, it was essential that employers and workers should be able to express their views. According to the report on the minimum wage system, several methods of fixing can be applied. It may be fixed by the public authorities without consultation of social partners or after consultation of social partners. It can also be set on a tripartite basis²⁰ or through collective negotiation²¹. Convention No. 131 prescribes the establishment and maintenance of minimum wage fixing procedures that are adapted to the conditions and needs of each country,

¹⁸ C131 - Convention (No. 131) on the Fixing of the Minimum Wage, 1970

¹⁹ Article 11 of Convention No. 189

²⁰ Some ILO Member States have established procedures involving the participation of the government and wage councils or equivalent bodies, leaving decision-making authority to the latter in the event of disagreement between the council and the government on the fixing of minimum wages.

²¹ The fixing of minimum wages through collective bargaining may be prescribed by law or may be the result of national practice.

while Recommendation No. 135 contains a non-exhaustive list of procedures to which recourse may be had. States are free to implement the procedure(s) of their choice²².

2.1.4. Examples of Possible Effects of the Application of a Minimum Wage for Domestic Workers

Insignificant Effects on the Labor Market

- *The Case of South Africa*

The case of South Africa shows that the establishment of a legal minimum wage for domestic workers has produced surprising effects for domestic workers. Indeed, according to a study by Taryn Dinkelman and Vimal Ranchhod on the incidence of the minimum wage in the informal sector, it was shown that the wage increase in the informal sector did not have a statistically significant effect on the labor market contrary to economic theory on competitive markets. This somewhat surprising response can be explained by the lack of surveillance and the enforcement of laws in the informal sector. According to the authors' interpretation, this situation can be seen as proof that binding measures are not necessary to ensure that the minimum wage law has a significant impact on the informal sectors of developing countries, at least in the short term.

Despite the difficulties encountered in enforcing legislation in the informal sector, there are clear indications in South Africa and some developing countries that the average wage of domestic workers has increased, with no significant loss of employment, since the minimum wage came into force²³. In effect, in Hertz's 2005 study on the effect of the minimum wage on the income of domestic workers in South Africa, he indicates that real wages, monthly earnings, and total earnings of these workers have increased since the application of minimum wage legislation for the latter, while weekly working hours and employment have decreased.

- *The Case of Brazil*

Contrary to the predictions of economic theory on the application of minimum wages, a good number of documents take the opposing view by showing that wages in the informal sector

²² Minimum Wage System, International Labor Conference 103rd Session, 2014 (p73)

²³ Tom Hertz, The Effect of Minimum Wages on the Employment and Earnings of South Africa 's Domestic Service Workers, Upjohn Institute Working Paper No. 05-120

increase after any increase in the minimum wage²⁴. In a study carried out by Tito Boeri, Pietro Garibaldi and Marta Ribeiro, they use a simple matching model to show that the lighthouse effect can be induced by significant sorting and composition effects between the formal and informal sectors and thus have consequences as a result of the increase in the minimum wage. Using data on Brazil, they tested their explanation of the "lighthouse effect" by associating the endogenous sorting of workers by skills in the formal and informal sectors. They, therefore, found that sorting accounts for at least one-third of the increase in average wages in the informal sector after the minimum wage increase. This contribution of sorting to wage dynamics in the informal sector also increases over time.

Lower Growth Delay

In addition to the economic aspect of the issue, other studies have also revealed that the minimum wage of these categories of people can have an effect on the health of children living in low-income countries. According to a study of 49 developing countries, Muhammad Farhan Majid and Al show the relationship that exists between growth delay among children in middle-income countries and the minimum wage level. According to this study, a 1% increase in the minimum wage was associated with a 0.1% decrease in HAZ scores²⁵. The effects of the increase in the minimum wage were observed among girls and children of fathers under 35 and of mothers between the ages of 20 and 29.

Access to Basic Social Services: Schooling

Most economic studies are most often concerned with the effects of the minimum wage on employment and sometimes neglect other aspects. Few studies show that the minimum wage has an impact on human capital and schooling. It is more common to find in empirical work the purely economic effects of the minimum wage. If we consider the wages of domestic workers as a transfer from employers to domestic workers, it is possible to find other effects of increasing their minimum wage. Indeed, there is considerable evidence in many countries that cash transfers have

²⁴ Behind the Lighthouse Effect, Tito Boeri, Pietro Garibaldi, Marta Ribeiro. April 2010

²⁵ Do Minimum Wages Improve Early Life Health? Evidence from Developing Countries, Muhammad Farhan Majid, Jose M. Mendoza Rodríguez, Sam Harper, John Frank, Arijit Nandi

resulted in considerable gains in access to health and education services, as measured by the increase in enrollment (particularly among girls) and the use of health services (in particular preventive health and health surveillance of children and pregnant women)²⁶.

2.2. Theoretical Framework

Several authors have attempted to see the link between the minimum wage and the level of employment in the labor market. It is possible to examine this question from two angles: that of the company or that of the individual. The company's point of view represents demand, because it is the company that decides the number of employees hired. The point of view of the individual represents the supply, for it is the individual who decides whether he is working or not.

2.2.1. *Competitive Market Theory*

From the Point of View of the Company (Demand)

Here the decisions of the company can be considered as those that will be taken by the employers of the domestic workers. In the competitive model, the conventional theory predicts that the introduction of a minimum wage will reduce employment. This minimum wage will increase the production costs of companies. As we are in a competitive market, the demand for workers will decrease because it is more expensive. Workers whose marginal productivity input is no longer large enough in relation to the new minimum wage will, therefore, be let go. Ceteris paribus, a decrease in employment will be observed following the increase in the minimum wage.

From the Point of View of the Individual (Supply)

From this point of view, the prospect of a better wage may induce domestic workers to want to participate more in the labor market. More people in the informal sector may be tempted to look for work. Indeed, people in the most vulnerable classes who do not work will have a financial incentive to find a job.

From the Global Point of View

²⁶ Barrientos, A. and Hulme, D., 2008, Social Protection for the Poor and Poorest in Developing Countries: Reflections on a Quiet Revolution.

The neoclassical theory, therefore, foresees that the amount of work demanded will decrease due to an increase in the minimum wage. Since the minimum wage is generally higher than the wage determined by supply and demand, it is therefore not the one determined by the labor market. With the minimum wage, employers will want to hire fewer workers.

Several authors have spoken about the impact of the minimum wage on employment. Historically, competitive market theory was the dominant one. An increase in the minimum wage caused employment to decline. Subsequently, some authors began to find different results. This is the case for a flagship study by Card and Krueger (1994) which launched a debate on the question of the link between minimum wage and employment. Competitive market theory is here also brought to the forefront to explain the negative outcome on the employment of adolescents. Employers will also want to reduce their production costs by reducing the number of employees. This will reduce the likelihood of being employed.

2.3. Calculation of Costs and Benefits

2.3.1. *Description of the Intervention*

This intervention involves an increase of 75 gourdes, or about 43%, of the amount fixing the minimum wage of domestic workers in the presidential decree of May 1, 2016. The minimum wage for these workers would then increase to 250 gourdes per day instead of 175 gourdes. The end result will therefore be to improve and encourage the protection of groups of workers who are excluded from the legal framework. This strategy of raising the minimum wage of domestic workers to contribute to respect for human rights and also to improve their living conditions will have multiple advantages, including an increase in the income of domestic workers, which will enable them to have access to better basic services.

The analysis of this intervention will be carried out following two scenarios. The first will take into account the reality of Haiti through the fact that the job market is non-competitive, filled with moral hazards, distortions and adverse selections. Following this logic, it will be carried out under the assumption that the increase in the minimum wage will not result in any loss of employment in line with the work done on increasing the minimum wage in the informal sector in developing countries. However, given that we are producing an academic document, one cannot ignore the

fact that economic theories support a decline in employment after an increase in the minimum wage. Thus, the second scenario will be realized on the assumption that the increase in the minimum wage of domestic workers will lead to a loss of employment in line with economic theories in competitive markets.

2.3.2. Objectives of the Intervention

The principal objective of this intervention is to obtain improvement in the living conditions of domestic workers in Haiti. The aim is to ensure respect for the right of men and women regardless of their membership in a social group. Taking into account the growing number they represent in Haitian society, it is also a question of valuing their work by an adequate remuneration. Domestic workers will therefore have the opportunity through this additional income to have access to better basic services.

2.3.3. Counterfactual Scenario

Many people across the country are abandoning rural areas for urban areas with only the skills to manage household chores and care for children in the home. Little educated and belonging to a social stratum already subjected to a low level of employability, domestic work constitutes for them a means of access to a job. This situation of underemployment means that there is a considerable imbalance between supply and demand for work for this group of people. This is beneficial to employers who impose their will by sometimes offering wages that are incapable of supporting these people in providing for their needs and those of their families.

The domestic labor sector has a high absorptive capacity for labor insofar as domestic tasks are remunerated. Provision for the enforcement of the labor rights of this group of people is a better way to engage them actively in economic life. This will represent a significant transfer from one social class to another and thus contribute to a decline in the level of poverty because, from the economic point of view, better remuneration leads to a higher standard of living.

2.3.4. Determination of the Target Population

The target population for this intervention is the number of domestic workers in the Port-au-Prince metropolitan area. The vast majority of them are people who leave rural areas to settle in urban areas. This migration is done solely in order to find work to meet their needs.

In order to determine the target population, data on the Haitian population estimate made by the IHSI in 2012 were used. Thanks to these data we were able to deduce the population of the metropolitan area of Port-au-Prince. Then, through calculations based on the data available in EMMUS 2012, the percentage of domestic workers for the study area was determined. Taking into account the EMMUS sample, we found a percentage of 8.86% of domestic workers for the Port-au-Prince metropolitan area. This percentage was then applied to the population of the study area.

As stated in the intervention, there will be two scenarios. For the first, the number of domestic workers before and after the intervention will not change. For the second scenario, with the assumption of 5.57% loss of employment, the number of domestic workers before and after the intervention will not be the same.

In the scenario that assumes there will be no job loss, from the 8.68% of domestic workers in the metropolitan area from Port-au-Prince, there were 214,462 domestic workers before the intervention. After the intervention the number will not change according to the starting assumption.

For the second scenario, the number of domestic workers before and after the intervention was determined by the percentage of domestic workers in the Port-au-Prince metropolitan area and the assumption that the loss of employment will be 5.57 %. For the second scenario, there were 214,462 domestic workers before the intervention and 205,176 domestic workers after the intervention.

2.3.5. Description and Calculation of Costs

The costs related to the intervention will be described according to the scenario considered. The costs will be both direct and indirect. For the scenario that assumes no job loss (Scenario 1) there will be only one direct cost, which is the surplus lost by the employers, as well as an indirect cost, which is the additional cost of children enrolled in school. While for the second scenario, which

assumes a loss of 5.57% of employment, the direct costs will be, in addition to the surplus lost by the employers, the loss of employment in the group of domestic workers. And the indirect costs for the latter scenario will be: increased growth delay among domestic workers' children and lower school attendance rates for these children.

Scenario 1: No Job Loss

For the direct cost of the first scenario, which is the surplus lost by employers, the calculation was based on the number of domestic workers after the intervention and then the variation in the annual wages of domestic workers before and after the intervention, also taking into account the compliance rate of the application of the minimum wage. The latter parameter, which is the minimum wage compliance rate, is a percentage based on the results of studies on the application of minimum wages in developing countries. According to these studies, the minimum wage compliance rate for these countries varied around 78%. This calculation reveals that the amount lost by employers following the increase in the minimum wage would be 3,600,102,229 gourdes.

For the indirect cost of this scenario, the amount reflecting the additional cost of children enrolled in the school was determined from the following parameters: the average probability of school enrollment (and having a UCT or CCT) without conditions, the school attendance rate²⁷, the probability of schooling before intervention, post-intervention enrollment rate, average number of children per domestic worker and total educational benefits. Thus, the amount reflecting the additional cost of children enrolled in school is 174,897,442 gourdes for all workers in the metropolitan area of Port-au-Prince.

- *Total Costs of the Intervention*

At the 5% discount rate, the direct and indirect costs of this intervention for this scenario will be 3,774,999,671 gourdes per year for the 214,462 domestic workers in the Port-au-Prince metropolitan area.

²⁷ UNDH-HT- Haïti Report 2013 p.74

Table 12: Total Costs of the Intervention in Gourdes (Scenario 1)

Costs	Values
Surplus lost by employers	3,600,102,229
Additional cost for enrolled children	1,174,897,442
TOTAL	3,774,999,671

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Scenario 2: 5.57% Job Loss

For the direct costs of this scenario, there is the loss of the employer surplus and the decrease in the number of domestic workers. For the loss of the employer surplus, the calculation was made as in the first scenario with the only difference being that the number of domestic workers was modified given the assumption of 5.57% job loss. As a result, the amount of surplus lost by employers is 3,499,813,667 gourdes for all employers in the Port-au-Prince metropolitan area.

The indirect costs of this scenario are the growth delay and additional costs of children enrolled in school, and are calculated at a 5% reduction rate. For growth delay the calculation was made according to the number of growth delay after the intervention. As detailed in the spreadsheet, the amount of the cost of growth delay is 22,176,898 gourdes per year for the 5% of workers who will be dismissed. The education loss, which is 132,201,915 gourdes for all domestic workers likely to be dismissed, was obtained by taking into account the number of children enrolled after the intervention and the amount of the cost of education for the latter.

As another cost, we had job loss among domestic workers. This cost was obtained by multiplying the number of domestic workers who would be laid off by the former amount of their annual salary. This loss is 468,013,290 gourdes. This represents the annual amount of 9,285 household workers who will now be unemployed as a result of the intervention.

- *Total Costs of the Intervention*

After the intervention and at the 5% discount rate, the total costs (direct and indirect costs) for this scenario will be 3,829,089,922 gourdes per year for domestic workers in the Port-au-Prince metropolitan area.

Table 13: Total Costs of the Intervention in Gourdes (Scenario 2)

Costs	Values
Additional costs for school children	174,897,442
Increased growth delay in children of domestic workers	22,176,898
Surplus lost by employers	3 499,813,667
Loss in education	132,201,915
Total	3,829,089,922

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

2.3.6. Description and Calculation of Benefits

The benefits of this intervention can be summed up in two main points, which are: the increase in the surplus of domestic workers, which is a direct benefit, and the increase in the number of children attending school, which is an indirect effect. All calculations are performed at a 5% discount rate.

Scenario 1: No Job Loss

- Increase in the Surplus of Domestic Workers

According to different studies on developing countries, especially on the increase in the minimum wage in the informal sector, this does not necessarily translate into job loss. Taking this and the situation of Haiti as a developing country into account, the increase in the minimum wage for domestic work may also not have a negative effect. Based on this assumption, the first benefit that has been quantified is an increase in the surplus of domestic workers. In effect, any increase in wages translates to a priori improvement in purchasing power for the group in question. In order to measure this effect, the producer surplus calculation method, which here refers to the labor force offered by domestic workers, has been used. In this work, this benefit is the product of the number of domestic workers after the intervention by the variation of their annual amount before (50,400 gourdes) and after intervention (72,000 gourdes), while taking into account the compliance rate with the minimum wage in developing countries, which is 78%. This calculation reveals that the surplus of domestic workers is 3,600,102,229 gourdes.

- *Benefit of Additional Children Enrolled in School*

Any increase in wages can contribute to an improvement in the living conditions of the persons concerned. And an improvement in living conditions can be expressed by an increase in purchasing power, which itself can mean more means for more access to basic social services. In the framework of this intervention, one of the positive effects has been the increase in the number of children of domestic workers who will be enrolled after the intervention. To quantify this effect, the number of additional children enrolled was multiplied by the amount of the benefits in education according to the discount rate. In order to arrive at such results, all the data that have been used are: the average probability of school enrollment with UCT or CCT without conditions, the rate of school attendance, the probability of schooling before intervention, probability of registration post-intervention, post-intervention enrollment rate and the average number of children per domestic worker. For scenario 1, which assumes that job loss will be zero, the benefit of the additional number of children registered is 743,177,129 gourdes.

- *Total Advantages of the Intervention*

At the 5% discount rate, the total benefits (direct and indirect) for this scenario will amount to 4,343,279,358 gourdes.

Table 14: Direct and Indirect Benefits with a Discount Rate of 5% in Gourdes (Scenario 1)

Benefits	Values
Surplus of domestic workers	3,600,102,229
Benefits of additional children schooled	743,177,129
TOTAL	4,343,279,358

Source: Excel spreadsheet accompanying the manuscript, An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project, December 6, 2016

Scenario 2: 5.57% Job Loss

- *Increase in the Surplus of Domestic Workers*

The method of calculating the surplus of domestic workers for this scenario follows the same logic as the previous one, the sole difference is that the starting assumption is not the same. In effect, in accordance with theories on the effects of the increase in the minimum wage, it is assumed that any increase in the minimum wage translates into a reduction in the number of jobs in the sector concerned. To take into account such a case in this intervention, we assumed that the loss of employment in this group of workers will be 5.57% according to the literature. The calculations show that the direct benefit of this intervention will be 3,412,562,618 gourdes per year for the 205,176 workers who will still keep their jobs.

- *Benefit of Additional Children Enrolled in School*

For this scenario, the amount of this benefit is 710,998,366 gourdes at the 5% discount rate.

- *Total Benefits of the Intervention*

At the 5% discount rate, the total benefits (direct and indirect) for this scenario will amount to 4,123,560,984 gourdes.

Table 15: *Direct and Indirect Benefits with a Discount Rate of 5% in Gourdes (Scenario 2)*

Benefits	Values
Surplus of domestic workers	3 412 562 618
Benefits of additional children enrolled	710,998,366
TOTAL	4,123,560,984

Conclusion

In order to try to resolve certain situations of discrimination and abuse, particularly against women, which are rife in the labor market in Haiti, we proposed two interventions. The first concerns the formal sector of labor and proposes to grant paid and non-transferable paternity leave to men. In effect, the literature indicates that women benefit most from paternity leave. The second targets the domestic labor market, which is part of the informal sector. It consisted of an

increase in the minimum wage of domestic workers. Their salary will have to increase from 175 to 250 gourdes per day. Through this document, an analysis of the costs and benefits that will result from the implementation of these interventions has been made. The summary estimate of costs and benefits allowed us to arrive at certain conclusions. For the first intervention, the results obtained show that the impacts of the intervention will be positive for the men themselves, for the wives, their children, for the companies and for society in general. Indeed, the BCRs will be equal to 1.31. This means that each gourd invested in this program will bring 1.31 gourdes of general benefits.

The second intervention was analyzed in two scenarios. In the first scenario, which assumes zero job loss, the results obtained indicate that this intervention will be neutral for the country. Economically speaking, there will be a transfer of resources from employers to domestic workers. Indeed, by calculating the BCR only for the direct effects of the intervention, it will be equal to one, because what employees receive is what employers lose. However, taking indirect effects into account in the calculation too, the BCRs will be slightly higher. It will be equal to 1.27, 1.15 and 1.01 respectively at the discount rates of 3%, 5% and 12%. This means that the project will bring slight benefits to society in general. However, from the point of view of domestic workers, the BCRs will be infinite because they will receive their wages without losing anything in return. This will increase their purchasing power. At the same time, they will have more access to basic services: access to good food and health services, education etc.

In the second scenario, which assumes a job loss of 5.57%, the calculation of the BCRs with the direct costs and benefits will be equal to 0.98. The BCR being less than 1, economically the intervention would not be profitable for the country. However, when indirect effects are taken into account, the BCRs will increase slightly and will be equal to 1.16, 1.08, 0.97 respectively at the 3%, 5% and 12% discount rates. This result indicates that the project will benefit society in general. And finally, by calculating the BCR from the point of view of domestic workers, it will be equal to 7.4. All these results are shown in Table 16.

Its results suggest that these gender equity programs will prove to be very important for the country and for society in general. According to the ILO, sustainable development is only possible

with the contribution of both sexes. Whatever the cultural context, the economic autonomy of women enables them to unleash their socio-economic potential and put it at the service of development. In addition, the strengthening of the negotiating and decision-making power of women in the household and the improvement of their social and economic status often translate into improved food, health, education and methods of education of children, as well as lower infant mortality rates and a decline in child labor²⁸. The Haitian government, therefore, has an interest in investing in these programs because, according to the ILO, every country must ensure respect for the rights and dignity of all human beings, regardless of gender or social status.

Table 16: *Summary of Benefits and Costs in Gourdes*

Intervention	Discount	Annual benefit (millions, HTG)	Annual cost (millions, HTG)	BCR	Quality of evidence
Paid and non-transferable paternity leave	3%	12,644	9,644	1.31	Limited
	5%	12,559	9,579	1.31	
	12%	12,280	9,367	1.31	
Increase in minimum wage with no job loss	3%	4,776	3,775	1.27	Limited
	5%	4,343	3,775	1.15	
	12%	3,820	3,775	1.01	
Increase in the minimum wage with a 5.57% job loss	3%	4,537	3,927	1.16	Limited
	5%	4,124	3,829	1.08	
	12%	3,622	3,717	0.97	
Increase in the minimum wage with a 5.57% job loss from the point of view of domestic workers	3%	3,444	468	7.36	Average
	5%	3,444	468	7.36	
	12%	3,444	468	7.36	
Increase in minimum wage with no job loss from the point of view of domestic workers	3%	3,600	0	Infinite	Average
	5%	3,600	0	Infinite	
	12%	3,600	0	Infinite	

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Recommendations

- For Intervention 2

The "cost-benefit" analysis of the increase in the minimum wage for domestic workers in the Port-au-Prince metropolitan area enabled us to assess the situation of the latter as a vulnerable group. While highlighting the costs and benefits of such an intervention, some factors for better

²⁸ N. Jones; M. Mukherjee; S. Galab: *Ripple Effects or Deliberate Intentions? Assessing Linkages Between Women's Empowerment and Childhood Poverty* (UNICEF, May 2007), p. 3

implementation are essential. Therefore, for better results, the following points will need to be looked into:

An employment contract for domestic workers. Any employment contract requires employers to respect the working conditions of the latter. Indeed, requiring employers to enter into a formal contract when hiring domestic workers is a means of regulating this sector and to giving this group of people considered vulnerable the sense of belonging to a formal sector.

Revitalizing the labor service within the Ministry of Social Affairs and Labor. In order to achieve compliance with the minimum wage law for domestic workers, the institutions involved in this intervention must be strong. By revitalizing the labor department of this ministry, it will be possible to register employment contracts and ensure compliance with the terms of the contract.

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Appendix

Table 17: Cost of Paternity Leave in Gourdes

Indicators	Values										Sources
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Number of live births	166,753	166,252	165,238	164,304	163,711	162,999	162,168	161,216	160,321	159,506	Calculation
Number of babies with at least one working parent	105,888	105,570	104,926	104,333	103,957	103,505	102,976	102,372	101,804	101,287	Page 112: ECVMAS
Number of babies with at least one parent working in the formal sector	10,589	10,557	10,493	10,433	10,396	10,350	10,298	10,237	10,180	10,129	Calculation
Number of formal sector employees who have at least one child and who are male	6,988.62	6,968	6,925	6,886	6,861	6,831	6,796	6,757	6,719	6,685	Page 113: ECVMAS
Average wage for men in the formal sector, HTG	6,467	6,642	6,821	7,005	7,194	7,388	7,588	7,793	8,003	8,219	By assumption, GDP grows by 2.7% per year
Total taking of paternity leave	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	http://www.nytimes.com/roomfordebate/2011/07/05/how-can-we-get-men-to-do-more-at-home/for-gender-equality-take-fathers-into-account
Duration of paternity leave	6	6	6	6	6	6	6	6	6	6	The Haitian constitution guarantees 6 weeks paid maternity leave
Costs of paternity leave, HTG	244,053,723	249,890,347	255,071,667	260,477,309	266,546,204	272,552,478	278,482,915	284,323,482	290,379,681	296,704,305	Calculation

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

Table 18: Costs of Employment Displacement of Men in Gourdes

Indicators	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Working population	6,848,594	6,974,599	7,099,944	7,224,436	7,348,115	7,471,274	7,594,204	7,717,198	7,840,394	7,963,597
Number of people working	4,348,857	4,428,870	4,508,464	4,587,517	4,666,053	4,744,259	4,822,320	4,900,421	4,978,650	5,056,884
Number of people working in the formal sector	434,886	442,887	450,846	458,752	466,605	474,426	482,232	490,042	497,865	505,688
Number of women working in the formal sector	29,572	30,116	30,658	31,195	31,729	32,261	32,792	33,323	33,855	34,387
Average annual income in the formal sector, HTG per year	336,282	345,362	354,686	364,263	374,098	384,199	394,572	405,225	416,167	427,403
Weighted average annual alternative income (unemployment, informal sector, agriculture), HTG per year	75,273	77,305	79,392	81,536	83,737	85,998	88,320	90,705	93,154	95,669
Net costs of the displacement of men in the formal sector	7,718,632,337	8,072,881,594	8,439,849,966	8,819,707,244	9,212,905,626	9,620,237,081	10,042,546,181	10,480,733,162	10,935,542,979	11,407,282,602

Source: Excel spreadsheet accompanying the manuscript, *An analysis of the Benefit-Cost Ratio of Interventions in Human Rights and Gender Equality for the Haiti Priorise Project*, December 6, 2016

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 *Haiti Priorise* project will work with stakeholders across the country to find, analyze, rank and disseminate the best solutions for the country. We engage Haitians 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.



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