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VALUE CHAIN TOOLS FOR MARKET-INTEGRATED RELIEF: HAITI'S CONSTRUCTION SECTOR

**GUIDED CASE STUDIES IN VALUE CHAIN DEVELOPMENT FOR
CONFLICT-AFFECTED ENVIRONMENTS**

microREPORT #93



March 2008

This publication was produced for review by the United States Agency for International Development. It was prepared by Rachel Blum with contributions by Tracy Gerstle and David Angeles of CHF International under the Accelerated Microenterprise Advancement Project Small Grant Facility administered by Pact, Inc., subcontractor to Weidemann & Associates, Inc.

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CONTENTS

| | |
|--|----|
| ACRONYMS | ii |
| EXECUTIVE SUMMARY | I |
| I. INTRODUCTION | 4 |
| II. ANALYSIS OF INSTABILITY IN HAITI | 10 |
| III. VALUE CHAIN ANALYSIS | 16 |
| IV. STATEMENT AND ANALYSIS OF RESEARCH QUESTIONS | 35 |
| V. CONCLUSION AND RECOMMENDATIONS | 44 |
| ANNEXES | 46 |

ACRONYMS

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| AHEC | Associations of Pavers, Construction Retailers, and Haitian Construction Enterprises |
| AMAP | Accelerated Microenterprise Advancement Program |
| CHF | CHF International |
| EU | European Union |
| FS | Financial Services |
| GoH | Government of Haiti |
| GNI | Gross National Income |
| HNP | Haitian National Police |
| IDB | Inter-American Development Bank |
| KATA | <i>Konbit Ak Tet Ansanm</i> (working together to achieve a common goal) |
| LNBTP | National Laboratory of Construction and Public Works |
| MFI | Microfinance Institution |
| MINUSTAH | United Nations Stabilization Mission in Haiti |
| MSE | Micro and Small Enterprise |
| UNPOL | United Nations Police |
| USAID | U.S. Agency for International Development |

EXECUTIVE SUMMARY

This case study documents the use of the value chain approach to channel infrastructure program design from a direct implementation approach toward longer-term, market-integrated relief¹ in Haiti's most conflict-prone cities.

Worldwide, donor-funded infrastructure and housing programs focus primarily on completing projects without examining how they might work through markets and private-sector actors, which risks undermining local businesses and slowing economic recovery. In many cases, the donor emphasis on immediate physical deliverables can mean that only a small number of the highest-performing local firms and/or outside firms are eligible to participate in subcontracts. This overlooks an enormous opportunity to promote broad-based growth among a larger pool of local private-sector actors. In conflict-affected areas, this exclusion of a whole range of actors in the construction sector—typically one of the largest and most robust sectors in post-conflict economies in terms of revenue and employment—may effectively forego an opportunity to contribute to economic recovery and conflict mitigation. At worst, this exclusion can contribute to instability. The CHF International hypothesis is that the value chain approach is an effective tool for integrating these larger market considerations into a donor-funded infrastructure program. Moreover, this lens to program design enables the completion of program targets while building sector competitiveness and setting the stage for longer-term, broader-based economic growth.

This study recognizes the challenges many practitioners face in the emerging field of market-integrated relief, namely that few tools are available to analyze value chains and markets in conflict and other crisis environments where data collection, analysis and sustainable program design must occur relatively quickly. The study also tests a second hypothesis: that the value chain approach can be adapted to conflict and post conflict environments to a) identify and incorporate into the analysis and program design information on conflict drivers that implementers can use to both do no harm in these environments and possibly contribute to conflict mitigation and b) meet the analysis and program design information requirements, while also meeting the need for prompt analysis to facilitate a rapid programmatic response.

To test these two hypotheses, CHF International led a value chain analysis of the construction sector, working within an infrastructure program operating in five conflict-affected cities of Haiti. The case study analyzes how the resulting program design does or does not provide a strategy that meets its stated goals of mitigating conflict, building a public asset base and creating jobs, while contributing to inclusive growth and increased competitiveness in the construction sector. The study also documents the research process, the resources used and the adaptations made to gather and analyze the types of information needed to determine how to conduct a rapid assessment and design in this environment.

The study focuses on the USAID-funded, CHF-implemented KATA project—in Haitian Creole, *Konbit Ak Tet Ansanm* (working together to achieve a common goal). A four-year program begun in November 2006, KATA aims to advance stability in Haiti by stimulating employment and supporting sustainable livelihoods in five urban areas. Initially, KATA focused on short-term, highly visible and labor-intensive job-creation activities. Currently it is integrating larger, more complex projects that require advanced skills and promise long-term employment. The durable employment strategy combines infrastructure and workforce development by connecting young people to construction and other key industries in Haiti with the greatest potential for generating long-term jobs. Local Business Councils composed of private firms and community leaders work with the KATA team to match labor needs with

¹ *Market-integrated relief* explains approaches to address the needs of crisis-affected populations that work through, rather than crowd out, local markets to deliver needed aid, while leveraging opportunities to strengthen these local markets to fuel economic reconstruction. This concept is most recently defined and described in: Miehlebradt, Alexandra O and McVay, Mary, (Ed., Jim Tanburn), 2006, *The 2006 Reader: Implementing Sustainable Private Sector Development: Striving for Tangible Results for the Poor*. ILO International Training Centre, Annual BDS Seminar

available assets and private sector business growth strategies, resulting in more employment in highly vulnerable areas and market-driven linkages between small and large firms for supplies and services. Details of the KATA program are in Section I.B.

In September 2007, the research team applied the USAID/AMAP value chain framework to KATA to test the two main case study hypotheses (Section I.D). This case study defines the construction industry as all of the market actors engaged in the manufacture, distribution and/or contracting of products and services used in the construction, rehabilitation, upgrading and/or maintenance of residential and institutional buildings, commercial property and public infrastructure. The study focused primarily on the small- and medium-scale public infrastructure value chain because it offered the greatest potential to stimulate broad-based employment in Haiti, a primary KATA goal. The study also presents observations on the low-income housing and other construction industry chains—currently undeveloped, but with high potential for growth as stability and private-sector investment increase. The analysis found many local actors active in more than one construction industry value chain, suggesting that firm-level competitiveness may be linked to an ability to operate in more than one chain, provided that the risks and results across all construction chains are not interrelated. This perspective is critical for the future when international donor funds are withdrawn, and the industry must turn to privately funded infrastructure and housing development. Given the time constraints for field research and analysis and the immediate opportunities available in the small- and medium-scale public infrastructure value chain, the team did not conduct an in-depth analysis of the other chains. However, the team considers that an analysis of those chains is merited at some point, due to the anticipated decline in donor funding and other trends in Haitian construction markets. Section III contains value chain analysis findings.

Overall, the results of the analysis confirm the validity of the USAID/AMAP value chain approach for post-conflict infrastructure programs seeking to integrate local markets into program design. As described in Section IV, the value chain approach orients relief assistance away from interventions that risk crowding out and weakening local construction firms and toward a programmatic perspective that encourages broad participation and upgrading in the industry to promote economic reconstruction. In so doing, this approach meets the immediate KATA program deliverables while simultaneously strengthening competitive, broad-based growth locally.

The analysis proves that the ability of local construction firms to successfully implement and manage donor-funded projects depends not only on firm capacity, but also on larger, industry-wide issues. The value chain approach is particularly well suited to recognizing opportunities for competitiveness and growth and identifying interventions that can take advantage of them. In Haiti, there is potential to improve finance regulation and other policy issues through association development and advocacy, construction labor force development and coordination of standards between the government and international donor agencies. Donor-funded programs are in a unique position to help private-sector actors leverage opportunities at a reasonable cost, and the study findings indicate that a value chain analysis would serve an important fact-finding function for an infrastructure/engineering team in the initial design and/or start-up phase of a relief-based program. Specific findings include the following:

- Maintaining and developing a skilled labor force is critical to stimulating broad-based growth for a multitude of firms, particularly in an unstable environment such as Haiti where employment issues and competition over economic resources are major conflict drivers. An improved workforce helps firms prepare to compete against current or potential threats by foreign competitors and workforce development initiatives—informal learning opportunities, formal training and accreditation, work-study programs and management exchanges—should be incorporated into all infrastructure projects to stimulate industry competitiveness and sustained employment. When possible, private-sector participants should drive these initiatives, for example through subcontracting arrangements to transfer learning from large prime contractors to smaller subcontractors, or through sustainable local organizations such as vocational training institutes, technical schools or associations.
- Association development can greatly influence the structural constraints impacting an industry, particularly in

areas troubled by conflict where horizontal linkages are weak. This study identified opportunities to revitalize selected construction associations around priority policy issues such as the need for construction standards, building codes and financial regulatory reform. While most infrastructure development programs do not have the resources or mandate to develop and strengthen associations, they can inform association stakeholders and facilitators about industry trends.

- Infrastructure donors and offerors are in an extraordinary position to stimulate broad-based growth and employment following protracted conflict. Small firms can participate on a more level playing field when offerors establish small business set-aside contracts and small firms can learn from the large ones when programs build the capacity of large firms by bundling bigger projects that encourage complexity and stimulate subcontracting arrangements. Market-integrated relief programs can encourage infrastructure buyers to adopt 1) standards for project design, tendering, awards and payments and 2) flexible bonding requirements, such as those proposed by the Government of Haiti (GoH) to decrease performance bond requirements on government contracts from 25 percent to 5 percent and lift cash collateral restrictions to allow property-based collateral on the bonds. Similarly, bidding and tendering procedures should minimize the undue financial burdens placed on local construction firms. Other standards include 1) agreeing to a maximum lag time between design, bid and award; 2) establishing minimum budget expenditures on design (such as 10 percent of total contract budget); and 3) issuing tenders in the local currency to reduce currency risks that could burden contractors.

In supporting the second hypothesis, the case study revealed that the value chain approach can be adapted to conflict and post-conflict environments, while also meeting the need for prompt analysis to facilitate a rapid programmatic response. The research team adapted and used several tools to guide the process. These tools proved extremely useful and appropriate for analyzing both Haiti's construction sector and the potential for KATA to work more closely with local markets. The following are noteworthy adaptations that research team members made to these tools:

- Prior to conducting a value chain analysis, work with conflict specialists who understand the local context (in-house staff, known academics and/or consultants) to identify, understand and anticipate the potential conflict drivers that may be present in the industry.
- Review and refine question guides according to the conflict analysis, orient the research team accordingly, probe during interviews and continually revisit these considerations when completing the analysis.
- Benchmark observations in the sector by referring to existing secondary sources (including this case study and references in Annex A) to accelerate the analysis and program design processes and gauge the industry's competitiveness.
- Look to multiple research sources, particularly in environments where relief programs are already operating, since in the course of their procurement processes these programs may have gathered relevant information.
- Recognize potential logistical challenges, such as finding available, qualified staff; the length of time required for field research and analysis; the operational context (industry season, meetings, travel time, security/mobility constraints); the appropriate time to engage in a value chain analysis; and all available sources of data. Annexes B and C help construction value chain team members design and conduct a quick and effective value chain analysis.

Given the construction industry's importance as a source of growth and employment in post-conflict situations, it is essential to study a public sector infrastructure value chain operating in such a setting to identify and understand the strategies and tools that value chain actors can use to withstand the threats that may emerge if conflict should flare again.

I. INTRODUCTION

A. CASE STUDY PURPOSE

This case study seeks to apply and document the use of the value chain approach by construction industry project staff to re-channel program design from direct implementation to a *market-integrated relief* model. The market-integrated relief approach addresses the needs of crisis-affected populations by working through local markets, rather than crowding them out, to deliver needed aid and to leverage opportunities to strengthen these markets and fuel economic reconstruction. This study looks at KATA, a USAID-funded infrastructure and job creation program that aims to mitigate conflict in some of Haiti's most conflict-prone urban communities.²

During the first year of implementation KATA was heavily involved in directly designing, managing and staffing small- and medium- scale infrastructure projects. This approach is commonly adopted by most infrastructure and housing programs in conflict-affected or post-disaster environments. KATA used a cash-for-work system to directly pay laborers who rotated through projects every two weeks. The program design called for this level of involvement in the first phase because KATA needed to demonstrate immediate job creation in the first few months of implementation. Tendering bids is a slow process and not the optimal way to produce rapid results—contractors mechanize as much work as possible for greater efficiency, while direct project implementation is very labor-intensive and employs people immediately. Finally, the relatively low capacity of most local firms meant that KATA staff could not quickly identify and pre-qualify enough contractors to ensure reliably good-quality work and timely delivery of projects. This type of direct involvement is characteristic of relief-oriented programs that focus on immediate results, but the approach risks undermining local capacity, distorting local markets and overlooking private-sector contributions to improving the public asset base, long-term employment and swift economic recovery.

KATA is unique in that it is not a conventional relief program; while its overarching objectives are to create jobs and restore the public asset base, it ultimately seeks to maintain stability, build transparent mechanisms for decision-making and attract private sector investment.³ KATA presents an interesting case study because the inherent flexibility of its design enables it to integrate market-based approaches where appropriate. The study seeks to determine how the value chain approach might influence this design.

The research explores two hypotheses: the first is that the value chain approach can be an effective way to help KATA staff think about and then integrate local markets into their implementation strategies. The study illustrates a process that reorganizes construction and infrastructure interventions to ensure that small firms can both contribute to and benefit from infrastructure development goals—in other words, poverty alleviation through inclusive growth. The value chain approach can lead to a revitalized Haitian construction industry, enable the completion of high quality on-time projects, and empower local firms to withstand any market decline that may follow the eventual phase out of donor funds. The approach also helps ensure competitiveness of the sector as more international firms enter the Haitian market to pursue both donor funds and the private investments that are sure to follow.

The second hypothesis the study tests states that when applying the value chain approach to an infrastructure program

² This program is being implemented by CHF International, in partnership with ResCare DTC Inc., Habitat for Humanity International (HFHI), American Institutes for Research (AIR), and Fondation Espoir.

³ This concept echoes the notion expressed in a recent USIP report, which states that "...infrastructure experts approach problems from an engineering perspective. While this view is important, it must be married with an appreciation of the conflict dynamic. Indeed, traditional engineering concerns, such as efficiency, are secondary in a conflict-sensitive approach. For example, it may be critical to the economic success of the host nation to forgo some efficiency in order to promote indigenous job creation and employment of host nation contractors." Mashatt, Merriam, Major General Daniel Long, and James Crum, *Conflict Sensitive Approach to Infrastructure Development*, United States Institute for Peace, Special Report 197, January 2008 (pp. 3-4)

in a conflict-affected environment, it is possible to use existing tools without jeopardizing the need for a prompt programmatic response. As noted in recent research by the SEEP Network on market development programs in crisis environments, practitioners have few tools for analyzing markets and value chains in these environments. Market researchers in conflict-affected environments face many challenges, including the lack of readily available, relevant information; difficult logistics in terms of traveling and identifying and meeting with value chain actors; insecurity and the relatively low economic literacy of many potential partners and staff.⁴ Additionally, practitioners operating in these environments must respond quickly in order to meet human needs and address crisis symptoms such as devastated infrastructure, ruined livelihoods and disaffected populations. Increasingly, practitioners recognize that they also must address the underlying roots of the conflict and design and implement activities that do not aggravate the causes of conflict and, when possible, help to mitigate them.⁵

To test these hypotheses, the case study documents the value chain analysis of Haiti's construction industry through the lens of the KATA program, illustrating how the approach enabled program staff to identify and design interventions to strengthen and integrate Haiti's construction value chains. The study discusses how KATA staff adapted the USAID/AMAP value chain tools to account for constraints associated with the insecure environment and how the analysis leveraged information and other resources to accelerate the analysis and results. It is hoped that this case study can inform conventional infrastructure programs on how their interventions might realize sustainable, project-facilitated activities that reinforce broad-based growth by enhancing industry competitiveness and opportunities for smaller firms.

In the Haitian context, the definition of market-integrated relief refers to a dynamic in which the program attempts first and foremost to create short-term employment and reduce instability triggers in urban centers, while also focusing on longer-term issues such as rebuilding institutions (legitimizing the new government), stimulating employment opportunities, and encouraging private sector investment. Although the definition may differ from those in other conflict environments or acute crises in which meeting basic human needs are the main priority, it focuses on how conventional infrastructure and job creation programs can integrate private sector development approaches in a post-conflict setting.⁶

B. DESCRIPTION OF KATA

KATA, *Konbit Ak Tet Ansanm* in Haitian Creole, is based on the principle of working together to achieve a common goal. A four-year USAID-funded program implemented by CHF International since November 2006, KATA aims to advance stability in Haiti through short- and long-term employment and the rehabilitation of public assets in five of the most unstable urban hotspots in the country: Port-au-Prince, St. Marc, Cap-Haïtien, Gonaïves and Petit Goâve.

KATA's approach is two-fold: generate immediate employment through infrastructure rehabilitation while weaving in a concurrent, durable employment strategy through restoration of assets, workforce development and private-public partnerships. Employment and competition over economic resources is a major conflict driver in Haiti, and the overarching intent of the program is to contribute to increased stability through visible employment opportunities. In the first year, program implementation focused on short-term, labor-intensive, job-creating activities after which it integrated larger, more complex projects requiring advanced skills and promising long-term or *durable employment*. In so doing, KATA has a distinct capacity-building mandate for the construction sector that aims to increase the level of

⁴ Nourse, Tim; Gerstle, Tracy; Snelgrove, Alex; Rinck, David & McVay, Mary. *Market Development in Crisis-Affected Environments: Emerging Lessons for Pro-Poor Economic Reconstruction*. The SEEP Network. 2007. Available online at www.seepnetwork.org

⁵ This concept is discussed in Anderson, Mary V. *Do No Harm: How Aid Can Support Peace—or War*. Boulder, CO: Lynne Rienner Publishers, 1999.

⁶ More on this topic is discussed in Miehlbradt and McVay, *The 2006 Reader*.

work contracted with Haitian firms in infrastructure projects while also building the capacity of these firms to improve their quality and on-time response.

KATA's *durable employment* strategy combines infrastructure and workforce development and connects young people to key industries having the greatest potential for generating long-term employment.⁷ In partnership with ResCare Inc., KATA works with existing training institutions to improve and match the skills of Haiti's workforce with private sector demand. Local Business Councils, comprising local private firms and community leaders work with the KATA team to match labor needs with both local assets and private sector plans for expansion, resulting in more employment to highly vulnerable areas. In the residential housing market, where there are hundreds of microenterprise contractors, KATA's partner, Habitat for Humanity International, is working to improve the skills of entrepreneurs to meet the growing demand for construction and upgrades of low-income housing.

C. HAITI'S CONSTRUCTION SECTOR

This study defines the construction sector as all market actors engaged in the manufacture, distribution and contracting of products and services used in the construction, rehabilitation, upgrading and/or maintenance of residential and institutional buildings, commercial property and public infrastructure. The study focuses primarily on the small- and medium-scale public infrastructure value chain, as this market offers the most significant growth opportunities in the near term and the greatest potential to stimulate immediate, broad-based employment in Haiti. The research found many local actors active in more than one value chain in the industry, which suggests that firm-level competitiveness may be linked to the ability of actors to operate in more than one chain as long as risks and results across all value chains are unrelated. This perspective is critical; as donor funding winds down, the industry will need to rely increasingly on privately funded infrastructure and housing development. Given the time constraints for field research and analysis and immediate opportunities for the small- and medium-scale public infrastructure chain, the team did not conduct an in-depth analysis of other chains such as low income housing and private commercial investment. However, an analysis of these chains would be merited at some point due to the anticipated decline of donor funding and other trends in the Haitian construction markets.

The construction sector is often cited as one of the most dynamic in Haiti, even compared against manufacturing and agriculture, which are the two other largest sectors in the country.⁸ The construction sector grew throughout the 1970s and 1980s, but declined after peaking in 1990, the time when most construction was concentrated on middle- to high-income housing, apartments and commercial buildings.⁹

Table 1. Annual Growth Rates in Haiti's Construction Sector

| Year | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
|----------------|-------|------|------|------|------|------|------|------|------|------|
| Percent Change | -16.1 | 67.0 | -7.9 | 9.1 | 11.2 | 10.4 | 8.3 | 0.7 | 0.9 | 1.4 |

The stagnation of the sector in 2001-2002 highlighted the Haitian economy's trend toward recession, which was, however, offset by public works accounting for over a third of public investment. During this time, the price of major construction inputs rose (cement 21 percent, rods 9 percent and bricks 5 percent), exacerbating the reduced level of private construction investments.¹⁰ Between 2003 and 2004, construction expanded by 1.4 percent, a small

⁷ Industries include construction, manufacturing, agricultural production, fishing and tourism, as well as public industries in which there is an ongoing demand for services such as water, energy, health and education.

⁸ <http://countrystudies.us/haiti/58.htm>, re-published from The Library of Congress Country Studies and the CIA World Factbook.

⁹ *Haiti Country Commercial Guide FY 2004: Leading Sectors for U.S. Exports and Investments* - Ch 05. Available at <http://strategis.ic.gc.ca/epic/site/imr-ri.nsf/en/gr118612e.html>

¹⁰ ECLAC. "Preliminary Overview of the Economies of Latin America and the Caribbean • 2002-2003: Haiti". <http://www.eclac.cl/publicaciones/xml/0/15000/Haiti.pdf>

improvement from the previous year's 0.9 percent, that was due to public-sector infrastructure projects (public squares, social housing and irrigation channels in rural areas), many of them undertaken to prepare for the bicentennial celebration of national independence.¹¹

Political instability contributed to the decline of the Haitian economy, including the construction sector, during the first part of this decade. Although the sector took a hit from 2003 to 2004 as a result of the ousting of democratically elected President Jean Bertrand Aristide, since 2005 Haiti has seen an influx of donor funds, much of it for small- and medium-scale public infrastructure projects.¹² At the 2004 World Bank Donors' Conference, 26 bilateral, multilateral and UN agencies pledged US\$1.085 billion through 2006 to Haiti's Interim Cooperation Framework,¹³ nearly half for the *Access to Public Services* and *Economic Growth* categories—primarily infrastructure improvements throughout the country.¹⁴ Since the democratic elections in 2006, the outlook for increased foreign direct investment, which would lead to smaller domestic private infrastructure investments, has been promising.

The focus of this case study, the small- and medium-scale public infrastructure market, represents project values of less than US\$1 million, with small public infrastructure valued at less than US\$100,000. Projects for both categories include sanitation, irrigation, street paving, sidewalks, reforestation, schools, clinics, sports facilities and other similar projects. Buyers are typically Haitian government agencies such as the Ministries of Public Works, Agriculture, Public Health, Education, Environment and Sports (usually financed through the IDB), as well as international organizations that implement projects on behalf of CIDA, EU, IDB, USAID and other donors.

KATA began working with the small and medium public-sector infrastructure industry because of its ability to offer both highly visible infrastructure improvements and youth employment opportunities in unstable communities. This particular value chain has a sizeable and growing market—albeit heavily donor-financed—and offers the best opportunity for employment, especially for small firms. While such opportunities may decrease over the next decade as donor funds decrease, they are likely to continue for some time to come given Haiti's instability and geopolitical position. Local firms working in the sector do, however, face increasing competition due to the entry of international firms (largely from the Dominican Republic) that are receiving Government of Haiti (GoH) and donor contracts. To counter this competitive threat, local firms and the industry as a whole must focus on quality and become more productive; only then can it continue to be a long-term engine for economic reconstruction and growth. Given the industry's importance as a source of growth and employment, it is both interesting and essential to study a public sector infrastructure value chain operating in a post-conflict situation to identify and understand the strategies and tools value chain actors can use to withstand the threats that could emerge if conflict flares again.

D. CASE STUDY PREPARATION

In September 2007, the CHF research team assessed and analyzed the public infrastructure construction value chain using the USAID/AMAP value chain approach, taking the following steps:

Research team formation and orientation: CHF developed detailed position descriptions for the six-person field research team (Annex C) prior to team formation¹⁵ and the team leader conducted a two-day orientation to review the

¹¹ ECLAC. "Preliminary Overview of the Economies of Latin America and the Caribbean • 2003-2004: Haiti"

<http://www.eclac.cl/publicaciones/xml/8/15398/Haiti.pdf>

¹² In 2005, Haiti received \$515 million from donor countries, more than double the amount in 2000. (World Bank, *Haiti Data Profile*)

¹³ *Bureau of Western Hemisphere Affairs*: "Background Note: Haiti"

¹⁴ USAID Haiti Strategy Statement FY 2007-2009 (July 5, 2006).

¹⁵ Rachel Blum, Senior Advisor, CHF/HQ Economic Development Unit and team leader; Elli Stephanede, CHF/HQ Program Officer for Haiti; Eline Mystal, CHF/Haiti Economic Opportunity Officer; Barthelémy Leon, HFHI/Haiti; Ives Bertrand, Engineer and independent construction consultant; and Ives Gossin, independent consultant.

purpose of the case study and draft hypothesis statement and ensure team understanding of the value chain approach and interview techniques. At this time, the team drafted a value chain map (Figure 1), which they continually refined during the interview process. Several others provided strategic guidance and feedback, assisting with the research methodology and hypotheses to be tested, the value chain approach; contributing to the conflict analysis and to framing, writing and editing the study; and supporting the team in-country.¹⁶

Sector and value chain selection: KATA's focus and the nature of the case study determined the sector and value chain. During orientation, the team appraised the selected value chain (small- and medium-scale infrastructure) against a set of performance criteria to establish the relevance of the value chain approach in the context of the KATA program. Criteria included market size and potential for growth, market trends (untapped markets), the ability to generate broad-based employment through a number of firms and the general fit with KATA objectives.

Collection of primary data: The team collected data interviews with 65 key informants and 5 focus groups over 2 weeks, taking care to interview firms of all sizes (independent contractors, small firms employing 6 to 15 people, larger firms employing up to 40 people) operating throughout the entire chain (construction contractors, trade specialists, labor, materials retailers, importers) and support markets (transporters, commercial banks and MFIs, insurance agents, customs agents, freight forwarders, vocational training centers and materials testing laboratories). They conducted interviews with firms in Port-au-Prince, where the majority of firms reside, as well as regional firms in Gonaïves, Cap-Haïtien and St. Marc. While CHF and its partners developed a series of Question Guidelines to facilitate the team at the beginning of the interview process (Annex A) the interviews used a semi-structured approach that varied the order of questions to follow the flow of the discussions. The team leader formed interviewers into three groups of two individuals each and used the hypothesis testing exercise to help the groups share experiences and findings midway through the data-collection process.

Review of secondary data: Government and donor/implementer reports, assessments, market data and academic journals (Annex A, Bibliography) supplemented the team's findings with background information. While the team found numerous studies on the state of Haiti's infrastructure and public services, members found virtually no public documentation on Haiti's construction sector and used reports of donor public infrastructure investments as sources of data on market trends, prices and firms operating in the sector. The KATA infrastructure team provided a database of construction firms that profiled all of the largest and some of the secondary firms operating in the industry and included firm size, typical contracts administered, number of employees, contact info, etc. The team also collected global case studies of other contexts (works by Hillebrandt, Wells, and Edmonds and Miles—Annex A) that provided a framework for benchmarking Haiti's construction sector with those in other developing and developed countries.

The key informant interviews allowed the team to formulate and test a hypothesis specifically for the value chain by identifying the priorities and opportunities for promoting more competitive small and medium public infrastructure channels and the constraints to achieving these opportunities. During the team orientation prior to the interviews, members discussed their knowledge of the industry and some of the opportunities and constraints the interviews might reveal. Midway through the key informant interviews, the team reviewed the findings and formulated the hypothesis. They then conducted a ranking exercise to prioritize the principle opportunities and identify strategies KATA could use to help industry actors realize these opportunities. The remaining interviews permitted the team to validate these findings and test potential solutions.

Final validation of data and analysis occurred through a stakeholders meeting. Approximately 20 firms were represented at this meeting, in which the research team presented findings, proposed potential actions, and allowed

¹⁶ Tracy Gerstle, CHF/HQ Program Manager, Enterprise and Economic Development; Rick Hill and David Angeles, CHF/HQ; Ruth Campbell, Joan Parker, Jeanne Downing and other AMAP team members; and KATA management, Eileen Hoffman and Sinan Al-Najjar, CHF/Haiti, and Claude Jeudy, HFHI/Haiti.

stakeholders to validate these findings. Following the stakeholders meeting, the research team further refined its findings, and then held a one-day program design workshop, consisting of KATA implementing partners (CHF International, Habitat for Humanity International, ResCare Inc.) and USAID/Haiti, to identify specific interventions to be facilitated through KATA.

II. ANALYSIS OF INSTABILITY IN HAITI

Haiti has long experienced unstable political conditions—the past 20 years alone have seen 4 major changes in the country’s governing structure with a combination of corruption, weak governance and high unemployment transforming the country from a promising beacon of independence in the early 19th century into the poorest nation in the Western Hemisphere. Most recently, Haiti’s instability was characterized by the 2004 political ousting of former president Jean Bertrand Aristide followed by two years of what could effectively be called a non-functioning state. This volatile history, coupled with extreme poverty and lack of economic opportunity and education, has created a *post-instability* environment in Haiti that offers many challenges for development.

A. INCENTIVES FOR VIOLENCE

Poverty is a key driver of instability in Haiti. A recent World Bank analysis reported that nearly 49 percent of all Haitian households (approximately 3.9 million people, most in rural areas) lived in extreme poverty in 2001.¹⁷ Between 2000 and 2005, the per capita GNI level decreased 10 percent,¹⁸ a decline that was particularly stark in 2003 and 2004 and one that compounded unemployment figures. Although official statistics vary, some estimate that nearly two-thirds of Haiti’s labor force is not formally employed.¹⁹ Anecdotal evidence from case study interviews suggests that this potential for violence can manifest itself quite quickly among paid laborers on construction sites, particularly on paydays if people suspect that they may not be paid on time or could be underpaid for their work.

Perhaps nowhere are these negative economic effects felt more than in the youth demographic. Recent figures estimate that 61 percent of Haiti’s population is below the age of 24, with nearly a quarter of the total between 15 and 24 years of age.²⁰ Youth unemployment is recognized as a major contributing factor to the recurrence of violence in conflict and post-conflict societies around the world²¹ and Haiti is no exception. Indeed, unemployment figures for youth aged 15-24 is estimated to be 3 times greater than that for those in the 35 to 44 age bracket. A recent report conducted by the International Crisis Group found that many disadvantaged young Haitian men (and, increasingly, women) who have few legitimate opportunities for advancement see gang culture as the one viable alternative for socio-economic integration.²² While gangs used to be based on social or political ideologies, they now stem from the economic and criminal interests of youth who see no prospects or future in licit activities.²³

Compounding the threat of gangs and illicit activity is the growing trend toward urbanization. As rural areas continue to offer ever fewer opportunities for sustainable livelihoods, Haitians flock to urban centers and overcrowded slum areas that are already dangerous and economically depressed. In 2003, 40 percent of Haitians lived in urban areas, up from 25 percent in 1982.²⁴ And although urban areas offer better prospects for economic productivity, there is an

¹⁷ “Social Resilience and State Fragility in Haiti,” World Bank Caribbean Country Management Unit, ESSD Sector Management Unit, Latin America and the Caribbean Region, April 27, 2006.

¹⁸ Annual per capita GNI decreased to \$450 in 2005 from \$500 in 2000. Figures available at the World Bank’s “Haiti Data Profile” at <http://devdata.worldbank.org/external/CPPProfile.asp?SelectedCountry=HTI&CCODE=HTI&CNAME=Haiti&PTYPE=CP>

¹⁹ “The World Factbook: Haiti.” US Central Intelligence Agency.

²⁰ “Haiti Conflict Assessment.” Prepared by USAID/Haiti, June 2006.

²¹ Ibid.

²² “Haiti: Security and Reintegration of the State.” International Crisis Group. Latin America/Caribbean Briefing No. 12, Port-au-Prince/Brussels, 30 October 2006.

²³ Ibid.

²⁴ “Social Resilience and State Fragility in Haiti”

increased incidence in violence and crime and a serious lack of community social cohesion—a constant of rural areas that some experts believe to be the single biggest factor preventing all-out civil war.²⁵

Long-standing fragile class dynamics further complicate the shift toward peace. Contrary to other countries where conflict is often underpinned by ethnic dimensions, instability in Haiti is largely fueled by class dynamics. There is a two-way sense of exclusion and contempt between socio-economic classes in Haiti, where a few elite families control a vast majority of the country's resources and where income distribution is the most unequal in the region, with a Gini coefficient of 0.66.²⁶ This disparity extends to the construction sector, where select families maintain virtual monopolies or oligopolies over the sector's most important resources—imported cement, metal, iron, wood, heavy equipment and financial services. The overwhelmingly poor Haitian majority resents elites for their wealth and apparent disregard for the struggles of their fellow Haitians and blames them for the country's pervasive corruption—Haiti is ranked last (163 of 163) on the 2006 Transparency International Corruption Perceptions Index.²⁷ All of these factors contribute to the growing animosity between classes.

There is, however, new hope among Haiti's leaders, including those involved in the construction sector, who seek to bridge this socio-economic divide and overcome the pervasive sense of exclusion. Interviews conducted by the team revealed a growing movement in the private sector that recognizes the importance of stability on Haiti's economic growth and on their businesses. Accounts by large-scale construction and non-construction firms indicate they are committed to social responsibility and the private sector is investing in community-based projects and job creation, particularly in less stable areas of the country. Similar evidence emerged from a symposium CHF organized in June 2006, Economic Opportunity and Stability: Critical Partnerships for Sustainable Development in Central Haiti, which suggested that prominent business leaders were ready to make a concerted effort to partner with communities at the grassroots level.²⁸ Of particular importance will be the development of mid-level business leaders, currently few and far between, who serve as critical economic links between the upper and lower levels of Haiti's socio-economic spectrum. The construction sector, too, shows potential as a stabilizing force. The Haiti Workforce Gap Analysis, 2007, produced by KATA found that construction and other professions associated with infrastructure and repair offered the greatest potential for job creation in Haiti.²⁹

B. CONFLICT MOBILIZATION AND EXPANSION DYNAMICS

Armed gangs pose a serious threat to stability and fall into several categories. Of most concern are the *Organisations Populaires* and organized criminal groups without a community base and linked mostly to current or former corrupt police, transnational organized criminals and one-time Haitian armed forces. Others involved with these groups or independently responsible for violence include common criminals (*Zenglendos*), prison escapees, deportees from the U.S and corrupt members of the Haitian National Police (see below). Perhaps the most disturbing aspect of these groups is that they practice sophisticated gang activities, which security officials say reflect training by transnational criminals, ex-military or police.³⁰

Events in recent months have considerably reversed gang control around the country, particularly the increased attempts by the United Nations Stabilization Mission in Haiti to crack down on gang activities. (These UN security

²⁵ "Social Resilience and State Fragility in Haiti"

²⁶ Ibid.

²⁷ http://www.transparency.org/policy_research/surveys_indices/cpi/2006 (August 2006).

²⁸ A recent book on this subject, *The Fortune at the Bottom of the Pyramid*, by CK Prahalad, has been gaining attention among Haitian business leaders.

²⁹ "Haiti Workforce Gap Analysis 2007," prepared by A.C.T. and submitted to ResCare, Inc. on behalf of the CHF International-implemented, USAID-funded KATA program.

³⁰ "Haiti: Security and Reintegration of the State."

forces, or MINUSTAH, arrived in 2004, but were relatively inactive for a time due to negotiations between President René Préval and gang leaders.) An eventual breakdown in the negotiations led to a UN offensive in January 2006 when hundreds of security forces descended upon Cité Soleil, one of the most volatile and dangerous cities in Haiti, and destroyed a leading gang hideout. At the end of the battle, gang members were killed, imprisoned, or forced out of the country and the UN was able to restore control over the city. More nationwide raids followed, particularly in the slums of Cap-Haïtien and Port-au-Prince. Though the long-term outcome of the offensive remains uncertain, in as little as six months many of the most threatening gang strongholds were broken, resulting in a palpable improvement in security since early 2007.³¹ Since then, the Haitian National Police and MINUSTAH have shifted from an urban-gang focus to minimizing organized crime and trafficking. It is still too soon to tell how long this trend will continue and whether the country will be able to reach sustained calm in the face of continued poverty. In fact, a July 2007 report by the International Crisis Group stated that “the improved security environment has not solved poverty, urban violence or the lack of progress on disarmament.” The report also pointed to the need for a second national security force, a strengthened local governance structure and judiciary reform—all critical elements to reinforcing Haiti’s stability.³²

C. INSTITUTIONAL CAPACITY TO RESPOND TO INSTABILITY

Following the presidential elections in early 2006, President Préval has endorsed national policies for security, police, justice and prison reform, but the relatively fragile government makes implementation slow, difficult and uneven.³³ A recent report on the situation called the 8,800-member MINUSTAH irreplaceable as it is the only institution that can provide stability and security.³⁴ With only 63 police officers per 100,000 people, Haiti has one of the world’s weakest police forces³⁵ despite efforts by UNPOL to build up the Haitian National Police (HNP).³⁶ In fact, human rights organizations and police officials themselves allege that a significant number of HNP members are involved in violent criminal activities, including last year’s wave of kidnappings.³⁷ The pervasive nature of crime in Haiti recently was underscored by the interruption of a recent kidnapping attempt whose perpetrators were a merchant, a student and an HNP officer.³⁸

Beyond law and justice, the Haitian government’s inability to address incentives for violence extends to the provision of basic, everyday needs. Illiteracy levels in Haiti are the highest in Latin America and the Caribbean and primary school enrollment rates are just 56 percent; only 60 percent of people have access to healthcare; less than half the population has access to potable water; and only four percent of the rural population has electricity.³⁹ The government’s ability to provide for basic needs has been undermined by a long history of neglect, political capture, and corruption and complicated by donor partnerships that have financed short-term solutions. One international official recently remarked that development monies for Haiti were useful only for short-term aid projects because of the government’s inability to manage them—a sign that any long-term, positive development on a national level is uncertain.⁴⁰ Since the 2006 local government elections, international development programs including KATA have

³¹ “U.N. Troops Fight Haiti Gangs One Street at a Time”

³² “Consolidating Stability in Haiti,” International Crisis Group, Latin America/Caribbean Report, N°21 (18 July 2007).

³³ Ibid.

³⁴ Rennie, Steve. “Rampant gangs and drugs stalling Haiti’s Reconstruction, MacKay warned.” Online Edition of Brooks Bulletin, July 1, 2007. <www.brooksbulletin.com/news/national_news.asp?itemid=63817>

³⁵ Haiti’s number is less than a quarter of the corresponding regional average of 283 per 100,000 and only a third of the average for sub-Saharan African countries. See *Social Resilience and State Fragility in Haiti*.

³⁶ UNPOL is providing training and equipment to the Haitian National Police, graduating 500 new officers every six months as a result of UNPOL training.

³⁷ “Consolidating Stability in Haiti,” International Crisis Group, Latin America/Caribbean Report N°. 21(18 July 2007).

³⁸ “Haiti: Security and Reintegration of the State.”

³⁹ “Haiti Conflict Assessment.” Prepared by USAID/Haiti, June 2006.

⁴⁰ Rennie, Steve. “Rampant gangs and drugs stalling Haiti’s Reconstruction, MacKay warned.” Online Edition of Brooks

focused on helping Haiti build a cadre of local leaders who can effectively engage community groups and the private sector in socio-economic development.

An enormous opportunity for sustained stability lies in the capacity of legitimate Haitian NGOs such as community-based organizations and voluntary associations. The country has a robust array of civil society organizations and the construction sector has a history of building organizations to represent certain areas and types of interest, creating in the 1990s the Association of Pavers, Association of Construction Retailers, the Association of Haitian Construction Enterprises (AHEC) as well as the College of Engineers. Due to the instability, however, all of these organizations except AHEC dissolved or became dormant. Construction firms today are eager to organize again, particularly to address larger enabling environment issues that affect the sector.

D. REGIONAL AND GLOBAL FORCES AFFECTING CONFLICT DYNAMICS

In addition to its governance and infrastructure problems, one of the most daunting external threats facing both Haitian and international authorities is drug trafficking. An extensive, transnational criminal network has developed in Haiti's ports and traffickers confidently operate with impunity. The strong evidence of corruption has led many to believe that local officials, if not enforcing the laws and penalties for illegal trafficking, are themselves collaborating in illicit activities. In short, the combination of Haiti's geography and apparent lack of rule of law have led drug traffickers to establish the country as one of the most important transit hubs for drug smugglers transporting shipments from South America to North America and Europe.⁴¹

One hopeful response to the conflict has been from the large Haitian emigrant population. Haiti is the world's most remittance-dependent country as measured by remittances' share of household income and of GDP. Many important infrastructure improvements—from schools to roads and water pumps—have been funded by relatives working abroad. Remittances often constitute the most important private risk management and social protection system for a Haitian household. It is estimated that some 30 percent of all households and 44 percent of metropolitan households receive remittances. With transfers totaling US\$1.6 billion in 2006 alone, remittances are an important source of income for 31 percent of Haiti's adult population.⁴² However, continued emigration leaves many long-term social problems in place, particularly as brain drain becomes an ever-present phenomenon. For youth, the lack of parental role models (particularly fathers) caused by emigration leaves an even bigger dilemma for long-term social development.⁴³

E. WINDOWS OF VULNERABILITY

Despite the incessant problems that Haiti has faced, recent elections held at all levels of government and observed by UN electoral officials have given credence to the possibility for positive, if slow, change. Everyday crime, the general economic instability and the struggle for livelihoods continue to be the most daunting constraints to the country's development. Riots, crime and protests are commonplace, especially in the highly volatile areas of Port-au-Prince (Cité Soleil, Bel Air, Delmas, Martissant) and in Gonaïves, Cap-Haïtien, St. Marc and Petit Goâve.

Bulletin, July 1, 2007. <www.brooksbulletin.com/news/national_news.asp?itemid=63817>

⁴¹ Ibid.

⁴² *Haiti Remittance Survey*, Inter-American Development Bank (March 6, 2007). 1724 Haitian adults were surveyed across 7 departments, with 43 percent reporting that they made \$200 or less annual household income

⁴³ "Social Resilience and State Fragility in Haiti."

F. CURRENT AND ANTICIPATED CONFLICT DYNAMICS IN THE NEAR FUTURE

In view of the challenges presented above, the generally positive 2006 election process that brought President René Préval to office has brought a promise of private sector investment not seen in years. Furthermore, the ousting of gang leaders in critical urban areas has resulted in a marked improvement to the security situation. Much of this stability hinges on the ability of government to legitimize itself, namely through tangible improvements that are felt by the majority of the population. While there is marked optimism about Haiti's future, lessons of history dictate caution with the hope.

G. CONFLICT AND THE CONSTRUCTION INDUSTRY

Though the construction industry has played an important role in the domestic economy in the past, the recent conflict disrupted construction-related exports and underscored Haiti's position as a producer for domestic consumption.⁴⁴ Between 2003 and 2004, during the overthrow of the Aristide presidency, the domestic market for construction and construction-related materials shrank by more than 50 percent.⁴⁵ During the same period, production of construction-related materials decreased by almost 8 percent. While the reasons for this discrepancy are uncertain, interviews suggest that imports of materials likely were hampered as demand for construction projects also dramatically declined with many smaller firms virtually collapsing, reportedly because of the loss of business and subsequent loss of qualified personnel (most going abroad to seek opportunity elsewhere). Key informant interviews suggest that larger firms were able to stay in business by relying on donor-funded humanitarian assistance programs.

Today, the increased stability and subsequent influx of development funds has played a major role in the resurgence of the construction industry. With the doubling of international development assistance over the past four years, the long-planned construction of important infrastructure projects—modernization of the Port-au-Prince airport and rehabilitation of the Port-au-Prince Harbor—are moving forward.⁴⁶ Donor funds of up to US\$1 billion between 2004 and 2006⁴⁷ are expected to continue and to be enhanced with private sector investment as security increases.

In terms of the low-income housing value chain, some analysts believe that the continued increase in emigration and subsequent monetary remittances will create substantial growth and employment, and the demand for products and services driven by remittances, such as home-building and banking, will accelerate.⁴⁸ If general stability improves, the economy should continue to improve and as efforts to formalize land ownership take shape, the demand for widespread housing upgrades is expected to grow considerably.

Prior to the value chain analysis, the team identified several areas that could serve as potential drivers for conflict within Haiti's construction industry. Drivers include the ability of firms to survive in the face of conflict—would profit drains caused by conflict incentivize construction stakeholders to support stability, or would profits generated from rent-seeking behavior encourage some actors to maintain the conflict status quo? Would there be exploitation of natural resources or intensified and violent competition for other resources within the sector, especially as donor-funded contracts become increasingly available? Might there be grievances in terms of relationships between firms,

⁴⁴ Ibid.

⁴⁵ "Doing Business in Haiti: A Country Commercial Guide for U.S. Companies." A Publication of the U.S. and Foreign Commercial Service and U.S. Department of State, 15 February 2005. http://www.buyusainfo.net/docs/x_9888756.pdf.

⁴⁶ "Infrastructure: Investments in infrastructure underway thanks to international aid," Los Angeles Business Journal, 30 January 2006.

⁴⁷ USAID Haiti Strategy Statement FY 2007-2009 (July 5, 2006). <http://www.hcdprogram.org/Portals/0/REA%20docs/Haiti/Haitistrategy.doc> Original Source: CCI, Pledges 2004, Table of Disbursements, Strategic Coordination Unit Prime Minister's Office, Period July 2004-December 2005 (to 31/03/06), Donor data 31 March 06.

⁴⁸ "Social Resilience and State Fragility in Haiti"

between firms and government, and/or between firms and communities? Or would there be outstanding challenges caused by illicit market activities, corruption, or criminal syndicates? With such scenarios in mind, the research team tested these dynamics by incorporating the considerations into the interview question guidelines (Annex B) and subsequent analysis. Section III.D describes the relationship between conflict drivers and industry dynamics in further detail.

III. VALUE CHAIN ANALYSIS

A. VALUE CHAIN SUMMARY

Haiti's construction industry is a domestic, location-specific sector in which production management occurs at the contractor level. There are an estimated 300 construction contractors in Haiti, including certified engineers who maintain registered firm status and are considered to be “one-man shows.” Most contractors are located in Port-au-Prince. Contracting firms in Haiti tend to be more vertically integrated than those in developed countries, often owning their own transport fleets and relying on relatively fewer subcontracting arrangements than construction companies in developed nations.

The industry is governed largely by a directed structure between offeror and contractor, meaning that market decisions are controlled by offerors who determine product specifications *and* price.⁴⁹ In the case of subcontracting, relationships are usually directed by the large firm to small firms and also downward, between the contracting firm and individual specialists, craftsmen, *contre maitres*⁵⁰ and laborers who may be hired independently to work on a project. Interviews indicate that there is little upward pressure upon the offerors, a phenomenon that is compounded by the limited activity of construction-related associations following the recent conflict. On the materials side, importers and retailers of hardware and components, as well as materials manufacturers, demonstrate relatively balanced relationships, especially among the larger firms. This dynamic is due in part to the diversity of business relationships held by input providers, and the ability of larger firms to source from alternative sources or even to self-import. As described in the following sections, a more directed governance structure exists in the supply of specific critical inputs, such as cement, iron, steel and wood (and to a certain extent heavy equipment and financial services), since fewer firms can enter these markets. This results in monopolistic behavior by firms controlling these critical inputs.

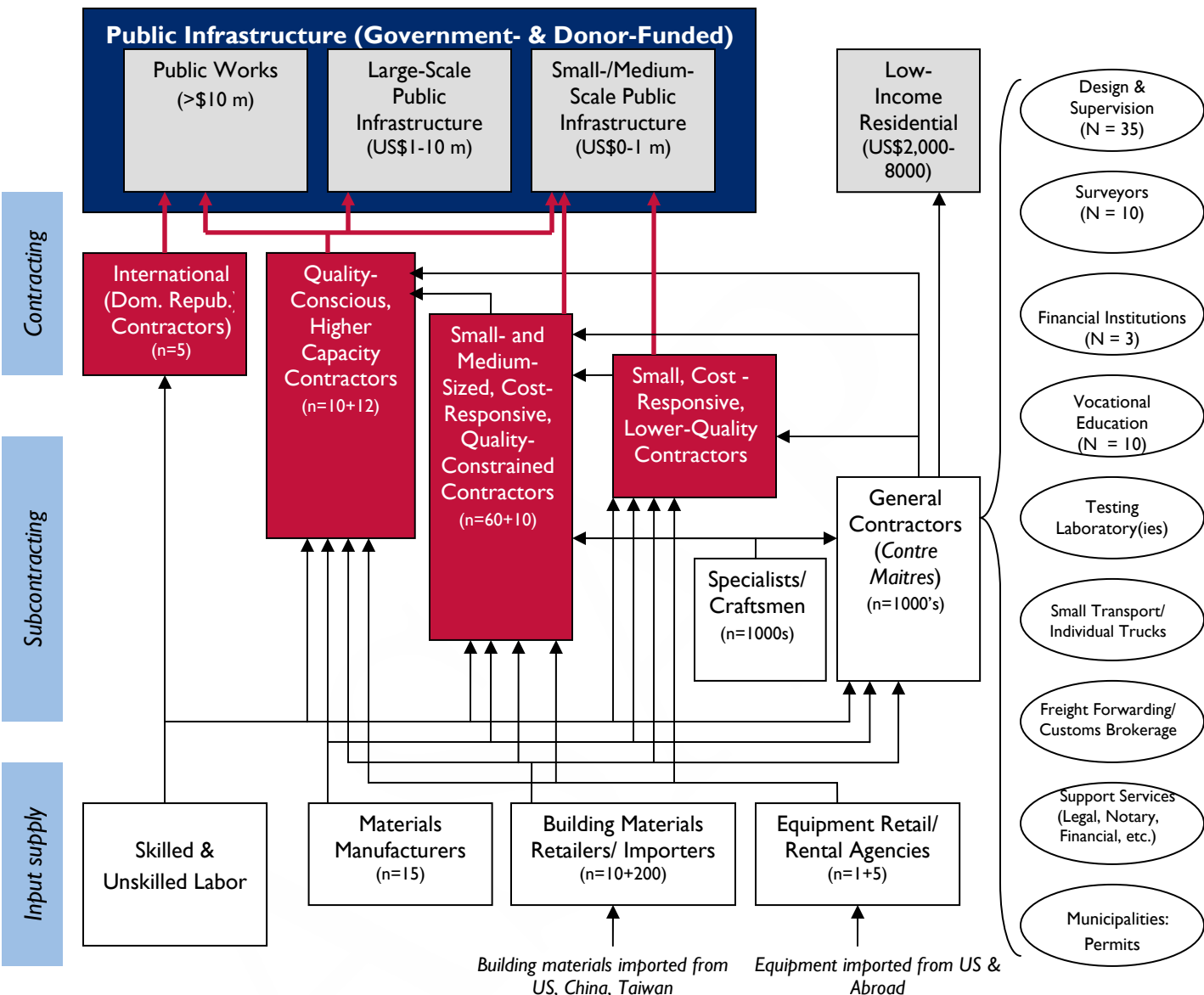
B. VALUE CHAIN MAP

Figure 1 illustrates the relationships between firms in the construction industry. While the small- and medium-scale public infrastructure chain is the focus of this case study, other value chains—particularly the low-income housing and commercial development segments—also are presented to show the potential for diversification.

⁴⁹ A *directed* governance structure differs from one that is *market-based* and characterized by arm's length transactions between buyers and sellers with little or no formal cooperation among participants and no one dominating actor. A *balanced* structure is distinguished by fairly equal decision making among participants, while a *hierarchical* structure is one in which the firm is vertically integrated and controls all the various functions along the value chain. See www.microlinks.org for more detail on value chain governance.

⁵⁰ *Contre maitres* are building specialists who have received some sort of formal engineering or construction education, but not a formal degree. They are socially recognized as respected technical specialists with project management abilities.

Figure 1. Map of Select Construction Value Chains in Haiti



C. VALUE CHAIN STRUCTURES AND DYNAMICS

This section examines the structure and dynamics of Haiti’s small and medium-sized public infrastructure value chain, beginning with a review of the end market that looks at levels of government and donor investments, how public infrastructure award decisions are made, and the potential for growth in the low-income housing value chain. The section also considers the business enabling environment, discussing the positive and negative consequences of a loosely regulated sector on future industry growth, and looks at the value chain participants and support markets. An examination of inter-firm linkages reveals a history of association and cooperative activity and a desire by firms to rebuild those horizontal linkages.

END MARKETS

SMALL- AND MEDIUM-SCALE PUBLIC INFRASTRUCTURE

Currently the small- and medium-scale public infrastructure channel is the most promising value chain for inclusive growth and alignment with KATA's goal. Based on current market trends, it is also the “bread and butter” for most construction contractors in Haiti. Firms operating in this value chain face several challenges; the most immediate is ensuring the continued competitiveness of local firms in terms of quality and productivity given the recent entry of international firms into the channel. In the long run though, the greatest challenge is how local firms can position themselves to weather the eventual decline of donor investments. It is anticipated that public infrastructure value chains of all sizes will shrink over the next decade as donor investments decrease and the Government of Haiti is unable to sustain this level of investment through tax revenues. In considering how the construction industry might counter this trend, the study looks at the long-term potential of the large-scale private construction market and identifies ways firms can better position themselves in the market. This model assumes a stability scenario in which increased and sustained stability can lead to increased local and foreign investments and growth of industry-related construction.

Size of public infrastructure market. Today, the largest end market by far is the international donor community, which finances both government and non-governmental contracts for public works projects of all sizes. Although the total size of the market is unclear, public infrastructure projects are undoubtedly one of the largest employers in Haiti. As an example, the total value of infrastructure contracts financed by the IDB in the first nine months of 2007 alone was US\$60 million.⁵¹ Investors include the government agencies that oversee IDB-financed projects—the Ministries of Public Works, Agriculture, Public Health, Education, Environment and Sports—and the international organizations that manage infrastructure programs on behalf of CIDA, EU, IDB, USAID, Taiwan ICDF and other bi-lateral donors.

Market drivers to public infrastructure. All contracts in Haiti are, in theory, tendered through an open, competitive process. In the public infrastructure sector, the open nature of the public tendering process helps stabilize potential imbalances between firms accessing market opportunities, which means that contracts are awarded based on the cost and quality of the bid, including technical quality, personnel and past performance references. However, with government contracts the connections between bidders and offerors are extremely important. Most interviewees indicated that firms of all sizes seem to have at least a friend or two in a government ministry, which allows them to win bids from time to time.

Criteria for selection may differ from offeror to offeror, but buyers usually adhere to the same basic bid and award requirements. The applicant firm must be registered for a minimum number of years⁵² and present a valid *quituse fiscale* (tax statement). Reference checks are extremely important for identifying legitimate firms with a good track record, and firms must provide past performance references with examples of projects undertaken over several years and the qualifications and curriculum vitae for their full-time staff.

Bidding price is typically the first thing offerors consider when deciding whether to omit or review a proposal. Qualified bids typically fall within the same range, usually 10 percent of the estimated budget. Outrageously high or low bids are, in theory, thrown out of the review process though government agencies are known for making awards to unrealistically low bids, a practice that is cited as a major cause of poor project quality.

⁵¹ One indication of the huge potential in this market is the fact that Sogebank, one of the three major commercial banks in Haiti, has just opened up a new division in its central Port-au-Prince office dedicated exclusively to Infrastructure and High-Risk Clients. According to the new division head, this office is expected to be staffed with 3-4 people by the end of the 2007 calendar year.

⁵² The KATA program currently requires five-year registration, but is now modifying this requirement to three years.

Production quality. In addition to bidding price, production quality and contractor reliability have a great deal of influence on purchasing decisions, particularly among international agencies. Low-quality production is pervasive throughout Haiti and is attributed to a variety of interrelated causes including

- lack of building codes and standards in Haiti and the non-enforcement of current urban planning and environmental regulations;
- limited number of high-quality project managers and skilled labor to effectively implement and manage projects;
- restrictive financial regulatory environment that creates significant cash flow constraints and leads to project delays and work stoppages or even prevents quality firms from bidding for smaller contracts in the first place (small contracts are not profitable due to high financing costs);
- discrepancies between project designs and production realities that can lead to under-priced bids and drive contractors to cut costs by using lower quality materials;
- limited capacity of existing raw materials testing laboratories; and
- influence of corruption in the award and supervision of contracts.

How buyers have adjusted to low-quality production. Many offerors complain that among the 300 estimated contractors operating in Haiti, only a limited number of firms are truly reliable in their ability to provide quality work on complex projects. Currently, KATA's infrastructure team relies on 5 study firms and 10 to 12 execution firms for high-quality reliable services, and project staff see 4 trends that could inhibit future competitiveness of the sector:

- 1) Most projects are contracted out to a select number of large, pre-qualified firms, thus squeezing out existing small potential new firms. Under KATA's prequalification process, for instance, 95 firms have applied for pre-qualification, but only 27 have met the requirements to date—even fewer would be considered for large, complex projects.
- 2) Offerors are dividing major projects into smaller ones to spread risk and/or provide opportunities to more firms. The IDB Procurement website found that 117 contracts valued at US\$60 million were awarded between January and September 2007, indicating an average contract size of roughly US\$500,000. Among a sample of the contracts awarded during that period, 49 different firms won 52 contracts worth an average of US\$211,000. Many firms complain that projects are broken down too small, resulting in large firms bidding on small contracts with correspondingly smaller profit margins (due to lesser economies of scale and scope). As large firms move from big contracts to smaller projects, the small firms are finding it increasingly difficult to enter the market and/or compete against large firms having greater access to personnel, equipment and financing.⁵³
- 3) Low-quality production also causes many international organizations to hire their own engineering staff and project managers to directly implement the design and production functions. As described in Section I.A, KATA did this in the first year of the program, but began using more contractors as the program progressed. The IDB, however, has its own consulting team to provide technical assistance on government contracts managed by the Ministry of Public Works (IPTC).
- 4) An increasing number of contracts are being awarded to foreign firms. For instance, interviews with the IDB revealed that public infrastructure projects it finances are using more foreign companies that now work on as

⁵³ In several interviews, small/medium contractors defined small contracts as those in the \$600,000-700,000 range.

many as one-third of the Bank's contracts in an effort to split the risk of implementation. Although some large Haitian firms are able to win a handful of public infrastructure contracts of significant magnitude like major road projects, throughout Haiti a large number of public infrastructure projects, especially major road projects, are being implemented by Dominican companies such as Ingenieria Estrella, S.A. and Mera, Muñoz & Fondeur, S.A. (roads) and Cocimar (bridge construction). Interviews did not reveal any apparent collaboration between Dominican or other foreign firms and Haitian companies, but they did suggest that Dominican companies function largely on their own and hire Haitian labor locally.

OPPORTUNITIES IN OTHER CONSTRUCTION VALUE CHAINS

Given the likelihood that donor investments in Haiti will subside over time, resulting in a decline in the public infrastructure market, the team briefly examined potential private sector markets as diversification and future growth opportunities for the industry. However, team members quickly determined that these value chains would require a more in-depth analysis before their potential could be fully ascertained and specific opportunities identified. This is particularly true in the low-income housing segment, which appears to be the fastest growing value chain in the industry. By its nature, this is a very fragmented chain due to the low contract value, its informality and the client base served. This also makes it a more difficult chain to analyze, one that would require two to four more weeks of field work to adequately research. The limited information researchers were able to gather on the potential these alternative channels offer follows.

Low-income housing value chain. On one end of the spectrum, low-income housing represents an opportunity for smaller firms to diversify their revenues. Although it represents roughly two thirds of the Port-au-Prince housing market alone, Haiti's low-income housing market remains largely untapped⁵⁴ even though it is the fastest growing of the many residential housing channels in the industry.⁵⁵ The low-income housing market is defined as private residential construction, repairs, and upgrading for homes currently valued at US\$5,000-8,000 in urban areas and US\$2,000-4,000 in rural areas. The typical size of these homes is roughly 36-49 m² in urban areas, and 16-32 m² in rural areas, with an average of 6 people living in a household of 2-4 rooms usually with a septic tank, but no running water or electricity.⁵⁶ Such homes are constructed of concrete block with corrugated iron or cement roofing. Housing construction and upgrades are financed largely through savings and/or remittances and often are upgraded incrementally as cash becomes available.

This market channel operates on a relatively informal basis and is driven largely by cost and contractor reputation (word-of-mouth). Many low-income housing clients tend to perform the work themselves or in partnership with a trusted engineer. A handful of representatives, known locally as "one-man shows" (certified engineers who maintain registered firm status), indicate that low-income housing upgrades are a supplementary source of income (fewer than five houses per year) that smooth out revenue earned through intermittent public infrastructure contracts. Independent contractors, one-man-shows, specialists, and *contre maitres* all report that they serve this market to augment their incomes.

Private-sector-led infrastructure development value chain. At the other end of the spectrum, private-sector-led

⁵⁴ De Soto, Hernando. *The Mystery of Capital*, New York: Basic Books, 2000, p. 78.

⁵⁵ Today the fastest growing segment in the construction industry appears to be residential housing. A recent Haiti Remittance Survey conducted by the IDB found that of the 1724 Haitian remittance recipients surveyed, 11 percent spent a portion of more than \$350 million during 2006 on buying or building a house. Source: "Social Resilience and State Fragility in Haiti," World Bank Caribbean Country Management Unit, ESSD Sector Management Unit, Latin America and the Caribbean Region, April 27, 2006.

⁵⁶ According to the World Bank, electric power consumption in Haiti is 36 kwh per capita, compared to an average 1,503 kwh per capita for the rest of Latin America and the Caribbean, and 457 for Sub-Saharan Africa. ("Haiti: Options and Opportunities for Inclusive Growth. Country Economic Memorandum." World Bank: Poverty Reduction and Economic Management Unit, Caribbean Country Management Unit, Latin America and the Caribbean Region, June 1, 2006, p. 96.)

infrastructure development represents an opportunity for larger construction firms to diversify their revenue streams. With improved stability and new investment prospects (such as the Haitian Hemispheric Opportunity through Partnership Encouragement, or HOPE bill),⁵⁷ more commercial investments likely would lead to private-sector-led infrastructure development. However, the extent of private sector growth is uncertain and largely dependent on Haiti's stability, as is the extent to which the domestic infrastructure sector will see the benefits of widespread investment. With a best case scenario, there is enormous potential for the construction market to remain strong even as international donor funding decreases in the next five to ten years. While the evidence suggests that construction investments are being made by large commercial entities (such as Astro, a new textile mill and Carton d'Haiti, a Central American box company), infrastructure improvements (including production and sourcing of materials) tend to be performed internally by the company itself or subcontracted to foreign firms. Although the current situation in Haiti is promising, given the long history of instability many construction firms are reluctant to put too much hope in this commercial segment.

BUSINESS ENABLING ENVIRONMENT

LOOSE REGULATION AND LACK OF STANDARDS

While Haiti's ranking on the World Bank "Doing Business" indicators is low,⁵⁸ the business enabling environment for the construction sector is relatively permissive. Both small and large construction firms indicated in interviews that they experienced few regulatory problems (customs, taxation, bureaucracy) due to their work on government-funded contracts. If anything, the weak legal and regulatory framework—the absence of building codes and non-enforcement of existing urban planning or environmental regulations—has facilitated construction activity. When compared with the often highly regulated construction environments in other countries, the Haiti's regulatory climate allows firms to operate relatively free of bureaucratic burdens, time constraints and fees for planning, permits and compliance.

A PRISONER'S DILEMMA

Construction contractors recognize that the absence of regulation is causing a "prisoner's dilemma" in the industry as many of them severely under-price their bids to win contracts and assuming they can cut their costs by decreasing input and production quality. This cost squeezing forces other firms to under-price their bids in order to compete; several of those interviewed for the study understood and admitted that the lack of incentives for high quality production undercut market efficiency and created an environment in which firms competed on price, not quality. Poor-quality production wastes public resources and can potentially endanger people's lives, and when high-value work is put out to bid, offerors such as the IDB and private companies often look to foreign companies or perform critical work themselves to ensure quality is not compromised. One of the highest priority issues that industry stakeholders identified was to strengthen their links with one another and lobby for the enforcement of building codes and standards.

CONSTRUCTION-RELATED MONOPOLIES

The absence of regulation also means that companies controlling key inputs in the construction sector, such as those that import cement, metal roofing, steel, wood and iron, are unchecked, and heavy equipment is a near-monopoly. Historically, the financial services industry has been controlled by three families; however, market growth in the past few years and increased attention to regulation by government and foreign donors are forcing financial services institutions to adopt more competitive practices. Interviews indicated that attempts to increase competition in several materials imports markets have been thwarted by firms that monopolize the industry, either through dumping or by

⁵⁷ The HOPE bill is a free trade agreement for textiles importation to the U.S. from Haiti passed by the U.S. Congress.

⁵⁸ Haiti ranks #139 out of 175 in the World Bank Doing Business indicators, and #135 in Registering Property.

exerting influence over customs agents who can delay the importation of competing goods. Considering that cement and steel alone tend to represent 20-35 percent of total project cost, these monopolies can have serious consequences on market efficiency, particularly in the low-income housing market, which tends to be more cost-sensitive than public infrastructure. The largest single building product imported by Haiti is cement with an estimated 1,050,000 tons annually, followed by US\$4 million in plywood and lumber in 2002.⁵⁹

CORRUPTION

Given the loose regulatory environment, it is not surprising that corruption is an underlying problem for Haiti's construction industry. Kickbacks are common throughout the entire chain, especially in the award of bids and supervision of projects. The research suggests that smaller, less experienced firms and one-man shows tend to be the major victims of, and participants in, corruption. For them, it is simply a way of generating business, especially when faced with competition from larger firms with greater access to resources like personnel, financing and heavy equipment. While the largest firms were quick to state during interviews that they did not participate in corrupt activities, it is likely that they do not need to because their influence is wide and deep enough for them to obtain work through less explicit influence.

VALUE CHAIN PARTICIPANTS

The value chain map illustrates relationships and product flows between different value chain participants and the following paragraphs describe the functions of each in greater detail.

BUILDING CONTRACTORS

With roughly 300 firms in Port-au-Prince and a handful in any given regional city, building contractors are the most prominent link in Haiti's construction sector and work at the top of the market. As illustrated in the value chain map, the value chain analysis found four main sets of actors at the top of the market. The first represents the roughly 20 "quality-conscious, higher-capacity contractors" who possess sufficient skills and resources to manage large-scale, complex public infrastructure projects. This group comprises about 10 large construction firms (several owned by elite Haitian families) having up to 40 employees. These firms employ highly competent managers and engineers, own their own heavy equipment and transport fleets, and hold letters of credit with commercial banks. Many of the firms are associated with several other construction-related subsidiaries such as materials manufacturing, importing and retailing; design; and/or real estate development. In this category of high-quality firms are 10-12 medium-sized firms (roughly 10-20 employees each) that have the credentials, personnel and resources to manage complex projects. Like the larger firms, these qualified medium-sized firms also own some heavy equipment, may have a letter of credit with a bank and typically have reliable managers. The majority of these firms are based in Port-au-Prince.

The second category of market actors has more than 70 small and medium-size "cost-responsive, quality-constrained contractors" with varying degrees of performance capability. These firms have the potential to produce quality work and move up into the quality-conscious category, and some of the less qualified medium-sized firms demonstrate an ability to work on complex projects, but with mixed performance results, either in terms of poor building quality, scheduling delays, cost over-runs and/or financial losses. Many have access to equipment and financial resources, but not enough to respond to multiple contracts simultaneously.

A third set consists of the small "cost-responsive, lower-quality contractors" and include the one-man show engineers. These firms typically are operated by a qualified engineer, but have limited access to equipment, financing and additional engineers/project managers. In some cases, these firms may have had a growing business prior to the

⁵⁹ *Haiti Country Commercial Guide FY 2004: Leading Sectors for U.S. Exports and Investments* - Ch 05. Available at <http://strategis.ic.gc.ca/epic/site/imr-ri.nsf/en/gr118612e.html>

recent decade of instability, but lost resources and revenues as a result of the economic downturn. Overall, their relatively low volume of business is not enough to sustain the economy of scale the construction industry requires, and they rely largely on their personal connections to win awards.

The fourth set includes the three to five international contractors moving into the Haitian construction market, most from the Dominican Republic. Interviews indicated that while these firms hire Haitian unskilled labor to perform the work, they do not outsource high-value tasks to Haitian firms. They use their own equipment and materials (driven over the border) and their own specialists and project managers.

Subcontracting. The research suggests that some firms in the quality-conscious category subcontract work to smaller firms, though the volume of the subcontracts is unclear. While it was difficult to obtain numbers, our analysis indicates that, compared to developed nations where subcontracting is the norm, a relatively small percentage of work in Haiti is performed via subcontracts. A noticeable number of larger firms indicated they were vertically integrated and preferred to maintain quality through its full-time managers and by hiring out their labor directly. Not surprisingly, smaller firms preferred to rely on their personal connections to work directly with government or other offerors.

Contre maitres and specialists. Around Haiti, scores of people consider themselves to be specialists (plumbers, electricians, carpenters, etc.) or *contre maitres* (builders with some formal engineering or construction education). Quality, however, varies from person to person. According to interviews, highly qualified specialists and managers are few and far between and most have developed relationships with the quality-conscious firms that can hire the most qualified talent as full-time employees, and many small contractors complain that it is difficult to find reliable, skilled specialists and project managers. In all cases, though, KATA staff, other offerors and larger firms report that they have to maintain a high level of oversight to guarantee high-quality production.

INPUT SUPPLIERS

Imported materials and components. Construction materials, hand tools, electrical equipment, finished hardware and pre-fabricated components are imported from the U.S., China and Taiwan. Approximately 10 major building materials suppliers import and sell items directly, most located in Port-au-Prince and Gonaïves, where there is another international port. In addition to these large suppliers, many smaller import distributors and retailers operate in Port-au-Prince and elsewhere in Haiti. These retail outlets range from the regional retailer who purchases his materials, or the larger shops in Port-au-Prince and sells them locally, to the importer/retailer who travels to Miami once or twice a year and imports his own container of supplies for sale. While many materials retailers avoid giving widespread delivery service due to the high cost and risk associated with transport, some offer services such as free delivery for valued clients or for larger projects, or, as noted in regions outside Port-au-Prince, in order to differentiate themselves from competitors.

This retail network is broadened by the hundreds of informal microenterprises that purchase inputs from these hub importers/retailers and sell in their immediate neighborhoods. Examples include the one-room paint shop, the entrepreneur selling lumber at the side of the road and the local retailer selling hand tools and other items. The team also found a handful of domestic components manufacturers, such as a highly skilled windows and doors producer in St. Marc who was working on a few concurrent contracts. Most contractors, however, prefer standard imported components of reliable quality they can purchase in high volumes.

Generally, materials are widely available with no reported shortages. While construction firms do not complain about a lack of materials or poor quality service, KATA project managers report that delivery times can sometimes be unreliable due to upsets in import schedules and/or mismanagement. Because construction-related monopolies control the sector's most critical inputs, retailers and contractors (especially those in the provinces) are vulnerable to higher prices for major imported raw materials. While the study team did not research the level of monopolistic

pricing—prices significantly higher than international prices when one accounts for transport costs—many firms complained of such behavior.

Heavy equipment. Equipment is imported and then sold or rented to contractors. The major distributor, HAYTRACK, is the sole Caterpillar distributor in Haiti and has a countrywide network. Two other equipment retailers/renters reportedly exist, but with limited stock and service quality. While all of the larger firms own and operate their own equipment, small firms complain that equipment is not always readily available when they need it, and their inability to purchase or rent it as needed severely limits their ability to grow and take on additional and larger, more complex contracts. Although maintenance costs can reach up to 40 percent of the equipment purchase price, small contractors who own equipment compensate for this expense by renting vehicles to other firms that are unable to purchase their own.

Domestically manufactured materials. Locally produced materials tend to be low-value products such as cement blocks, sand, gravel, bricks, pavers, ceramics and basic components such as windows and doors. Many firms say that even with these inputs, quality is sporadic due to the limited capacity of the country's only testing laboratory, the National Laboratory of Construction and Public Works (LNBTP).

LABOR

The recent *Haiti Workforce Gap Analysis 2007* found that: 1) most people perceive the construction and other professions associated with infrastructure and repair to offer the greatest potential for job creation in Haiti; 2) currently, laborers require exhaustive (and costly) supervision to ensure quality; and 3) competent technicians, specialists and craftsmen such as heavy equipment operators, masons and carpenters, plumbers, electricians, cabling professionals and metalworkers are in high demand. The gap analysis also pointed to the need for training in soft skills such as work ethic, honesty, problem solving and social skills.⁶⁰ KATA and other USAID and IDB programs are working to improve the quality of labor through workforce development initiatives that improve skills as a means to increase contracting firm efficiency and responsiveness (Section III.D, page 30).

PROJECT MANAGEMENT

Many construction firms cited the need for qualified managers, such as project managers, engineers and *contre maitres* with capacity to oversee production, hire and manage staff and manage project budgets. One interviewee, the owner of a construction design and production firm, spoke of ongoing frustration over the need to micromanage mid-level project managers; this entrepreneur is now moving out of implementation to focus exclusively on design because managing construction projects in Haiti is so arduous. Refer to Section III.D, Value Chain Findings.

SUPPORTING MARKETS

DESIGN AND SURVEY FIRMS

Compared to the rest of the industry, design and survey firms usually possess sufficient talent to meet demand, but implementing agencies could be outsourcing more work to these firms. There are roughly 10 quality firms with design and survey capability, many of them subsidiaries of U.S. or Canadian companies and of several local firms. Presently, KATA outsources design only for the most complex programs, otherwise using its own engineers to design projects.

FINANCIAL SERVICES

Financial services (FS) is a hot-button issue with Haiti's construction sector, and the interviews suggest that the FS

⁶⁰ "Haiti Workforce Gap Analysis 2007," p. 8.

sector is one of the most profitable in the public infrastructure value chain. Bonding requirements for bidding and performance are highly restrictive and especially unfavorable to small and medium-size firms. Current legislation states that commercial banks have sole legal authority to issue bonds on infrastructure contracts. There are three major banks in Haiti able to issue bonds: Sogebank, Unibank and Citibank. For all government contracts, the law requires contracting firms to have a 2.5 percent cash bid bond and a 25 percent cash performance bond. One bank reports that while the rate of the performance bond depends on a firm's credit history, 30 percent tends to be the minimum cash collateral. This heavy cash requirement is compounded by the fact that clients often make late tranche payments, depriving the firm of its cash resources. Many firms say they often receive payments from 3-12 months after the due date, and sometimes never. The biggest offenders are government contracts and the EU. This financing situation can jeopardize the success of a project, especially if the firm is forced to halt work due to cash flow disruptions. Contractors sometimes need to take out a loan (at a 14 percent annualized interest rate, according to one bank) and when payments are late they are forced to extend the loan, which increases the interest payment and cuts severely into profits. In the words of one construction contractor in Port-au-Prince: "I am working for the bank."

There is a strong indication that financing options for contractors may soon become more competitive. In September 2007, the Ministry of Public Works issued a new decree (awaiting signature by the president) to decrease the performance bond requirement from 25 percent to 5 percent (2.5 percent for guarantee, and 2.5 percent for advance). A second decree will lift the cash restrictions and allow property-based collateral on performance bonds and a new board of directors at the Bank of the Republic of Haiti has a mandate to explore the possibility of allowing bonding by firms other than commercial banks such as insurance companies, which are more flexible than banks and use a range of innovative techniques to assess risk.⁶¹ Insurance firms also provide services such as training and pre-qualifying contractors, assessing the role of the supervising firm, and providing financing in the event of *force majeure*. One insurance provider considers the supervisory function to be one of the greatest factors in assessing project risk, but commercial banks largely ignore it. If the government allows bonding to be opened up to insurance providers, the supervising firm could be critical in determining a company's ability to access bonding guarantees and other financial services.

VOCATIONAL TRAINING AND EDUCATIONAL INSTITUTIONS

Vocational training and educational institutions provide professional and technical training nationwide, and most businesses and citizens know the schools in their geographic region. The *Haiti Workforce Gap Analysis 2007* findings on 34 of these schools reveal that conditions, materials and equipment in most are basic. While a few schools possess impressive computer and information technology, two-thirds have very little technology (including computers and phones) available for student use. Power supply is a major problem in many schools. The most frequently offered courses are plumbing and electricity, metal work, general construction and furniture making. However, the report indicates that private businesses are skeptical of the quality of both staff and curriculum, stating that teaching tended to be theoretical rather than grounded in practical application. Further, diplomas and certificates from these schools are not recognized by the state, as standards are not established. The most prestigious vocational training and education institutions, such as Canado Haitien, recently shifted their focus to teaching computer skills. These organizations are not opposed to resuming the training of mechanics or machine operators, but only if funding for the beginning stages of such training becomes available. In the past, large construction and design firms were connected to Canado Technique, which indicates the possibility of reviving these links.

In the private sector, some medium-sized and large firms report that they maintain their own training centers, pay for internal training, or send staff abroad for training. The research team saw potential for private sector interest in

⁶¹ In the 1970s, insurance companies also had legal authority to issue bonds, but this law changed in 1976 under President Aristide.

supporting and enhancing the role of formalized, quality, and affordable construction training in Haiti. Section IV.D discusses this opportunity in greater detail.

MATERIALS TESTING LABORATORIES

Materials testing laboratories are few and far between—the National Laboratory of Construction and Public Works (LNBTP), a government-owned entity, is the only official testing laboratory that certifies the quality of materials produced in Haiti. Although LNBTP possesses functioning equipment, it is insufficiently funded to meet the demand for no-cost materials testing throughout the country. Instead, private contractors often use LNBTP services to certify materials for a fee. The demand for these services is not overwhelming since some donors advertise bids that do not require this type of certification and the absence of a Haitian law requiring mandatory construction material standards makes enforcing the use of such services impossible when they are not specifically requested. Overall, LNBTP's limited capacity means that certifications are not received in time and firms often source low-quality materials. LNBTP reports that it has provided fee-based training to employees of private construction companies and trained the staff of large contractors who have established and equipped their own in-house testing laboratories. LNBTP also plans to open a training center soon, indicating the possibility of offering training-of-trainers to establish a network of privately funded laboratories. Section III.D discusses the feasibility of expanding the scope and scale of materials standards testing through firm and donor-level coordination.

TRUCKING COMPANIES AND OTHER SUPPORT SERVICES

Professional trucking companies are virtually non-existent as large firms typically own their own fleets. While trucks are readily available in Port-au-Prince, relatively few are found in the smaller cities. One possible reason for the limited number of firms is the fact that transport is an incredibly risky activity in Haiti, due to theft and kidnapping and it is also very expensive due to high fuel costs and poor roads. According to industry stakeholders, other support services such as freight forwarding and legal, accounting and notary services are readily available to projects in urban centers.

INTER-FIRM LINKAGES

Vertical linkages between construction firms and materials suppliers, independent project managers, subcontractors and support markets can make a critical difference in reducing bidding costs and increasing the likelihood of winning a bid. Larger firms are able to access markets simply because their scale and resources give them an advantage over smaller firms. The availability of competent full-time managers and staff, an established reputation/credibility, equipment assets and a good credit standing enable large firms to access a working capital credit line with commercial banks. The large and medium-sized contractors also are usually at an advantage because their managers and staff have access to education in the U.S., France or Canada that can provide them with superior project management skills.

Among the smaller firms, vertical personal connections are especially important to a firm's ability to access or rent equipment at a competitive price, procure materials at a discounted rate and free delivery, and learn about and win bids. In general, smaller firms have less knowledge about what constitutes a competitive bid and how to budget and prepare an attractive, realistic bid. Small firms also have less access to competent project managers—typically they have too few ongoing contracts to attract and retain well-qualified talent full-time. The recent instability in Haiti only exacerbated this problem, leaving small firms unable to compete in a diminished market and retain qualified professionals.

As mentioned, some firms reported subcontracting arrangements between large and small contractors. Although the number of contracts or dollar value of these arrangements was not available, interviews indicated there were relatively few subcontracts compared to what is found in more developed economies. Donors and implementers may want to consider encouraging more balanced, mutually beneficial relationships between prime contractors and smaller firms. Subcontracting benefits larger firms by generating economies of scale through bigger, higher-value contracts and it

benefits smaller firms in the short term by providing work for them. In addition, breaking up large contract into smaller subcontracts allows a greater number of smaller firms to benefit.

Just 10 years ago, horizontal linkages in the sector were relatively strong and associations included the Association of Haitian Construction Enterprises (AHEC), Association of Pavers Producers, Association of Materials Retailers and the College of Engineers. Today AHEC has 75 members in Port-au-Prince and remains the only functioning, industry-wide organization, though its current president says that the level of activity is hampered by decreased membership and a limited ability to collect dues to pay for a full-time association representative. Recently AHEC activities have comprised informal technical support to a handful of smaller firms, hiring a consultant to explore the creation of a private investment bank for the construction sector, and information-sharing via email on actions taken by the National Construction Commission. Other active associations include the Chamber of Commerce, which does not have an exclusive agenda for the construction sector and the Association of Urban Architects, which carries a specialized mandate within the sector. Notably, there are few, if any, associations of firms outside of Port-au-Prince and the majority of those that do exist usually are headed by Haiti's largest lead firms (AHEC's current president is the CEO of one of Haiti's largest construction companies) and small firms have no individual voice at the policy level.

Overall, the research team found that the weakened industry relationships and years of dealing with instability may have contributed to the pervasive, short-term outlook seen throughout the sector. As described in the research findings section, it is difficult for stakeholders to provide a vision of where the industry might be headed in the future. The stakeholder workshop revealed a relatively strong horizontal network among a select few quality-conscious firms, but minimal interaction with and between smaller and regional firms and little vertical interaction in the chain. Building these relationships could be a potentially critical area of intervention for driving industry competitiveness.

Recent activities indicate that there is momentum to organize within the sector, although until now such efforts were initiated largely by industry lead firms. In 2006-2007, the prime minister's office organized a National Construction Commission to identify bottlenecks within the construction sector. Members include representatives from the Ministry of Public Works, National Commission of Public Contracts, IDB, Association of Insurers, leading architects, the Office of the Prime Minister and the presidential cabinet. The commission solidified a set of recommendations in November 2006 and in September 2007 members decreed two recommendations—one on performance bond requirements and the other on property-based collateral—for signature by the President. In addition, the IDB's endorsement of this initiative led them to reduce the requirements concerning percentage of bid bonds/ performance bonds in their contract process.

D. VALUE CHAIN FINDINGS

VISION FOR THE INDUSTRY

The future of Haiti's construction sector depends first on economic and political stability in the coming years. Under a best case scenario, stability should improve or be maintained over the next 5-10 years and the country can expect increased local and foreign investment and a steadier economy. Increased stabilization and investment would result in growth of the construction industry through privately financed projects such as large industrial complexes, regional commercial facilities and small offices and retail outlets. As donor funds recede during this period, the construction industry can expect to see fewer internationally financed public works contracts. This scenario implies that the industry will need to reorient itself toward the demands of new end markets and clients as public infrastructure markets decrease. All of this depends on how fast private and government investments offset donor spending. The industry also will be increasingly vulnerable to foreign competition as already witnessed in Haiti with the arrival of construction firms from the Dominican Republic. As long as Haitian firms continue to produce relatively low-quality, high-cost deliverables the industry can expect a greater threat by foreign firms to compete for the larger, more

desirable projects. These events suggest that contracts to local firms will go only to the few higher-capacity firms. To position the Haitian sector for this scenario, both small and large firms must be able to respond to changing demand.

The alternative is a worst-case scenario in which the country again erupts into widespread conflict and instability. In this event, it is more challenging to predict the impact on the industry. Given the uncertainty and insecurity that has plagued Haiti for the past few decades, the construction industry has been impressively resilient. Many active firms, both large and small, have survived due largely to international donor-funded construction projects. In a worst-case scenario, the industry is likely to remain dependent on this market for its existence. Given the geopolitical importance of the country, it is unlikely that donors will stop investing in Haiti, despite political events and the status of conflict. History suggests that there would be few alternative ways for the industry to withstand another outbreak of conflict.

In a conventional value chain framework, stakeholders articulate a vision for their industry and present a set of actions needed to reach that vision over the next several years. In the Haiti context, however, ongoing instability has created a relatively fragmented industry that lacks a long-term vision. When probed about the future of the industry, interviewees tended to gravitate toward their time-tested source of revenue—internationally financed public works contracts—as opposed to anticipating a possible future of decreased donor funds and increased private investment. Many firms were reluctant to express any degree of certainty in the ongoing stability of the country, which greatly inhibited their ability as individuals and as an industry to develop their own vision about how to strengthen the competitiveness of the industry and develop a vision for its future growth. Undoubtedly this phenomenon has been caused by the decades of continuous instability that the country and industry have endured.

This case study presents an alternative vision for the industry, namely that the small and medium-sized public infrastructure segment offers the greatest short- and medium-term opportunity for growth and employment. However, the industry is dominated by a few firms with access to the personnel, financial and equipment resources needed to attain a competitive advantage, while foreign competitors who have an even greater competitive advantage than the Haitian firms are likely to present an ever increasing threat. In this situation, only the largest quality-conscious firms will be able to diversify their markets and maintain the resources and capability to serve a wide range of market segments. Firms must therefore prepare themselves to become more competitive by improving their production quality, diversifying their markets and incorporating qualified, competent small firms into the value chain.

As long as stability continues in Haiti, there is a great opportunity for industry stakeholders to come together, shift toward a longer-term perspective, and develop a vision for the industry. The progress that the industry has achieved to date, and the mandate and credibility of KATA, could set the groundwork for facilitating this sea change.

OPPORTUNITIES, CONSTRAINTS AND INCENTIVES RELATED TO UPGRADING

With this vision in mind, the following sections highlight the major opportunities observed in the small- and medium-scale public infrastructure sector, analyze the incentives and constraints to these opportunities and recommend interventions to exploit them. Industry stakeholders reported numerous opportunities that the team prioritized based on several criteria presented in Table 2 and included here:

- **Sector priority/opportunity** (identified as priority by wide range of stakeholders, promotes industry vision);
- **Improvement to industry performance** resulting from exploitation of the opportunity (increases quality, reduces cost burden to contractors, encourages small firm participation, enhances broad-based employment);
- **Firm incentives and resources** (benefits accrued as a result of change, resources and power to drive the change);
- **Consistency with KATA objectives** (job creation, conflict mitigation, promotion of micro and small enterprises (MSEs), infrastructure, workforce development, public assets, housing, youth and marginalized);

- **Realistic** (resources required to stimulate change, time frame, ability to mobilize/facilitate, likelihood of seeing results); and
- **Commercial viability** (high private investment, low KATA or other funds required, ability to develop exit strategy). In this type of environment, there are relatively few examples of high commercial viability.

If an opportunity posed high evaluation in most of the above criteria, the team identified it as a high priority, Tier 1 opportunity. Those that met some of the criteria, posed high consistency with KATA, and were deemed highly realistic, were included in the study team's recommendations as Tier 2 opportunities. (Table 2)

TOP PRIORITIES FOR SMALL- AND MEDIUM-SCALE PUBLIC INFRASTRUCTURE

Encourage association development and advocacy for enforcement of building codes and standards. As explained in Section III.C, one of the major drivers for contract awards and the primary opportunity for increasing industry competitiveness is production quality. Upgrading the skills and capacities of construction contractors is an extremely complex issue, one driven by the lack of building codes and standards and the non-enforcement of existing urban planning and environmental regulations. To address a major constraint, many stakeholders indicated a desire to (re-)mobilize and advocate for the establishment and enforcement of building codes. Given the history of associations in Haiti's construction sector, the momentum that the National Construction Commission has created and the conviction expressed during interviews and the stakeholders meeting, firms appear ready and willing to take action on this issue. However, it is uncertain how these changes, and the costs associated with compliance, would affect smaller firms' ability to compete against larger firms. While many small firms advocate for the establishment and application of building codes, changes may likely reinforce and limit their role as subcontractors.

The analysis indicates that while industry actors express a strong desire for associative activity, additional financial and technical support may be needed to stimulate existing or new associations in the short term. AHEC indicated that it has received limited support from the EU PHARE project, but would need more intensive support in order to provide services to an expanding membership base. One option may be a newly awarded USAID-funded program, I-TRADE, that "aims to increase trade and investment, yielding increased incomes and employment, and resulting in more sustainable livelihoods for Haitians" by promoting "more robust private sector associations and chambers contributing to economic growth."⁶² While association development is not an objective of the KATA program, the value chain analysis findings has prompted program management to consider coordinating with these types of partners to propel advocacy efforts by construction sector stakeholders.

Associations have the potential to exploit the power imbalances between firms; many of the large, elite firms have substantial influence with the prime minister's office and the resources to push their agenda with relative ease, while smaller firms and those in the regions have relatively little. This suggests that association development efforts must structure membership, communications and decision-making in a way that maximizes the involvement of small firms and marginalized stakeholders. Yet while smaller firms report a desire to improve quality standards and exit the cost-responsive prisoner's dilemma, there are few incentives for them to comply with these standards, as they benefit from low-cost competition. That said, there are a few notable leaders in the quality-conscious and cost-responsive categories who understand the need for more inclusive growth and could champion such efforts.

Strengthen association development and advocacy for financial sector reform. The restrictive financial regulatory environment and subsequent cash flow constraints are by far the greatest concern of construction contractors, although the research team did not identify it as an overarching priority because of recent changes in the law which would effectively minimize this problem. Though the two new decrees should alleviate many of the cash

⁶² Project description provided by I-TRADE implementer, Chemonics International (November 2007).

constraints associated with bonding requirements,⁶³ firms could benefit even more by strengthening associations to address ongoing financial sector issues, especially as access to finance is a major competitive factor.

Facilitate workforce development for project managers, specialists and laborers. In response to the labor challenges, one major opportunity to upgrade production quality is to enhance management skills of project managers and technical skills of specialists and laborers. Many of the larger firms said they used to send project managers to the U.S., Canada and France for training and indicated that they would be willing to pay for (or partially subsidize) training for project managers and/or technical/skilled laborers in Haiti. Partnerships between large prime contractors and subcontractors may provide an opportunity for embedded learning. Though large firms express frustration at having to micro-manage their subcontractors, KATA can facilitate this process by requiring subcontracting arrangements in selected larger bids and encouraging knowledge transfer between large and small firm personnel.

Concerning technical skills development, several international programs, including KATA, are already building the capacity of vocational schools to deliver market-driven services and match labor supply with demand. The IDB invested substantial resources in the physical upgrading of vocational training centers around the country. KATA works with several training institutions to improve and match the skills of Haiti's workforce with private sector demand and to provide employment services to help students find and keep jobs in the construction and other industries. To tie these activities to private sector demand, KATA is helping to form Local Business Councils of local private firms and community leaders to work with the program team on matching labor needs with local assets and private sector business plans for growth. Much of this work involves establishing accreditation programs in key sectors, starting with construction specialization certificates in plumbing and electrics by using and adapting curricula developed in Haiti. In addition to in-class training and certification, students are eligible to participate in apprenticeships, work-study opportunities and general life skills training. Illiteracy in Haiti is the highest in Latin America and the Caribbean, and the enrollment rate for primary education is only 56 percent.⁶⁴ KATA is coordinating with other USAID implementing partners to refer construction jobs to out-of-school youth who are graduates of adult literacy and basic education programs, and there is considerable opportunity for these institutions to develop and improve construction industry professionals.

Quality standards also can be included as part of the construction workforce development package and LNBTP proposes to publish and sell a booklet on material standards. A small number of firms interviewed about these booklets indicated that they might be willing to pay for such information. In addition, a KATA partner, ResCare DTS Inc., pointed out that existing vocational development schools are in the process of instituting new accreditation programs in select industries and may be able to serve as vehicles for disseminating this information.

Encourage small business participation through tenders. Offerors can take additional steps to alleviate some of the disadvantages that smaller firms face, including small-business set-asides, looser bonding requirements for projects under a minimum threshold and training on bid proposal requirements. KATA recently adopted these measures in an effort to extend market access to small firms that normally could not compete against larger ones. Although they may face difficulties in encouraging the GoH and other donors to follow suit, KATA management and USAID representatives indicated that the program's size and scope in Haiti may provide it a unique opportunity to influence construction offerors' best practices. This topic could become a priority for advocacy by industry stakeholders though large firms would have to see a potential benefit of small business set-asides, such as an influx of larger contracts.

⁶³ In spite of the legal and regulatory changes underway, contracting firms are keen to explore alternative financing arrangements to obtain more affordable sources of capital and AHEC recently hired a consultant to explore the creation of a private investment bank for the construction sector. Although the research found that Central Bank law prohibits this type of activity, the study team believes the initiative to be unnecessary given new regulatory efforts. Nevertheless, stakeholders wish to continue pursuing this avenue.

⁶⁴ "Haiti Conflict Assessment." Prepared by USAID/Haiti, June 2006.

Table 2. Prioritization of Opportunities & Analysis of Incentives: Small and Medium Public Infrastructure

| TIER 1: HIGH-IMPACT, HIGHLY VIABLE OPPORTUNITIES | | | | | | | |
|--|---|---|---|---|--|--|------------------------------------|
| Sector Priority/ Opportunity | Improvement to Industry Performance | Firm Incentives & Resources | Challenges to Achieving Opportunity | Intervention | Consistency w/ KATA | Realistic | Commercial Viability |
| Workforce development for construction specialists, laborers, and project managers | High (not immediate): improved quality; broad-based employment | High among contractors: Larger firms already paying for some management training & on-the-job training – most firms expressed willingness to co-finance if quality training becomes available | Firm capacity to pay for training uncertain: smaller firms less likely to pay for services | Subsidize training; offer vouchers for small firms | High | High | Medium/Low |
| | | High among vocational training institutes, who have basic capacity and mandate, and donor resources are available to strengthen services. | Vocational institutions relatively weak capacity; no formal accreditation; No management training offered | Build capacity of vocational training institutes to provide high quality construction training & accreditation | High | High | Medium |
| | | Medium among offerors (government, NGOs, donors), who are in a unique position in that they have long-term development objectives in addition to their bottom-line interests | Short-term, bottom-line interests can often overrule development goals; Requires champion to encourage others | Encourage sub-contracting arrangements that promote embedded learning opportunities | High (KATA) Med/Low (other pros) | High (KATA) Med/Low (others) | High |
| Association development and advocacy for loosening financial restrictions that undermine contractor cash flows | High (immediate): reduced costs, improved quality | Very High: Efforts already in process through National Construction Commission (headed by large-scale lead construction firms and government) and other smaller efforts by AHEC and individual firms | Weakened horizontal linkages since conflict | Coordinate with existing programs to strengthen industry association(s) such as AHEC; support advocacy campaign | Low | High | Medium (requires external support) |
| Association development and advocacy for establishing building codes & standards | Very High (but not immediate): improved quality | High among larger (and more influential) firms who will benefit more from enforcement; Medium among smaller firms that recognize the “prisoners dilemma” effect squeezing their profits: better enforcement will likely reinforce the role of smaller firms as sub-contractors in the short-term | Weakened horizontal linkages since conflict | Coordinate with existing programs to strengthen industry association(s) such as AHEC; support advocacy campaign | Low | Medium | Medium (requires external support) |
| Encourage small business participation in contracts | High (immediate) | High among smaller contractors; High/Medium among offerors/donors; Medium among larger contractors, who don’t perceive smaller firms as threat as long as there are ample opportunities through larger contracts | High competition from larger, more capable firms who bid on small projects | Government, donor, and INGO offerors establish small business set-asides | High | High | High (if accepted by Gov’t) |
| TIER 2: MEDIUM-IMPACT, HIGHLY VIABLE OPPORTUNITIES | | | | | | | |
| Sector Priority/ Opportunity | Improvement to Industry Performance | Firm Incentives & Resources | Challenges to Achieving Opportunity | Intervention | Consistency w/ KATA | Realistic | Commercial Viability |
| Build capacity of small firms to compete on & implement bids | Medium | Training to smaller firms to improve cash flow practices, improve quality & consistency of bids, | No local business service provider who can provide construction training to firms | KATA continue in-house/ on-site training to small firms | High | High | Low |
| Establish Minimum KATA Standards for: design, tenders, bonding req’s, award selection, payments process | Medium | Medium/High for KATA implementer (CHF International); Medium/Low for donor (USAID) | Donor (USAID) has its own government regulations that don’t always coincide with recommended standards (e.g. bonding, payments) | KATA staff draft minimum standards for approval by donor; publish Tendering Guidelines for Haiti | High | High | Low/ Medium (scalability) |
| Establish Minimum Offeror Standards for: design, tenders, bonding req’s, award | Medium | Long-term development objectives of infrastructure buyers are an incentive for them to create a more competitive, open market with fewer market inefficiencies. | Buyers/Offerors not coordinated on construction tender/ award/ payment | Organize government, donor, and INGO offerors to initiate “Infrastructure | Medium | Medium (not all offerors will buy | Medium/ Low (not all offerors will |

“TIER-TWO” OPPORTUNITIES FOR SMALL- AND MEDIUM-SCALE PUBLIC INFRASTRUCTURE

Promote upgrading through on-site learning opportunities. For small firms to participate in the industry over the long term, cost-responsive contractor capacity must improve. Specifically, the firms need to learn how to prepare realistic bids and manage project budgets and cash flow. While in the short term the KATA infrastructure staff plan to deliver this training to smaller firms, a longer-term, market-based solution is the preferred option. One MFI has indicated an interest in expanding its financial and business services to the construction sector. Another option would be to encourage an association to deliver training as a fee-based service. In addition, to encourage embedded learning opportunities, programs can build the capacity of larger firms by bundling large projects that encourage greater complexity and stimulate subcontracting arrangements between firms.

Establish offeror minimum standards to reduce risk. One major opportunity to improve the quality of production is to minimize the differences between project design and production reality; a problem that results in under-priced bids that drive contractors to cut costs by using low-quality materials. A short-term solution lies with the infrastructure buyers themselves, namely the international donors who also represent the sector's major clients. Given that the donor community and government are interested in building sector competitiveness, they could coordinate efforts (e.g., a consumer awareness campaign targeting donors) to better understand how contracting mechanisms impact the potential for industry competitiveness and ways to integrate MSEs. Successful efforts would reduce the lag time between design, bid, and award and offerors could budget design requirements (10 percent of KATA's contract budget is for design). Offerors who now tender bids in U.S. dollars also can agree to issue tenders in the Haitian gourde currency to reduce the inflation risk that now burdens contractors. KATA/USAID may be in a unique position to encourage and mobilize offerors, government and donors to agree to minimum standards. Additionally, bonding requirements should be standardized to minimize contractor cost burdens—especially smaller firms that cannot access finance easily.

Achieving donor buy-in for these efforts is not necessarily easy. According to one source, many USAID staff have indicated a primary concern with the cost efficiency and timely achievement of project deliverables. While there are those in USAID who favor promoting small firm participation, it is a secondary programmatic consideration compared to other program objectives. Setting offeror standards also may interfere with the donor bureaucracy; in the case of KATA, the program was able to revise its bonding requirements only after careful negotiations with the USAID contracts office about how these new requirements would maintain U.S. government regulations. And, while KATA may make inroads in encouraging small firm participation and establishing offeror standards, it is difficult to say whether other donors—IDB, CIDA, EU, Taiwan ICDF, etc.—are flexible enough to tackle such constraints.

OTHER, THIRD TIER OPPORTUNITIES

The analysis identified additional opportunities and demonstrated the potential to impact a small number of firms. However, the relatively minimal impact and scale and/or viability and realism they would generate made the following opportunities lower priorities:

- Establishment of an equipment bank for small, regional firms to make equipment more readily available.
- Creation of a purchasing/imports cooperative to increase economies of scale and reduce currency risks associated with the purchase of cement, steel, wood and metal—the major raw materials.
- Creation of local, private-sector materials testing laboratories with personnel trained by LNBTP that could charge construction firms for timely, high-quality services. This model is already being applied by larger firms and could easily be replicated by other regional firms.
- Printing and sale of an existing LNBTP map identifying the geographic location of good raw material sites.

RELATIONSHIP BETWEEN VALUE CHAIN AND CONFLICT DYNAMICS

As stated in the vision statement, the team identified a few possible scenarios for Haiti's political and economic stability and made several assumptions on the viability of the industry based on those scenarios. Prior to the value chain analysis, the team found several areas that could potentially drive conflict in the construction sector as well as participants who might have a stake in stability. Team members tested the areas by incorporating the considerations into the question guidelines (Annex B), subsequent interviews and the analysis exercises. Below are the research findings on conflict drivers.

IMPACT OF INSTABILITY ON MARKET ACCESS AND PROJECT COSTS

The first dynamic explored is the effect that conflict has had on market access and industry profits. Have value chain actors benefited or suffered from conflict, and how have these experiences translated into incentives for stability? Overall, most firms say that the conflict has led to the loss of and inability to retain qualified personnel. Small firms appear to have suffered most from this “brain drain.” Insecurity continues to affect market access and a number of contractors stated that they refuse to work in certain locations, especially the insecure urban areas MINUSTA identifies as “Red Zones.” Other firms have had to shut down activities in certain areas due to losses.

Insecurity continues to impact project costs with many firms reporting losses in the past year due to theft, vandalism and/or kidnapping. Some also reported minimal recurring costs to maintain security. One medium-sized firm, for instance, estimates losses over the past two years of US\$870,000 from theft and kidnapping, while prices for ongoing security can cost anywhere from US\$7,000-30,000 per project, depending on its size and location. Firms that have experienced kidnappings pay the ransom and continue working. A large part of kidnapping and theft occurs during the transport of materials, which some respondents say explains why so few transport firms exist. Because firms appear to perceive insecurity as a normal cost of doing business, market access does not seem to be a major driver of either conflict or stability.

INTER-FIRM RELATIONSHIPS: ELITE VS. NON-ELITE FIRMS

While inter-firm tensions may be normal in most value chains, the research team anticipated that in Haiti smaller firms might exhibit a marked resentment of larger firms owned by elite families. In fact, the research did not reveal any unusual tension between firms.

FIRM-GOVERNMENT RELATIONSHIPS

The team also anticipated potential drivers of instability in relations between firms and government. However, because there is virtually no formal government regulation of the sector (Section III.C) most part firms do not report any difficulties with the regulatory environment. Still, the interviews revealed indications of grievances toward government offerors usually because firms are often forced to give government offerors kickbacks throughout the bidding and supervision processes. Almost every firm indicated that contracts are won “based on who you know,” adding that this advantage extends to firms of all sizes. Yet, even though contractors evidently concede to corrupt practices, almost all of those interviewed expressed dissatisfaction with the system and recognized that it harms industry competitiveness.

FIRM-COMMUNITY RELATIONS

Employment is clearly a volatile issue in the communities surrounding infrastructure activities. Focus groups with labor indicated that people’s main concerns were the ability to obtain jobs and fair payment for work. Almost all firms stated that they tended to hire unskilled and some skilled labor positions directly from the region around the project site and several smaller firms cited problems with laborers who continually demanded wage/pay increases. One construction company explained the problems that can arise between project managers and laborers: when a *contre maitre* mismanages a job, or has cash flow management problems, he often pays workers late or undercuts their wages altogether. In spite of Haiti minimum wage standards, many laborers complained that they often were underpaid. This suggests that a potential source of instability lies in how companies—and their subcontractors—maintain labor standards, a finding that reinforces the need to develop construction manager skills in a way that minimizes this potential for conflict.

The interviewers found a high level of private sector incentives for community stability and several interviewees mentioned the link between community relations and their operational success, even using the term “social responsibility” to describe their investments in the communities in which they work. Several larger firms and a

handful of medium-sized firms reported leading or being active in social-type organizations such as RHHS, an international Healthy Housing network that assists municipalities in developing housing projects, and EGI, a non-profit organization responsible for establishing business incubators, leadership training and education for disadvantaged urban youth. While firm-community relations did not emerge as a priority constraint in the sector, KATA's experience suggests that development programs play an important role in encouraging positive exchanges between the private sector, community and government.

ROLE OF NETWORKS IN STABILIZATION

The role of a construction firm middle class also presents a potential conflict mitigation opportunity. To this extent, MSEs, regional firms and a well-mobilized network of independent professionals (engineers, *contre maitres*, craftsmen and specialists) can potentially serve as a constituency for a fairer playing field. This is not to say that larger firms do not play a role in the stabilization process; indeed, the extent to which larger firms have strong ties with governmental officials and the resources to interact regularly on the legal and regulatory side, speaks to their instrumental role in promoting positive change.

IV. STATEMENT AND ANALYSIS OF CASE STUDY RESEARCH QUESTIONS

A. STATEMENT OF RESEARCH QUESTION

This case study documents the application of the value chain approach to the most conflict-prone cities of Haiti as a means of channeling infrastructure program design from a direct implementation approach to longer-term, market-integrated relief. Globally, donor-funded infrastructure and housing programs typically focus on completing projects without either examining how they might work through markets and private sector actors or considering how the project might undermine local businesses and slow economic recovery. This research hypothesizes that the value chain approach is an effective tool for integrating a consideration of markets into a donor-funded infrastructure program and that this lens and approach to program design enables the completion of program targets, while building sector competitiveness and achieving deeper and more lasting impact.

In responding to the challenge that many practitioners face in the emerging field of market-integrated relief, this case also tests a second hypothesis; the value chain approach can be adapted to conflict and post-conflict environments by (a) incorporating conflict considerations to do no harm and even contribute to conflict mitigation in these environments, and (b) meeting the information requirements for effective program design through a flexible, prompt analysis that facilitates a rapid programmatic response. Currently, few tools are available to analyze value chains and markets in conflict and other crisis environments. This makes it difficult for practitioners to effectively collect and analyze the information needed for program design and to do so within the short timeframe that conflict and crisis environments require.

To test these two hypotheses, the team conducted a value chain assessment of the construction sector within an infrastructure program operating in five conflict-affected cities of Haiti and analyzed how the resulting program design did or did not provide a strategy that met the program's stated goals of mitigating conflict, building a public asset base, and creating jobs, while contributing to inclusive growth and increased competitiveness in the construction sector. The team also documented the research process, the resources used, and the adaptations made to gather and analyze the types of information needed to determine how to achieve a rapid assessment and design in this environment.

This case study complements current work on market-integrated relief and value chain development, highlighting the process by which construction and infrastructure interventions can be re-tooled as a direct result of using the value chain approach. The research responds to broader questions set out in the USAID/AMAP Value Chains and Conflict Research project:

- How the value chain approach contributes to the rebuilding of markets in post-conflict situations; and
- How value chain tools can be adapted to post-conflict situations and the need for quick action.

B. ANALYSIS OF RESEARCH QUESTION

HOW THE VALUE CHAIN APPROACH CONTRIBUTED TO THE REBUILDING OF MARKETS, POST-CONFLICT

The first hypothesis is that the value chain approach is an effective tool for integrating markets into donor-funded

programs and that it enables completion of program targets while building sector competitiveness and achieving deeper and more lasting impact. The following section describes how applying the value chain framework to the KATA program—and to other post-conflict infrastructure programs—contributes to the rebuilding of the construction industry and provides an opportunity for private sector development over the long term.

Construction is becoming an increasingly international industry and the threat of entrants, e.g., foreign competitors, must be considered when implementing infrastructure programs. As noted in the research, the construction sector is one of the largest sources of employment in Haiti and is growing at a relatively rapid rate. However, the sector is under potential threat by foreign competitors, such as firms from the Dominican Republic, that increasingly win donor-sponsored contracts, particularly for larger, more complex bids. Large Haitian firms have difficulty pursuing these more profitable, larger projects due to the systemic issues affecting production quality, including the unavailability of skilled management and labor, the way donors structure the bids, and financing terms. This squeezes the entire industry; when large firms cannot compete on complex projects, they are forced to go down-market where the margins are smaller and push out smaller firms. For these reasons, infrastructure programs should consider preparing larger construction firms to move up the value chain into higher-value markets, and enabling smaller local firms to enter or stay in markets having a clear value addition. If programs do not take these factors into account, donors run the risk of contributing to the decline of the local construction industry. Given how important the construction sector is to most countries in terms of contributions to GDP and employment of both unskilled and highly skilled labor, this decline could undermine economic recovery or other efforts to stabilize countries.

Throughout, this document discusses some of the means by which local firms can become more competitive, particularly by providing the industry an opportunity to improve the quality of production. Interventions include facilitating workforce development, promoting advocacy for legal and regulatory reform, and improving offeror standards in project design, tendering and awards. Although not found in the Haiti case, other construction initiatives around the world that seek to strengthen the industry typically work with components manufacturers (doors, windows, etc.) that provide opportunities for smaller firms and with raw materials manufacturers (pavers, tiles, sand, gravel, cement blocks, bricks, etc.) to help domestic industries improve production quality and compete against imports.

At the same time, initiatives in conflict-affected areas must stimulate opportunities for broad-based employment by providing opportunities for small firms to compete so as to mitigate the potential for conflict associated with access to resources. The value chain analysis identified a number of financial regulations, government and donor procurement policies, and firm-level constraints to capacity that restrict opportunities for small firms to enter and participate in the industry. These restrictions curb options for promoting more inclusive growth and risk encouraging elite capture and contributing to instability. This case study presents several ways to foster learning among smaller firms including subcontracting arrangements, small-business set-asides and the provision of business services by associations, vocational training institutes and other providers.

Workforce development is a critical component to building sector efficiency. Compared to other sectors, including manufacturing, construction is a labor-intensive industry⁶⁵ that relies on a wide range of low and high skill sets—laborers, technicians and managers (a typical KATA contract comprises 20 percent labor costs). Infrastructure programs should leverage construction workforce development activities when possible by working through existing providers to provide training, facilitate work-study programs, and build a system of internationally recognized accreditations for the industry. As the KATA program reveals, this approach complements many relief and/or infrastructure programs, which often are as much a means to employment generation as they are to rehabilitating critical infrastructure. As part of its original program design, KATA integrates workforce development as an

⁶⁵ Hillebrandt, Patricia M. *Economic Theory and the Construction Industry*, Third Ed.. UK: Macmillan Press Ltd., 2000, p. 25.

important way to provide long-term employment to volatile communities. The value chain analysis did not introduce this intervention, but added to its richness by identifying opportunities for small contractors to learn from large firms through subcontracts and direct financing for training personnel, as well as international exchanges that those firms finance. They also benefit from involvement in associations that educate them in tendering and customs claims processes.

The role of advocacy and association development is one of the most important strategic determinants for promoting long-term market efficiency. The team found that facilitating the creation and/or strengthening of construction associations was critical to addressing quality and competitiveness issues, including building codes and standards, bonding requirements, financial reform, contract tendering and anti-trust enforcement. Sector participants in Haiti are eager to continue the momentum that the interviews and stakeholder meetings generated, and firms have a certain level of expectation. KATA has an obligation to ensure such activities are carried through in whatever capacity and is now identifying potential existing programs to coordinate with so stakeholders can take action on the dialogue that the value chain analysis process initiated.

Financial reform is an important issue for local construction firms serving the small- and medium-scale public infrastructure channel. These firms face numerous financial constraints, including bonding requirements that severely restrict cash flow, few mechanisms for purchasing or leasing capital assets, and financing that does not meet industry needs in terms of cost and flexibility for dealing with the inevitable delays on large-scale construction projects. Other regulatory measures severely limit competition in the financial sector, placing even greater strains on the industry. Fortunately, financial reform affecting the construction sector is currently underway and expected to dramatically improve the situation in the coming months. The complexity of these findings suggests that a value chain analysis is important for understanding the constraints the construction sector faces. Many of the obstacles to quality construction supply are not simply a result of firm-level weaknesses, but rather web of constraints that place undue burden upon the contractor. The analysis suggests that these are challenges that the private sector can address with systemic actions and assistance from international community facilitation and coordination efforts.

International agencies and host governments play an important and unique role in the sector, both as product buyers and development stewards. International agencies, as both buyers and facilitators, are in a unique position to coordinate and structure bids and contracts in a way that stimulates competitiveness. This case study emphasizes the need for international agencies to agree to coordinate efforts and establish minimum standards for contracting, including such basic principles as:

- Agreeing to minimum standards in design and tendering, including the publication of a bidding and tendering manual stipulating minimum design costs (10 percent of budget); issuing tenders in local currency; reducing the lag time between design, tendering, and award; and informing smaller firms that do not win an award the reason for the rejection of their bid;
- Generating some flexibility in bonding requirements, especially those for smaller projects (and firms), while also maintaining quality standards when reviewing bids;
- Allowing larger firms to upgrade by implementing larger and more complex contracts that offerors might not normally design;
- Creating learning opportunities for smaller firms through subcontracting arrangements that encourage large firms to train up their subcontractors; through small business set-asides in which bidders provide training in bidding procedures; or by adopting tendering practices that de-brief bidders on award decisions; and
- Encouraging small-business set-asides.

In a post-conflict environment, where construction actors may have a fragmented, short-term outlook, the private sector is unlikely to have the capacity to drive all of the needed interventions, making donor/implementer facilitation critical to fostering a longer-term vision.

Infrastructure projects probably cannot facilitate all sector interventions, and coordination with partners is especially important. KATA is unique in that the jointly designed CHF/USAID program has the flexibility and resources to undertake a wide variety of activities and the opportunity to grapple with bigger picture issues, including ways to strengthen the industry via enhanced competitiveness. Most infrastructure programs, however, may not be so flexible and program managers must be creative and develop a range of partnerships if they are to achieve their mandate while staying mindful of how to strengthen the industry and stimulate competitiveness and intervention sustainability. As an example, an infrastructure program could partner with local financial institutions to develop better financing solutions for small firms; with existing vocational development centers or other educational institutions to boost the supply of skilled labor; and with other donor-funded programs that facilitate the association development process through private sector actors. These types of partnerships would reinforce infrastructure program success by bringing in resources that enable industry actors to better meet short term deliverables, while also setting the stage for the industry's longer-term recovery and strengthening.

Donors are encouraged to build flexibility into infrastructure and job creation programs. The environment evolves rapidly in conflict and post-conflict contexts. Relief and reconstruction programs that have timelines longer than six months must be able to adapt to the changing environment if they are to remain responsive. KATA's unique design seeks immediate infrastructure and job creation results as well as longer-term solutions to durable employment and conflict mitigation. That said, the value chain analysis revealed a need to incorporate additional considerations into the program, including:

- Reinforcing advocacy within the construction sector, particularly around the enforcement of building codes, financial services for the industry, transparent tendering processes, and anti-trust laws;
- Facilitating project management training for mid-level project managers as well as ongoing technical training/workforce development for skilled and unskilled laborers;
- Stimulating coordination among infrastructure buyers (including production of a bidding and tendering manual) to create greater market efficiencies and/or increase the capacity of smaller and regionally based firms.

The value chain approach enables deep mapping of existing market structures, actors, services and inputs.

The value chain analysis helped the research team identify a broad range of market actors, services and inputs that complemented those with which KATA was working. While the KATA infrastructure team had already identified many of the construction firms through its initial bidding and tendering process, several new firms emerged. Many of these firms were unfamiliar with KATA, and staff encouraged them to apply through the KATA pre-qualification process. These findings indicate that a value chain analysis exercise could serve an important fact-finding function for an infrastructure/engineering team in the initial design and/or start-up phase of an infrastructure program.

As Table 3 illustrates, the value chain approach reveals several new program considerations. The analysis revealed that industry opportunities lay not only in the capacity-building of firms *per se*, but in much larger issues such as development of the construction workforce and of associations and advocacy to address the legal and regulatory framework (quality standards, financial reform). In addition, coordination between the government and donor agencies implementing infrastructure programs can address many of the systemic issues without excessive costs or burdens for implementers.

Table 3. New Implementation Considerations for KATA, Resulting from the Value Chain Approach

| KATA Program Considerations | Value Chain Findings that Reinforced Original KATA Design and Interventions | Value Chain Findings that Proposed New Implementation Considerations for KATA |
|---|--|---|
| Industry Competitiveness | n/a | <ul style="list-style-type: none"> New entrants (foreign competitors) poses long-term threat to the industry's future, and international offerors are in a unique position to positively affect the industry's future |
| Small Business Participation/ Employment/ Conflict Mitigation | <ul style="list-style-type: none"> Improving the capacity of local firms results in higher quality, lower-risk projects to the implementing agency and to the donor; generates broad-based employment & contributes to conflict mitigation objectives | <ul style="list-style-type: none"> Better capacity allows smaller firms to compete on quality and diversify and therefore adjust to expected future when donor funds decrease and private contracts increase |
| | <ul style="list-style-type: none"> In-house training or "learning by doing" to strengthen capacity of smaller construction firms | <ul style="list-style-type: none"> Require sub-contracting arrangements that encourage knowledge transference between large- and small-firms; Support associations that provide services to smaller and regional firms |
| | <ul style="list-style-type: none"> Establish small business set-asides; Develop looser requirements for bid and performance bonds for smaller firms | <ul style="list-style-type: none"> Serve as a champion in establishing minimum offeror standards: launch "consumer awareness" campaign for bidding and tendering standards; Support/facilitate advocacy efforts to reform restrictive bonding regulations |
| Association Development | n/a | <ul style="list-style-type: none"> Advocacy critical to achieving high industry impact by addressing structural issues, such as building code enforcement, financial reform, anti-trust regulation, etc. |
| Workforce Development | <ul style="list-style-type: none"> Work through existing vocational training providers to improve technical capacity of construction laborers; Encourage the professionalization of fee-based training services and accreditation | <ul style="list-style-type: none"> Improve management skills of project managers through embedded training and knowledge transference from large firms to smaller sub-contractors; Co-finance management training opportunities or cross-visits where appropriate |
| Program Design | <ul style="list-style-type: none"> Flexibility in making program design changes; donor and implementing partner re-evaluating interventions on a yearly basis | <ul style="list-style-type: none"> Expand coordination with other existing, relevant programs, such as those promoting association development and entrepreneurship/ sustainable technologies |

HOW VALUE CHAIN TOOLS CAN BE ADAPTED TO POST-CONFLICT SITUATIONS AND THE NEED FOR QUICK ACTION

Section I.D describes how the research team used conventional value chain approaches to guide the analysis process. Several existing tools, including those developed by USAID/AMAP, Action for Enterprise, the World Bank and others, proved extremely useful and appropriate for analyzing Haiti's construction sector and the potential for KATA to integrate more closely with local markets. However, the research team made some noteworthy adaptations to these tools, which added approximately two days to the process. The modifications are described below.

It is worth noting that the analysis process and timeline would not work in all market-integrated relief programs, particularly those operating in high-pressure environments that need assessments in far shorter time periods to facilitate a rapid response. The team conducted its analysis over a five-week period, including three weeks for data collection, a week before that for research and a week following to write up the findings. The annexes provide a set of templates to help other construction value chain practitioners accelerate the preparation and analysis process and reduce overall time to roughly three weeks. The following paragraphs describe the adaptations, findings and recommendations.

QUESTION GUIDELINES AND DATA COLLECTION TOOLS

In preparing to collect data, the team leader reviewed and compared two well-known value chain questionnaires, the USAID/AMAP *Illustrative Value Chain Question Guide: In-Depth Interview Guides: Madagascar Natural Product Value Chain*⁶⁶ and the Action for Enterprise *Questionnaire Guidelines for Value Chain Analysis*.⁶⁷ The team compared the tools against a set of quantitative questionnaires developed by the World Bank for the Iraq construction sector⁶⁸ and those developed by CHF International and other sources to determine the questions that are most appropriate and require the least adaptation.

Existing value chain tools required sector-specific adaptations to account for the unique features of the construction sector. The team supplemented the tools review with secondary research on the construction sector in developing countries (Annex A, References) to gain a broader understanding of sector dynamics and identify benchmarks that compare Haiti with other similar countries. The secondary research was particularly important in demonstrating how construction sector characteristics are unique in comparison to those of most other industries,⁶⁹ and it enabled the team to gauge what the Haitian industry would require to be more competitive and to develop a vision of how the industry might progress over the long term.

Given that existing question guidelines tended to focus on agriculture-related sectors and/or industries producing tangible goods, the team adapted them to reflect the special features of the construction industry. Following its review of the data collection tools, the team identified the Action for Enterprise questionnaires as the most applicable across a wide range of industries and used them as the foundation, making adjustments to account for differences in the construction sector. The adaptation process took about a day. Other infrastructure programs should be able to use these questionnaires (Annex B) as they are, without significant modification.

In a post-conflict setting, existing program information and staff resources are extremely important to data collection. The researchers attempted to collect secondary information on Haiti's construction sector to accelerate the analysis and provide context that could be followed up with the field research. Although the team found reports on the state of physical infrastructure in the country, there was virtually no specific information on construction industry dynamics and trends. However, the depth of sector information that the KATA team generated through the program's procurement process greatly accelerated its collection of secondary data. During the first nine months of the program, staff had vetted contractors through a pre-qualification process intended to determine their suitability as KATA vendors. This resulted in a far more comprehensive industry database than anything the research team could have compiled in three weeks of talking with local associations and government entities, or extensive interviews with key informants. In surveying several infrastructure programs that CHF implemented in other crisis contexts, the researchers found that procurement databases provided a valuable source of research and a good starting point for many value chain analyses.

Interviews with seven program staff working in different functional areas (field offices, infrastructure, security, monitoring and evaluation and economic opportunity) proved extremely helpful in establishing environmental and sectoral contexts and reduced the amount of time needed for interviews with other stakeholders. The external engineering consultant hired to serve on the research team proved invaluable in helping to pinpoint key informants and arrange interviews with important government and private sector actors.

⁶⁶ Annex C of *Value Chain Development for Conflict-Affected Environments, Guidance For Case Studies* (June 2007), pp. 24-35.

⁶⁷ Both resources are available through www.microlinks.org.

⁶⁸ Appendices 2 and 3, in: Rassam, Sahar. "Iraq- ESW- Housing Construction Survey: Field Report." The World Bank & IFC/PEP-MENA. November 2006.

⁶⁹ See: Hillebrandt, Patricia M. *Economic Theory and the Construction Industry*, Third Ed.. UK: Macmillan Press Ltd., 2000.

While infrastructure programs may be tempted to rely largely on the expert knowledge of its staff to conduct a rapid analysis of the construction value chain, this study revealed how multi-stakeholder interviews are essential to generating appropriate sector solutions. Based on initial conversations with KATA staff, the research team developed some basic assumptions about potential industry findings; assuming that major opportunities for upgrading might include input enhancements through local materials suppliers, the need to scale up regional transport firms, workforce development and strengthening linkages to address the enabling environment. As this report demonstrates, only two of these opportunities proved relevant to the industry, while several other unexpected findings emerged. The discrepancy between the team's assumptions and their findings indicates that while infrastructure program managers have a solid understanding of constraints at the contractor level, nuances in the sector such as the legal/regulatory framework, support markets, financial services, and other market-based opportunities for upgrading may often go unnoticed in the absence of applying a value chain approach.

ANALYTICAL TOOLS

Following data collection, the team analyzed the small and medium-scale public infrastructure value chain by applying instruments outlined in USAID/AMAP presentations available on www.microlinks.org such as *Value Chain Development for Conflict-Affected Environments: Guidelines for Case Studies* and tools developed by Action for Enterprise that facilitate analysis and opportunity prioritization. A stakeholders' workshop allowed value chain actors to engage directly in the analysis process and a program design workshop helped KATA staff identify and prioritize specific interventions articulated in Table 2. Observations on the applicability of these tools are presented below.

Value chain practitioners working in unstable environments should expect to see a stakeholder focus on short-term constraints. Section III.D discussed Haiti's decades-long instability and the resulting fragmented public infrastructure value chain in which stakeholders focused on immediate concerns, which led to a relatively short-term outlook. In their engagements with the stakeholders, initially through individual interviews and jointly in the workshop, the team encouraged firms to envision a longer term outlook and strategy for the industry. While they were eager to point to several immediate constraints in the industry, or larger political and development challenges to Haiti as a country, the majority of firms were unable to articulate a long-term vision. Value chain actors in other acute or prolonged conflict-affected environments are likely to be similarly challenged to move beyond survival and short-term benefits to a broader vision. This experience suggests that practitioners working in unstable environments should expect to see in their analysis several short-term interventions that bubble up to the surface as industry priorities. Practitioners also should recognize the sequencing of interventions that is needed in order to allow stakeholders to collaborate, build trust and develop a common perspective over time.

Existing conflict analysis guidelines for sector analysis proved sufficient, with adaptations. Prior to data collection, the team leader reviewed USAID's *Illustrative Conflict Assessment Survey*, presented in the above mentioned case study guidance document.⁷⁰ Team members held a special meeting with CHF International conflict specialists to discuss potential conflict drivers in Haiti's construction sector and CHF compiled a five-page conflict analysis for Haiti (the basis for Section II), which proved extremely valuable to the headquarters-based researchers prior to collecting field data. Based on the conflict discussion and draft analysis, team members developed a set of conflict analysis guidelines for Haiti's construction sector and incorporated them into the questionnaires, team orientation, and overall analysis process (Annex B). The team also revised the question guidelines to highlight the following potential conflict dynamics, including those discussed in pages 32-34:

- Possible conflict scenarios that may occur in Haiti and influence sector viability
- Costs associated with losses due to instability and/or costs of maintaining security

⁷⁰ *Value Chain Development for Conflict-Affected Environments: Guidance for Case Studies*, Prepared for USAID under Contract GEG-I-00-02-00025-00 (June 2007).

- Firm-community relations, including questions to probe firms about community insecurity, as well as questions for day laborers about their perceptions of firms working in their local area
- Firm perceptions about government, including legal/regulatory constraints, with special probing about individual government offices that may be perpetrators of excessive corruption
- Perceptions by small firms about working with (subcontracting to) larger firms, with special probing to identify potential sources of tension between small and large firms, and the role of a possible “middle class” (i.e., medium-size firms) to bridge the divide between the haves and have-nots

It is important to note that the questions did not explore ethnic divisions, religious differences or other group-based inequities that are not fundamental to Haiti’s instability, but may be common drivers in other conflict-affected areas. Applying this tool in other countries would require researchers to consider the potential conflict drivers specific to that country—ethnic tensions, tribal wars, religious differences, presence of criminal syndicates (drugs, arms, human trade) or battles over natural resources, to name a few.⁷¹

The framework revealed several surprises about conflict dynamics in the industry. Section III.D revealed several inaccuracies in the team’s initial assumptions about conflict dynamics in the industry. For example, the analysis exhibited relatively little visible tension between firms and between firms and the government than originally expected. The process also highlighted the potential for industry networks to advance the stabilization process. Interestingly, while community-level instability was almost always discussed in interviews with key informants, this constraint was never highlighted as a key priority for the industry to address but, rather, as a generally accepted cost of doing business. These findings highlight the importance of informed analysis when designing programs in conflict-affected environments.

The tools do not allow adequate examination of multiple chains within a short timeframe. It should be noted that the research team initially set out to analyze two value chains: public infrastructure and low-income housing. Despite the intersection of actors across chains, the team was unable to collect sufficient data to make meaningful conclusions about the low-income housing channel—Haiti’s low-income housing channel is largely informal and underdeveloped, and more time would have been required to collect data and evaluate opportunities. If there had been more time, the team could have developed a survey tool to realistically assess the demand for construction services among low-income residents, and more detailed interviews with *contre maitres* and engineers could have determined the current and potential supply response to this channel. The team also could have intensified its interviews with MFIs to identify constraints inhibiting the delivery of housing microfinance products to low-income residents. This observation reveals the challenges of applying the value chain framework to informal sectors in a timely fashion. The development of rapid survey templates that help evaluate market opportunities in places where demand is not always clear would greatly benefit value chain practitioners.

LOGISTICS AND OTHER OPERATIONAL CONSIDERATIONS

During the analysis process, the team experienced common challenges that several other studies of value chains in conflict or crisis environments have documented, including:

- **Staff resources and qualifications:** The initial challenge the team faced concerned the availability of KATA staff for three weeks to assist with the value chain analysis process, finally obtaining two full-time program staff (from CHF and Habitat for Humanity International), two CHF headquarters staff, and two consultants.

⁷¹ For more details on conflict drivers affecting the infrastructure sector, see: Mashatt, Merriam, Major General Daniel Long, and James Crum. “Conflict Sensitive Approach to Infrastructure Development.” United States Institute for Peace, Special Report 197, January 2008.

The team leader established three teams of two people each to take advantage of individual and complementary competencies. Periodically throughout the process the team informed other KATA managers who were directly involved in parts of the team orientation and initial analysis. All KATA staff participated in a one-day program design workshop, an arrangement that proved to be an ideal approach to allowing KATA staff take ownership of the study and incorporate its findings into their implementation work.

- **Length of time for field research:** Three six-day work weeks were the ideal amount of time to train and orient staff, collect data, test the hypothesis, validate it with stakeholders and identify interventions with program staff. If practitioners are forced to shorten this period, the team recommends that the process occur in no fewer than 17 days over a 2½-week period. In addition to this field time, it may be possible to reduce the time for preparation and case-study write-up to a total of five days, which would shorten the entire analysis process from the five weeks the CHF team used for this case study to a total of three to four weeks, assuming that the team leader has sufficient experience in implementing the value chain approach.
- **Context:** It is worth noting that in Haiti it is relatively easy to obtain interviews with people and in cities the meeting locations are generally no more than 45 minutes from anywhere. Communications systems are reliable enough for the team to be able to call and/or email firms to set up appointments ahead of time, which is not always the case in unstable environments. The robustness of the construction sector, coupled with KATA's database, made it very easy to identify stakeholders, lead firms and associations and, because the security situation had stabilized considerably in the months prior to the assessment, traveling to the regions and within urban centers was also much easier than originally anticipated.
- **Timing of the analysis:** The team conducted the interviews in September, at the end of Haiti's construction high season (March-September). From a programmatic perspective, the analysis occurred during the tenth month of the four-year program. While the infrastructure team was no longer in a startup phase, it was, nevertheless, very focused on immediate project deliverables. It is also worth noting that they conducted the analysis at the end of the fiscal year, which meant that KATA staff preoccupied with approving projects and disbursing remaining funds had time constraints. The team found it useful to conduct the survey well into program implementation because program staff understood, and had developed contacts in, the industry and could provide the team with a great deal of useful data. In addition, the survey was conducted early enough into the project to allow design changes to be made relatively easily. Ideally, program staff would use a value chain analysis as an initial assessment tool to understand the competitive environment prior to startup. Considering that most infrastructure programs (donors) require results in the first few weeks of implementation, program staff may be encouraged to apply the value chain approach after the initial startup period. A suitable time to conduct such an analysis is between four and nine months of a three- to four-year project. Shorter projects (less than three years) likely would require a value chain analysis earlier in the process in order to incorporate findings in a timely fashion.
- **Lack of sufficient secondary data:** In Haiti, as probably in most contexts, the team had to rely on intensive primary data collection (interviews) to collect the needed information. They also benefited greatly from information provided by case studies of the construction sector in other parts of the world. Annex A, Bibliography, lists several useful resources on the construction sector in developing countries.

V. CONCLUSION AND RECOMMENDATIONS

The value chain approach is an effective tool for designing post-conflict infrastructure programs focused on economic recovery and poverty reduction via short- and long-term job creation. Given that the construction industry is often one of the largest and most robust in the aftermath of a conflict (and beyond), donor-funded programs must consider the long-term industry structural issues that help generate and sustain jobs. They can successfully understand and address these larger issues by applying the USAID/AMAP value chain approach.

This case study shows that the USAID/AMAP value chain approach reveals nuances in the industry that conventional data collection methods (construction databases, bid documents or rapid assessments conducted by infrastructure teams) do not provide. For example, this analysis reveals that the ability of construction firms to successfully implement and manage donor-funded projects depends not only on the capacity of firms, but also is largely influenced by sector issues such as association development and advocacy around key policy issues (financial reform, construction standards), workforce development of the construction labor force and construction managers, and coordination of offeror minimum standards between the host government and donor agencies implementing infrastructure programs. Moreover, infrastructure programs can facilitate solutions to many of these larger issues without exerting an excessive cost burden on the implementing agency by relying on private sector participation and coordination with other programs and service providers. These findings indicate that a value chain analysis would serve an important fact-finding function for an infrastructure/engineering team in the initial design and/or start-up phase of an infrastructure program. This study illustrates several important observations and recommendations for implementers of infrastructure programs in relief and economic reconstruction environments:

- With a large proportion of construction costs residing in labor and management, maintaining and developing a skilled labor force is critical to stimulating broad-based growth among a multitude of firms, especially in an unstable environment, such as Haiti, where employment and competition over economic resources are major conflict drivers. An improved workforce also helps prepare firms to compete against current or potential threats by foreign competitors. To stimulate industry competitiveness and sustained employment, all infrastructure programs should incorporate workforce development initiatives that include informal learning opportunities, formal training and accreditation, work-study programs and management exchanges. Where possible, private sector participants should lead the initiatives through subcontracting arrangements that transfer learning between large prime contractors and smaller subcontractors or through sustainable local organizations such as vocational training institutes, technical schools or associations.
- Association development can greatly influence structural constraints affecting the industry, particularly in an area affected by conflict in which horizontal linkages are broken. Specific opportunities this case study identified include the need for construction standards and building codes, financial regulatory reform and enforcement of anti-trust laws. While most infrastructure development programs do not have the funding, resources or mandate to develop and strengthen construction associations, they can inform other association stakeholders and facilitators about industry trends.
- Infrastructure donors and offerors are in an extraordinary position to stimulate broad-based growth and employment following protracted conflict. Small firms can participate on a more level playing field through small-business set-asides and programs can build the capacity of larger firms by bundling larger projects that encourage greater complexity and stimulate subcontracting arrangements between firms. Programs should encourage infrastructure buyers to adopt standards for project design, tendering, awards and payments and

governments to develop flexible bonding requirements, such as those recently proposed by the GoH to decrease the performance bond requirements on government contracts from 25 percent to 5 percent (2.5 percent for guarantee and 2.5 percent for advance) and to lift the cash collateral restrictions and allow property-based collateral on performance bonds. Similarly, bidding and tendering procedures should minimize the financial burdens placed on local construction firms. Other standards include a maximum number of days lag time between design, bid and award; minimum budget expenditures on design (for example, 10 percent of total contract budget on design); and a protocol for issuing tenders in the local currency to reduce currency risks for contractors.

Generally, the USAID/AMAP value chain framework provides a sufficiently effective tool for integrating market considerations into donor-funded infrastructure programs in a post-conflict environment. Beyond the current framework, specific adaptations include the following;

- Prior to undertaking a value chain analysis, meet with conflict specialists who understand the local context (in-house staff, well-known academics or consultants) and anticipate potential conflict drivers that may be resonating within the industry.
- Review/refine question guidelines in line with the conflict analysis, orient the research team accordingly, probe during interviews and continually revisit these considerations when completing the analysis.
- Benchmark observations in the sector by referring to existing secondary sources (including this case study and Annex A references) to accelerate the analysis and program design processes and gauge the industry's competitiveness.
- Look to multiple research sources, particularly in environments where relief programs are already operating, since they may have gathered highly relevant information in the course of their procurement processes.
- Recognize the potential logistical challenges, such as finding available; qualified staff; having the time needed for field research and analysis; the operational context (industry season, meetings, travel time, security/mobility constraints); when it is appropriate to engage in a value chain analysis (season, staff availability, etc.); and the available sources of data. Annexes B and C provide information that can help future construction value chain teams launch a quick and effective analysis.

ANNEXES

- Annex A. Bibliography: References and Sources of Secondary Information
- Annex B. Questionnaire Guidelines—Construction Sector in Post-Conflict Settings, including Conflict Considerations for Value Chain Analysis of Construction Sector
- Annex C. Operational Document Used for Haiti Construction Value Chain Analysis—Position Descriptions for Value Chain Research Team

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ANNEX B. INTERVIEW GUIDELINES: CONFLICT-RELATED QUESTIONS FOR HAITI'S CONSTRUCTION SECTOR

LIST OF QUESTION GUIDELINES

GUIDELINES TEMPLATE: CONFLICT- RELATED QUESTIONS FOR HAITI'S CONSTRUCTION SECTOR

GUIDE 1: BUILDING and CONSTRUCTION CONTRACTORS

GUIDE 2: MICRO-CONTRACTORS (LOW-INCOME HOUSING)

GUIDE 3: PUBLIC INFRASTRUCTURE BUYERS (INTERNATIONAL AGENCIES and GOVERNMENT)

GUIDE 4: LOW-INCOME HOUSING USERS (LOW INCOME RESIDENTS: INDIVIDUAL and/or FOCUS GROUP DISCUSSION)

GUIDE 5. ENGINEERING/ARCHITECT/ DESIGN/ SURVEYORS

GUIDE 6: TRANSPORT/ SHIPPING COMPANIES

GUIDE 7: FOCUS GROUP INTERVIEW FOR DAY LABORERS

GUIDE 8: MATERIALS INPUTS SUPPLIERS (RETAILERS)

GUIDE 9: MATERIALS INPUTS MANUFACTURERS

GUIDE 10: MATERIALS IMPORTERS/DISTRIBUTORS

GUIDE 11: EQUIPMENT RENTERS / RETAILERS

GUIDE 12: TRADE ASSOCIATION LEADERS⁷²

⁷² Guides 1 through 12 adapted from *Questionnaire Guidelines for Value Chain Analysis*, developed by Action for Enterprise.

INTERVIEW GUIDELINES: CONFLICT- RELATED QUESTIONS FOR HAITI'S CONSTRUCTION SECTOR

MARKET ACCESS, TRENDS AND GOVERNANCE

1. In which cities do you operate? Would you consider working in other areas? Why or why not?
2. Are there certain types of clients you prefer doing business with? Why? Which clients do you have difficulties with, or avoid working with?
3. Who are your major competitors? Which firms are most successful in this industry and why?
4. Do you ever collaborate with other firms on promotion and/or marketing?
5. Tell me about your experiences doing business with smaller firms. Which firms do you do business with?
6. Tell me about your experiences doing business with larger firms. Which firms do you do business with?
7. Which firms would you NOT work with, or subcontract to? Why?

SECURITY

1. Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft, or vandalism?
2. How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment [phones, radios], dogs, fencing, etc.)?
3. How personally secure do you feel in conducting your day-to-day business? What factors affect your personal security and that of your staff?
4. Are there certain places (cities, towns, provinces) in the country where you refuse to work?
5. Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?
6. Has your firm ever encountered disputes with community members? If so, what were the circumstances?
7. In cases where you have witnessed local instability, describe the response of local government or other officials. How was this instability dealt with? Were you or members of your staff personally or professionally affected?

PERMITS, STANDARDS AND CERTIFICATIONS (GOVERNMENT RELATIONSHIPS)

1. Do you think other construction firms have an easier or more difficult time obtaining permits?
2. Have you ever had any disputes with government?
3. In general, is your firm treated fairly by government? Explain.
4. Are systems for permits and certifications transparent and easy to follow?
5. Do other construction firms receive better or worse services from government? Why?
6. Has your firm ever encountered disputes with community members? If so, what were the circumstances?
7. Do government institutions have a history of effectively responding to political and economic crises?
8. For an average construction contract, approximately how much do you pay in bribes to government or other officials?
9. Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (probes: fewer forests, lower river levels, etc.)
10. Have you ever encountered disputes with government officials? What was the nature of these disputes? Describe the most recent dispute you have had with an official.
11. Is your firm treated fairly by government? What do you mean by this?
12. Do other firms receive better or worse services from government? Why?

INPUT SUPPLY

1. Are there problems in obtaining some important inputs? Explain.
2. Do you feel you get a fair price for inputs?
3. How often do you experience scarcity of input resources (e.g. lumber, supplies, equipment, labor, etc.)? Which resources? What are the primary causes of scarcity?
4. To your knowledge, do other firms experience the same scarcity of resources? Do you face more or less resource scarcity than other firms?
5. Are construction materials or resources ever smuggled or brought illegally into the country and purchased for a cheaper price?

LABOR INPUTS

1. What percentage of your employees/contractors would be considered “youth” (between 18–30)?
2. Where do most of your employees and short-term contractors live? Do you ever consider hiring people from other cities/towns?
3. Tell me about your experiences with hiring young people. Are any living in the *bidonvilles*?

ECONOMIC POLICY

1. Does economic policy encourage economic growth, or impose obstacles?
2. Do state economic policies favor one group at the expense of another?
3. Does government policy encourage a good match between available skills and the demands of the market?
4. Are there any grassroots and/or national institutions that constructively represent your economic concerns?
5. Is policy conducive to macro-economic stability?
6. How pervasive is corruption in state institutions?
7. Do government institutions / civil society groups effectively monitor and enforce financial transparency and accountability?
8. Is economic activity (both legal and illegal) closely tied to regional or global dynamics?
9. Is the economy highly vulnerable to global economic shocks?

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how construction firms in this area help and cooperate with each other. Could you please explain some of the ways that firms in this industry work together?

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce, or informal networks? Please explain.
4. What are the primary functions of, and benefits of belonging to, these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other construction firms?
7. What are the activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure or housing sectors?

FOR SUBCONTRACTORS

1. Tell me about your experiences doing business with the larger construction contractors.
2. When you do business with larger contractors, do you feel that you get a fair price for your services/materials?

GENERAL OPEN-ENDED QUESTIONS

1. Do you feel that the work of your company has gotten easier or more difficult in the past year? Why or why not?
2. How have the recent political changes in Haiti helped or hindered your business/industry?

WINDOWS OF VULNERABILITY

1. Is the government planning any major reforms that could result in shifts in political or economic power (e.g., decentralization, anti-corruption, security sector reform)?
2. How do you feel about the recent elections?
3. Does the government effectively respond to mitigate the damage done by natural disasters?
4. Is the economy highly vulnerable to global economic shocks?
5. Do government institutions have a history of effectively responding to political and economic crises?
6. Do local governments effectively and constructively respond to local instability?
7. Are there any activities within the construction sector to respond to natural disasters?

Interviewer: _____

GUIDE 1: BUILDING AND CONSTRUCTION CONTRACTORS

CONTACT INFORMATION

| | | | |
|-----------------------------------|--|--------------------------|--|
| Firm Name: | | Respondent – Name/Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introduction and purpose.
2. What projects are you working on at the moment? (icebreaker)

MARKET ACCESS, TRENDS AND GOVERNANCE

1. Please describe the services that you provide.
2. In which cities do you operate? Would you consider working in other areas? Why or why not?
3. From who have you received construction contracts in the past year? (*probe*: government, international, other)
4. What are the main differences between these types of clients?
5. Which types of clients do you prefer to contract with, and why? (*probe*: larger volume of sales, higher prices, fewer risks, repeat sales; faster payment, more trust, more assistance, easier to find buyers)
6. What percentage of your business goes to each client? To which type of client do you currently sell most of your product and why? What proportion of your product did you sell to this client in the past year?
7. Describe the relationships you have with these clients (who determines what to construct, design specifications, prices, and amount purchased?). How much influence or input do you have?
8. Are some customer groups better than others in terms of sales and revenue growth? Which ones?
9. How do you promote and market your products/services?
10. How strong is the market for your products/services right now? What about next year? What trends do you see?
11. Who are your major competitors? Which firms are most successful in this industry, and why?
12. Do you ever collaborate with other firms on promotion and/or marketing?
13. Tell me about your experiences doing business with smaller firms. Which firms do you do business with?
14. Tell me about your experiences doing business with larger firms. Which firms do you do business with?
15. Which firms would you NOT consider working with or subcontracting? Why?
16. Do you have a means of communicating information about your firm to others? (*Attach any brochures, lists, etc.*)
17. What forms of help or assistance do you receive from the different types of clients? (*probe*: input advances; training; technical assistance; advance contract for sale; cash credit; transport services)
18. Are you pursuing more, or different, types of buyers? Why?
19. Do you ever own any of the land that you develop?

20. Is there anything else about selling your services that you think I should know?

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements must your projects conform to? Who sets these standards and requirements? Do you follow any environmental standards, guidelines or recommendations? Which ones? How did you learn about them? (*probe*: NGO recommended, government extension agents, etc.)
2. Who helps you conform to these standards and requirements?
3. Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
4. Do you think other construction firms have an easier or more difficult time obtaining permits?
5. Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
6. What kinds of safety standards does your firm follow in protecting the safety of your employees and others?
7. Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (*probes*: fewer forests, unsustainable land use, etc.)
8. Have you ever encountered disputes with government officials? What was the nature of these disputes?
9. In general, is your firm treated fairly by government?
10. Do other firms receive better or worse services from government? Why?

MANAGEMENT/ORGANIZATION

1. Are you a registered business?
2. Do you pay taxes? Annually? Quarterly?
3. In the area of organization and management, what are your major needs/opportunities?
4. Who does most of the work in the areas of general management/supervision, product design, purchasing, production, shipping, accounting, marketing, repairs, etc. (owner, employees, or external)?
5. What functions do you subcontract/outsource?
6. Do you sometimes collaborate with other firms to produce and deliver customer orders?
7. Do you use any IT applications to manage your business? How many computers does your company use? What sorts of software programs do you use to manage your business?
8. Do you prepare annual financial statements? (*ask to see a recent annual financial statement*)
9. Which aspects of your business do you intend to change in the next 2 years (machinery, equipment, computers, new products, marketing strategy, quality control, management system, worker skills, etc.)?
10. What management skills would you like to strengthen in order to grow your business? How do you plan to obtain these skills?

TECHNOLOGY/PRODUCT DEVELOPMENT

1. What are your major needs/opportunities in the design and construction of infrastructure projects/ housing?
2. What other services do you deliver? What percentage of your gross revenue does each 'product' represent?
3. What have you done recently to improve your services?
4. From where do you get your equipment/machinery? Is your current equipment or machinery an impediment to growth? Explain. If so, what kind of equipment or machinery could improve your business?
5. Tell me about the labor you employ. (Does the current level of your workers' training hold back growth? If so, what additional training do they need?)
6. Please describe the quality of architects and engineers you are able to retain for projects. Do you hire them internally or do you outsource to firms?
7. Please describe the quality of project managers that you are able to find. Are highly capable project managers in Haiti generally easy to locate?

INPUT SUPPLY

1. What are your major needs/opportunities in the areas of input cost, quality and availability?
2. Who are your *most important suppliers* and what do you buy from each?
3. Do you have problems obtaining some important inputs? Explain.
4. Do you feel you get a fair price for inputs?
5. Have you ever purchased inputs jointly with other businesses? Explain.
6. What kinds of locally manufactured inputs do you procure? What sort of potential is there for locally manufactured inputs, such as components?
7. Who are your most important suppliers? What makes them the most important?
8. How many suppliers (of each type) do you buy from?
9. How do you first find your suppliers? (*probe*: people you know, contacts, family, neighbors, language groups)
10. What kinds of help or services do you provide to your suppliers? (*probe*: inputs, credit, advice on market demand)
11. How do you communicate your product requirements to your suppliers? (*probe*: product quality, size and appearance, delivery dates)
12. What difficulties do suppliers have in meeting these requirements?
13. What changes would you like your suppliers to make?
 - How do you communicate this to them?
 - Are they willing or reluctant to make these changes?
 - What can you do to facilitate or require these changes?
14. Do you pay different prices for different qualities of the same product?
15. How often do you experience scarcity of input resources (e.g. lumber, supplies, equipment, labor, etc.)? Which resources? What are the primary causes of scarcity?
16. To your knowledge, do other firms experience the same scarcity of resources? Do you face more or less resource scarcity than other firms?
17. Are construction materials or resources ever smuggled or brought illegally into the country and purchased for a cheaper price?

LABOR INPUTS

1. How do you and other contractors find employees? How do you find temporary hires?
2. Do the skills of the labor pool match your company's needs? In which ways? What complaints would you have about finding quality employees and temporary hires?
3. Is it relatively easy to hire/fire people according to the law? What percentage of your labor force do you hire through formal channels vs. informal channels?
4. What percentage of your employees/contractors would be considered "youth" (between 18–30)?
5. Where do most of your employees and short-term contractors live? Do you ever consider hiring people from other cities/towns?

FINANCE

1. Where do you go when you need money for your business?
2. Do you get credit from input suppliers? What are the terms?
3. Do you get production financing from your buyers? What are the terms?
4. Do you need additional financing at the moment? If so, what would you use it for?
5. What sources (formal or informal) have you approached for loans? Tell us about your experiences in obtaining these loans. Any problems?
6. Other (repayment rates in the sector, risk management insurance, etc.)

7. Do you feel that you and/or your company are treated fairly when trying to access finance? Do other firms receive preferential treatment?

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how construction firms in this area help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce, or informal networks? Please explain.
4. What are the primary functions and benefits of being in these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other construction firms? Do you belong to any industry associations or chambers of commerce or other informal networks? Please explain.
7. What are the activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure or housing sectors?

POLICY/REGULATION – LOCAL GOVERNANCE

1. What government policies/regulations benefit your business (registrations, inspections, subsidies, incentives, etc.)?
2. What government policies/regulations are obstacles to growing your business?
3. Is the government planning major reforms that could result in shifts in your business (e.g., decentralization, anti-corruption, customs, etc.)?
4. How do you feel about the recent elections?
5. Does the government respond effectively to mitigate the damage caused by natural disasters? Are there any policies or activities within the construction sector to mitigate or respond to natural disasters?
6. Is the economy highly vulnerable to global economic shocks?
7. Do government institutions have a history of effectively responding to political and economic crises?
8. For an average construction contract, approximately how much do you pay in bribes to government?

SECURITY

Now I would like to ask you some questions about security.

1. Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft or vandalism?
2. How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment (phones, radios), dogs, fencing, etc.)?
3. How personally secure do you feel in conducting your day-to-day business? What factors affect the personal security of you and your staff?
4. Are there certain places (cities, towns, provinces) in the country where you refuse to work?
5. Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?
6. Has your firm ever been in disputes with community members? If so, what were the circumstances?
7. In cases where you have witnessed local instability, describe the response of local government or other officials. How was this instability dealt with? Were you or your staff personally or professionally affected?

INFRASTRUCTURE

1. What are the most important infrastructure constraints affecting growth and profitability of your business (road/transport conditions, telephone service, electric supply, crime/corruption, storage, etc.)?
2. What is your industry doing about these problems?
3. Are there actions that your industry can take to alleviate some of these problems?

BUSINESS START-UP

1. How long have you been in this business? Describe circumstances leading up to your first contract. (*probe*: challenges, demonstration effects, learning, help from buyers or other construction contractors, risks, immediate impacts)
2. How did you learn about managing a construction firm – construction practices, standards, management, etc.
3. Did you receive any support or advice? What kind and from whom? (*probe*: government extension, NGOs, lead firm, neighbor, etc.)
4. Did you use any business services to sustain/expand your business? (e.g. consulting, etc.)

FINAL OPEN ENDED QUESTIONS

1. In the past year, do you feel that running your company has gotten easier or more difficult? Why?
2. What are the major incentives you have for investing in/ promoting change in the industry value chain?
3. What risks or constraints do you face in making these investments?
4. What do you think are the strengths of your industry locally and/or internationally?*
5. What do you think is the greatest challenge facing your industry today?
6. Can you name business owners in your industry who are leaders – for example, in terms of technology, product design, quality, or marketing?
7. What plans do you have for your company in the future? What changes would you like to make?
8. Why are you interested in making these changes?
9. What opportunities do you see? What challenges do you face?
10. Do you have additional observations or comments that we have not discussed?

** If success factors for international competitiveness have been pre-determined, ask respondents to rank their country on a scale of 1–5.*

GUIDE 2: MICRO-CONTRACTORS (LOW-INCOME HOUSING)

Interviewer: _____

→ CAN ALSO DO AS A FOCUS GROUP

CONTACT INFORMATION

| | | | |
|-----------------------------------|--|--------------------------|--|
| Firm Name: | | Respondent – Name/Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introduction and purpose.
2. What projects are you working on at the moment? (icebreaker)

MARKET ACCESS, TRENDS AND GOVERNANCE

1. Please describe the services you provide.
2. In which cities do you operate? Would you consider working in other areas? Why or why not?
3. Who have you received construction contracts from in the past year? (*probe*: government, international, other)
4. What are the main differences between these types of clients?
5. Which types of clients do you prefer to contract with, and why? (*probe*: larger volume of sales, higher prices, fewer risks, repeat sales; faster payment, more trust, more assistance, easier to find buyers)
6. What percentage of your business goes to each client? To which type of client do you currently sell most of your product and why? What proportion of your product did you sell to this client in the past year?
7. Describe the relationships you have with these clients (who determines what to construct, design specifications, prices, and amount purchased?). How much influence, or input, do you have?
8. Are some customer groups better than others in terms of sales and revenue growth? Which ones?
9. How do you promote and market your products/services?
10. How strong is the market for your products/services right now? Next year? What trends do you see?
11. Who are your major competitors? Which firms are most successful in this industry and why?
12. Do you ever collaborate with other firms on promotion and/or marketing?
13. Tell me about your experiences doing business with larger firms. Which firms do you do business with?
14. Which firms would you NOT consider working with? Why?
15. Do you have a means of communicating information about your firm to others? (*Attach any brochures, lists, etc.*)
16. What forms of help or assistance do you receive from the different types of clients? (*probe*: input advances; training; technical assistance; advance contract for sale; cash credit; transport services)
17. Are you pursuing more, or different, types of buyers? Why?
18. Do you ever own any of the land that you develop?

19. Is there anything else about selling your services that you think I should know?

INPUT SUPPLY

1. What are your major needs/opportunities in the areas of input cost, quality, and availability?
2. Who are your *most important suppliers* and what do you buy from each?
3. Are there problems in obtaining some important inputs? Explain.
4. Do you feel you get a fair price for inputs?
5. Have you ever purchased inputs jointly with other businesses? Explain.
6. What kinds of locally manufactured inputs do you procure? What sort of potential is there for locally manufactured inputs, such as components?
7. How often do you experience input resource scarcity (e.g. lumber, supplies, equipment, labor, etc.)? Which resources? What are the primary causes of scarcity?
8. To your knowledge, do other firms experience the same scarcity of resources? Do you face more or less resource scarcity than other firms?
9. Are construction materials or resources ever smuggled or brought illegally into the country and purchased for a cheaper price?

LABOR INPUTS

1. How do you and other contractors find employees? How do you find temporary hires?
2. Do the skills of the labor pool match your company's needs? In what ways? Do you have any complaints about finding quality employees and temporary hires?
3. Is it relatively easy to hire/fire people according to the law? What percentage of your labor force do you hire through formal channels vs. informal channels?
4. What percentage of your employees/contractors would be considered "youth" (between 18–30)?
5. Where do most of your employees and short-term contractors live? Do you ever consider hiring people from other cities/towns?

FINANCE

1. Where do you go when you need money for your business?
2. Do you get credit from input suppliers? What are the terms?
3. Do you get production financing from your buyers? What are the terms?
4. Do you need additional financing at the moment? If so, what would you use it for?
5. What sources (formal or informal) have you approached for loans? Tell us about your experiences in obtaining these loans. Any problems?
6. Other (repayment rates in the sector, risk management insurance, etc.)
7. Do you feel that you and/or your company are treated fairly when trying to access finance? Do other firms receive preferential treatment?

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements do your projects need to conform to? Who sets these standards and requirements? Do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: NGO recommended, government extension agents, etc.)
2. Who helps you to conform to these standards and requirements?
3. Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
4. Do you think other construction firms have an easier or more difficult time obtaining permits?
5. Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
6. What types of safety standards does your firm follow in protecting the safety of your employees and others?

7. Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (*probes*: less forests, unsustainable land use, etc.)
8. Have you ever encountered disputes with government officials? What was the nature of these disputes?
9. In general, is your firm treated fairly by government?
10. Do other firms receive better or worse services from government? Why?

MANAGEMENT/ORGANIZATION

1. In the area of organization and management, what are your major needs/opportunities?
2. Who does most of the work in the areas of general management/supervision, product design, purchasing, production, shipping, accounting, marketing, repairs, etc. (owner, employees, or external)?
3. What functions do you subcontract/outsource?
4. Do you sometimes collaborate with other firms to produce and deliver customer orders?
5. Which aspects of your business do you intend to change in the next 2 years (machinery, equipment, computers, new products, marketing strategy, quality control, management system, worker skills, etc.)?
6. What management skills would you like to strengthen in order to grow your business? How do you plan to obtain these skills?

TECHNOLOGY / PRODUCT DEVELOPMENT

1. What are your major needs/opportunities in the design and construction of infrastructure projects/housing?
2. What other services do you deliver? What percentage of your gross revenue does each 'product' represent?
3. What have you done recently to improve your services?
4. From where do you get your equipment/ machinery? Is your current equipment or machinery an impediment to growth? Explain. If so, what kind of equipment or machinery could improve your business?
5. Tell me about the labor you employ. (Is the current level of your workers training holding back growth? If so, what additional training do they need?)
6. Please describe the quality of architects & engineers that you are able to retain for projects. Do you hire them internally, or do you outsource to firms?
7. Please describe the quality of project managers that you are able to find. Are highly capable project managers generally easy to find in Haiti?

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how construction firms in this area help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce, or informal networks? Please explain.
4. What are the primary functions and benefits of belonging to these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other construction firms?
7. What activities do you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure, or housing sectors?

POLICY/REGULATION – LOCAL GOVERNANCE

1. What government policies/regulations benefit your business (registrations, inspections, subsidies, incentives, etc.)?

2. What government policies/regulations are obstacles to growing your business?
3. Is the government planning any major reforms that could result in shifts in political or economic power (e.g., decentralization, anti-corruption, security sector reform)?
4. How do you feel about the recent elections?
5. Does the government respond effectively to mitigate damage caused by natural disasters? Are there any policies or activities in the construction sector to mitigate or respond to natural disasters?
6. Is the economy highly vulnerable to global economic shocks?
7. Do government institutions have a history of effectively responding to political and economic crises?
8. For an average construction contract, approximately how much do you pay in bribes to government?

SECURITY

Now I would like to ask you some questions about security.

1. Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft, or vandalism?
2. How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment (phones, radios), dogs, fencing, etc.)?
3. How personally secure do you feel in conducting your day-to-day business? What factors affect the personal security of you and your staff?
4. Are there certain places (cities, towns, provinces) in the country where you refuse to work?
5. Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?
6. Has your firm ever encountered disputes with community members? If so, what were the circumstances?
7. In cases where you have witnessed local instability, describe the response of local government or other officials. How was this instability dealt with? Were you personally or professionally affected?

INFRASTRUCTURE

1. What are the most important infrastructure constraints affecting growth and profitability of your business (road/transport conditions, telephone service, electric supply, crime/corruption, storage, etc.)?
2. What is your industry doing about these problems?
3. Are there actions that your industry can take to alleviate some of these problems?

BUSINESS START-UP

1. How long have you been in this business? Describe circumstances leading up to your first contract. (*probe*: challenges, demonstration effects, learning, help from buyers or other farmers, risks, immediate impacts)
2. How did you learn about managing a construction firm, e.g., construction practices, standards, management, etc.
3. Did you receive any support or advice? What kind and from whom? (*probe*: government extension, NGOs, lead firm, neighbor, etc.)
4. Did you use any business services to sustain/expand your business? (e.g. consulting, etc.)

FINAL OPEN-ENDED QUESTIONS

1. In the past year, do you feel that running your company has gotten easier or more difficult? Why?
2. What are the major incentives you have for investing in / promoting change in the industry value chain?
3. What risks or constraints do you face in making these investments?
4. What do you think are the strengths of your industry locally and/or internationally?*
5. What do you think is the greatest challenge facing your industry today?
6. Can you name some business owners in your industry who are leaders – for example, in terms of technology, product design, quality, or marketing?

7. What plans do you have for your company in the future? What changes would you like to make?
8. Why are you interested in making these changes?
9. What opportunities do you see? What challenges do you face?
10. Do you have additional observations or comments that we have not discussed?

** If success factors for international competitiveness have been pre-determined then ask respondents to rank their country on a scale of 1-5.*

GUIDE 3: PUBLIC INFRASTRUCTURE BUYERS (INTERNATIONAL AGENCIES AND GOVERNMENT)

Interviewer: _____

CONTACT INFORMATION

| | | | |
|--|--|----------------------------|--|
| Name of Firm/ Organization: | | Respondent Name/ Title: | |
| Principle Service: | | Address: | |
| Value of Infrastructure Projects (annual): | | City/Town: | |
| | | Tel: | |
| Project desc.: | | E-mail: | |

1. Introduction and purpose.
2. [Show & explain value chain map] What do you think of this map? Where are you in this map? Is there anything in this map you would change?

QUESTIONS ABOUT SUPPLIERS

1. What is the value of public infrastructure projects that you have implemented in the past year?
2. What is the value of low-income housing projects that you have implemented in the past year?
3. Who are your main suppliers (contractors)? What services do they perform?
4. What are all the ways you source services?
5. Do you conduct open public bidding? Explain the bidding process. Are there public notices, advertisements? Who evaluates bids, one person or a committee?
6. On average, how many bids do you receive? What is the quality of the bids?
7. Approximately how many building contractors do you work with?
8. What other types of firms do you contract to? For which functions?
9. In designing projects, do you use: (a) internally hired architects, (b) architects hired by the building contractor, or (c) do you outsource to third-party architecture firms?
10. To ensure the quality of projects, do you use (a) internally hired engineers, (b) engineers hired by the building contractor, or (c) do you outsource to a third party engineering firm?
11. How do your projects source materials? (a) internally, (b) building contractor, or (c) third party?
12. How do your projects hire labor: (a) internally, (b) building contractor, or (c) third party?
13. If you have different types of contractors, how would you characterize the differences between each type? (What are the characteristics of each contractor type?)
14. How do you communicate information to your suppliers regarding your requirements in terms of quality, design specifications, environmental and other standards, delivery dates, etc?
 - How do you demand that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting your demands?
 - Do you help them? How?
15. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?

- What can you do to facilitate or demand these changes?
- 16. How do you work with contractors to ensure that they satisfy your requirements for quality? What do you do to encourage them? What pressures do you apply?
- 17. Have you ever had any disputes with contractors? Did these disputes result in legal proceedings? If so, was the lawsuit settled in a fair and transparent way? Was the dispute settled in a timely fashion?
- 18. Tell me about the quality and availability of inputs (materials, components, equipment, etc.).
- 19. Tell me about the quality/availability of engineering and architecture firms.
- 20. Tell me about the quality/availability of labor.
- 21. Tell me about the quality/availability of transport firms.
- 22. Tell me about the quality/availability of construction contractors.

PERMITS, CERTIFICATIONS and STANDARDS (GOVERNMENT RELATIONSHIPS)

1. What standards or certification requirements must your programs conform to? Who sets these standards and requirements? Do you set any environmental standards, guidelines or recommendations? Which ones?
2. Are the government systems for permits and certifications transparent and easy to follow?
3. Does your agency set and do your programs follow environmental standards or codes?
4. Do you provide information for and/or support your programs in promoting environmental sensitivity? If so, how? (*probes*: training, exchange visits, technical assistance, etc.)
5. Do you collaborate with government/other donors to promote sustainable resource management? If so, how?
6. Have you noticed any changes in the country's natural resources as a result of construction projects? (*probes*: land clearing, timber, etc.)
7. What motivates you to promote sustainable resource management?
8. What kinds of safety standards does your agency require regarding workforce safety?
9. Which government agencies do you cooperate with in contracting out projects?
10. Have you been in disputes with government agencies over project contracting or implementation? What was the nature of these disputes?
11. Which government offices are easiest to work with? The most difficult? Why?
12. Are there government policies that help your programs? Are there policies that you would like to see changed? What changes would be helpful?

QUESTIONS ABOUT THE LOCAL COMMUNITY

1. Do you require contractors to integrate and/or work with local communities in your programs? If so, how? (*probes*: participatory planning, implementation, recruiting local workers, etc.)
2. Do your programs work with local communities in other ways? (e.g., lobbying)

SECURITY

1. Within the past year, approximately how much in property/ materials/ cash/ other have your programs lost due to looting, theft, or vandalism?
2. How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment (phones, radios), dogs, fencing, etc.)?
3. How personally secure do you feel in conducting your day-to-day business? What factors affect the personal security of you and your staff?
4. Are there certain places (cities, towns, provinces) in the country where your organization refuses to work?
5. Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?
6. In cases where you have witnessed local instability, describe the response of local government or other officials. How did they deal with this instability? Were you or your staff personally or professionally affected?

COMPETITIVENESS RATING

Now I am going to ask you to rate construction firm competitiveness on a five-point scale. For each of the following facets of competitiveness, please rate each on a scale of 1 to 5, with 1 being *very poor*, and 5 being *excellent*.

- Price, from your (the client's) perspective _____
- Quality of construction _____
- On-time delivery according to prior agreement _____
- Delivery of product within agreed budget _____
- Flexibility to meet different specifications _____
- Ability to innovate in design _____

TO FINISH UP

1. What are the three most serious risks for your programs?
2. What do you think about the competitiveness of the construction value chain?
3. Do you have additional observations or comments that we have not discussed?
4. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 4: LOW-INCOME HOUSING USERS (LOW INCOME RESIDENTS: INDIVIDUAL AND/OR FOCUS GROUP DISCUSSION)

Interviewer: _____

1. Introduction

PROCUREMENT OF HOME IMPROVEMENT SERVICES

1. What is the total cost of housing construction/renovation that you have implemented, or are implementing, in the past year?
2. Who performs the construction/renovation services?
 - (a) you/immediate family
 - (b) other (distant) family member;
 - (c) acquaintance/friend/neighbor;
 - (d) professional contractor (unknown to you before conducting service).
3. If you work with a professional contractor, what is the size of his/her business (small, medium, large)?
4. Do you work with different types of suppliers (contractors)? What services does each perform?
5. How do you find/hire contractors?
6. Who *designs* the construction/renovation project: (a) you, (b) the contractor, (c) third party (e.g., engineer or architect)?
7. How would you describe the quality of construction services you have received to date?
8. In ensuring the quality of projects, do you: (a) monitor the project yourself, (b) trust the contractor to maintain quality, or (c) use a third party (friend, relative, or other) to monitor quality?
9. How do you source materials? (a) purchase them yourself, (b) the building contractor obtains all necessary materials, or (c) third party?
10. Who hires the labor for your housing projects: (a) you, (b) the building contractor, or (c) both? What percentage of the labor is paid labor?
11. If you have used different types of contractors in the past, how would you characterize the differences between each type of contractor? (What are the characteristics of each type of contractor?)
12. How do you communicate information to your contractors regarding your requirements in terms of quality, design specifications, environmental and other standards, delivery dates, etc.?
 - How do you request that your contractors meet the requirements?
 - What difficulties do your contractors have in meeting your demands?
 - Do you help them? If so, how?
13. What changes would you like your contractors to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or ensure these changes are made?
14. How do you work with contractors to ensure that they satisfy your requirements for quality? What do you do to encourage them? What pressures do you apply?
15. Have you ever had any disputes with contractors? Did these disputes result in legal proceedings? If so, was the lawsuit settled in a fair, transparent way. Was the settlement concluded a timely fashion?
16. Tell me about the availability of inputs (materials, components, equipment, etc.).
17. Tell me about the quality/availability of engineering & architecture firms.
18. Tell me about the quality/availability of labor.
19. Tell me about the quality/availability of transport firms.
20. Tell me about the quality/availability of construction contractors.

RATING SATISFACTION OF SERVICES

Now I am going to ask you to rate your satisfaction in working with housing contractors on a five-point scale. For each of the following facets of competitiveness, please rate each on a scale of 1 to 5, with 1 being *very poor*, and 5 being *excellent*.

- Price, from your perspective _____
- Quality of construction _____
- On-time delivery according to prior agreement _____
- Delivery of product within agreed budget _____
- Flexibility to meet different specifications _____
- Ability to innovate in design _____

PERMITS, CERTIFICATIONS, STANDARDS (GOVERNMENT RELATIONSHIPS)

1. What standards or certification requirements do your home improvements need to conform to? Who sets these standards and requirements? Did you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: contractor recommended, government extension agents, etc.)
2. Who is responsible for obtaining permits for your home improvements? You or the contractor? Who helps you conform to these standards and requirements?
3. Are systems for permits and certifications transparent and easy to follow? Did you have any problems?
4. Do you think other homeowners have an easier or more difficult time obtaining permits?
5. Do you follow any environmental standards or codes? Which?
6. Which government agencies must you work with when making home improvements?
7. Have you ever had disputes with different government offices regarding home improvements? What was the nature of these disputes?
8. Which government offices are easiest to work with? Which ones are most difficult? Why?

FINANCE

1. How do you finance improvements to your home? What are the terms you use to pay contractors or labor?
2. Do you need additional financing at the moment? If so, what would you use it for?
3. What sources (formal or informal) have you approached for home improvement loans? Tell us about your experience in obtaining these loans; did you experience any problems?
4. Have you or a member of your household ever received a loan for home improvements? What were the terms? (interest rates, payment periods, etc.)
5. Have you had difficulty in repaying your loans?
6. Have you received assistance from third parties (NGO, MFI, bank, etc.) in obtaining loans?
7. In general, do you feel you are treated fairly when trying to access finance? Do other people receive preferential treatment?

GENERAL (FOR ONE-ON-ONE INTERVIEWS)

1. Who owns the land on which you are making home improvements?
2. What is your annual household income?
3. How many people are living in your household?
4. Do you intend to make home improvements in the next 1-2 years? If so, approximately how much do you anticipate spending on those home improvements?

QUESTIONS ABOUT THE LOCAL COMMUNITY

1. How would you describe your relationship with your local community? (*probes*: supportive of your home improvements, an asset, a threat)
2. Have you ever had a conflict with the local community in relation to your home improvements? If so, what? How was it resolved?

SECURITY

Now I would like to ask you some questions about security.

1. Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft, or vandalism?
2. In order to make home improvements effectively, must you pay fees or bribes to avoid hassle? To whom do you typically pay these fees? Approximately how much are these fees?
3. In cases where you have witnessed local instability, describe the response of local government or other officials. How did they deal with this instability? Were you or your contractors personally or professionally affected?

TO FINISH UP

1. Do you have additional observations or comments about home improvements that we have not discussed?

Interviewer: _____

GUIDE 5. ENGINEERING/ ARCHITECT/ DESIGN/ SURVEYORS

| | | | |
|-----------------------------------|--|--|--|
| Firm Name: | | Respondent Name/ Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |
| Annual revenues: | | # of Contracts/ projects in past year: | |

1. Introduction and purpose.

QUESTIONS ABOUT BUYERS/CLIENTS

1. What are the main products/ services that you sell?
2. Who are your primary clients?
3. What volume of business have you done in the past year? How many projects/ contracts did you work on?
4. What are the differences between your clients? With who do you prefer to contract? (*probe*: larger volume of sales, higher prices, fewer risks, repeat sales or easier to find buyers, faster payment, more trust, more assistance)
5. What percentage of your business goes to each client? Which type of client do you currently sell most of your services to and why? What proportion of your services did you sell to this client in the past year?
6. Describe the relationships you have with these clients (who determines what to construct, design specifications, prices and amount purchased?). How much influence or input, do you have?
7. Are some customer groups better than others in terms of sales and revenue growth? Which ones?
8. How do you learn about new design techniques and/or quality requirements?
9. How do you first meet your clients/buyers?
10. Do you respond to bidding and tendering processes? Explain.
11. Do receive any form of assistance/help from your clients/buyers? (*probe*: cash advances, advances in materials, training, transport, record keeping)
12. What steps do you take to meet your client/buyers specifications, including delivery date and quality?
13. What challenges do you face when it comes to your buyers?
14. In which cities do you operate? Would you consider working in other areas? Why or why not?
15. How strong is the market for your services right now? Next year? What trends do you see?
16. Who are your major competitors? Which firms are most successful in this industry and why?

17. Do you ever collaborate with other firms on promotion and/or marketing?
18. Tell me about your experiences doing business with smaller firms. Which firms do you do business with?
19. Tell me about your experiences doing business with larger firms. Which firms do you do business with?
20. Which firms would you NOT consider working with? Why?
21. Do you have a means of communicating information about your firm to others? (*Attach any brochures, lists, etc.*)
22. What forms of help or assistance do you receive from the different types of clients? (*probe: advances of inputs, training, technical assistance, advance contract for sale, cash credit, transport services*)
23. Are you pursuing more, or different, types of buyers? Why?
24. Is there anything else about selling your services that you think I should know?

SUPPLIERS (LABOR INCLUDING ENGINEERS, ARCHITECTS, SURVEYORS)

Now we'd like to ask you about any services or products that you procure in order to do your work.

1. Who are your suppliers? (*Probe: labor (engineers, architects, equipment, other)*)
2. How many suppliers (of each type) do you buy from? Are these independent contractors or firms?
3. What are the differences between the suppliers you work with? (*probe: quality, price, punctuality, standards, volume, costs of collecting products, risks*)
4. Which type of supplier do you prefer to buy from?
5. How do you first find your suppliers? (*probe: people you know, contacts, family, neighbors*)
6. What kinds of help or services do you provide your suppliers? (*probe: technical assistance in better engineering/design/survey practices, instruments/equipment, etc.*)
7. How do you communicate your design or quality requirements to your suppliers?
8. What are the difficulties suppliers have in meeting your requirements?
9. Are suppliers reluctant to make changes and if so, in what ways?
10. What kinds of certifications must suppliers have? Do labor pool skills match your company's needs? In which ways? What complaints do you have regarding finding quality employees and temporary hires?
11. How do you find employees? How do you find temporary hires?
12. Is it relatively easy to hire/fire people according to the law? What percentage of your labor force do you hire through formal channels vs. informal channels?
13. What percentage of your employees/temporary hires are considered "youth" (between 18–30)?
14. Where do most of your employees and short-term contractors live? Do you ever consider hiring people from other cities/towns?

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements do your activities need to conform to? Who sets these standards and requirements? Do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe: association, government, etc.*)
2. Who helps you conform to these standards and requirements?
3. Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
4. Do you think other firms like yours have an easier or more difficult time obtaining permits?
5. Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
6. What kind of safety standards does your firm follow to protect the safety of employees and others?
7. Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (*probes: fewer/less dense forests, unsustainable land use, etc.*)
8. Have you ever encountered disputes with government officials? What was the nature of these disputes?
9. In general, is your firm treated fairly by government?
10. Do other firms receive better or worse services from government? Why?

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how construction engineers, architects, and surveyors help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce, or informal networks? Please explain.
4. What are the primary functions and benefits of being in these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other firms / individuals in your field?
7. What are the activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure, or housing sectors?

MANAGEMENT/ORGANIZATION

1. Are you a registered business?
2. Do you pay taxes? Annually? Quarterly?
3. In the area of organization and management, what are your major needs/opportunities?
4. Who does most of the work in the areas of: general management/supervision, product design, purchasing, production, shipping, accounting, marketing, repairs, etc. (owner, employees, or external)?
5. What functions do you subcontract/outsource?
6. Do you sometimes collaborate with other firms to produce and deliver customer orders?
7. Do you use any IT applications to manage your business? How many computers does your company use? What sorts of software programs do you use to manage your business?
8. Do you prepare annual financial statements? (*ask to see a recent annual financial statement*)
9. Which aspects of your business do you intend to change in the next two years (machinery, equipment, computers, new products, marketing strategy, quality control, management system, worker skills, etc.)?
10. What management skills would you like to strengthen in order to grow your business? How do you plan to obtain these skills?

TECHNOLOGY/PRODUCT DEVELOPMENT

1. What are your major needs/opportunities in the design and construction of infrastructure projects/ housing?
2. What other services do you deliver? What percentage does each 'product' represent in terms of your gross revenue?
3. What have you done recently to improve your services?
4. From where do you get your equipment/machinery? Does your current equipment or machinery impede growth? Explain. If so, what kind of equipment or machinery could improve your business?
5. Tell me about the labor you employ. Does the current level of your workers training holding back growth? If so, what additional training do they need?
6. Please describe the quality of service providers you are able to obtain for projects. Do you hire them internally or do you outsource to other firms?
7. Please describe the quality of project managers that are able to find. Are highly capable project managers in Haiti generally easy to find?

TO FINISH UP

1. Are any government policies helpful to your business? Are there policies you would like to see changed? What changes would be helpful?
2. What are the three most serious risks for your enterprise?
3. Show the value chain map: What do you think of this representation?
Can you identify yourself on the value chain? Where are you located?
4. Do you have additional observations or comments that we have not discussed?
5. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

Interviewer: _____

GUIDE 6: TRANSPORT/SHIPPING COMPANIES

| | | | |
|-----------------------------------|--|-------------------------|--|
| Firm Name: | | Respondent Name/ Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introductions, purpose of in-depth interview and research.
2. How long has your business been working in this location? (ice breaker)
3. What are the physical means that your company sends products? (*probe*: sea, air, land)
4. What other services do you offer to clients? (*probe*: packaging, payment transfer)
5. Who are your clients?
6. Are some of your clients more important to your business than others?
7. How important are construction projects to your business? What percentage of your business do construction-related projects represent?
8. When you negotiate with construction contractors, do you feel you get a fair price/ terms for your services?
9. What is the fee structure? (*probe*: is it based on weight, value, volume, method of transportation)
10. For construction projects, where do you usually transport materials to? From?
11. Are you familiar with product values or volume?
12. If you are familiar with the value of products you ship, where do you get that information?
13. If you offer services directly to foreign companies, how would you describe a typical client?
14. How do you get orders from that type of client?
15. If you offer services to large domestic construction firms, how would you describe your typical client?
16. If you offer services to small or medium domestic construction firms, how would you describe your typical client?
17. What percentage of local clients are repeat buyers?
18. What trends have you seen in the construction industry? (*Probe*: are more people sending products to cities outside Port-au-Prince; are more foreign agencies placing orders directly)
19. Who are your main competitors?

CERTIFICATIONS/ DECLARATIONS/PERMITS/ETC.

1. Suppose I am a new customer and I need to ship imported materials from Port-au-Prince to Cap Haitian. What steps/processes do I need to follow to send the product by land versus sea? (*probe*: what forms do I need to complete, do I have to declare the value, what other information do I have to provide) What about from Port-au-Prince to St. Marc, or other areas – would the process be it different?

2. What kinds of certifications, declarations, permits, etc. are required? Is it easy to obtain these permits/certifications? Describe the process for obtaining each (*probe*: how much does it cost, how long does it take, etc.).
3. Are there ways to make this process easier/faster, for example by knowing someone, pay-offs, etc.?
4. In your opinion, do other transport firms have an easier or more difficult time moving products. Why?

SUPPLIERS

Now I would like to ask you about services or products you procure to conduct your business.

1. Who are your suppliers? (*Probe*: vehicles, ships, cranes, equipment, other)
2. How many suppliers (of each type) do you buy from?
3. What are the differences between the suppliers you work with? (*probe*: quality, price, punctuality, standards, volume, costs of collecting products, risks)
4. Which type of supplier do you prefer to buy from?
5. How do you first find your suppliers? (*probe*: people you know, contacts, family, neighbors)
6. What kinds of help or services do you provide your suppliers? (*probe*: technical assistance in better practices, instruments/equipment, etc.)
7. How do you communicate your quality standards requirements to your suppliers?
8. What are the difficulties suppliers have in meeting your requirements?
9. Are suppliers reluctant to make changes? In what ways?

LABOR

1. How do you find employees? How do you find temporary hires?
2. Do labor pool skills match your company's needs? In what ways? What complaints do you have about finding quality employees and temporary hires?
3. What percentage of your labor force do you hire through formal channels vs. informal channels?
4. What percentage of your employees/temporary hires are "youth" (between 18–30)?
5. Where do most of your employees and short-term contractors live? Do you ever consider hiring people from other cities/towns?

TO FINISH UP

1. Are there any government policies that are helpful to your business? Are there any policies that you would like to see changed? What changes would be helpful?
2. What are the three most serious risks for your enterprise?
3. Show the value chain map: What do you think of this representation?
4. Can you identify yourself on the value chain? Where are you located?
5. Do you have additional observations or comments that we have not discussed?
6. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

Facilitator: _____

GUIDE 7: FOCUS GROUP INTERVIEW FOR DAY LABORERS

BACKGROUND INFORMATION

| | | | |
|--------------------------------------|--|-----------------------|--|
| Name of association (if applicable): | | Location (City/Town): | |
| | | Number of People: | |
| Number of members (if applicable): | | Number of Youth: | |
| | | Number of Women: | |

1. Greetings, welcome, introduction, and purpose. (no specific benefit)
2. Guidelines/Rules: everyone should speak, raise hands to speak, take turns and speak one at a time, speak briefly, think about what is typical, common or usual. Allow as many people to talk.

GROUP MEMBERS' ECONOMIC ACTIVITIES

1. How do families living in this area usually (most often) earn income and meet their expenses?
2. How many people in this area are employed at the moment? What kinds of jobs?
3. Which sector provides the greatest employment in this area?
4. How much employment do construction projects provide to people in this area?
5. About how much of their total income do families usually earn from working on construction projects: all, more than half, about half, less than half, very little.

MARKETS AND BUYERS

1. How do people find out about construction jobs?
2. What types of skills does one need to obtain a construction job?
3. Are construction jobs short-term or long-term? How many of you have had repeat jobs in construction?
4. Do you feel that firms chose people fairly and honestly when hiring construction labor? What criteria do they use in choosing laborers?
5. What kinds of things do people do to secure a job on a new construction project? (*probe*: skills, bribery, connections, etc.)
6. Describe the working conditions on a construction job. (*probe*: hours, physical hardship, satisfaction, safety)
7. Which construction firms are the biggest sources of employment in your neighborhood?
8. Overall, do you feel you are treated fairly and respectfully when working for these construction firms? How are these firms different in terms of salary, job quality, fairness, etc.?
9. Have any people worked for construction jobs contracted by international agencies? Are there any differences in working for an international project versus a domestic project? If so, what are they?

BEING AN ASSOCIATION/COMMUNITY CENTER/VOCATIONAL TRAINING CENTER MEMBER

1. Do any of you belong to an association or community/vocational training center that helps you obtain employment?

2. What are the advantages of being a member of this association? What services do they provide and how do you as a member benefit from belonging to the association?
3. Do you pay fees for services that help you get employment?
4. Are these services effective in helping you obtain—and sustain—employment?
5. What have you heard about the disadvantages of being a member of an association?

STANDARDS AND SAFETY

1. When you work on construction projects, do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: NGO recommended, government extension agents, construction firm, association/community/training center, other workers, etc.)
2. Have you noticed any changes in the natural resources as a result of increased construction in the area? (*probes*: deforestation, land use, etc.)
3. What kinds of safety standards are you required to follow? Do you have a uniform? Hard hats? Shoes? Other safety gear? Are there site rules that everyone must follow? How do you find out about these rules?
4. Before going onto a project site, what kinds of training or orientation do you receive from the contractor?
5. Do you ever feel that your physical safety is in danger when working on a construction project?
6. Do you ever face problems from other members of your community when you work on a construction project? Explain.

LABOR

1. How many of you perform technically difficult jobs, such as operating heavy equipment, more complex construction functions, etc.?
2. Where did you learn these skills? (*probe*: NGO, vocational center, technical university or high school, on-the-job)
3. Where is the best place for a person to gain skills in the construction sector?
4. What are the average salaries for labor? How are salaries different for non-skilled versus skilled labor?
5. In your experience, what percentage of people working on construction projects are youth (18–30)?
6. What types of jobs are suitable for young people?
7. What kinds of construction project jobs are suitable for women?

FUTURE VISION

1. What is the (one) most important issue you face as a construction laborer?
2. What would be the (one) most helpful change for improving employment conditions in this area?
3. Thank you for your time. Repeat purpose.

GUIDE 8: MATERIALS INPUTS SUPPLIERS (RETAILERS)

Interviewer: _____

CONTACT INFORMATION

| | | | |
|-----------------------------------|--|-------------------------|--|
| Firm Name: | | Respondent Name/ Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introductions, purpose of in-depth interview and research.
2. *Show and explain the value chain map.* What do you think of this representation of the construction industry? Do you think it is a realistic illustration of the industry?
3. What changes could I make to improve it?
4. Can you identify yourself on the value chain? Where are you located?

QUESTIONS ABOUT CLIENTS/BUYERS

1. Who are your main clients (buyers)?
2. Where and how did you find your clients for the first time?
3. How do you learn about your clients preferences? (*probes*: order quantities, standards, quality requirements, delivery dates)
4. Have you noticed any changes in preferences over time? (i.e., trends)
5. How would you characterize your relationships with your principal clients? (*probes*: independent, close, collaborative, difficult, lots of information passes between you, client is in charge, they direct you)
6. What are the differences between your clients? To whom do you prefer to sell? (*probes*: frequency, price, bargaining/negotiating costs, volume, quality, consistency)
7. Do you get a fair price in dealing with firms?
8. Would you say that in your relations with your clients there is a lot of trust, there is some trust, or there is no trust? Why?
9. In thinking about one or two of your principal clients, how has your relationship changed with them over time?
10. Describe your experiences in working with large contractors, versus small and medium-sized contractors.
11. Does your firm receive any assistance/help or collaboration from your clients? (*probes*: advances, credit, information, inputs, technical assistance, recommendations)
12. What steps do you usually take to ensure that you meet your clients' specifications, including delivery date and quality? Is it difficult to comply with clients' requirements? What do you have to do?

13. Do you share information with other materials suppliers? If so, what kind of information and why?
(*probe*: to meet large contracts, set prices, legal issues, etc.)
14. Who are your main competitors?
15. How are materials suppliers competitive in Haiti (price, volume/size, quality, flexibility, etc.)?

QUESTIONS ABOUT SUPPLIERS/PRODUCERS

1. What are all the ways you source your products? Who are your main suppliers?
(*probe*: cement, timber, bricks, steel rods, tiles, paint, asphalt, cobblestone, components, etc.)
2. Do you buy your product from domestic manufacturers, import distributors, and/or from abroad?
3. How many producers do you work with?
4. If you have different types of suppliers, how would you characterize the differences between each type of supplier? (What are the characteristics of each type?)
5. How do you communicate information to your suppliers regarding your requirements in terms of quality of produce, size, chemical use, delivery dates, etc?
 - How do you request that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting your requirements?
 - Do you help them? How?
6. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or demand these changes?
7. Do you receive a consistent supply of goods when you need it?
8. Overall, are you able to purchase quality goods?
9. How do you check for quality and standards in your work?
10. Describe your experiences working with importers. Do you experience difficulties in accessing goods? What percentage of your supplies (in volume) depends on access to global markets?
11. What kinds of challenges do you face in purchasing imported goods (*probe*: exchange rate fluctuations, tariffs or other duties, consistent supply of goods)?
12. What kinds of help or services do you provide your suppliers? (*probe*: credit, technical assistance in better quality standards, help with certification)
13. How do you work with producers to ensure they satisfy your quality requirements? What do you do to encourage them? What pressures do you apply? (Incentives?)
14. Tell me about the quality of domestic manufacturers. What is the potential for increasing the levels and quality of supplies/components made in Haiti (vs. imported)?
15. What local manufacturing firms have the greatest potential for making suitable materials/ components?

FINANCE

1. Where do you go when you need money for your business?
2. Do you get credit from importers or manufacturers? What are the terms?
3. Do you get financing from your buyers? What are the terms?
4. Do you have need for additional financing at the moment? If so, what would it be used for?
5. What sources (formal or informal) have you approached for loans? Tell us about your experiences in obtaining these loans. Any problems?
6. Do you feel that you and/or your company are treated fairly when trying to access finance? Do other firms receive preferential treatment?

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements do your projects need to conform to? Who sets these standards and requirements? Do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: NGO recommended, government extension agents, contractors, etc.)
2. Do you provide your suppliers with any information or support to promote environmental sensitivity? (*probes*: training, exchange visits, technical assistance, etc.)
3. What motivates you to promote sustainable resource management? (*probes*: market niche, personal concern, legal requirement, etc.)
4. Who helps you conform to these standards and requirements?
5. Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
6. Do you think other materials suppliers have an easier or more difficult time obtaining permits?
7. Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
8. What sorts of safety standards does your firm follow in protecting the safety of your employees and others?
9. Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (*probes*: fewer/less dense forests, unsustainable land use, etc.)
10. Have you ever encountered disputes with government officials? What was the nature of these disputes?
11. In general, is your firm treated fairly by government?
12. Do other firms receive better or worse services from government? Why?

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how materials suppliers in this area help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce or other informal network? Please explain.
4. What are the primary functions of and benefits of belonging to these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other materials suppliers?
7. What activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure, or housing sectors?

QUESTIONS ABOUT THE LOCAL COMMUNITY

1. How would you describe your relationship with the local community? (*probes*: supportive of your business, an asset, a threat)
2. Have you ever had a conflict with the local community? If so, what? How was it resolved?
3. Have you taken any specific actions to incorporate the local community in your business? (*probes*: in planning, in selecting suppliers, in making local grants, etc.)
4. Do you work with the local community in any other ways? (e.g., lobbying)

TO FINISH UP

1. Are there any government policies that are helpful to your business? Are there any policies that you would like to see changed? What changes would be helpful?
2. What are the three most serious risks for your enterprise?
3. What do you think about the competitiveness of the construction value chain in Haiti?
4. Do you have additional observations or comments that we have not discussed?
5. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 9: MATERIALS INPUTS MANUFACTURERS

Interviewer: _____

CONTACT INFORMATION

| | | | |
|-----------------------------------|--|-------------------------|--|
| Firm Name: | | Respondent Name/ Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introductions, purpose of in-depth interview and research.
2. *Show and explain the value chain map.* What do you think of this illustration/representation? How does it seem to you?
3. What changes do I need to make to improve it?
4. Can you identify yourself on the value chain? Where are you located?

QUESTIONS ABOUT CLIENTS/BUYERS

1. What are your main products?
2. Who are your main clients (buyers)?
3. Where and how did you find your clients for the first time?
4. How do you learn about your clients preferences? (*probes*: order quantities, standards, quality requirements, delivery dates)
5. Have you noticed any changes in preferences over time? (i.e., trends)
6. How would you characterize your relationships with your principal clients? (*probes*: independent, close, collaborative, difficult, lots of information passes between you, client is in charge, they direct you)
7. What are the differences between your clients? To whom do you prefer to sell? (*probes*: frequency, price, bargaining/negotiating costs, volume, quality, consistency)
8. Do you get a fair price in dealing with firms?
9. Would you say that in your relations with your clients there is a lot of trust, there is some trust, or there is no trust? Why?
10. In thinking about one or two of your principal clients, how has your relationship with them changed over time?
11. Describe your experiences in working with large contractors, versus working with small and medium-sized firms.
12. Does your firm receive any assistance/help or collaboration from your clients? (*probes*: advances, credit, information, inputs, technical assistance, recommendations)

13. What are the steps you usually take to ensure that you meet your clients' specifications, including delivery date and quality? (Is it difficult to comply with your clients' requirements? What do you have to do?)
14. Do you share information with other materials manufacturers? If so, what kind of information and why? (*probe*: to meet large contracts, set prices, legal issues, etc.)
15. Who are your main competitors?
16. How are materials manufacturers in Haiti competitive (price, volume/size, quality, flexibility, etc.)?

QUESTIONS ABOUT SUPPLIERS/PRODUCERS

1. What are all the ways you source materials for your products? (*probe*: cement, timber, bricks, steel, ceramic, equipment, etc.)
2. Do you buy your materials from domestic manufacturers, import distributors, and/or from abroad?
3. How many suppliers do you work with?
4. If you have different types of suppliers, how would you characterize the differences between each type of supplier? (What are the characteristics of each type of supplier?)
5. How do you communicate information to your suppliers regarding your requirements in terms of quality of produce, size, chemical use, delivery dates, etc?
 - How do you request that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting your demands?
 - Do you help them? How?
6. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or demand these changes?
7. Do you receive a consistent supply of goods when you need it?
8. Overall, are you able to purchase quality goods?
9. How do you check for quality and standards in your work?
10. Describe your experiences working with importers. Do you experience difficulties in accessing goods? What percentage of your supplies (in volume) depends on access to global markets?
11. What kinds of challenges do you face in purchasing imported goods (*probe*: exchange rate fluctuations, tariffs or other duties, consistent supply of goods)?
12. What kinds of help or services do you provide to your suppliers? (*probe*: credit, technical assistance in better quality standards, help with certification)
13. How do you work with suppliers to ensure they satisfy your quality requirements? What do you do to encourage them? What pressures do you apply? (Incentives?)
14. Tell me about the quality of domestic manufacturers. What is the potential for increasing the levels of supplies/components that are made in Haiti (vs. imported)?
15. What local manufacturing firms have the greatest potential for making suitable materials/ components?

LABOR INPUTS

1. How do you and other construction manufacturers find employees? How do you find temporary hires?
2. Do the skills of the labor pool match your company's needs? In what ways? What complaints would you have about finding quality employees and temporary hires?
3. What percentage of your labor force do you hire through formal vs. informal channels? Is it relatively easy to hire/fire people according to the law?
4. What percentage of your employees/contractors is considered "youth" (between 18–30)?

- Where do most of your employees and short-term contractors live? Do you ever consider hiring people from other cities/towns?

FINANCE

- Where do you go when you need money for your business?
- Do you get credit from importers or manufacturers? What are the terms?
- Do you get financing from your buyers? What are the terms?
- Do you have need for additional financing at the moment? If so, what would it be used for?
- What sources (formal or informal) have you approached for loans? Tell us about your experiences in obtaining these loans. Any problems?
- Do you feel that you or your company is treated fairly when trying to access finance? Do other firms receive preferential treatment?

PERMITS, STANDARDS AND CERTIFICATIONS

- What standards or certification requirements do your projects need to conform to? Who sets these standards and requirements?
- Do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: NGO recommended, government extension agents, association, etc.)
- Do you provide information or support to your employees or suppliers to promote environmental sensitivity? (*probes*: training, exchange visits, technical assistance, etc.)
- What motivates you to promote sustainable resource management? (*probes*: market niche, personal concern, legal requirement, etc.)
- Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (*probes*: fewer forests, unsustainable land use, etc.)
- Who helps you conform to these standards and requirements?
- Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
- Do you think other manufacturers have an easier or more difficult time obtaining permits?
- Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
- What sorts of safety standards does your firm follow in protecting the safety of your employees and others?
- Have you ever encountered disputes with government officials? What was the nature of these disputes?
- In general, is your firm treated fairly by government?
- Do other firms receive better or worse services from government? Why?

SECURITY

Now I would like to ask you some questions about security.

- Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft, or vandalism?
- How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment (phones, radios), dogs, fencing, etc.)?
- How personally secure do you feel in conducting your day-to-day business? What factors affect the personal security of you and your staff?
- Are there certain places (cities, towns, provinces) in the country where you refuse to work?
- Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?
- Has your firm ever had disputes with community members? If so, what were the circumstances?

7. In cases where you have witnessed local instability, describe the response of local government or other officials. How was this instability dealt with? Were you or your staff personally or professionally affected?

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how materials suppliers in this area help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce, or informal networks? Please explain.
4. What are the primary functions of, and benefits of belonging to, these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other materials suppliers?
7. What are the activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure, or housing sectors?

QUESTIONS ABOUT THE LOCAL COMMUNITY

1. How would you describe your relationship with the local community? (*probes*: supportive of your business, an asset, a threat)
2. Have you ever had a conflict with the local community? If so, why? How was it resolved?
3. Have you taken any specific actions to incorporate the local community in your business? (*probes*: in planning, selecting suppliers, making local grants, etc.)
4. Do you work with the local community in any other ways? (e.g., lobbying)

TO FINISH UP

1. Overall, what do you think about the competitiveness of the construction value chain in Haiti?
2. What changes are needed in the industry to promote greater efficiencies?
3. Are there any government policies that are helpful to your business? Are there any policies that you would like to see changed? What changes would be helpful?
4. What are the three most serious risks for your enterprise?
5. Do you have additional observations or comments that we have not discussed?
6. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 10: MATERIALS IMPORTERS/DISTRIBUTORS

Interviewer: _____

CONTACT INFORMATION

| | | | |
|-----------------------------------|--|-------------------------|--|
| Firm Name: | | Respondent Name/ Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introductions, purpose of in-depth interview and research.
2. *Show and explain the value chain map.* What do you think of this illustration/representation? How does it seem to you?
3. What changes do I need to make to improve it?
4. Can you identify yourself in the value chain? Where are you located?

QUESTIONS ABOUT CLIENTS/BUYERS

1. Who are your main clients (buyers)?
2. Where and how did you find your clients for the first time?
3. How do you learn about your clients preferences? (*probes*: order quantities, standards, quality requirements, delivery dates)
4. Have you noticed any changes in preferences over time? (i.e., trends)
5. How would you characterize your relationships with your principal clients? (*probes*: independent, close, collaborative, difficult, lots of information passes between you, client is in charge, they direct you)
6. What are the differences between your clients? To whom do you prefer to sell? (*probes*: frequency, price, bargaining/negotiating costs, volume, quality, consistency)
7. Do you get a fair price in dealing with firms?
8. Would you say that in your relations with your clients there is a lot of trust, some trust, or no trust? Why?
9. In thinking about one or two of your principal clients, how has your relationship changed with them over time?
10. Describe your experiences in working with larger contractors, versus working with small and medium-sized firms.
11. Does your firm receive any assistance/help or collaboration from your clients? (*probes*: advances, credit, information, inputs, technical assistance, recommendations)

12. What are the steps you usually take to ensure that you meet your clients' specifications, including delivery date and quality? (Is it difficult to comply with your clients' requirements? What do you have to do?)
13. Do you share information with other materials importers/distributors? If so, what kind of information and why? (*probe*: to meet large contracts, set prices, legal issues, etc.)
14. Who are your main competitors?
15. How are materials importers/distributors competitive in Haiti (price, volume/size, quality, flexibility, etc.)?
16. Inventory turnover: how quickly to you turnover your inventory (# of days)?
 - What is your next inventory projection?
 - Volume of sales?
 - Is the business good?

QUESTIONS ABOUT SUPPLIERS/PRODUCERS

1. What are all the ways you source your products? Who are your main suppliers? From where do you get your supplies? (*probe*: cement, timber, bricks, steel rods, tiles, paint, asphalt, cobblestone, components, etc.)
2. How do you develop relationships with these suppliers?
3. How often do you locate new suppliers?
4. If you have different types of suppliers, how would you characterize the differences between each type of supplier? (What are the characteristics of each type of supplier?)
5. How do you communicate information to your suppliers regarding quality of produce, size, chemical use, delivery date requirements?
 - How do you demand that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting your demands?
 - Do you help them? How?
6. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or demand these changes?
7. Do you receive a consistent supply of goods when you need it?
8. Overall, are you able to purchase quality goods?
9. How do you check for quality and standards in your work?
10. Do you experience difficulties in accessing goods?
11. What kinds of challenges do you face in importing goods (*probe*: exchange rate fluctuations, tariffs or other duties, customs, taxes, consistent supply of goods)?
12. How do you work with suppliers to ensure that they satisfy your requirements for quality? What do you do to encourage them? What pressures do you apply?
13. Tell me about the quality of domestic manufacturers. What is the potential for increasing the levels of supplies/components that are made in Haiti (vs. imported)?
14. What local manufacturing firms have the greatest potential for making suitable materials/components?

FINANCE

1. Where do you go when you need money for your business?
2. Do you give or receive credit from foreign suppliers? What are the terms?
3. Do you give or receive financing from your buyers? What are the terms?

4. Do you have need for additional financing at the moment? If so, what would it be used for?
5. What sources (formal or informal) have you approached for loans? Tell us about your experiences in obtaining these loans. Any problems?
6. Do you feel that you or your company is treated fairly when trying to access finance? Do other firms receive preferential treatment?

POLICY/REGULATION—LOCAL GOVERNANCE

1. What government policies/regulations benefit your business (registrations, inspections, subsidies, incentives, etc.)?
2. What government policies/regulations are obstacles to growing your business?
3. Are major government reforms planned that could result in shifts in your business (e.g., decentralization, anti-corruption, customs, etc.)?
4. In the past year, has it been easier or more difficult to manage your business?

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements must your suppliers conform to? Who sets these standards and requirements?
2. Do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: NGO recommended, government extension agents, others)
3. Do you provide any information or support to your suppliers to promote environmental sensitivity? (*probes*: training, exchange visits, technical assistance, etc.)
4. What motivates you to promote sustainable resource management? (*probes*: market niche, personal concern, legal requirement, etc.)
5. Who helps you to conform to these standards and requirements?
6. Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
7. Do you think other materials importers/distributors have an easier or more difficult time obtaining permits?
8. Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
9. Have you ever encountered disputes with government officials? What was the nature of these disputes?
10. In general, is your firm treated fairly by government?
11. Do other firms receive better or worse services from government? Why?

SECURITY

Now I would like to ask you some questions about security.

1. Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft, or vandalism?
2. How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment (phones, radios), dogs, fencing, etc.)?
3. How personally secure do you feel in conducting your day-to-day business? What factors affect the personal security of you and your staff?
4. Are there certain places (cities, towns, provinces) in the country where you refuse to work? (Do you work in the red zones?)
5. Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?

6. Has your firm ever had disputes with community members? If so, what were the circumstances?
7. In cases where you have witnessed local instability, describe the response of local government or other officials. How did they deal with this instability? Were you or your staff personally or professionally affected?
8. How would you describe your relationship with the local community? (*probes*: supportive of your business, an asset, a threat)
9. Have you ever had a conflict with the local community? If so, what? How was it resolved?
10. Have you taken specific action to incorporate the local community in your business? (*probes*: in planning, in selecting suppliers, in making local grants, etc.)
11. Do you work with the local community in any other ways? (e.g., lobbying)

INFRASTRUCTURE

Do you have any comments about the following public infrastructure / services?

- Roads _____
- Parking space _____
- Telephone, internet _____
- Water _____
- Electricity _____

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how materials suppliers in this area help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any industry associations or chambers of commerce or other informal network? Please explain.
4. What are the primary functions of, and benefits of belonging to, these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other materials suppliers?
7. What are the activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure or housing sectors?

RELATIONSHIPS WITH LOCAL COMMUNITY

1. How would you describe your relationship with the local community? (*probes*: supportive of your business, an asset, a threat)
2. Have you ever had a conflict with the local community? If so, what? How was it resolved?
3. Have you taken any specific actions to incorporate the local community in your business? (*probes*: in planning, in selecting suppliers, in making local grants, etc.)
4. Do you work with the local community in any other ways? (e.g., lobbying)

TO FINISH UP

1. Are there any government policies that are helpful to your business? Are there any policies that you would like to see changed? What changes would be helpful?
2. What are the three most serious risks for your enterprise?
3. What do you think about the competitiveness of the construction value chain in Haiti?
4. Do you have additional observations or comments that we have not discussed?
5. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

GUIDE 11: EQUIPMENT RENTERS/RETAILERS

Interviewer: _____

CONTACT INFORMATION

| | | | |
|-----------------------------------|--|-------------------------|--|
| Firm Name: | | Respondent Name/ Title: | |
| Principle Product or Service: | | Address: | |
| # of Employees: | | City/Town: | |
| # of Temporary Labor (per month): | | Tel: | |
| Legal Status: | | E-mail: | |

1. Introductions, purpose of in-depth interview and research.
2. *Show and explain the value chain map.* What do you think of this illustration/representation? How does it seem to you?
3. What changes do I need to make to improve it?
4. Can you identify yourself in the value chain? Where are you located?

QUESTIONS ABOUT CLIENTS/BUYERS

1. Who are your main clients (buyers/renters)?
2. Where and how did you find your clients for the first time?
3. How do you learn about your clients preferences? (*probes*: quantity, standards, quality requirements, delivery / dates)
4. Have you noticed any changes in preferences over time? (i.e., trends)
5. How would you characterize your relationships with your principal clients? (*probes*: independent, close, collaborative, difficult, lots of information passes between you, client is in charge, they direct you)
6. What are the differences between your clients? To whom do you prefer to sell? (*probes*: frequency, price, bargaining/negotiating costs, volume, quality, consistency)
7. Do you get a fair price in dealing with firms?
8. Would you say that in your relations with your clients there is a lot of trust, there is some trust, or there is no trust? Why?
9. In thinking about one or two of your principal clients, how has your relationship changed with them over time?
10. Describe your experiences in working with larger contractors, versus working with small and medium-sized firms.
11. Does your firm receive any assistance/help or collaboration from your clients? (*probes*: information, recommendations)

12. What steps do you usually take to ensure that you meet your clients' specifications, including delivery date and quality? (Is it difficult to comply with your clients' requirements? What do you have to do?)
13. Do you share information with other equipment renters/retailers? If so, what kind of information and why? (*probes*: to meet large contracts, set prices, legal issues, etc.)
14. Who are your main competitors?
15. How are equipment renters/retailers competitive in Haiti (price, volume/size, quality, flexibility, etc.)?

QUESTIONS ABOUT SUPPLIERS/PRODUCERS

1. What are all the ways you source your products? Who are your main suppliers? From where do you get your equipment?
2. How do you form relationships with these suppliers?
3. How often do you locate new suppliers?
4. If you have different types of suppliers, how would you characterize the differences between each type of supplier? (What are the characteristics of each type of supplier?)
5. How do you communicate information to your suppliers regarding your requirements in terms of product quality, size, delivery dates, etc?
 - How do you request that your suppliers meet the requirements?
 - What difficulties do your suppliers have in meeting your demands?
 - Do you help them? How?
6. What changes would you like your suppliers to make?
 - Have you communicated your wishes to them?
 - How do they respond?
 - What can you do to facilitate or demand these changes?
7. Do you receive a consistent supply of products when you need it?
8. Overall, are you able to purchase quality goods?
9. How do you check for quality and standards?
10. Do you experience difficulties in accessing goods?
11. What kinds of challenges do you face in importing goods (*probe*: exchange rate fluctuations, tariffs or other duties, customs, taxes, consistent supply of goods)?
12. How do you work with suppliers to ensure that they satisfy your quality requirements? What do you do to encourage them? What pressures do you apply?
13. Tell me about the quality of domestic manufacturers. What is the potential for increasing the levels of supplies/components that are made in Haiti (vs. imported)?
14. What local manufacturing firms have the greatest potential for making suitable materials/components?

FINANCE

1. Where do you go when you need money for your business?
2. Do you give or receive credit from foreign suppliers? What are the terms?
3. Do you give or receive financing from your buyers? What are the terms?
4. Do you have need for additional financing at the moment? If so, what would it be used for?
5. What sources (formal or informal) have you approached for loans? Tell us about your experiences in obtaining these loans. Any problems?
6. Do you feel that you or your company is treated fairly when trying to access finance? Do other firms receive preferential treatment?

POLICY/REGULATION—LOCAL GOVERNANCE

1. What government policies/regulations benefit your business (registrations, inspections, subsidies, incentives, etc.)?
2. What government policies/regulations present obstacles to growing your business?
3. Are major government reforms planned that could result in shifts in your business (e.g., decentralization, anti-corruption, customs, etc.)?
4. In the past year, has it been easier or more difficult to manage your business?

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements must your suppliers conform to? Who sets these standards and requirements?
2. Do you follow any environmental standards, guidelines or recommendations? Which? How did you learn about them? (*probe*: government, association, etc.)
3. Do you provide any information or support to your suppliers to promote environmental sensitivity? (*probes*: training, exchange visits, technical assistance, etc.)
4. What motivates you to promote sustainable resource management? (*probes*: market niche, personal concern, legal requirement, etc.)
5. Who helps you to conform to these standards and requirements?
6. Are systems for permits and certifications transparent and easy to follow? Do you have any problems?
7. Do you think other equipment renters/retailers have an easier or more difficult time obtaining permits?
8. Does your trade association promote standards? If so, how? Is this important? If so, why?
9. Have you ever encountered disputes with government officials? What was the nature of these disputes?
10. In general, is your firm treated fairly by government?
11. Do other firms receive better or worse services from government? Why?

SECURITY

Now I would like to ask you some questions about security.

1. Within the past year, approximately how much in property/ materials/ cash/ other have you lost due to looting, theft, or vandalism?
2. How much are your yearly/monthly expenses for maintaining security (e.g. guards for warehouses, security systems, transport convoys, security equipment (phones, radios), dogs, fencing, etc.)?
3. How personally secure do you feel in conducting your day-to-day business? What factors affect the personal security of you and your staff?
4. Are there certain places (cities, towns, provinces) in the country where you refuse to work?
5. Are there certain places where, in order to work effectively, you must pay fees or bribes to avoid hassle? Approximately how much are these fees?
6. Has your firm ever had disputes with community members? If so, what were the circumstances?
7. In cases where you have witnessed local instability, describe the response of local government or other officials. How was this instability dealt with? Were you or your staff personally or professionally affected?
8. How would you describe your relationship with the local community? (*probes*: supportive of your business, an asset, a threat)
9. Have you ever had a conflict with the local community? If so, what? How was it resolved?
10. Have you taken any specific actions to incorporate the local community in your business? (*probes*: in planning, in selecting suppliers, in making local grants, etc.)
11. Do you work with the local community in any other ways? (e.g., lobbying)

BUSINESS MEMBERSHIP ORGANIZATIONS

I am interested in knowing how equipment renters/retailers help and cooperate with each other.

1. Is your industry/trade sector represented by national or local business associations? If so, please name them.
2. Are you a member? If not, why?
3. Do you belong to any other industry associations, chambers of commerce or other informal networks? Please explain.
4. What are the primary functions of, and benefits of belonging to, these associations?
5. What additional services should they provide?
6. Do you ever cooperate with other materials suppliers?
7. What are the activities you do together?
8. What kinds of common problems do association members raise?
9. How do you address these problems together?
10. Do you spend any of your leisure time with other construction business leaders? Who?
11. Do you spend any of your free time with government members? Are any of them involved in the construction industry, public infrastructure, or housing sectors?

TO FINISH UP

1. Are there any government policies that are helpful to your business? Are there any policies that you would like to see changed? What changes would be helpful?
2. What are the three most serious risks for your enterprise?
3. What do you think about the competitiveness of the construction value chain in Haiti?
4. Do you have additional observations or comments that we have not discussed?
5. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

Interviewer: _____

GUIDE 12: TRADE ASSOCIATION LEADERS

| | | | |
|---------------------|--|-------------------------|--|
| Association Name: | | Respondent Name/ Title: | |
| Principle Services: | | Address: | |
| # of Members: | | Tel/ E-mail: | |

1. Introduction and purpose.
2. How did this association form and how has it evolved over time?

MEMBERS AND SERVICES

1. How many members do you have? What are the general characteristics of your members? (*probes*: size, location, economic activity, gender)
2. Are all your members from the same area? Can someone from a different area join this association?
3. Do you have members from large construction and construction-related firms as well as small and medium-sized firms? Does your membership include any construction-related microenterprises (fewer than 5 employees)?
4. What services do you provide to your members?
5. What are the advantages of being a member of this association?
6. What would make your association more attractive to members? (*probes*: more services, lower membership fees, different location, etc.)
7. Do you collaborate with local or national government entities? In what way?
8. Do you collaborate with community groups or NGOs? Elaborate.

PERMITS, STANDARDS AND CERTIFICATIONS

1. What standards or certification requirements do construction projects need to conform to? Who sets these standards and requirements?
2. Do your members follow any environmental standards, guidelines or recommendations? Which? How do they learn about them? (*probe*: your association, NGOs, government extension agents, etc.)
3. Who helps your members conform to these standards and requirements?
4. Are systems for permits and certifications transparent and easy to follow? Do your members have any problems?
5. Does your trade association educate or otherwise assist construction firms in obtaining permits? If so, how?
6. Does your trade association promote standards in construction? If so, how? Is this important? If so, why?
7. What sorts of safety standards do your members follow in protecting the safety of their employees and others?
8. Have you noticed any changes in the availability of natural resources as a result of infrastructure construction? (*probes*: less forests, unsustainable land use, etc.)
9. Have you ever encountered disputes with government officials? What was the nature of these disputes?

10. In general, is your association treated fairly by government?
11. Do other associations receive better or worse services from government? Why?

SALES AND MARKETS

1. Does the association help facilitate sales or marketing in the construction sector? If so, how does this work? Does it help members with the bidding and tendering process?
2. What other activities does the association do to facilitate growth of the construction sector?

UPGRADING

1. Do your members engage in any of the following types of upgrading: a) technology improvements (IT, equipment, etc.); b) quality standards; c) new construction techniques; d) sustainable construction?
2. How do association members learn about product requirements and quality standards that buyers want? How do they learn about market demand? How do they learn about changes their customers may want?
3. What are the difficulties members have in making these changes?
4. In what ways (why?) are members reluctant to make these changes?
5. What costs and risks to members are associated with making changes? Can they earn more?
6. How does being a member of this association help producers learn about the changes buyers want and make them?

POLICY/REGULATION—LOCAL GOVERNANCE

1. Are there any government policies that are helpful to your members? Are there any policies that you would like to see changed? What changes would be helpful?
2. Are major government reforms planned that could result in shifts in political or economic power (e.g., decentralization, anti-corruption, security sector reform)?
3. In the past year, has it been easier or more difficult to operate in the construction business? Who has it easier? Who has it more difficult?
4. Is the construction sector highly vulnerable to global economic shocks?
5. Does your association lobby government on behalf of its members? If so, what types of issues do these activities involve? Have association lobbying efforts been effective? In what ways?

OTHER QUESTIONS

Now I am going to ask you to rate the competitiveness of Haiti's construction firms on a five-point scale. For each of the following facets of competitiveness, please rate each on a scale of 1 to 5, with 1 being "very poor," and 5 being "excellent."

- Price from the client's perspective _____
- Quality of construction _____
- On-time delivery according to prior agreement _____
- Delivery of product within agreed budget _____
- Flexibility to meet different specifications _____
- Ability to innovate in design _____

1. Would you say that it is sometimes hard for members to trust the leaders of the association? Why or why not?

2. Do your members ever have conflicts with one another? If so, what kind and how are these conflicts resolved? Does the association become involved in conflict resolution?
3. Do your members ever have conflicts with their local communities? If so, what kind and how are these conflicts resolved? Does the association become involved in conflict resolution?

TO FINISH UP

1. *Show and explain the value chain map.* What do you think of this illustration? How does it seem to you?
2. What changes do I need to make to the illustration?
3. What do you think about the future for firms in the construction industry?
4. Do you have additional observations or comments that we have not discussed?
5. Thank you for your time. Are there other players in this value chain that you think we should talk to? Could you give me referrals?

ANNEX C. OPERATIONAL DOCUMENTS USED FOR HAITI CONSTRUCTION VALUE CHAIN ANALYSIS

POSITION DESCRIPTIONS

SCOPE OF WORK: RESEARCH TEAM LEAD

Location:

Duration:

Description: The Research Team Lead will work closely with HQ team and field staff members to adapt the value chain analysis tools, collect and analyze the data, and write up the research findings. In the field, he/she will oversee and manage a research team of 4-5 people in the data collection and analysis of the construction value chain. Specific duties will include:

- Define research purpose and draft the hypothesis. Develop the research framework, schedule, teaming structure (scopes of work), and approach.
- Conduct secondary background research on Haiti's construction sector and industry dynamics worldwide.
- Oversee/assist the Research Field Coordinator in identifying lead firms.
- Train/orient Research Team members in the value chain approach, data collection, and analysis. Ensure the quality of the research team data collection and analysis activities.
- Conduct interviews with lead firms.
- Meet with research team members at the end of every day for debriefing and analysis.
- Oversee all meetings and data collection and ensure that all necessary stakeholders are involved and that the data collected is pertinent.
- Lead the value chain analysis process.
- Act as Lead Facilitator for Stakeholder Meeting.
- Act as Lead Facilitator for the Value Chain Program Design Workshop.
- Write report, garnering inputs by the Economic Development technical team, Conflict Advisor, field program and partners.

SCOPE OF WORK: RESEARCH FIELD COORDINATOR

Duration:

Location:

Description: Working under the leadership of the Research Team Lead, the Research Field Coordinator will conduct planning, data collection, stakeholder feedback, and analysis. This research initiative will apply the *Value Chain Framework* for analysis and program design and the research team will use a qualitative approach to data collection and analysis, interviewing lead firms in the construction industry with *in-depth* and *semi-structured* interviews. Each day each team will interview approximately 3-4 business leaders, using question guides to frame the discussion, but researchers will vary the order of questions according to the flow of the interview and comfort level of the interviewee. At the end of each day, research teams will come together to process the information, revise/test the research hypothesis, and decide which information and additional interviewees are needed. This process will involve intermittent workshops for teams to brainstorm constraints, opportunities and programmatic solutions.

Tasks are the following:

- Identify and recruit 2-3 Value Chain Researchers to assist with the project.
- Using the USAID/AMAP *Guidelines for Case Studies* as a guiding document, identify key lead firms in the construction and infrastructure sectors and arrange and coordinate initial meetings. (Additional meetings will follow and be set up by the value chain researchers after the startup of the research.)
- Participate in the orientation workshop with other researchers to review research purpose, hypothesis and approach; develop the research timeline/calendar; identify key industry stakeholders and set up strategic meetings; develop a framework for constraints/solutions to the industry; and review interview guidelines.
- Collect data through interviews with lead firms in the construction and infrastructure industries, including: materials suppliers, domestic building contractors (micro, small, and medium-sized firms), foreign contracting firms, imports distributors, building materials manufacturers, architects, engineers, design firms, transport companies, government agencies responsible for public infrastructure and maintenance, universities/technical schools, real estate investors, financial institutions, consulting firms, and international donors and implementing agencies involved in infrastructure and housing.
- Design and help implement a Stakeholders Meeting comprising lead firms in the industry to develop a set of industry solutions. Assist Team Lead in facilitating the Stakeholders Meeting.
- Assist with industry analysis and provide feedback to field program management. Assist Team Lead in facilitating the Value Chain Program Design Workshop.
- Review the draft report (written by Team Lead) and provide feedback as needed.

SCOPE OF WORK: VALUE CHAIN RESEARCHER

Duration:

Location:

Description: Working under the leadership of the Research Team Lead, the value chain researcher will conduct planning, data collection, stakeholder feedback, and analysis as part of an initiative to research the construction and infrastructure value chains in Haiti. This research initiative will apply a *Value Chain Framework* for analysis and program design. The research team will use a qualitative approach to data collection and analysis, interviewing lead firms in the construction industry with *in-depth* and *semi-structured* interviews. Each day each team will interview approximately 3-4 business leaders, using question guides to frame the discussion, but researchers will vary the order of questions according to the flow of the interview and comfort level of the interviewee. At the end of each day, research teams will come together to process the information, revise/test the hypothesis, and decide which information and additional interviewees are needed. This process will involve intermittent workshops for teams to brainstorm constraints, opportunities and programmatic solutions.

Tasks are the following:

- Participate in the orientation workshop with other researchers to review research purpose, hypothesis and approach; develop research timeline/calendar; identify key industry stakeholders and set up strategic meetings; develop a framework for constraints/solutions to the industry; and review interview guidelines.
- Collect data through interviews with lead firms in the construction and infrastructure industries, including: materials suppliers, domestic building contractors (micro, small, and medium-sized firms), foreign contracting firms, imports distributors, building materials manufacturers, architects, engineers, design firms, transport companies, government agencies responsible for public infrastructure and maintenance, universities/technical schools, real estate investors, financial institutions, consulting firms, and international donors and implementing agencies involved in infrastructure and housing.
- Design and implement a *Stakeholders Meeting* comprising lead firms in the industry to develop a set of industry solutions.
- Assist with industry analysis and provide feedback to field program management during the *Value Chain Program Design Workshop*.

Qualifications:

- At least 3-5 years experience working in business development and/or the construction and infrastructure sector. Demonstrated successful experience working with international organizations preferred.
- Familiarity with firms working in the public infrastructure and housing sectors and ability to lead a meeting with industry leaders and develop the working relationship needed to collect the required data.
- Strong analytical capability and the ability to listen to responses and prompt interviewees for additional pertinent information without the use of question guides. Able to quickly understand and process new information, identify relevant constraints and opportunities, think strategically, and offer ideas on the dynamics of relationships between firms.
- Good knowledge of business concepts, including competition and the ability to understand the economic landscape and how firms operate. Educational background in business preferred.
- Personable, well-respected in the community, able to easily develop relationships with business sector actors and to gain the trust of business leaders.
- Demonstrated ability to work well in a team.
- Demonstrated fluency in English, French, and Creole.

SCOPE OF WORK: LOGISTICS ASSISTANT (PART-TIME)

Duration:

Location:

Description: The logistics assistant will ensure that the logistics and operations of the Field Research Team run smoothly. Duties include:

- Assist with coordinating/setting up meetings for two field teams.
- Coordinate drivers and security for two field teams.
- Coordinate travel and lodging for two field teams to travel to St. Marc, and other cities, as required.
- Set up logistics for the *Stakeholders Meeting* (room, invitations, supplies, printing of materials, lunch, etc.).
- Set up logistics for the *Value Chain Program Design Workshop* (room, invitations, supplies, printing of materials, lunch, etc.).
- Administrative duties, as required.

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