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Non-State Education Market Assessment: Haiti

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Non-State Education Market Assessment: Haiti

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GLOSSARY

Ancillary Services: are the services necessary to support the provision of formal education and services that complement it. Examples include school transportation, food catering, extracurricular activities (e.g., sports, arts), bookstores, publishers, language academies, distance learning providers, test preparation companies, Ed-Tech companies, hardware providers, academic and administrative software.

Blended Finance: is the strategic use of development funds, such as those from government aid and philanthropic sources, to mobilize private capital for social and environmental results, such as improving infrastructure, education, agriculture, healthcare, and more.

Ed-Tech: is the collection of technologies that support the education sector, including services such as video learning platforms, e-readers, online file sharing platforms, and others.

Fund: is a pool of money allocated for a specific purpose, such as retirement funds and mutual funds. Governments also create funds that are allocated to various goals. For example, capital project funds are used to finance the capital projects of a country, such as purchasing, building, or renovating equipment, structures, and other assets.

Gross Domestic Product (GDP): is the standard measure of the value created through the production of goods and services in a country during a certain period.

Guarantee: is a legal promise made by a third party (guarantor) to cover a borrower's debt or other types of liability in case of the borrower defaults. The guarantee can be limited or unlimited.

Non-State Education: is characterized by a diversity of providers, including religious schools, non-profit schools run by NGOs or foundations, publicly funded schools operated by private boards, community owned schools, and for-profit schools that operate as enterprises.

Private Schools: are schools that do not receive funding from the government or any other institution and depend only on their own income to operate.

Private-Subsidized School: are schools that receive funding from the government or other institutions to operate (e.g., government pays for part of the payroll, church provides funding for the school to operate), but can charge fees to parents.

Return on equity (ROE): is a key financial metric that measures a corporation's profitability relative to stockholders' equity. It is calculated by dividing a company's net income by shareholders' equity"

I. OVERVIEW

I.1. OBJECTIVE

This market assessment seeks to understand the non-state basic education sector, the state of blended finance in Haiti and to identify potential opportunities for blended finance in the non-state education sector - that ranges from pre-school through secondary school, including ancillary educational services - in Haiti, with a focus on financing availability and access.

I.2. SCOPE AND METHODOLOGY

This assessment was conducted over 6 weeks in October and November 2020 using primary and secondary research. Primary research included interviews with stakeholders from the educational and financial sectors, focusing on the non-state education sector and the education financing market that serves it. Specific attention was given to the current state of non-state schools, ancillary services, and financial institutions, identifying challenges and opportunities, and assessing interest across different players involved in expanding the supply of financing to the non-state education sector and end customers. Interviews included the following type of actors:¹

- Public Sector (2)
- Bank/MFI (6)
- Association of Private Schools (2)
- Association of MFIs (1)
- Non-State Schools (5)
- Ancillary services and other education-related enterprises (2)
- Funders (4)

The methodology for the secondary research included a systematically search to identify relevant reports, studies, and statistics. The keywords were used both in English and Spanish, and date ranges were set from 2010 to 2020 for academic databases and international organization searches. The data sources consulted included:²

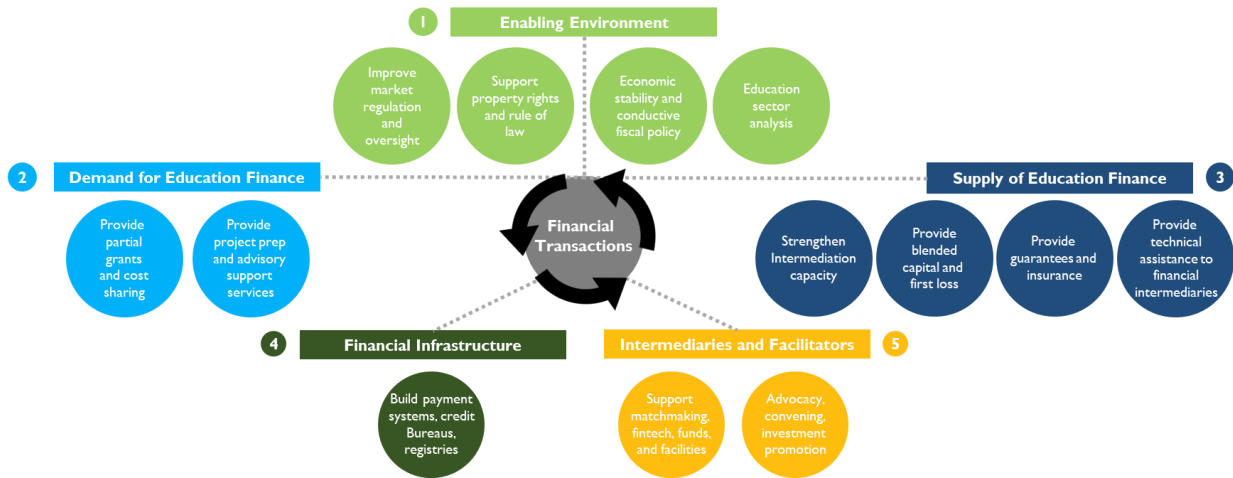
- Internet (Google)
- Academic databases (e.g., Scopus, ProQuest, Jstor, Google Scholar)
- International organizations (e.g., USAID, UNESCO, IADB, World Bank, Convergence)
- Statistical databases (e.g., World Bank Open Data, UNESCO, Ministry of National Education and vocational training of Haiti)

The research is divided in 5 categories that have been informed by USAID's Five Point Blended Finance Framework. The five categories are Enabling Conditions, Demand for Education Financing, Supply of Education Financing, Financial Infrastructure, and Financial Intermediaries.

¹ Refer to Annex for full stakeholder list

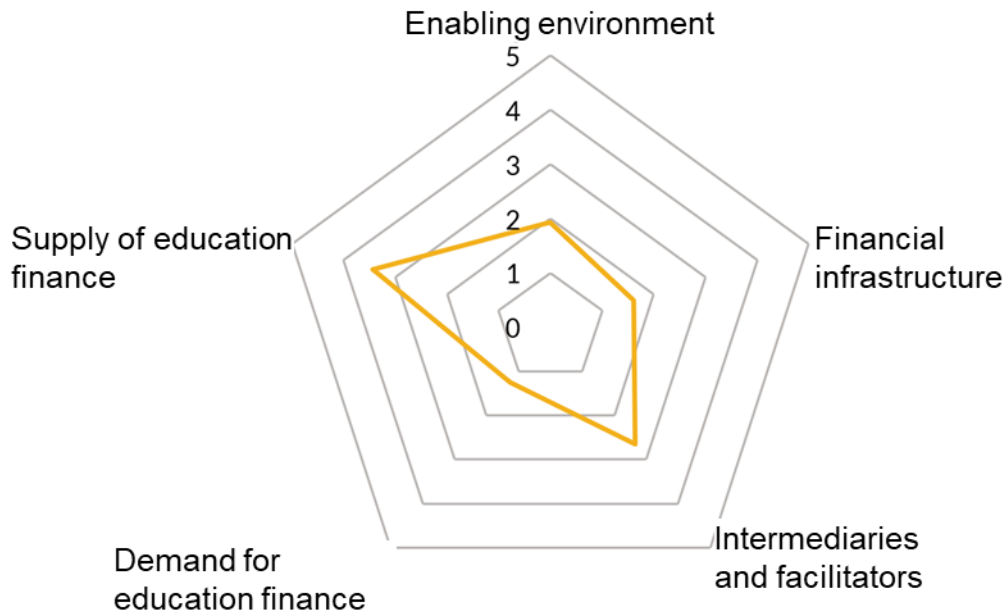
² Refer to Annex for full list of data sources and key terms.

Figure 1: Five-point framework



The report builds into the results from the five-point framework diagnostic tool which indicates that Haiti has strong finance providers and facilitators and disrupters, and a relatively weak enabling environment, financial infrastructure, and finance seekers.

Figure 2: Five-point framework spiderweb



Note: Closer to the perimeter indicates relative strength; closer to center indicates possible obstacle to private sector growth

I.3. KEY FINDINGS

- **Haiti's educational system is underperforming in terms of access and quality.** Haiti is falling short across the board in terms of access to education, especially at the secondary level. Academic quality is severely underperforming despite improvements in literacy in the last decade, but remain poor compared to peers in the region
- **Haiti's regulatory approach towards non-state schools enables them to increase educational access.** Non-state education is not only legal in Haiti, but also promoted by the government as a tool to expand the reach of the education sector. Several laws promote non-state education and multiple government agencies have been created to facilitate international investment in education
- **More than 80% of educational institutions are non-state.** Non-state education in Haiti varies widely in price and quality tiers. The best examples of high quality, low price education institutions in Haiti are Catholic schools, which have a national reputation for their academic results
- **Nearly all stakeholders in the non-state education sector in Haiti expressed serious financial concerns.** For example, securing predictable and consistent cash flows can be difficult for Haitian non-state schools given their reliance on international financing
- **Parents, teachers, and institutions are driving the demand for education financing in Haiti, which is currently unmet by traditional financial institutions.** There is an estimated demand for school improvement loans of USD 12m and USD 15m for school fee loans. Also, the demand for financing from ancillary services and other education-related enterprises is estimated at around USD 7m
- **COVID-19 safety measures implemented ahead of school re-openings have put extra pressure on the schools' tight budgets after being closed for several months.** In response to COVID-19, educational institutions in Haiti have installed new equipment, like handwashing stations and technology to provide a virtual/hybrid education. Without enough time to procure loans ahead of this transition, schools have attempted to cover budget shortfalls by raising their fees
- **The financial system in Haiti does not understand or prioritize the non-state educational sector.** Financial institutions generally do not offer customized products to non-state schools or families whose children attend them; instead, they are offered generic SME and personal consumption loans, respectively
- **In Haiti, the top banks (Unibank, Sogebank, Banque National de Credit) stand out as the most attractive potential partners by far.** The top three banks in the country own 82% of the assets of the formal financial sector, with the remaining four institutions holding only 18%. In addition, Sogebank and Banque National de Credit already have education-focused financial products
- **Haiti's financial markets are at a very early stage.** More than half of the population is unbanked and more than 75% of the country lacks a financial access point. Some Haitians must walk long distances to reach a financial access point. Access is therefore a key weakness of the formal financing system
- **Mobile money is gradually filling the accessibility gap in Haiti's financial markets.** Only 15% of the population has used this type of service, but 40% of those who use mobile money in Haiti don't have a bank account, meaning that these solutions are already increasing Haitians' financial freedom. Mobile money options are slowly bridging the gap between the financial market and the rural population in Haiti

- **There are 4 main opportunities for blended finance to catalyze funds in the non-state educational sector:**
 - **Results-based financing instruments** to scale the impact of teacher training programs in collaboration with organizations that have designed effective teacher training programs, such as Digicel Group, which will expand the pool of qualified teachers in Haiti and thus improve the quality of education in the country
 - **Providing technical assistance to financial institutions** like Sogebank to support their development of tailored financial products for the education sector, such as infrastructure loans to finance the expansion of schools with steady cash flows and a strong educational value proposition, a type of product with which financial institutions in Haiti have limited experience
 - **Developing a guarantee fund** to support financial institutions such as the *Banque de la Republique d'Haiti* in providing access to capital to actors in the education ecosystem in Haiti, such as non-state schools, by reducing the downside risk of the financial products through a guarantee provision, which would result in lower interest rates for borrowers
 - **A design-stage grant** as that can support an ed-tech company like Blue Butterfly to obtain proof of concept for innovative ed-tech programs or products to accelerate their growth and expand their reach, thus delivering value for Haiti's education sector and supporting its development in targeted ways.

2. ENABLING CONDITIONS

2.1. NATIONAL CONTEXT



Year of independence: 1804

Population: 11.12M

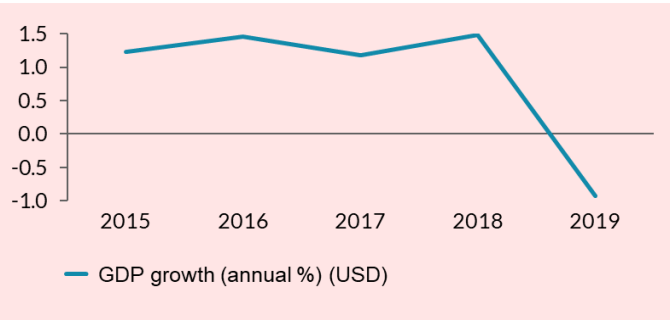


GDP size: 20.7 B USD

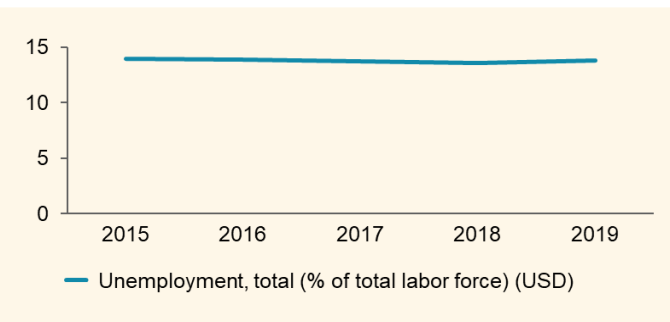


Capital: Port-au-Prince

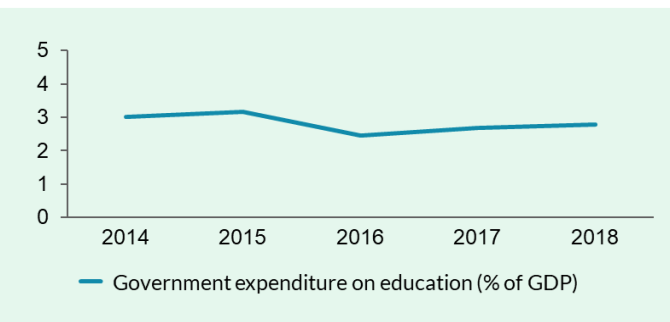
Macroeconomics	
2015-2019 Economic growth	0.88% (WB WDI data)
COVID-19 impact on GDP (2020)	-3.1% (WB WDI data)
2021 predicted growth	2.1% (WBG)



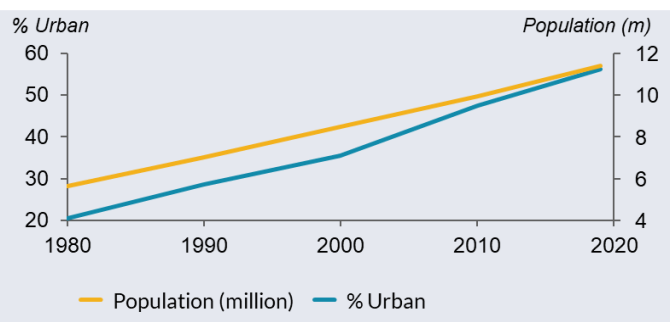
Market Conditions	
Unemployment rate (2019)	13.78% (ILO)
Inflation rate (2019)	17.35% (IMF)
Ease of doing business score (2019)	Score: 40.7 Ranking: 179/190



Social Conditions	
Poverty ratio at \$3.20 per day (2012)	50.3% (WBG)
Literacy rate (2019)	61.69% (WB WDI data)
Edu. expenditure (as % of 2018 GDP)	2.78% (WB WDI data)



Demographics	
Language (2011)	Haitian Creole; less than 10% speak French
Urban population (2019)	56.2% (WBG)
Female population (2020)	50.66% (WB WDI data)



Haiti is a small country that shares the island of Hispaniola with the Dominican Republic in the Caribbean. Haiti has 11 million people of which 95% are Afro-descendants and 5% are mixed or European ancestry. Haiti has two official languages, French and Haitian Creole, and a large Christian population. It is the poorest³ country in the Western Hemisphere and the only one in the continent considered a Low-Income Country (LIC)⁴ by the World Bank. Most of its economic power and wealth concentrates in a small number of elites in urban centers⁵, inaccessible to the country's rural population. 70%⁶ of the rural population in Haiti is considered to be living in extreme poverty.

More than half of its population, 56%⁷, live in urban areas that constitute only 2%⁸ of the country. The remaining 44% of the population live in rural areas, most of them, mountains. The big leap in urbanization occurred between 2010 and 2015,⁹ when the percentage of urban Haitians surpassed the rural population. With a life expectancy of 65¹⁰ years, Haiti has a very young population with a median age of 23,¹¹ second in the region behind only Guatemala which has a median age of 23. Haiti's fertility rate is still high compared to the region, which averages 2.9¹² births per woman, it quickly declined from 6¹³ births per woman in 1985 to 3¹⁴ in 2020. Finally, the country's Gini coefficient – the index that measures economic inequality in a country – fell from 59.2 in 2000 to 41.1 in 2017, i.e., inequality in Haiti has been substantially reduced.¹⁵

This change is happening in the shadow of Haiti's recent history under the dictatorships of the Duvalier dynasty. From 1957 to 1986, self-proclaimed presidents Francois and Jean Claude Duvalier, father and son ruled until 1971 and 1986, respectively. They disbanded the military and established a secret service to maintain order. Their strong anti-communist stance won them the appreciation of international actors and organizations.¹⁶

Economic growth in Haiti is better understood in the context of the natural disaster that occurred in 2010. At the beginning of the decade, an earthquake struck Haiti, devastating the entire country - including the economy, which declined by -5.5%. The following year, with the help of several financial aids, the economy grew 5.5%, and for the following 3 years, the economy continued growing between 2.8% and 4.3%. Finally, from 2015 onward, economic growth decreased between 1.2% and 1.5% of GDP.¹⁷ As mentioned above, this growth has coincided with a fall in economic inequality in the country. Its impact of this growth on poverty cannot be measured since the latest official poverty estimate by the World Bank was made in 2012.¹⁸

Haiti's economy has been undermined during the last decade by several economic, political, and natural factors. Natural disasters (i.e., 2010 earthquake and 2016 Hurricane Matthew) have had the largest impact on the economy. Killing¹⁹ hundreds of thousands of people and displacing

³ [World Bank, 2020](#)

⁴ [World Bank, n.d.](#)

⁵ [World Bank, 2014](#)

⁶ [World Bank, 2014](#)

⁷ [DHS, 2017](#)

⁸ [DHS, 2017](#)

⁹ [WORLDOMETER, n.d.](#)

¹⁰ [WORLDOMETER, n.d.](#)

¹¹ [Statista, n.d.](#)

¹² [World Bank, n.d.](#)

¹³ [WORLDOMETER, n.d.](#)

¹⁴ [WORLDOMETER, n.d.](#)

¹⁵ [Statista, 2017](#)

¹⁶ [Cnn, 2017](#)

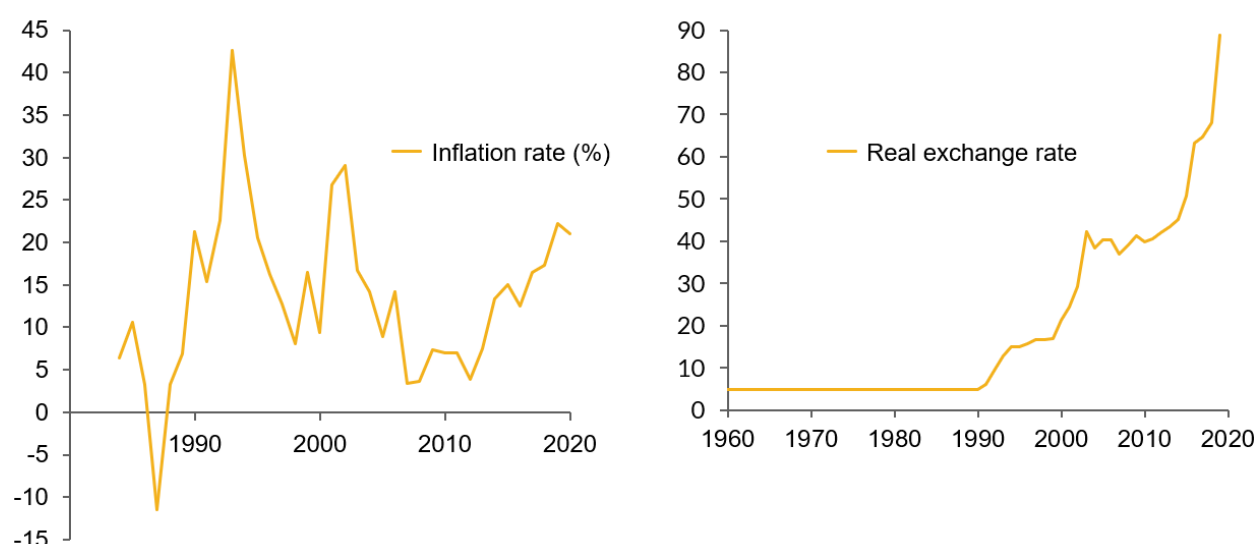
¹⁷ [Economics, 2018](#)

¹⁸ [World Bank, 2020](#)

¹⁹ [Corps, 2015](#)

more than 1.5 million to makeshift tent camps, these disasters affected the whole economic ecosystem. The subsequent elevated 20%²⁰ inflation rates hindered the ability of financial institutions to lend profitably. Finally, political unrest in recent years put the country under political lockdowns²¹ during which Haitians refused to operate schools, banks, and stores, paralyzing the economy as a protest against the government; the most recent lockdown marked a GDP decrease of -0.9% in 2019,²² and the real impact of the current crisis – COVID-19 – is yet to be measured.

Figure 3: Haiti Real Inflation Rate and Real Exchange Rate²³



2021 will also be a challenging economic year for Haiti. COVID-19's impact on the economy is expected to trigger a GDP contraction of 3% in 2020, according to the World Bank.²⁴ Also, remittance flows are expected to decrease 14%,²⁵ which will affect the 22% of Haitians who report receiving remittances to pay for basic expenses.²⁶

Table 1: Ease of Doing Business Ranking Haiti 2020

Doing Business metric	LAC ranking (out of 32)	Global ranking (out of 190)
Ease of starting a business	31	189
Dealing with construction permits	32	179
Getting electricity	30	145
Registering property	31	182
Getting credit	21	144

²⁰ [World Bank, n.d.](#)

²¹ [ReliefWeb, 2020](#)

²² [World Bank, n.d.](#)

²³ [Economics, 2020](#)

²⁴ [World Bank, 2020](#)

²⁵ [World Bank, 2020](#)

²⁶ [World Bank, 2019](#)

Protecting minority investors	32	183
Paying taxes	22	149
Trading across borders	11	85
Enforcing contracts	22	127
Resolving insolvency	29	168

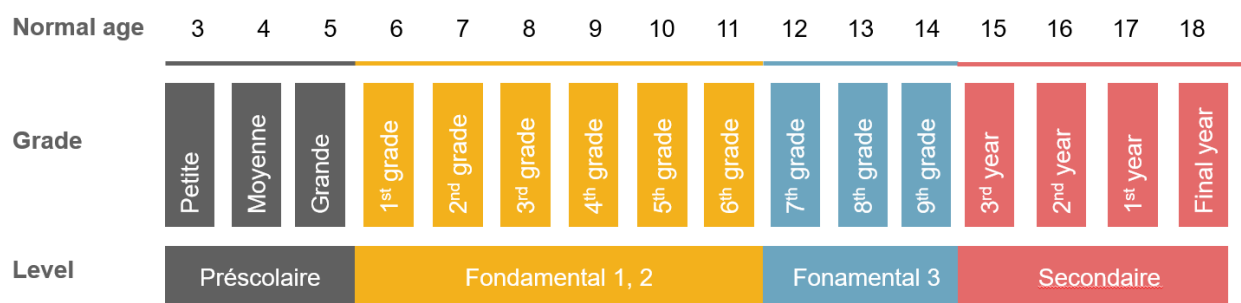
Table 2: Haiti Key Economic Metrics 2015-2019

Key economic metrics	2015	2016	2017	2018	2019
GDP growth rate	1.2	1.5	1.2	1.5	no data
Public debt to GDP ratio	30.3	33.7	31	33.3	no data
Benchmark interest rate	12.5	13.33	11.5	12.5	10.5
Exchange rate	50.24	62.54	63.92	67.05	88.97
YOY change in imports	-5.9	7.7	13.7	23.9	no data
YOY change in exports	6.6	-2.8	-0.3	8.7	no data
Inflation rate	12.5	14.3	13.3	15.1	no data
Employment rate	no data	no data	no data	no data	no data
Public spending	no data	no data	no data	no data	no data
Tax revenue	no data	no data	no data	no data	no data

2.2. OVERVIEW OF THE EDUCATION SECTOR

The education sector in Haiti follows the French system. Following the structure of the French educational system, it is divided into *Préscolaire*, “*Fondamental 1 et 2, Fondamental 3* and *Secondaire*. Initial education (*Préscolaire*) includes 3 grades for students aged 3-5 years. Primary education, (*Fondamental 1 et 2,*) covers 6 grade levels, split into two cycles; the first cycle is 4 years and the second is 2 years. These stages, *Préscolaire, Fondamental 1,* and *Fondamental 2* – are the only compulsory education cycles in Haiti. They are followed by a *Fondamental 3*, a 3-year period that targets students aged 12-14 years. Finally, students from the aged 15-18 years attend *Secondaire*, which accounts for the last 4 years of education. During this stage, grade years are counted backwards, beginning with Third Year and concluding with Final Year. Interviews with Haitian school directors have revealed a significant dropout cliff before finishing the last year of *Fondamental 1*. According to them, students who fail to learn how to read and write in the earlier years of their education will begin to struggle in school at this stage and choose to drop out rather than continue their education.

Figure 4: Structure of the Haitian Education System



Education in Haiti is governed by the Ministry of National Education and Vocational Training (MENFP, by its French acronym). The MENFP has 3 mechanisms to supervise different aspects of the schools. The Direction of Support to the Private Education and Partnerships (DAEP in French) is the division that regulates non-state educational institutions by managing administrative responsibilities such as licensing. Once schools are licensed, regional inspectors visit schools to verify that the education being provided adheres to the national curriculum. Finally, there is a Pedagogic Council that guides school administrators and teachers to follow the curriculum. Interviews with school directors revealed that inspectors have to visit schools at least once per year, but they often fail to meet this objective; in some cases, inspectors can spend as much as 5 years without visiting some institutions. In addition, an entity within the MENFP called the National Office for Partnership in Education (ONAPE in French), facilitates communication between the Ministry and non-state partners in the education sector.²⁷

The 3 main types of schools in Haiti are: public, private, and private subsidized. Public schools are publicly funded, and managed, private schools are privately funded and managed, and subsidized schools are publicly funded and privately managed. This report will use the 3 main divisions enlisted above.

There are many other possible subdivisions and categorization options. For example, Catholic schools – which have existed in Haiti since the mid-1800’s when President Boyer gave the Catholic Church complete freedom to come to Haiti and provide education services – can be divided into the following categories²⁸:

- **Presbyteral:** They are affiliated with a parish and a pastor, and in many cases are located within the church building. Presbytérale schools are further divided into three subcategories: traditional presbytérale (funded by the community parish), congregational (management has been “sub-contracted” to a religious congregation), and national (funded by the government)
- **Congregational:** As the name implies, are affiliated with a religious congregation. There are two types of congregational schools: public (receive government funding) and private
- **Autonomous:** Funded and managed privately while also preparing children for religious sacraments and teaching catechesis.

²⁷ [Moniteur, 2007](#)

²⁸ [ACE, 2012](#)

2.2.1. REGULATORY BACKGROUND

After signing several international agreements such as the human rights-focused Pact of San José in the 1970s,²⁹ Haiti's subsequent Constitution sought to establish access to education as a priority. Article 32 of the 1987 Constitution describes the State view of the state on education.³⁰ It stipulates that: a) Haitians have the right to a free State education, b) primary school is compulsory, and learning material for this segment should be supplied free of charge, c) preschool is encouraged, d) private education should attain massive education, and e) private initiatives should participate in strengthening the country's literacy campaign. Even though non-state educational institutions have been legal in Haiti since 1974³¹, the country's 1985 Constitution reaffirmed their role in the Haitian educational system. Furthermore, a law passed in August 2017 broadens this arrangement, including national- and international-partnerships as possible sources for educational financing.³² Furthermore, this same law specifies that the government may subscribe to contracts with national or international financial institutions to finance education³³.

2.2.2. TARGETS OF THE EDUCATION SECTOR

Haiti has set ambitious goals to improve its educational system. In 2012, Haiti launched the Strategic Development Plan for 2030 (*Plan Stratégique de Développement d'Haïti* in French)³⁴ to revitalize the country in the wake of the 2010 earthquake. The main goal of the plan was to reach the emerging country status by the year 2030. The plan covered 4 areas: urban renovation (e.g., transport and electricity), economic deepening through industrial development, institutional strengthening aimed at modernizing the country's central administration, and social investment, with a focus on the education sector, and in particular increasing access to preschool and primary education while developing tertiary and technical schools.

CASE STUDY: LOUVERTURE SCHOOL

Contributing to strengthen the future of Haiti

Louverture school is a 100% free boarding high school supported by donors. ³⁵The school was established in 1987 by the St. Joseph's Parish in Rhode Island, to qualify for this high school good grades and a verified economic need are required.

Louverture's has achieved excellent results in terms of the quality of education provided. Since it is a boarding school, children don't have any unnecessary distractions such as worrying about transportation time and security. All their needs such as nutrition, uniforms, and sleeping facilities are provided. Former students become school teachers reinforcing the quality on the education. This is demonstrated by their passing rate of 99%³⁶ in the national exams and the fact that 88%³⁷ of the Louverture School's alumni go to university, in comparison to 2% nationwide. Their alumni post-university income is over 10³⁸ times more than the National Per Capita Income of Haiti.

²⁹ [CIDH, n.d.](#)

³⁰ [Constitution, 1987](#)

³¹ [Decree of September 11](#)

³² [Moniteur, 2017](#)

³³ Chapter III, Article 24, Section F

³⁴ [UNDP, 2012](#)

³⁵ 65% individuals, 30% organizations (Corporations, Foundations, Grants), 5% Parishes, 1% Schools.

³⁶ [Project, n.d.](#)

³⁷ [Project, n.d.](#)

³⁸ [Project, n.d.](#)

'The Haitian Project' aims to build a network of ten schools. The goal is to have one in each governmental department of Haiti, making it possible for bright students in economic need to attain quality education and give back to the country. As their school motto says: "What you receive for free, you must give for free" the community of alumni is strong in providing social service, giving back to their school, and in building a new country. The Haitian Project reports that 90%³⁹ of the school graduates continue living and working in Haiti after university.

Haiti has made progress towards these goals since the implementation of the 2012 development plan. The biggest indicator of success was Haiti's increase in its primary school net enrollment rate from 77% in 2012⁴⁰ to 84% in 2017.⁴¹ At the secondary school level, the net enrollment rate increased from 25% in 2012 to 46% in 2017. However, some aspects of this plan, such as increasing school attendance, improving quality and access to school cafeterias, and establishing accelerated studies for overaged students, are still lagging behind their targets. In addition to the 2012 development plan, the *MENFP* is working on developing a national distance education strategy with support from technical and financial partners and the adoption of Ed-Tech solutions. This is an important step in developing a coherent vision and action plan for improvement. Moreover, the *MENFP* has provided supplemental digital learning services, ranging from reading to exam preparation, which are described in the table below (there is no information about the relative market share of these companies).

Table 3: Digital Platforms Details⁴² (non-exhaustive)

Name	Description	Target	Content	Language	Cost (\$ USD)
Pr@tic ⁴³	Content includes math, science, and French language videos, documents, and lessons according to the curriculum for each grade	Teachers and students in fundamental 1, 2, and 3	Videos	French and creole	Free
Lakou Kajou	Lakou Kajou is a partnership with Blue butterfly and Alliance for Catholic Education. They produce videos about Haitian history, geography, and civics. Lakou Kajou also has partnerships with other organizations (e.g., IDB) and produces content especially geared towards early childhood	Students (ages 3 to 6) and parents	Videos	Creole	Free
Retel	Retel is a private company that works with MENFP and produces and prints pedagogical content	Teachers and schools	Digital platform	French	Fee not specified
ExamO	ExamO is a private company that works with MENFP providing a platform for training for national school exams	Students in the final grades of schools	Digital platform	French	\$15 per year
Lekol	Lekol is a private company that works with MENFP, they offer Computer skills teaching platform	Schools and teachers	Digital platform	French	Fee not specified

³⁹ Project, n.d.

⁴⁰ Haiti, 2013

⁴¹ DHS, 2017

⁴² MENFP, n.d.

⁴³ Pr@ctic is not a digital learning platform, rather a resource platform.

MIT-Ayiti	MIT-Ayiti is a collaborative program between MIT University in USA and the MENFP, they offer Interactive pedagogy in STEM	Teachers and students of all ages	Digital content	Creole	Free
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Due to the low internet access in the country, other digital solutions have emerged. These include radio and television. Interactive radio has been one of the most prevalent solutions. There have been many interactive radio programs, such as FONHEP interactive radio for teacher training and MENFP financed interactive radio programs with the Education Development Center. Moreover, the MENFP has financed a large number of class videos for diffusion on the national education television channels.

USAID’s total assistance in Haiti since 2011 has risen to \$1.8 billion USD, in line with USAID’s growing focus on the country. ⁴⁴ The 2018-2020⁴⁵ USAID’s strategic framework for Haiti outlined the Mission’s goal of improving job prospects and countering crime through a continued strengthening of the education system in the country. To this end, USAID and Haiti will focus on designing the country’s new grade 1-4 French/Creole curriculum, improving early grade reading skills, strengthening GOH management and governance of basic education, and supporting access to educational opportunities for disadvantaged children and youth. Moreover, USAID has already been offering support to Haiti’s education system in the form of several programs that range from nutrition programs in schools,⁴⁶ to textbooks⁴⁷ to teacher training.⁴⁸

2.2.3. DISTRIBUTION BY LEVEL AND TYPE OF INSTITUTION

Non-state education is dominant in Haiti. Non-state institutions represent more than 80%⁴⁹ of all schools in Haiti. The number of schools is growing, increasing from ~13,000⁵⁰ in 2012 to 17,700⁵¹ in 2020. Likewise, non-state institutions capture a correspondingly high share of the student population: 75% of students in Haiti attend non-state schools.⁵² This level of participation in the non-state education sector is an anomaly in the LAC region, where an average of 20% of students is enrolled in non-state schools.⁵³

Table 4: School Ownership⁵⁴

Type of school	Private	Public
Protestant church Schools	36%	N.A.
Catholic church schools	31%	N.A.
Secular schools	33%	N.A.
Total amount of schools	15,753 (89%)	1,947 (11%)

⁴⁴ [Embassy, 2020](#)

⁴⁵ [USAID, 2018](#)

⁴⁶ [USAID, 2018](#)

⁴⁷ [USAID, 2017](#)

⁴⁸ [USAID, 2017](#)

⁴⁹ [Caribbean, 2014](#)

⁵⁰ [UNICEF, 2020](#)

⁵¹ [UNESCO, 2020](#)

⁵² [UNICEF, 2020](#)

⁵³ [CIMA, 2017](#)

⁵⁴ [Caribbean, 2014](#)

Several enrollment trends endure across school types. Across public, private, and subsidized schools, there is a sharp dropout cliff after the conclusion of *Fondamental 2*; this is likely explained by the fact that education beyond *Fondamental 2* is not compulsory. Moreover, across nearly all grade levels and types of institutions, girls are enrolled at a very similar rate than boys. In some educational segments, such as private schools, the total enrollment is 50% boys, 50% girls.

Table 5: Number of Students by Type of School, Level, and Gender 2018⁵⁵

Type of school	Gender	Précolaire	Fondamental 1 & 2	Fondamental 3	Secondaire	Total
Public	Male	20,364	301,478	79,870	60,119	461,832 (53%)
	Female	20,725	281,765	78,476	35,490	416,458 (47%)
	Subtotal	41,090	583,244	158,347	95,610	878,291
Private	Male	316,730	1,034,349	97,070	71,611	1,519,762 (50%)
	Female	315,339	1,007,801	103,654	87,208	1,514,003 (50%)
	Subtotal	632,070	2,042,151	200,725	158,820	3,033,766
Total		673,160	2,625,395	359,072	254,430	3,912,057

2.2.4. QUALITY OF EDUCATION

The most significant quality indicator in Haiti's education is the literacy rate. Even though it is the lowest in the region (regional average: 94%⁵⁶), literacy has been showing a consistent improvement since the 1980s. In a 2017 national census⁵⁷, the literacy rate was 83%⁵⁸ for ages between 15 and 24 years, and 61%⁵⁹ for Haitians aged 15 and older. Other possible quality indicators in Haitian schools include the rate of grade repetition (11%), the dropout rate of primary education (4%), and the national exam pass rate (45%).⁶⁰

The Haitian education system also fails to address the unique and complex needs of its constituents to educate in French and Creole. Article 5 of Haiti's Constitution states: "The Creole and the French are the official languages of the Republic."⁶¹ 95%⁶² of the population is fluent in Creole while only 5% is fluent in French. Nevertheless, interviews with experts in Haiti reveal that most major academic courses, including reading, writing, and math, are taught in French even to students whose first language is Creole and have extremely limited exposure to French. This makes it difficult for these students to develop a connection between what they learn in school and their experiences at

⁵⁵ MENFP, 2020.

⁵⁶ World Bank, 2019

⁵⁷ DHS, 2017

⁵⁸ DHS, 2017

⁵⁹ DHS, 2017

⁶⁰ UNESCO, 2020

⁶¹ Constitution, 1987

⁶² MIT, n.d.

home. Several programs such as MIT-HAITI⁶³, ACE,⁶⁴ and EFA⁶⁵ have sought to minimize this gap by developing teaching formats in Creole and making Creole education accessible to teachers and students.

CASE STUDY: MATENWA

A conversation with the community

In 2010, a new model of education was born in Gonav Island. Chris Low and Abner Sauveur two educators with more than 20 years of experience in the education sector, set on to establish Matenwa school with the aim to build it with the community from scratch. The school funding is a mix of international donors and school fees paid by parents. The founders identified the critical need to listen to the community. Since 95% of the Haitians speak Creole, they chose this as their primary language (Students in secondary school learn French and English).

Matenwa started as a primary school and now provides education up to 12th grade. The community asked for arts and music, and the school searched for a way to provide instruments and classes. The children also express their needs by establishing ground rules with their teachers at the start of the school year. Matenwa also aligns with the reality of the community by building an organic garden and teaching children how to work leveraging natural resources. Matenwa listens and works to support parents. When they are not able to pay school yearly fees (US\$23)⁶⁶, they have other payment options such as working hours in the garden or paying with donkey poop to fertilize the garden.

This conversation with the communities has faced two main challenges in education. First, the deficiency in textbooks written in Creole to teach children in their own language. In order to solve this, Matenwa runs a program where kids write their own books along with their teachers, they design the story, write it, illustrate it, and translate it (to French, English), each task according to the school grade. With the help of USAID All children reading program⁶⁷, Matenwa was able to print these books and build a library. These books are reprinted and shared with other schools for the price of US\$350⁶⁸ for a mother tongue per library.

The second main challenge was the availability of trained teachers or teacher training programs. Matenwa addressed this by designing and implementing its own teacher and administrative training for schools. Their goal is to train all 240 schools on Gonave island, so far, Matenwa has already reached 25%⁶⁹ of this target. The training program is a 2 to 3 year program where not only basic academic, teaching and managerial skills are taught, but the whole communication with the community process is taught and followed up. The price for training a school is US\$6,000 per year, in order to attain the goal Matenwa is constantly seeking for grants and international donations.

⁶³ MIT, n.d.

⁶⁴ ACE, 2012

⁶⁵ World Bank, 2018

⁶⁶ As narrated by School directors

⁶⁷ USAID, 2012

⁶⁸ Matenwa

⁶⁹ As narrated by School directors

2.2.5. REQUIREMENTS FOR SCHOOLS

MENFP has two main goals, providing education and establishing norms and regulations for educational institutions. The main tools⁷⁰ it can leverage to reach these goals are national education budget planning, education financing, regulation and policy enforcement, and the quality assurance system. This system is the set of quality standard tools (i.e., standards for infrastructure, water and sanitation, leadership, pedagogy, and others) that serves to support schools in improving their quality on five quality dimensions as well as eventually serve as an accreditation tool for the non-public sector. The involvement⁷¹ of the Ministry in non-state schools may vary depending on the type of institution (primary, secondary), the type of funding (subsidized, completely private), and the proximity to capital. School fees are governed by a law⁷² (*Loi Sur les Frais Scolaires* in French) ratified in 2017, capping the incremental increase of school fees to a maximum of 10% every 4 years.

MENFP disseminates the minimum requirements for setting up schools, including both public and private institutions across different education levels. The MENFP has established the physical requirements, including water and sanitation regulations, needed for schools to operate.⁷³ In addition, *MENFP* regulates schools and teachers through a licensing process. According to school directors in the country, the requirements for this license “are only met if the school has already been operational for several years.”⁷⁴ Therefore, nearly 80% of these schools operate without certification or licensing to teach children.⁷⁵

2.3. NON-STATE EDUCATION IN HAITI

2.3.1. REGULATORY BACKGROUND FOR NON-STATE EDUCATION

Haiti’s regulatory approach supports non-state schools to increase the reach of the educational system. Non-public education is promoted by several laws and institutions. The first decree that legally permitted non-state schools was passed in 1974.⁷⁶ Subsequently, Haiti’s 1985 Constitution stipulated that non-state education was to be promoted alongside private initiatives in pursuit of widespread literacy. In 2007, the *MENFP* established an institution to facilitate communication between the Ministry and non-state partners in the education sector named ONAPE⁷⁷ (National Office for Partnership in Education by its French acronym).

The *MENFP* recently sign a memorandum of understanding (MOU) to support the catholic school network. On October 13, 2020, the *MENFP* signed a MOU with the Episcopal Conference of Haiti. This accord indicates a re-engagement on the part of the *MENFP* to financially support, provide textbooks and school materials, and to improve the management of Catholic and Presbyterian schools in remote, vulnerable, and marginalized communities. An executive committee with four representatives, two from each party, will be established to define and monitor the implementation of the objectives, the responsibilities of each institution, the action plan, and the projects. The *MENFP* will allocate funds directly to the Episcopal Commission for Catholic Education, the executing arm of the Episcopal Conference of Haiti. This MOU goes into effect as of the 2020-2021 academic year for three years and is renewable if an impact evaluation is completed.

⁷⁰ [USIP, 2010](#)

⁷¹ As narrated by School directors

⁷² [Nouvelliste, 2017](#)

⁷³ [World Bank, 2016](#)

⁷⁴ As narrated by School directors

⁷⁵ [Center P, 2010](#)

⁷⁶ [Decree of September 11](#)

⁷⁷ [Moniteur, 2007](#)

2.3.2. ASSOCIATIONS OF NON-STATE INSTITUTIONS

Non-state educational institutions are organized in associations. These associations allow non-state schools to make decisions together, which helps them gain visibility within the Ministry's activity and preferences. Moreover, these associations make it easier for non-state schools to communicate and bargain with the *MENFP*, leveraging collective power. In addition, there is also a collective of school associations called *COSPE* (Consortium of Organizations of the Private Education Sector, by its French acronym), which enable several associations to meet and have a voice in the development of policies relevant to private education. The school associations with higher memberships are the religious ones like *Fédération des Écoles Protestantes d' Haiti* with more than 3,000⁷⁸ members, and the *Commission Episcopale pour l'Education Catholique* with 2,227⁷⁹ members.

2.3.3. QUALITY OF NON-STATE EDUCATION

Since more than 80% of the educational institutions in Haiti are non-state, the overall quality of education mainly reflects the quality of the non-state sector. Disaggregated data on the pass rate of the national exam is not publicized on a by-institution basis, but instead is collected by region based on exam-passage rates. This undermines the ability of parents and outside organizations to make informed decisions about education. Although schools have access to information about their pass-fail rates for national exams, as well as dropout and grade repeating rates, they frequently withhold such information, contributing to the lack of data on the quality of education in Haiti.

However, learning assessment tools have been used to compare public and non-public schools, showing no significant difference in learning outcomes by type of schools. There have been numerous learning assessment tools applied in the country, such as the Literacy and Numeracy Assessment (LaNA), the Early Grade Mathematics Assessment. (EGMA), and the Early Grade Reading Assessment (EGRA), which show that there is no significant difference in learning outcomes between public and non-public schools. The results from these assessment tools are not broadly disseminated in the country. In addition, is not mandatory for schools and are not applied on yearly basis.

2.3.4. DEMAND FOR NON-STATE EDUCATION

The demand for K-12 education in Haiti has increased in recent decades. Two factors drive this: 1) population growth: the population between 0-19 years has increased from 2 million⁸⁰ in 1960 to nearly 5 million⁸¹ in 2020, and 2) rising net enrollment rates in the last decade: school net enrollment rate for primary schools grew from an average of 50%⁸² in 2012 to 85%⁸³ in 2016-2017.

After several generations of high birth rates, Haiti's population growth is finally decelerating. Haiti's birth rate fell from 39 per 1,000 people in 1970 to 24 per 1,000 people in 2018⁸⁴. This trend has direct implications for the education sector: while the Haitian school-aged population (aged 0-19. years) was nearly 50% of the country's population in 1960, its share of the population has fallen to 42% in 2020. The absolute number of school-aged children is expected to peak in 2030, and the relative size of the group will continue shrinking and predicted to fall to almost 20% by 2100.⁸⁵

⁷⁸ [Cospe, 2012](#)

⁷⁹ [Cospe, 2012](#)

⁸⁰ [UN, 2020](#)

⁸¹ [UN, 2020](#)

⁸² [Worldometer.n.d.](#)

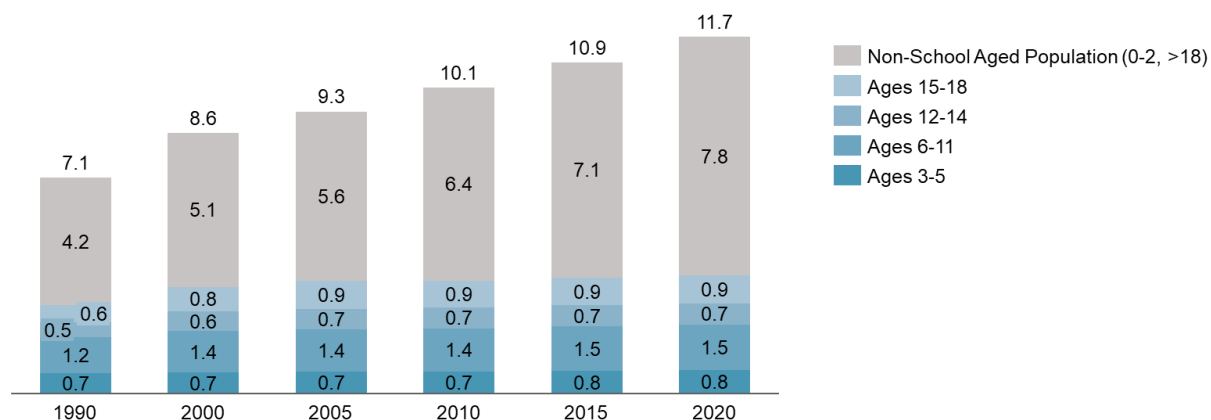
⁸³ [DHS, 2017](#)

⁸⁴ [Population Pyramid.n.d.](#)

⁸⁵ [Population Pyramid.n.d.](#)

The enrollment rate in Haiti varies by level of education, gender, and geographical location. For instance, as of 2016/2017, the primary school net enrollment rate was 80%⁸⁶ in rural areas and 91%⁸⁷ in urban areas. Within primary school-aged children (aged 6-11 years), 85%⁸⁸ of girls are enrolled, compared to 83%⁸⁹ of boys. The primary school gross enrollment rate is 136%⁹⁰. This inconsistency is explained by the country’s high over-age student population (a phenomenon called “Surâgés”). In this situation, children drop out of school because they cannot afford it or because they are engaged in child labor (34% of children aged 7-14 years combine work and school); some students then return to school after a period of non-attendance to complete their primary education. This results in some students over 16 years attending primary schools. At the secondary level, the gross school net enrollment rate is 36% in rural areas compared to 61%⁹¹ in the urban areas. Among secondary school-aged students, the rate of female net enrollment is higher (51%)⁹² than male students (46%).⁹³

Figure 5: School-Aged Population and total population⁹⁴



The increasing enrollment rate in Haiti may be explained by a rising income in the country, which could be contributing to a greater ability to pay for private education as public education is not broadly available. From 2000 to 2019, Haiti’s GDP⁹⁵ per capita grew from USD499 to USD754 USD. Moreover, this growth has been distributed equitably: between 2015 and 2017, the country’s Gini⁹⁶ coefficient, a metric which reveals the severity of income inequality in a country, fell from 60.8 to 41.1. This means that likely lower- and middle-income Haitians have become more capable of paying for education. However, the literature on the matter has not explored Haitians’ evolving willingness to pay for education.

Despite increasing enrollment rates, parents still think of education as one of multiple options for their children. Even though education is compulsory⁹⁷ in Haiti, this does not translate into high demand. Parents consider education as just one option for their children. 34%⁹⁸ of children combine school and agricultural work, dropping out and reentering school after a period of time. This

⁸⁶ DHS, 2017
⁸⁷ DHS, 2017
⁸⁸ DHS, 2017
⁸⁹ DHS, 2017
⁹⁰ DHS, 2017
⁹¹ DHS, 2017
⁹² DHS, 2017
⁹³ DHS, 2017
⁹⁴ World Bank, 2020
⁹⁵ World Bank, n.d.
⁹⁶ Statista, n.d.
⁹⁷ World Bank, 2012
⁹⁸ LABOR, 2019

leads to many over-age children attending primary school. This is reflected in Haiti's gross primary school enrollment rate, which is 136%.⁹⁹ Overall, only 6%¹⁰⁰ of the population (male/female) has completed primary education.

CASE STUDY: ECOLE NOUVELLE ZORANJE

Mixed funding for better quality

Max Pénette¹⁰¹ started the Ecole Nouvelle Zoranje in 2010 offering education for children displaced by the earthquake. With the help of several partners¹⁰², they built a formal building establishing the school in a community where displaced children had been relocated. In 2020, this primary school has 650¹⁰³ students and a teacher training center. Given its strong focus on academic results, their alumni are consistently accepted in the most prestigious high school institutions of the country.

The Ecole Nouvelle Zoranje operates with mixed funding to maintain this high quality in education. The help from donors helps to train and support good teacher salaries. Also, programs such as arts, computer rooms, music, and sports are possible thanks to the donations. Students also have to pay a fee of approximately US\$45¹⁰⁴ per year. This fee usually is destined to help offset the cost of day to day operation expenses such as the cost water and the salaries of the security team. As a result of this mixed funding, the Ecole Nouvelle Zoranje is able to supply a high-quality education at a low price for students.

2.3.5. TEACHERS FOR NON-STATE EDUCATION

Haiti has a high student-teacher ratio compared to the regional average.¹⁰⁵ At the preschool level, Haiti's student-teacher ratio is 30:1.¹⁰⁶ According to interviews with school directors, this ratio can be as high as 50 students per teacher in late primary grades. School directors describe two main and interrelated challenges regarding teachers: first, there is a shortage of qualified teachers, and second, teachers are underpaid. "The teachers' salaries are low, making it attractive or even necessary for teachers to engage in additional income-generating activities, sometimes at the expense of the time spent teaching and learning their craft."¹⁰⁷ So, if teachers get trained but schools don't raise their salaries, teachers will pursue additional incomes, for example, by working in radio stations where their training in communications will be better paid.

2.3.6. COVID-19 IMPACT ON NON-STATE EDUCATION

Children in Haiti missed in total 115 days¹⁰⁸ in the 2019/2020 school year. The political lockdown in 2019 and the lockdown in response to COVID-19 together impacted the education sector. With only 40% of the population having access to a power source, distance learning initiatives such as

⁹⁹ [DHS, 2017](#)

¹⁰⁰ [DHS, 2017](#)

¹⁰¹ Max Pénette (iconic leader in education in Haiti) with his daughter and Daniel Kedar

¹⁰² The Coca Cola Foundation, W.K. Kellogg Foundation, Digicel Foundation, Baldwin Richardson Foods Co., Save the Children, The Kattan Brothers, Norwegian Government, The Horwitz Family Memorial Foundation, Inter-American Development Bank (IDB), Matpar, Ministry of Education and Professional Training (MENFP), Jewish Distribution Committee (JDC), All Hands and Hearts, Early Starters.

¹⁰³ As narrated by School directives

¹⁰⁴ As narrated by School directives

¹⁰⁵ According to CIMA, the student-teacher ratios of some peers are Nicaragua – 22; Guatemala – 22; Barbados – 13; and Argentina – 13.

¹⁰⁶ [CIMA, 2017](#)

¹⁰⁷ [FAFO, 2008](#)

¹⁰⁸ [IEI, 2020](#)

radio, television, and software have limited reach. An interview with a director of a school association revealed how they bought all the solar-powered radios available in the country for children to listen to educational programs over the radio. The safety measures implemented ahead of school re-openings have also put extra pressure on the schools' tight budgets. School directors have mentioned that some drivers of these new costs include hand washing stations, soap, masks, computers and guaranteed energy and internet connection for teachers.

2.4. SUMMARY

National context

- Economic growth in Haiti is better understood in the context of the natural disaster that occurred in 2010
- More than half of its population lives in the urban areas that constitute only 2%¹⁰⁹ of the territory
- Haiti's economy has been undermined during the last decade by several economic, political, and natural factors
- COVID-19's impact on the economy is expected to trigger a GDP contraction and remittance flows are predicted to decrease

Overview of the Education Sector

- Haiti's Constitution seeks to establish access to education as a government priority
- The biggest indicator of success in improving Haiti's education system can be seen in the increase of the country's primary school net enrollment rate from 2012 to 2017
- Primary school net enrollment rate increased from 77% in 2012 to 84% in 2017
- Secondary school net enrollment rate increased from 25% in 2012 to 46% in 2017
- Ed-Tech solutions have emerged as a key strategy to address the country's low educational coverage and the MENFP is developing a national distance education strategy
- Non-state education is dominant in Haiti: more than 80% of educational institutions in the education are private or subsidized
- School ownership in Haiti of non-state institutions is almost evenly distributed between protestant church schools (36%), catholic church schools (31%) and secular schools (33%)
- The Haitian education system fails to address the unique and complex needs of its constituents, such as appropriate teaching in Haitian Creole

Non-State Education in Haiti

- Haiti's regulatory approach supports non-state schools to increase increasing the reach of the education system
- The demand for K-12 education in Haiti has increased in recent decades
- The high cost of private education and the poor quality of the service overall make parents consider education an investment, one often not worth making
- Haiti has a high student-teacher ratio at the preschool level compared to the regional average
- Children in Haiti missed in total 115 days in the 2019/2020 school year due to COVID-19 and political unrest

¹⁰⁹ [DHS, 2017](#)

3. DEMAND FOR EDUCATION FINANCING

3.1. EDUCATIONAL INSTITUTIONS

3.1.1. LANDSCAPE AND SEGMENTATION OF NON-STATE EDUCATIONAL INSTITUTIONS

The non-state educational landscape is diverse, composed of a network of institutions with unique value propositions and operational models. The Brookings Institution¹¹⁰ analyzes educational institutions through two lenses: the type of education provider and the type of financing the institution receives. The type of education provider can fall into one of 3 categories: state, non-state not-for-profit, and non-state for-profit. The type of financing can either be public or private. In addition, schools can be further segmented by both, the quality of the education they provide as well as their overall cost of attendance, which can range from low-cost or subsidized to high-cost or market-rate.¹¹¹

Figure 6: Framework to Categorize Non-state School Types¹¹²

	Private subsidized schools			Private schools
Financed by	State + fees	Non-state giving + fees	State + non-state giving + fees	Fees
Fees	No fees / low fees			Market return fees
Quality	Variable			Variable
Examples	"Private subsidized" school	Ecole Nouvelle Zoranje	Religious rural subsidized school	Ecole Soeurs Sainte Marie des Anges Matenwa

However, these categories are not sharply delineated, and some schools fit into multiple categories, contributing to a lack of clear information on the sector. Despite the nominally private nature of many of these categories, members of all groups have received funds from the government of Haiti, either directly through programs like *PSUGO*¹¹³, or indirectly, with *MENFP* acting as a vehicle for programs such as *EFA*.¹¹⁴ It is important to note that both of these programs have ended. Tuition waivers today are being delivered by the *MENFP* through the same entity that was responsible for *PSUGO*, even though *PSUGO* no longer exists. *EFA*, which is financed by the World Bank and the IDB, has also ended. However, the IDB will restart tuition waivers in 2021. Although only 21%¹¹⁵ of non-state schools report having received government funding, the actual figure may be different as the self-reported data cannot be relied on to be accurate. In addition, the competing taxonomy of Catholic non-state schools in Haiti is an example of the complexity of categorizing non-state educational institutions in the country.

Moreover, there is no formal segmentation or breakdown by price of the institutions in the country. Tuition payments are collected monthly mostly in cash, and data on such transactions is not centralized or publicly available (like the data on school performance). There are ongoing efforts to

¹¹⁰ [Education, 2015](#)

¹¹¹ [Steer, Gillard, Gustafsson-Wright, & Latham, 2015](#)

¹¹² [Brookings, 2016](#)

¹¹³ [R4D, 2016](#)

¹¹⁴ [R4D, 2016](#)

¹¹⁵ [ACE, 2012](#)

collect data from schools such as a school finance / school choice study from the IDB group that collected tuition cost information for thousands of non-public schools. However, the information was not publicly available in time for this report. The Education Management Information System (EMIS) from the *MENFP* also recently started to collect school performance data, among other data, for both public and non-public schools. However, according to the World Bank, “it does not currently have methodologies to collect basic information on schools, teachers and students in a timely and reliable manner.”¹¹⁶ Through interviews with the *MENFP*, non-state school associations, and school directors, we classified institutions into 3 tiers based on the annual fees charged to the parents as shown below.

Table 6: Price Tiers of Schools in Haiti

Category ¹¹⁷	Yearly fee (\$ USD)	% of Per Capita Income
Low-cost schools	0-500	0-63%
Medium-cost schools	500-5,000	63%-632%
High-cost schools	5,000+	632%+

Note: IDB and WB tuition waiver programs operate with data indicating that the average cost of schools is ~USD 1,600 (115,000 Haitian Gourdes) per child per year.

Most educators claim that the government has renounced its responsibility to provide education to Haitians, relying on the private sector which operates largely unregulated.¹¹⁸

Although regulations governing the non-state education sector exist, they are largely unenforced by the *MENFP*.¹¹⁹ Therefore, the ecosystem of non-state schools in Haiti varies, with a wide range of quality and price options. The sector includes elite schools that offer a high-quality education and charge high tuition fees, as well as lower cost institutions, which operate with minimal resources and struggle to provide their students with an adequate education, as measured through literacy and national exam pass rates. However, across the sector, all private educational institutions reference a need for greater involvement by *MENFP*. Private schools claim that *MENFP*'s policies and actions are disincentive to education in Haiti, given that only primary school is compulsory.¹²⁰

3.1.2. FINANCIAL NEEDS OF NON-STATE EDUCATIONAL INSTITUTIONS

Securing predictable and consistent cash flows can be difficult for Haitian non-state schools given their reliance on international financing.

Tuition is expensive¹²¹ for most families, and without tuition waiver programs, children in Haiti frequently drop out or change schools due to economic pressures, creating unreliability in future cash flows for private schools in the country. Other types of funding for non-public schools are government subsidies, international aid programs, other big programs (as the ones mentioned above), and individual international donors. Schools use these funds mainly to cover day-to-day operations and teachers' compensations. Those funding options are also unreliable since the frequency and amount vary according to the donor's capabilities.

¹¹⁶ [World Bank, 2020](#)

¹¹⁷ Even though the interviewees recognize the majority of schools are in the lowest category, there is no estimate to the percentage of schools per category.

¹¹⁸ [FAFO, 2008](#)

¹¹⁹ Interviews with school directors in Haiti.

¹²⁰ [FAFO, 2008](#)

¹²¹ The yearly tuition for low cost can go up to USD \$500 (excluding books, uniform and extra fees), the yearly income per capita is US\$790, which means per kid the yearly education could represent 63% of the income.

Accessing credit is also a challenge for non-state institutions. Some school directors have described the process of accessing credit as a multi-month burden involving cumbersome tasks such as registering a non-school property (e.g., the owner's personal house) as collateral. Formal financial institutions also typically require that a school has 30% of the sought credit amount in a bank account prior to receiving funds. The high amount of constraints on non-state schools' ability to access credit in many cases forces private schools to obtain credit from non-monitored (i.e., black market), financial institutions, who often offer financial services with interest rates as high as 28%.

CASE STUDY: ECOLE SOEURS SAINTE MARIE DES ANGES

Overcoming external challenges

Ecole Soeurs Sainte Marie Des Anges was destroyed by the 2010 earthquake. Dominique petit papa is the owner of Ecole Soeurs Sainte Marie des Anges. His parents started the school in 1985 and expanded it to two locations and 1,000 kids before 2010. The natural disaster destroyed both school facilities and took the lives of many of its teachers. Dominique searched for loans to rebuild one facility in every formal financial institution. The only loan available to him came from an informal financial institution at a 28% rate.

Dominique faced a new challenge in 2020, adapting to COVID-19 to continue functioning. After 9 years of in the new "Ecole Soeurs Sainte Marie des Anges" with 600 students as of 2020, Dominique was challenged again. The school needed to implement technology, train, and equip teachers with the necessary resources for online classes. In a context where only 63%¹²² of the population has access to electricity and 41%¹²³ of the population has internet access, guaranteeing that teachers have computers, electricity and internet implied a high investment for the school. Dominique is still paying the loan from 2010. Current inflation rate made it expensive to keep the teacher workforce. Ecole Soeurs Sainte Marie des Anges' only option to continue functioning was to double its tuition fee to cover all the extra expenses. This measure left behind 100 kids that weren't able to pay for this fee anymore.

The events of 2019 and 2020 have put non-state institutions under even greater financial pressure. Due to political unrest and COVID-19, schools in Haiti closed for 115 days during the 2019/2020 school year, which has made it difficult for non-state institutions in Haiti to secure fee payments from parents.¹²⁴ Moreover, in order to adapt to the new circumstances precipitated by COVID-19, many non-state schools have raised their fees to pay for emerging costs such as technology for distance learning and hand-washing stations. This financial strain is devastating private schools, which rely almost exclusively on student fees for their financing.

Low school enrollment because of COVID-19 has further exacerbated schools' financial pressures. Parents do not want to pay for distance learning and have been sending their kids to school later in the year as it is taking longer for them to obtain money to pay for fees. For the current academic year, parents are waiting for January to send their children to school. This represents an additional cost for schools given that they will need to ensure that the children who enter school in January catch up, which means teachers will have to work additional hours. Therefore, schools will have to pay teachers extra hours or negotiate other incentives.

¹²² [DHS, 2017](#)

¹²³ [DHS, 2017](#)

¹²⁴ [IEI, 2020](#)

3.1.3. FINANCIAL NEEDS OF PARENTS AND FAMILIES

Schools in Haiti are expensive. A low cost school can be as much as USD \$500 per year,¹²⁵ the average family has 3 children,¹²⁶ and the country's GDP per capital is less than USD 800.¹²⁷ The average household in Haiti spends approximately 63% of its annual income on school fees (excluding textbooks, uniforms, etc.) of just one child, making it almost impossible for families to send all their children to school without tuition waiver programs. These circumstances are even more pernicious in rural areas, where 88%¹²⁸ of the population is reported to be living in poverty.

School fees in the country can change dramatically year-on-year. Although Haiti has a law¹²⁹ that prevents significant increases in school fees, enforcement is lackluster. Schools in Haiti often raise their fees dramatically¹³⁰ from one year to another. During the COVID-19 pandemic, some school directors reported increasing school fees by as much as 100% to purchase new equipment to adapt to the crisis. Further, one school director mentioned that due to the limitations schools face in accessing finance, they often rely on raising schools' fees to cover budget shortfalls.

Families receive support from outside actors to help pay for education. Households in Haiti shoulder 64%¹³¹ of the total cost of education in the country. By contrast, the government of Haiti spends 30%¹³² which is 3.5%¹³³ of the GDP. In addition, 26%¹³⁴ of households in Haiti reported having received international transfers (remittances) earmarked for education in 2018, which are a common tool parents must leverage to afford their children's education.¹³⁵ Moreover, there are no existing financial products aimed at helping parents pay for their children's non-state education. The personal loans that parents sometimes use provide no preferential rates and typically have a 12-month maximum payment period. As a result, 40%¹³⁶ of parents attribute their children's lack of schooling to financial barriers. Thus, poverty remains the primary¹³⁷ determinant of school enrollment.

Demand for education finance in Haiti for school improvement loans is estimated to be around USD 12 million and approximately USD 15 million for school fee loans. To arrive at the below estimates, this study leveraged the methodology of the EduFinance report, "The State of the Affordable Non-State School Sector."¹³⁸ The report calculates the demand for school improvement loans by assessing a country's number of non-state schools, its average loan value, and loan take-up rate; it calculates the demand for school fee loans by determining a country's total non-state school enrollment, the average number of school-aged children per household, average loan value, and loan take-up rate. Data used in these analyses is derived from online sources and, in some cases, estimated using regional proxies established by the EduFinance report, as the report does not cover Haiti due to a lack of data. The assumptions and findings of this analysis can be seen below.¹³⁹

¹²⁵ Interviews with the MENFP, non-state school associations, and school directors.

¹²⁶ [DHS, 2012](#)

¹²⁷ [World Bank, n.d.](#)

¹²⁸ [R4D, 2016](#)

¹²⁹ [Nouvelliste, 2017](#)

¹³⁰ School directors revealed that their fees must increase regularly to keep up with inflation and cover unexpected costs. During COVID-19, some schools went as far as doubling their fees

¹³¹ [UNICEF, 2020](#)

¹³² [UNICEF, 2020](#)

¹³³ [UNICEF, 2020](#)

¹³⁴ [World Bank, 2019](#)

¹³⁵ [UNICEF, 2020](#)

¹³⁶ [R4D, 2016](#)

¹³⁷ [R4D, 2016](#)

¹³⁸ [Invalid source specified.](#)

¹³⁹ Opportunity International, the report's author, sought to estimate these figures on a country-specific basis for all markets, which is why they used estimates of schools rather than ministry information

Table 6: Demand for School Loans and School Fees Loans

	Dalberg estimate
School improvement loans	
# of non-state schools	15,753 ¹⁴⁰
Value of loan (USD)	1,642 ¹⁴¹
Take-up %	48% ¹⁴²
Demand for school loans	12,288,679
School fees loans	
Total enrolment Non-State Schools	3,033,766 ¹⁴³
# school aged children per household	3.30 ¹⁴⁴
Total enrollment / # of school-aged children per household	919,323
Value of loan (USD)	68 ^{145,146}
Take-up %	23% ¹⁴⁷
Demand for school fees loans	14,676,722

3.2. ANCILLARY SERVICES AND OTHER EDUCATION-RELATED ENTERPRISES

The education sector is formed by an ecosystem of companies and services, in addition to formal educational institutions (i.e., schools). Education-related enterprises can include school transportation, food catering, extracurricular activities (e.g., sports, arts), bookstores, publishers, language academies, distance learning providers, teachers, training test preparation companies, Ed-Tech/LMS companies, hardware providers, academic and administrative software. Below, examples of the status of education-related enterprises in Haiti are shown.

¹⁴⁰ [Compete Caribbean, 2015](#)

¹⁴¹ Based on Edufinance's partner's long-term average in the region and adjusted based on GDP per capita of Haiti

¹⁴² The Take-up % has 3 tiers, i) High: 60% (regional estimation performed by Edufinance), ii) Medium: 48% (average between high and low) and iii) low: 35% (% of SMEs that have accessed credit according to the World Bank's [Improving Financial Inclusion](#) report). To determine which tier to use in this estimation, we used the scoring from the USAID Five-Point Framework Level I Diagnostic Tool from USAID, which ranges from 0 to 5, as a proxy. The tool awards countries scoring below 1.67 the score of "low," "medium" if between 1.67 and 3.33 and "high" if above 3.33. For the case of Haiti, the average score of the Five-Point Framework Level I Diagnostic Tool is 2.18, so we used the medium tier to perform this estimate.

¹⁴³ [MENFP, n.d.](#)

¹⁴⁴ [DHS, 2017](#)

¹⁴⁵ Value of loan from Ecuador adjusted by GDP per capita of Haiti.

¹⁴⁶ Other loan value estimates based on EFA data could range from USD 90 to 120 which would increase the total "Demand for school fees loans" to USD 19m and 26m.

¹⁴⁷ The Take-up % has 3 tiers, i) High: 44% (regional estimation performed by Edufinance), ii) Medium 23% (average between high and low) and iii) low: 2.7% (figure from [Haitian Microfinance Industry Overview](#)). To determine which tier to use in this estimation, we used the scoring from the USAID Five-Point Framework Level I Diagnostic Tool from USAID, which ranges from 0 to 5, as a proxy. The tool awards countries scoring below 1.67 the score of "low," "medium" if between 1.67 and 3.33 and "high" if above 3.33. For the case of Haiti, the average score of the Five-Point Framework Level I Diagnostic Tool is 2.18, so we used the medium tier to perform this estimate.

3.2.1. DISTANCE LEARNING

Distance learning players in Haiti include mainly radio- and TV-learning programs. Distance learning has become a viable educational/pedagogical option in Haiti as a model for overcoming geographical complexities, political instabilities, and reaching areas where educational institutions do not exist. Different types of centers that teach from the primary French curriculum academic up to postgraduate programs. These centers use various teaching materials such as booklets, cassettes, CDs, radio, TV, or the Internet. They are mainly financed either by religious congregations or national or international governments. Some other small institutions are funded either privately or via international organizations as shown below. Among the many different organizations, the most relevant are:

- Funded by religious entities
 - *Mission Adventiste d’Haïti* established in 1968, main format booklets
 - *La Conférence Épiscopale Haïtienne* established in 1978, main format radio
 - *La Fondation Haïtienne de l’Enseignement Privé* established in 1990, main format radio
- State-funded:
 - *La Radio Éducative* established in 1972, main format radio. Funded by the Haitian government
 - National Center for Distance education (CNED by its French acronym). Funded by Haitian and French government
 - Lakou kajou. Designed and produced in Haiti by Blue Butterfly’s video production partner Muska Group, 2020 to present
- Privately-funded: Education Development Center (EDC), established in 1990, main format radio. Originally funded by USAID; it has been funded by the MENFP since 2020 (with IDB financing).¹⁴⁸

3.2.2. TEACHER TRAINING

Teacher training has emerged as a critical ancillary sector. According to a school survey made by the Association of Catholic Schools, “Teacher quality and the need for teacher training was the most frequently cited challenge.”¹⁴⁹ Without trained teachers, an improved quality of education is impossible to attain. The survey recognized that 80% of teachers in Haiti have not received any training prior to start working at education institutions. It also showed that, in Haiti, only 21%¹⁵⁰ of teachers at the primary school level have received formal licensure by the *MENFP*, a process which requires training and an exam. The figure is even lower (13%)¹⁵¹ – at the secondary school level. Teacher training can last between 18 months up to 4 years¹⁵² and cost over USD 1,000 per year. It is an expensive investment regarding the low teacher salaries “Teachers are not paid a living wage, are not paid consistently, and do not enjoy a high status in society.”¹⁵³ The sector is in urgent need for financing to make training affordable and improve the quality of education in the country. In response to this shortcoming, several enterprises have sought to fill this gap by offering private teacher training programs which do not necessarily grant participants *MENFP* licensure upon their conclusion.¹⁵⁴ There are programs directly intended to supply quality teachers to a group of schools of interest such as the Digicel¹⁵⁵ program, that has trained more than 2,000 teachers since 2012 for the 170 schools they have built. Likewise, the Alliance for Catholic Education has a teacher training program that delivers well-trained teachers to around 350¹⁵⁶ schools. In addition, Teach for Haiti’s model of teacher training and placement¹⁵⁷ ensures

¹⁴⁸ [EDC,n.d.](#)

¹⁴⁹ [ACE, 2012](#)

¹⁵⁰ [UNICEF, 2020](#)

¹⁵¹ [UNICEF, 2020](#)

¹⁵² Described in interview with teacher training providers.

¹⁵³ [ACE, 2019](#)

¹⁵⁴ Described in interview with teacher training providers; Note: To be able to provide *MENFP* accreditation, private enterprises would need to work with the Ministry of Education to get the Ministry’s approval and demonstrate that their training is meets the Ministry’s criteria.

¹⁵⁵ [DIGICEL, 2012](#)

¹⁵⁶ [ACE, 2019](#)

¹⁵⁷ [Teach for Haiti,n.d.](#)

teachers a reasonable salary and positions in schools where they can maximize their impact. Education for All, a World Bank program, certified the training of 3,570 teachers in Haiti and provided them with teaching material.

3.2.3. EXTRACURRICULAR ACTIVITIES

Programs that link extracurricular activities with academics have produced strong results. Sanneh Foundation, Futbolmas, and Goals for Haiti are 3 donation-based programs that offer free soccer practice to students as a tool to fight poverty.¹⁵⁸ Although there are some differences across the 3 programs, they share a core concept: offering extracurricular soccer practice to children that have high academic results (and must keep them to continue in the program). In addition, these programs provide literacy activities, after-school tutoring, scholarships for non-state schools, community service opportunities, and supply one hot meal after practice. The yearly fee per student for such a program is around USD 600¹⁵⁹ on average. This model has mostly been viable through donation-based funding. However, as of 2019, Futbolmas is contracted by the MENFP directly.

Educational Publishers

Publishing companies target education and children’s reading. 50%¹⁶⁰ of Haitian publishing companies’ products are either school textbooks or children’s reading books. Textbooks represent an average of 60%¹⁶¹ of Haitian book publishers’ sales. *MENFP* is the primary customer for companies in this sector. As a result of the focus both national and international on literacy in Haiti, the market for books has grown in the last 10 years. Nevertheless, the price¹⁶² of a book in Haiti ranges from USD 2-USD 6¹⁶³, which limits the potential market for such products, as the average daily income in Haiti is USD 2.42.¹⁶⁴ Raw materials are the driving cost for Haitian publishers. Since books are mostly imported, prices fluctuate according to inflation, exchange rates and taxes. With more than 600¹⁶⁵ titles available in Haitian Creole for primary education, publishers are looking for a way to make these children’s books available to more schools in the country. Publishing companies cannot easily access credit and have difficulties overcoming pricing challenges and distribution bottlenecks.

3.2.4. UNIVERSITY EXAM PREPARATION

There is a large market for university admission exams preparation. With costs starting at USD 40¹⁶⁶ per program, organizations seek to expand Haiti’s traditional high school education and prepare students for the standards of tertiary education. Several organizations in Haiti are attempting to serve this market, each bringing to the table distinct qualities and costs. One organization, the Sanneh Foundation, offers these services free-of-cost to high-performing students.¹⁶⁷

3.2.5. LANGUAGE LEARNING AND SCHOOL TRANSPORTATION

Language learning and school transportation may not be an attractive market. These two sectors are reserved for the most expensive schools in Haiti. Even though Haiti is officially a bilingual country, language learning programs are designed for foreigners to learn French. Some expensive schools in Haiti offer language learning courses supplemental to their normal curriculum costing as much

¹⁵⁸ [Haitilibre, 2017](#)

¹⁵⁹ [Teach for Haiti,n,d.](#)

¹⁶⁰ [R4D, 2016](#)

¹⁶¹ [R4D, 2016](#)

¹⁶² [R4D, 2016](#)

¹⁶³ [R4D, 2016](#)

¹⁶⁴ [R4D, 2016](#)

¹⁶⁵ [R4D, 2016](#)

¹⁶⁶ [Teach for Haiti,n,d.](#)

¹⁶⁷ [Teach for Haiti,n,d.](#)

as USD 250¹⁶⁸ for a 4-session course. Likewise, only the country’s most expensive schools offer transportation services, while the majority of the students walk to school or ride informal busses called “tap-taps.” The average price per ride on a ‘tap tap’ is USD 0.32.¹⁶⁹

Demand for finance from ancillary services and other education-related enterprises is estimated at around USD 7 million. This figure is an estimate based on the market size from ancillary services and other education-related enterprises as percentage of the private school industry market size. To perform this estimation, we established USA as country of reference, and estimated that the following services – school transport, ed-tech, and textbook publishers – together represent 70%¹⁷⁰ of the market size of the private school industry. Then we applied this percentage to the demand for school loans and adjust based on the maturity level of the non-state education sector of the country, according to the average score of the Five-Point Framework Level I Diagnostic Tool from USAID. The table below presents the assumptions to estimate the demand figures.

Table 7: Demand for Loans from Ancillary Services and Other Ed. Related Enterprises

	Dalberg estimate
Ancillary services and other education-related enterprises loans¹⁷¹	
Demand for school loans (USD)	12,288,679 (Dalberg estimate figure)
% of market size of ancillary services and other education-related enterprises of private schools	70%
Adjustment factor by maturity level	79% ¹⁷²
Demand for loans	6,769,252

¹⁶⁸ [UnionSchool, 2020](#)

¹⁶⁹ [Haiti Libre, 2017](#)

¹⁷⁰ The market size of ancillary services and other education-related enterprises for school transport, ed-tech, and textbook publishers is USD 60 bn and the private school industry is USD 86 bn, which represents 70%.

¹⁷¹ In an ideal scenario we would develop a bottom-up approach, but there is limited information of the number of organizations in each ancillary services and other education-related enterprises to be able to perform this analysis.

¹⁷² The Adjustment factor has 3 tiers, i) High: 100% (as mature as USA), ii) Medium: 79% (average between high and low) and iii) low: 58% (estimated according to the difference between the take-up % from the Edufinance report and the lower tiers estimated in this report for school improvement loans). To determine which tier to use in this estimation, we used the scoring from the USAID Five-Point Framework Level I Diagnostic Tool from USAID, which ranges from 0 to 5, as a proxy. The tool awards countries scoring below 1.67 the score of “low,” “medium” if between 1.67 and 3.33 and “high” if above 3.33. For the case of Haiti, the average score of the Five-Point Framework Level I Diagnostic Tool is 2.18, so we used the medium tier to perform this estimate.

3.3. SUMMARY

Educational Institutions:

- The non-state educational landscape is diverse, formed by a network of institutions with unique value propositions and operational models and with a wide range of price and quality levels.
- Securing predictable and consistent cash flows can be difficult for Haitian non-state schools given their reliance on international financing
- Accessing credit is also challenge for non-state institutions
- The events of 2019 and 2020 have put non-state institutions under even greater financial pressure
- School directors in Haiti revealed in interviews a set of 3 major pricing tiers for schools in Haiti, with the most expensive schools in the country costing as much as USD 13,000 per year:
 - Low cost: USD 0- 500
 - Medium cost: USD 500-5,000
 - Expensive: USD 5,000+
- Yearly tuition for low cost schools can reach up to USD \$500 (excluding books, uniform and extra fees) and the yearly income per capita is US\$790, which means yearly education costs per kid could represent 63% of the per capita income
- School fees in the country can change dramatically year-on-year
- To help ease the cost burden of education, households frequently receive remittances earmarked for education
- There is an estimated current demand for educational loans USD of 27m; USD 12m for school improvement loans and USD 15m for school fee loans

Ancillary Services and Other Education-Related Enterprises

- Distance learning players in Haiti include mainly radio- and TV-learning programs
- 80% of teachers in Haiti have not received any training prior to assuming their role
- Teachers do not earn a living wage and are not paid consistently, leading many to pursue side-jobs or leave teaching entirely
- Extracurricular activities like after-school sports programs can cost as much as four times the school fees. So far, this model of complementing education has only been viable through donation-based funding
- The market for educational publishing has grown in the past 10 years and publishers are looking for a way to make children's books available to more schools in the country
- Demand for financing from ancillary services and other education-related enterprises is estimated around USD 7m

4. SUPPLY OF EDUCATION FINANCING

4.1. OVERVIEW OF THE FINANCIAL SECTOR

4.1.1. STRUCTURE OF THE FINANCIAL SECTOR

Haiti's commercial banks hold 90%¹⁷³ of the financial system's assets and serve only the country's formal sector. This system is composed of 7 commercial banks, one investment bank, 132 microfinance and credit cooperatives, and 52 credit unions. The last two groups combined hold only 10% of the financial system's assets. The system is dominated¹⁷⁴ by its commercial and investment banks and is governed by the *Banque de la Republique de Haiti* (BRH by its French acronym).¹⁷⁵

Haiti has several microfinance associations which coordinate the interests of their members. ANIMH, one such association, facilitates engagement between nine organizations, reaching over 130,000¹⁷⁶ total clients. Established in 2002, its two main purposes are to contribute to the development of the microfinance sector and to drive the formalization of financial and non-financial services. They represent the sector in Haiti's General Assembly and speak to laws that concern them. ANIMH is composed of one NGO, 3 bank branches, and 5 limited liability companies that offer direct individual credit, solidarity credits, community banks, and mutual funds.¹⁷⁷

4.1.2. REGULATORY AND POLICY FRAMEWORK RELEVANT TO THE FINANCIAL SECTOR

Haiti relies heavily on foreign aid but “does not have the appropriate policy framework to manage the large flows of external funding.”¹⁷⁸ Political instability and natural disasters have disrupted Haiti's economy over the last decade. The 2010 earthquake that hit Haiti weakened institutions and ravaged the country's human capital, but prompted a flood of international funding into the country. However, Haiti's institutions lacked the capacity and the regulatory framework needed to ensure accountability on the use of these funds. There has been a longstanding push to improve Haiti's financial regulations. Since 2004, much of the country's growth has been attributed to policy reform. But challenges remain, such as the country's external debt, which has continued to climb from USD 1.3 billion in 2004 to USD 2.2 billion in 2018.¹⁷⁹

4.1.3. CREDIT

The Haitian Central Bank's high interest rates constrain financing in the country.¹⁸⁰ The Central Bank's interest rates have grown from 29% in 2011 to 44% in 2016.¹⁸¹ This has decreased the liquidity of commercial banks, which has translated into higher interest rates on loans. Furthermore, the country's inflation rate also complicates lending in Haiti. Haiti's inflation rate is the eighth highest in the world, having grown from 6% in 2015 to 14% in 2016 and is expected to reach 20% in 2020.¹⁸² Therefore, credit in the formal financing sector is only available to a small percentage of the population.

¹⁷³ [BRH, 2019](#)

¹⁷⁴ [BRH, 2019](#)

¹⁷⁵ [BRH, 2019](#)

¹⁷⁶ [ANIMH, n.d.](#)

¹⁷⁷ [ANIMH, n.d.](#)

¹⁷⁸ [Project, n.d.](#)

¹⁷⁹ [Macrotrends, 2020](#)

¹⁸⁰ [OpenData, n.d.](#)

¹⁸¹ [OpenData, n.d.](#)

¹⁸² [Economics, 2020](#)

SME's account for 80%¹⁸³ of total employment in Haiti but their growth is hampered by the lack of access to formal financing options. Because of the limited information about credit opportunities, credit risk, and limited growth opportunities, obtaining formal financing is a challenge for SMEs. Consequently, online crowdfunding platforms such as Zafen (supported by Fonkoze and Kiva) and Simen Ayiti (supported by FINPEP) are becoming popular in Haiti.

4.2. TRADITIONAL FINANCE FOR NON-STATE EDUCATION

Education finance can be supplied through two overarching instruments: debt and equity. Debt financing includes a) individual school fee loans for parents, b) working capital / constructure loans for schools, and c) continuing education finance. On the contrary, equity financing refers to funds or corporates that invest in promising areas of education services innovation (e.g., EdTech, Saas textbooks, education management platforms). To date, there is limited traditional financing for non-state education in Haiti, most of which is shaped as debt. The following section will focus on debt financing.

4.2.1. DEBT: LENDING FOR PARENTS TO PAY SCHOOL FEES

Few specific education-focused financing products exist in banks and MFIs for parents. Most banks and MFIs provide financing for education through consumer loans. However, as part of this research, we identified two banks, one credit union¹⁸⁴ and one MFI currently offering K-12 education credits for parents. The credit union's products are not limited to a maximum loan size or term: rather, clients are asked to submit 15%¹⁸⁵ of the amount they seek to borrow in advance to procure credit, this money is put on hold as a guarantee. The credit has an annual fee of 20%,¹⁸⁶ and when the client finishes paying for it, the money on hold will be released.

Table 8: Banks¹⁸⁷ Offering Educational Loans to Parents

Bank	Loan size (USD)	Loan term	Designated uses
Finca	USD 150-2,000	2 years	Tuition and other school fees, school supplies, and equipment
Sogebank	USD 50-4,000	1 year	Tuition and other school fees, school supplies, and equipment.

Note: Banque Nationale de Credit specify they offer educational loans, but does not provide specific details

¹⁸³ [BRH, 2019](#)

¹⁸⁴ The product is designed by the Association of Credit Unions and they can either offer it or not.

¹⁸⁵ This percentage may vary depending on the amount of the loan.

¹⁸⁶ Described in interview with Association of Credit Unions.

¹⁸⁷ All 7 banks in Haiti were contacted. The two data points on the table is the only information available. Banque National de Credit doesn't give their credit info by phone. Unibank, Capital Bank, Banque de la Union Haitiene, Banque Populaire Haitiene don't have products for education.

CASE STUDY

Sogebank making finance for education attractive

Sogebank is the biggest financial institution in Haiti, with its MFI (Sogesol) and its alliance for mobile money (Moncash), they are leaders in the financial market in Haiti at all levels.

Sogesol has a product targeting parents to pay for school tuition, uniform, and/or books. "Kredi Lekòl"¹⁸⁸ offers loans from US\$230 up to US\$3,875¹⁸⁹ for a maximum period of twelve months. This product has shown limited interest from client and accounts only for 1,07% of their portfolio.

In order to increase the market share of this product, the financial institution is studying¹⁹⁰ the possibility of making alliances with schools. The initial concept is to develop a product where the bank or MFI from Soge creates alliances with schools directly or school associations for them to act as guarantors for the parents. Parents will benefit from a reduced interest rate, money from the loans will be transferred directly to schools helping these institutions to deal with the instability of funding and the financial institution will be able to mitigate the risk and increase their portfolio.

4.2.2. DEBT: LENDING TO SCHOOLS FOR CONSTRUCTION AND WORKING CAPITAL NEEDS

Schools and education-related enterprises in Haiti are treated as SMEs or commercial entities by most banks and MFIs. No specific financial products targeting educational institutions (and tailored to their needs) have been identified. School directors did report having requested credit in formal institutions. Ultimately, most chose to procure credit from informal and unregulated sources with high interest rates due to the high barriers they faced with formal financial institutions.¹⁹¹ For the year 2017 disaggregated data of the total national loan portfolio by sector identified education services accounted for 7.55%.¹⁹²

Most education institutions in Haiti have received international funding. Either through direct funding or international programs such as Education for All,¹⁹³ the international community has played an important role supporting education in Haiti since the 2010 earthquake. As 80 percent of the schools were destroyed in the natural disaster, the international community collaborated to reconstruct school buildings and resume schooling for Haitian children. Some funding programs such as Education for All,¹⁹⁴ are large and last several years, and in some cases include various educational targets such as tuition waivers, nutrition programs, and teacher training. Other programs are more targeted, such as COVID-19 assistance platforms. International funding also comes from international organizations that subsidize schools in Haiti. Broadly, the entire education system relies on international aid to operate and since some aid programs are short-term, non-state educational institutions can be in unpredictable financial positions.

¹⁸⁸ [Sogebank,n.d.](#)

¹⁸⁹ [Sogebank,n.d.](#)

¹⁹⁰ Interview with financial institutions

¹⁹¹ From interview with non-public school directors

¹⁹² [USAID, 2019](#)

¹⁹³ [World Bank, 2018](#)

¹⁹⁴ [World Bank, 2018](#)

Information on Haiti's banking sector is limited, but interviews with bank directors were able to shed light on the industry. Although many directors of banks refused to share information as to their products and policies over the phone, and in some cases the relevant information was not sufficiently disaggregated to be of use, some members of bank leadership were able to share their insight on the industry. Concretely, interviews with these individuals revealed institutions' provision of financial products aimed at supporting the education sector that were not otherwise available on the Internet. The table below highlights some key findings from these interviews, complemented with data from the *Banque de la République d'Haiti*, to organize Haiti's financial institutions in order of attractiveness for partnership.

In Haiti, the top banks stand out as the most attractive potential partners by far. The top three banks in the country own 82% of the assets of the formal financial sector, with the remaining four institutions holding only 18%. Moreover, these institutions are also leaders in total loan portfolio size and profitability. In addition, two of the top three banks in Haiti already have education-focused financial products. Haiti's rich landscape of MFIs – 132 in the country – may also serve as an opportunity to identify smaller partners, but the size existing education focus at the largest three banks in the country suggests that prioritizing those institutions would be optimal.

Table 9: Financial Institutions' Engagement with the Education Sector^{195 196}

Bank	Assets (\$ USD)	Loan portfolio (\$ USD)	ROE	Provision of personal education loans	Ranking
Unibank	#1 (1,793,272)	#1 (464,592)	#3 (19.49%)	No	#1
SogeBank	#2 (1,447,646)	#2 (426,723)	#4 (17.91%)	Yes	#2
Banque National de Credit	#3 (1,219,427)	#3 (334,668)	#2 (22.5%)	Yes	#3
Banque de la Union Haitienne	#4 (427,920)	#4 (182,602)	#5 (16.19%)	No	#4
Capital bank	#5 (388,427)	#5 (118,025)	#1 (36.29%)	No	#5
Banque Populaite Haitienne	#6 (63,664)	#6 (2,490)	#6 (12.19%)	No	#6
CBNA	#7 (58,505)	#7 (5,158)	#7 (7.9%)	No	#7

¹⁹⁵ All 7 banks in Haiti were contacted. The two data points on the table is the only information available. Banque National de Credit doesn't give their credit info by phone. Unibank, Capital Bank, Banque de la Union Haitienne, Banque Populaire Haitienne don't have products for education.

¹⁹⁶ The financial data from Banks was available in local currency and the Exchange rate to convert to USD was 1 USD= 67.45 Gourdes.

4.3. BLENDED FINANCE FOR NON-STATE EDUCATION

4.3.1. OVERVIEW OF BLENDED FINANCE IN HAITI

According to USAID, blended finance “is the strategic use of development funds, such as those from government aid and philanthropic sources, to mobilize private capital for social and environmental results, such as improving infrastructure, education, agriculture, healthcare, and more”.¹⁹⁷ According to Convergence, the 5 most common transaction types are (1) bonds/notes, (2) facilities, (3) funds, and (4) projects.

Blended finance in Haiti is still emerging. The Convergence database, the leading resource for significant blended finance activity, has identified that deals in Haiti are focused mainly on the microfinance/retail banking sector. With a historical total of 5 deals totaling USD 137 million, Haiti is somewhat above the regional average of 4 deals at an average size of USD 24 million per deal. The main sector for those deals has been financial services, including agricultural finance, insurance, and microfinance. The recorded data from Convergence¹⁹⁸ is consistent with OECD numbers, which indicate that less than 0.3% of all blended finance transactions go towards education.

Table 10: Haiti Blended Finance Transactions

Manager	Name	Type	Size	Year	Sectors	Countries
Dlo Haiti	DLO Haiti	Project	USD 7M	2013	Infrastructure (Non-Energy), Water Infrastructure	Haiti
Finca International	Finca Haiti S.A.	Company	USD 10M	2017	Financial Services, Agriculture Finance	Haiti
Fonkoze	Microinsurance Catastrophe Risk Organization	Company	USD 5M	2011	Financial Services, Insurance	Latin American and the Caribbean
MCE Social Capital	Global Economic Opportunity Note	Bond/ Note	USD 40M	2014	General	Benin, Burkina Faso, Cambodia, Congo, Dem. Rep., Costa Rica, Cote d'Ivoire, El Salvador, Ghana, Guatemala, Haiti, Honduras, Kazakhstan, Mali, Mauritania, Myanmar, Nicaragua, Peru, Philippines, Sierra Leone, Tajikistan, Tanzania, Uzbekistan, Zimbabwe
Global Partnerships (GP)	social Investment Fund 6.0 (SIF 6.0)	Fund	USD 75M	2018	Financial services, Microfinance	Bolivia, Colombia, Dominican Republic, Ecuador, El Salvador, Ghana, Guatemala, Haiti, Honduras, Kenya, Mexico, Nicaragua, Peru, Tanzania, Uganda

¹⁹⁷ Roddis, 2020

¹⁹⁸ Convergence, s.f.

Since the World Bank considers Haiti a low-income country,¹⁹⁹ its risk level is usually understood as being closer to an Africa country than a LAC country when viewed as a candidate for blended finance. Nevertheless, Haiti shares some common ground with the Latin-American region. For instance, the sectoral focus of Haiti's blended finance deals parallel those in other LAC countries. Some of the key sectors in the blended finance deals reached include transport, renewable energy, water and sanitation, ICT, agriculture, and local private sector development.²⁰⁰ Moreover, as blended finance in Haiti is still relatively emergent, no holistic assessments on the efficacy of blended finance instruments or programs have been conducted yet.

But blended finance in Haiti takes many forms, including public-private partnerships. To address a growing demand for infrastructure across the country, in 2012 Haiti established a unit inside the Ministry of Finance dedicated to public-private partnerships (PPP).²⁰¹ In 2016, the PPP Knowledge Lab,²⁰² as it was called, recorded PPP data in Haiti, and reported that the total PPP investment in the country during the year was estimated at USD 246 million, throughout 12 projects in the sectors including electricity, transport, ICT, and WASH.²⁰³ Haiti also has PPP in the education sector given that the *MENFP* has PPPs through the Quality Assurance Program.

Impact bonds are another type of blended finance instrument that have been successful in Haiti. UNICEF developed an impact bond to fight cholera in Haiti by supporting its damaged healthcare system.²⁰⁴ Additionally, in 2019 the International Finance Corporation (IFC) listed the following projects as eligible for financing through IFC social impact notes: 1) lending to financial intermediaries for on-lending to women-owned enterprises; 2) lending to companies that incorporate low-income communities into their value chain as suppliers, distributors, or customers; and 3) project categories accepted by the Social Bond Principles (SBP), such as access to essential services (health, education, etc.) and employment generation for the underserved.²⁰⁵ This same document acknowledges that the investment climate in Haiti is challenging, but clarifies that retail bond investors can invest as little as USD 1,000 in such social impact notes."²⁰⁶

Disruptive events, as the 2010 earthquake, have generated new investments opportunities in Haiti.²⁰⁷ Haiti is constantly exposed to societal fragility such as natural disasters and political unrest. Understanding a country's societal fragility (defined as the combination of risk exposure and level of state resilience),²⁰⁸ it determines the type of blended finance that can be approached, and whether that solution is proactive or reactive. In Haiti, blended finance generally falls into the latter category, which "[exerts] a more complex influence on the trade-off between perceived risks and anticipated returns, which typically guides private investors."²⁰⁹

4.3.2. BLENDED FINANCE IN THE EDUCATION SECTOR IN HAITI

Blended finance reached Haiti's education sector through the World Bank's Education for All program, which ended in 2018. This second phase of the program (2012-2018), had a value of

¹⁹⁹ [World Bank, n.d.](#)

²⁰⁰ [ALIDE, n.d.](#)

²⁰¹ [World Bank, n.d.](#)

²⁰² Launched in 2015 by the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IaDB), the Islamic Development Bank (IsDB), and the World Bank Group, with the support from PPIAF, the PPP Knowledge Lab serves the needs of governments and practitioners alike, filling the gap in reliable, trustworthy knowledge about public-private partnerships.

²⁰³ [Lab, 2016](#)

²⁰⁴ [Water, n.d.](#)

²⁰⁵ [IFC, n.d.](#)

²⁰⁶ [IFC, n.d.](#)

²⁰⁷ [OECD, 2018](#)

²⁰⁸ [OECD, 2018](#)

²⁰⁹ [OECD, 2018](#)

USD 70 million,²¹⁰ and worked as a grant with 4 main emphases: 1) access to education by tuition waiver programs; 2) improving quality via teacher training programs; 3) institutional capacity; 4) institutional strengthening to help *MENFP* build capacity to attract more PPPs. The program “allowed the ministry and the Bank to serve important roles in mobilizing donor resources through catalytic funds and parallel financing,”²¹¹ thus crowding in additional funding. Because of its high potential impact, this project was supported by several partner organizations, including non-state primary schools, the Haitian Department of Administrative Affairs, school management committees, the National Education Partnership Office, the National School Feeding Program, the Department of Private Education, and the Fast Track Initiative.²¹² Today, the World Bank continues its activities through the Project for Education Quality in Haiti (PEQH).

CASE STUDY: EDUCATION FOR ALL

This project led by the World Bank (2008-2018) started with 3 main targets²¹³ (i) to improve access and equity of primary education; (ii) to operationalize partnerships between public and non-public sectors; and (iii) to build capacity to assess learning outcomes. Initially, its closing date was 2012, but it was restructured to adapt to the new reality after the earthquake in January 2010. The new project Education For All-Phase II started in 2011, maintaining the main goals but changing²¹⁴ the second one to improving quality of primary education. The project had an impact by partnering with IADB, Caribbean Development Bank (through parallel financing), USAID, UNICEF, the European Union, and the Global Partnership for Education (through recipient-executed trust fund).

Its main activities were divided in 4 categories²¹⁵. First, in order to improve access and equity to primary education, a tuition waiver and a nutrition program were designed and implemented. Teacher training and certification were provided to resolve the “improving quality” target. In order to build capacity to assess learning outcomes, the project used 3 strategies i) built institutional capacity within *MENFP* to improve education governance, ii) strengthening the PPP’s (as a result the *ONAPE* division was created), iii) strengthening *MENFP*’s monitoring and evaluation capacity.

Results rated by the World Bank for the first part of the project include a “Moderately Satisfactory” rate in implementation, which can be explained by the natural disaster changing the program halfway. Another relevant rate for these programs was a “Significant” status in the risk to development outcome indicator. By the end of the second phase, the ratings on progress towards achievement was marked as “Satisfactory” . The overall risk did not change. This program awarded grants to 57²¹⁶ communities, enrolling almost 500,000 students through their tuition waivers, and providing at least 3 textbooks per child. 72% of these institutions were inspected at least once a year by *MENFP* during the program.

²¹⁰ [World Bank, 2018](#)

²¹¹ [World Bank, 2019](#)

²¹² [World Bank, 2009](#)

²¹³ [World Bank, 2020](#)

²¹⁴ [World Bank, 2020](#)

²¹⁵ [World Bank, 2020](#)

²¹⁶ [World Bank, 2020](#)

4.4. SUMMARY

Overview of the Financial Sector:

- Haiti's commercial banks hold 90% of the financial system's assets and serve only the country's formal sector, while MFIs and credit cooperatives hold 10% of the system's assets
- Haiti relies heavily on foreign aid but "does not have the appropriate policy framework to manage the large flows of external funding"
- Grants account for 30% of government's revenue
- Haiti's inflation rate is the eighth highest in the world
- Online crowdfunding platforms such as Zafen and Simen Ayti are becoming popular in Haiti as a response to the lack of access to formal financing options by SME's

Traditional finance for non-state education:

- Banks and MFIs provide financing for education to parents through generic consumer loans
- Schools and education-related enterprises in Haiti are treated as SMEs or commercial entities by most banks and MFIs
- Haiti does not have disaggregated data of the loan portfolio for the education sector or SME sector
- Most education institutions in Haiti have received international funding
- In Haiti, the top banks (Unibank, Sogebank, Banque National de Credit) stand out as the most attractive potential partners by far. The top three banks in the country own 82% of the assets of the formal financial sector, with the remaining four institutions holding only 18%

Blended Finance for Non-State Education:

- Blended finance in Haiti is still emerging, with 5 historical deals in the Convergence database totaling USD 137 million – but all deals target multiple countries
- Blended finance instruments like impact bonds and PPP's have been used in Haiti
- Economic volatility and fragility in Haiti contribute to uncertainty about the financial risk of investments
- The World Bank's Education for All Program is an example of blended finance reaching Haiti's education sector
- Subsidies directly to the non-state education sector are the most popular method for outside actors to pursue improved educational outcomes in Haiti

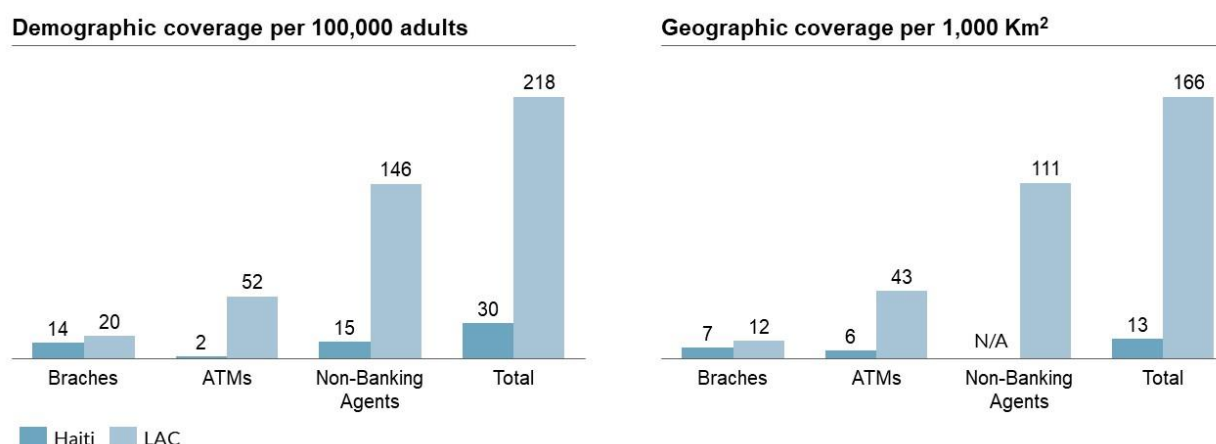
5. FINANCIAL INFRASTRUCTURE

5.1. OVERVIEW OF THE FINANCIAL INFRASTRUCTURE

5.1.1. DISTRIBUTION CHANNELS

Haiti's distribution channels are underdeveloped in relation to the LAC region. Both in terms of demographic and geographic coverage, Haiti lags behind other LAC countries. In terms of demographic coverage, Haiti has a total of 30.15²¹⁷ access points to the financial system per 100,000 adults, compared to a LAC average of 218 per 1,000 adults. In terms of geographic coverage, Haiti has only 5.7²¹⁸ access points per 1,000km², while regional average is 166, indicating a lack of coverage compared to other countries. The banking system consists of 7²¹⁹ commercial banks and one investment bank, which serve mainly the formal sector, neglecting informal merchants, SME's, and rural communities.

Figure 7: Distribution Channels 2018220



Non-Banking Agents (NBA) are the type of access point with the most coverage in Haiti.

The low coverage of the traditional banking system makes the NBA's flexibility and availability advantageous towards filling this gap. However, NBAs in Haiti are not well-developed, but rather they have greater depth, accessibility, and efficiency than alternatives in a still-nascent market,²²¹ according to the *Banque de la Republique de Haiti*.

5.1.2. PAYMENT SYSTEMS

The main payment option in Haiti is cash. This is largely due to the high proportion of population that is unbanked. Only 21%²²² of the adult population in the country has an account at a financial institution; The rate is even lower among adult women, with only 18%.²²³ Haiti also struggles with low penetration of alternative payment options like debit cards and credit cards, which have respective

²¹⁷ [World Bank, 2018](#)

²¹⁸ [World Bank, 2018](#)

²¹⁹ [World Bank, 2018](#)

²²⁰ [World Bank, 2018](#)

²²¹ [BRH, 2018](#)

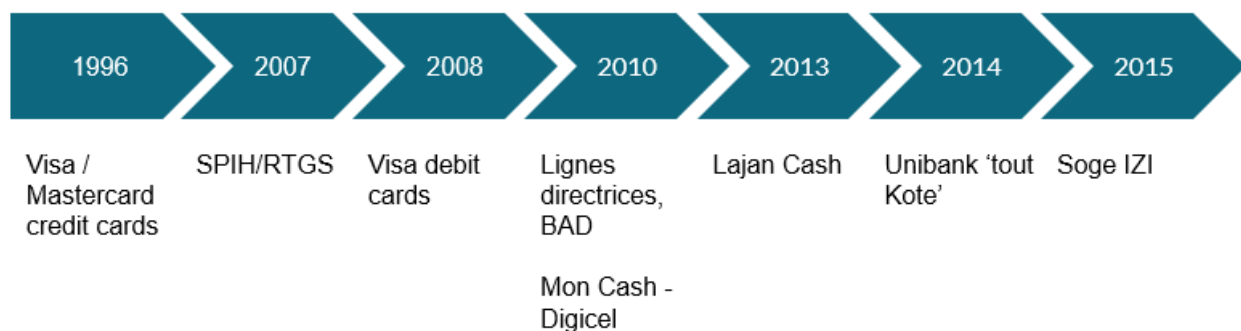
²²² [World Bank, 2019](#)

²²³ [World Bank, 2019](#)

uptakes of 5% and 2.8% of the adult population.²²⁴ For example, The Ministry of Education’s payroll is still a paper paycheck that educators and staff members have to physically pick up from the office.

Digital payments are still developing in Haiti. Digital payments in Haiti started in 1996²²⁵ with the introduction of credit cards (Visa and Mastercard), with debit cards following in 2008.²²⁶ And the ecosystem is still advancing: 28%²²⁷ of the over-15 years old population reported in 2017 having made/received digital payments in the past year.²²⁸ However, there is no specific legal framework²²⁹ for digital payments or payment systems. The sector is ruled by acts inside different laws concerning diverse economic activities, such as legislation relevant to financial institutions. A timetable covering the entrance of digital finance products in Haiti can be found below.

Figure 8: Timeline of Digital Payment Technology Adoption in Haiti²³⁰



Mobile money services have been growing in Haiti since the 2010 earthquake. Mobile money services started as a response to the damage caused by the earthquake and to help send and receive money across the country. The Haiti Mobile Money Initiative (HMMI) was the first program developed by the Bill & Melinda Gates Foundation in partnership with USAID. During HMMI’s first two years, the program registered over 800,000²³¹ mobile money users. However, according to the *Banque de la Republique de Haiti* “The program fell short in transforming those registered customers into active customers, restricting the potential impact of mobile money in the economy, though it was able to change the landscape for dialogue on mobile money and e-payment, as well as showcase the potential for fintech evolution in the country.”²³² Today, Haiti’s mobile money is still considerably behind²³³ other countries in the LAC region.

5.1.3. ECOSYSTEM FOR LENDING

Haiti ranks 144²³⁴ out of 190 countries in the Getting Credit index, with a 35-points score out of 100, compared to the LAC regional average of 52 points. The Getting Credit index explores two sets of issues: the strength of credit reporting systems and the effectiveness of collateral

²²⁴ [World Bank, 2019](#)

²²⁵ [BRH, 2018](#)

²²⁶ [BRH, 2018](#)

²²⁷ [World Bank, 2017](#)

²²⁸ [World Bank, 2017](#)

²²⁹ [AFI, 2018](#)

²³⁰ [AFI, 2018](#)

²³¹ [BRH, 2018](#)

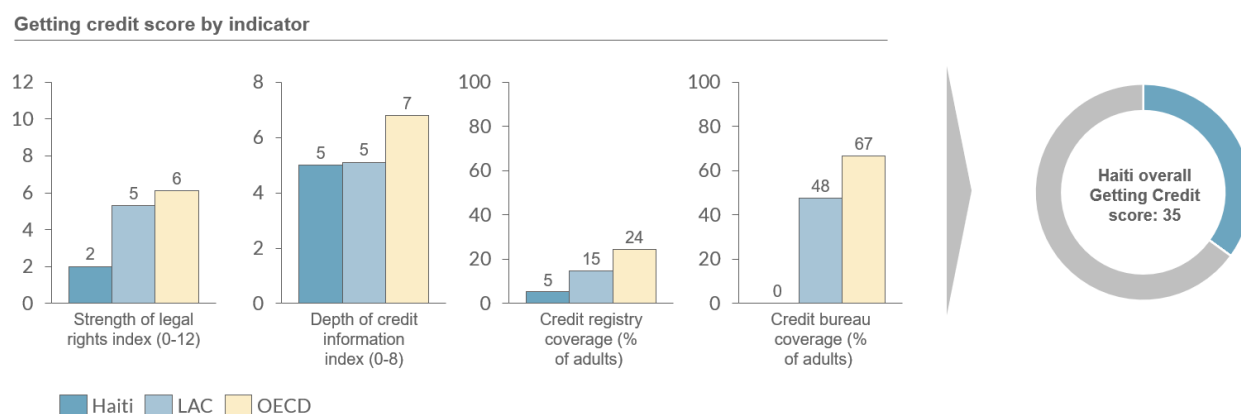
²³² [BRH, 2018](#)

²³³ [World Bank, 2019](#)

²³⁴ [World Bank, 2020](#)

and bankruptcy laws in facilitating lending.²³⁵ Further detail on specific sub rankings is shown in the figure below.

Figure 9: Getting Credit Haiti Score 2020²³⁶



5.1.4. CREDIT REPORTING BUREAU

Haiti’s credit bureau was created in 2016, but its impact has been minimal. The entity was developed by the BRH, the World Bank, IFC, and IADB. Four years after its creation, credit bureau coverage in Haiti remains at 0%²³⁷ of the population, according to the World Bank. Data from the Center for Financial Inclusion states that the system is still at an early stage, “but already banks and NBFIs are required to report borrowing activity, and authorities are deciding whether or not to include data on other payments like utility bills.”²³⁸

5.1.5. COLLATERAL REGISTRIES

Haiti does not have a collateral registry. But the World Bank indicates that one is in development, claiming that “a firm has been selected to implement the movable collateral registry and the contract is pending signature. The implementation of the system is expected to take 12 months.”²³⁹ The “strength of legal rights index” of the Doing Business 2020 report, on which Haiti performed poorly (awarded a 2-points score out of 12), includes 3 questions related to collateral registries; on none of them was Haiti awarded an affirmative score. The questions are: i) Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?; ii) Does a notice-based collateral registry exist in which all functional equivalents can be registered?; and iii) Does a modern collateral registry exist in which registrations, amendments, cancellations, and searches can be performed online by any interested third party?²⁴⁰

5.1.6. RATING AGENCIES

The main rating agencies (Moody’s Investors Service, Standard & Poor’s, and Fitch Ratings) do not rank Haiti at a country-level.²⁴¹ According to research from interviews with

²³⁵ [World Bank, 2020](#)

²³⁶ [World Bank, 2020](#)

²³⁷ [Economics, 2020](#)

²³⁸ [Centerfinancial, 2016](#)

²³⁹ [World Bank, 2019](#)

²⁴⁰ [World Bank, 2020](#)

²⁴¹ [World Bank, n.d.](#)

banking agents, this is caused by the lack of a law on data (public right for information) on the country. The absence of such law prevents the rating agencies from producing a ranking since the information is not consistent, trustworthy, or lacks uniformity across institutions and time.

5.1.7. CREDIT GUARANTEES

Credit guarantees have a strong track record of success in Haiti. After the 2010 earthquake, the World Bank launched a project to develop a partial credit guarantee program. This USD 35.50 million²⁴² project that ran from (2010 to 2015) supported the development of a partial credit guarantee program targeting directly the *Banque de la Republique de Haiti* to enable lending to restart and help financial sector borrowers overcome the impact of the earthquake. This program succeeded in reestablishing²⁴³ financial stability in the wake of the crisis. In 2019, the *Banque de la Republique* announced a collaboration with the Ministry of Economy and the Industrial Development Fund to set up a partial guarantee fund for SME's that will be able to cover up to 65%²⁴⁴ of the risk (in 2020 is still in the development stage).

5.2. SUMMARY

- Haiti's distribution channels are underdeveloped in relation to the LAC region, both in terms of demographic and geographic coverage
- The main payment option in Haiti is cash. This is largely due to the high unbanked proportion of the country (only 21% has a bank account) and less than 5% with debit/credit card
- Mobile money services started as a response to the damage caused by the earthquake and to fill the need send and receive money rapidly across the country
- The overall lending ecosystem is weak. Haiti ranks 144²⁴⁵ out of 190 countries in the World Bank's Getting Credit index, with a 35-points score out of 100, compared to the LAC regional average of 52 points.
- Lack of access to banking accounts and to debit/credit cards has limited the use of financial products for education. The low rating in the Getting Credit index means that there are challenges for SMEs, including non-state schools and ancillary services in accessing credit
- After the country's 2010 earthquake, the World Bank launched a project to develop a partial credit guarantee program that helped the financial sector borrowers overcome the impact of the earthquake

²⁴² [WorldBank, 2020](#)

²⁴³ [WorldBank, 2020](#)

²⁴⁴ [HAITI, 2019](#)

²⁴⁵ [World Bank, 2020](#)

6. INTERMEDIARIES AND FACILITATORS

6.1. OVERVIEW OF INTERMEDIARIES AND FACILITATORS

6.1.1. STATUS OF MOBILE PAYMENT SYSTEMS

Although access to mobile money services is not extensive, they are able to fill a key gap.

Only 15%²⁴⁶ of Haitians have used mobile money services, but given Haiti's low banking coverage, this solution has an impact in supporting financial market inclusion. In addition, 40% of Haitians with a mobile money account do not have a bank account. Mobile money services are their primary pathway towards entering financial markets.²⁴⁷ Finally, there is a high level of awareness about mobile money providers and their services: 73% of Haitians are familiar with the sector.²⁴⁸

One player dominates the Haitian mobile money sector. Digicel, a major mobile money company, and its product, Moncash, operate in partnership with Sogebank. After acquiring its main competitor, Voila, Digicel has taken a dominant position in the market. Moncash has more than 900,000²⁴⁹ customers and services over USD 44 million worth of transactions.²⁵⁰ Furthermore, the demand for and usage of Moncash has grown exponentially²⁵¹ in recent years. The next largest player in Haiti is Lajaon Cash, which works in partnership with the *Banque National de Credit*, and services around 800,000 customers.²⁵²

Table 11: Digicel Mobile Money Accounts and Value of Transactions²⁵³

Metric	2016	2017	2018
Number of mobile money accounts	383,000	674,000	875,000
Volume of transactions	2,200,000	5,600,000	7,100,000
Value of mobile money transactions (USD)	9,700,000	28,400,000	44,000,000

The main uses of mobile money are sending and receiving funds, but there are still obstacles to its widespread adoption. Mobile money platforms are still not Haitians' preferred vehicle to send and receive money. Specifically, 39.5% of Haitians with mobile accounts choose to use Money Transfer Operators (MTO) to send funds instead of mobile money platforms.²⁵⁴ This tendency may be explained by the challenges illiterate individuals face in using mobile money platforms. Mobile payment providers report that their clients often have difficulties understanding how to operate the mobile accounts.²⁵⁵

²⁴⁶ [AFI, 2018](#)

²⁴⁷ [World Bank, 2019](#)

²⁴⁸ [AFI, 2018](#)

²⁴⁹ [AFI, 2018](#)

²⁵⁰ [AFI, 2018](#)

²⁵¹ [AFI, 2018](#)

²⁵² [AFI, 2018](#)

²⁵³ [AFI, 2018](#)

²⁵⁴ [World Bank, 2019](#)

²⁵⁵ [World Bank, 2019](#)

6.1.2. STATUS OF DIGITAL FINANCE/FINTECH

Mobile financial services experienced a fast growth between 2015 and 2017²⁵⁶. Active clients grew 860%²⁵⁷ and the activity rate passed from 28% in 2015 to 93%²⁵⁸ in 2017. This is due in part to the traditional banking failure to provide widespread access to finance, especially in rural areas, leading Haitians to adopt digital financial services which offer users flexibility. These services emerged the 2010 earthquake in Haiti. However, even though the sector has been active for over a decade, as of 2020 there are still no regulations on FinTech in Haiti.²⁵⁹ This absence of regulations has enabled the Fintech industry to grow in the country, but puts Haitians, and the Haitian financial system, at risk of exploitation and instability.²⁶⁰

Besides mobile wallets, other alternative models such as Peer-to-Peer (P2P) lending and crowdfunding are popular online financial services in Haiti. P2P financing is a loan-based model that circumvents the need for a formal financial institution. Crowdfunding²⁶¹ takes one of 3 modalities: it can be a) reward-based, b) debt-based or c) equity-based. Another key distinction is that crowdfunding pools people together to raise money which is allocated towards a certain cause. Two big players in FinTech products are Zidisha²⁶² and Zafen.²⁶³ The first uses mobile payment options to eliminate intermediaries and reduce costs to borrowers. The latter is an alliance between the Fonkoze²⁶⁴ Foundation and Kiva, a loan crowdfunding platform for businesses that do not qualify for bank loans.

FinTech is still growing in Haiti but the potential for impact in the country is large. The financial market is still dominated by the banking system and most of the FinTech services are products developed by a traditional bank or in association with one, such as Lajan Cash. Innovations such as crowdfunding platforms, P2P lending, and mobile banking are the most common FinTech services in Haiti. They are still more common in urban areas, but their adoption is gradually increasing in the country's rural areas, providing the financial system with access to a significant pool of untapped capital, according to the BRH.²⁶⁵

6.1.3. COST OF DIGITAL PAYMENTS

Digital payments in Haiti are still expensive. Moncash, the leading digital payment platform, offers 3 services: paying bills, sending and receiving money, and topping up the user's mobile phone plan. Moncash²⁶⁶ charges fees for all services except for topping up the user's mobile phone plan. The platform charges different rates for sending money, which includes bill paying as well as direct transfers to other users, and receiving money, that is, withdrawals. Both the money sender and receiver must pay these fees; for a transaction of HTG 20 (Haitian Gourdes (the minimum transaction amount), senders must pay HTG 6 and receivers must pay HTG 2, resulting in a total fee cost of 40% for the transaction. Prices vary according to the size of the transaction. Below further details are given.

²⁵⁶ [GSMA, 2017](#)

²⁵⁷ [GSMA, 2017](#)

²⁵⁸ [GSMA, 2017](#)

²⁵⁹ [BRH, 2018](#)

²⁶⁰ [BRH, 2018](#)

²⁶¹ [BRH, 2018](#)

²⁶² [BRH, 2018](#)

²⁶³ [BRH, 2018](#)

²⁶⁴ [BRH, 2018](#)

²⁶⁵ [BRH, 2018](#)

²⁶⁶ [Digicel, n.d.](#)

Table 12: Cost of Sending and Receiving Money using Moncash²⁶⁷

HTG amount		Sending money fee (HTG)	Withdrawing money fee (HTG)
From	To		
20	99	2	6
100	249	3	12
250	499	4	14
500	999	5	22
1,000	1,999	12	43
2,000	3,999	18	72
4,000	7,999	24	102
8,000	11,999	36	132
12,000	19,999	42	174
20,000	39,999	72	288
40,000	59,999	96	396
60,000	75,000	120	498

6.2. SUMMARY

- Given Haiti’s low banking coverage, mobile payments have had a significant impact in supporting financial market inclusion
- Digicel, a major mobile money company, through its product, Moncashion partnership with Sogebank, dominates the mobile money sector in Haiti
- The main uses of mobile money are sending and receiving funds, but there are still obstacles to widespread its adoption
- Haitians with mobile money accounts choose to use Money Transfer Operators to send funds instead of the mobile money platform
- Mobile financial services experienced rapid growth between 2015 and 2017
- Peer-to-Peer (P2P) lending and crowdfunding are popular online financial services in Haiti and are growing quickly
- Digital payments in Haiti are still expensive, with total fees costing up to 40% for the transaction on smaller transfers
- Specifically, the widespread familiarity and use of mobile payment platforms like Moncash suggest that mobile money could work as an effective vehicle to accelerate financing to parents to pay for non-state education fees

²⁶⁷ [Digicel, n.d.](#)

7. OPPORTUNITIES

This section highlights the opportunities to increase blended finance in the non-state education sector in Haiti. The high potential opportunities identified are shown below by type of instrument. Stakeholders involved and potential partners that could allow USAID to take action and continue the conversation to increase financing to non-state education through blended finance are clearly stated.

7.1. RESULTS-BASED FINANCING

- **Rationale:** Teacher training is one of the most widely recognized needs of the Haitian education system. Approximately 80% of teachers in Haiti have not received any training prior to start working at education institutions. There are several education institutions that design and implement their own teacher training programs to ensure accessibility to capable teachers. While these programs have shown positive results, they've been unable to reach scale and thus coordinate with other institutions. Some have used international grants to scale their project, but these are only short-term. Other institutions indicate that teachers covet positions within these programs, but lack the capacity to support a higher number of teachers.
- **Description:** They support scaling and expanding strong teacher training programs through a results-based financing mechanism that would reimburse funders if impact goals (in this case, improved academic results) are achieved.
- **Outcome:** An increased supply of skilled teachers in Haiti and consequently improved quality of education in the country through expanded teacher training programs with higher numbers of participants.
- **Potential Partners:**
 - Some potential investees include Digicel Group, which has trained over 2,000 teachers; Teach for Haiti, which has trained and placed 250 teachers; and Matenwa,²⁶⁸ which has trained 60 out of the 240 school directors in the region, along with many teachers. Non-state school associations (e.g., CEEC, FEPH, FONHEP) could serve as demand aggregators to receive the trainings. These associations have participated in USAID projects. Therefore, they are up to speed on the phonics-based approach to literacy and know the materials well. However, only a small percentage of their schools are selected for projects. If these school networks could receive training, then at least 5,227 schools would be trained.
 - Some potential outcome payers include: Multilateral development organizations such as IDB Lab who supports Colombia social impact bond related to unemployment.
- **Potential Risks:**
 - Inability to provide well-paid jobs in the education sector, leading some highly trained teachers to leave for better financial opportunities in other industries.
 - Lower quality of teacher training programs to accommodate a greater number of participants.
 - Greater availability of highly-trained teachers could lower the marginal value that training provides teachers in terms of skills and, correspondingly, income. This could then lower interest in participation in such programs.
 - Low impact investor interest in the training field in favor of investment opportunities that address supply-side challenges more directly in Haiti's education sector.

²⁶⁸ [Matenwa.n.d](#)

7.2. TECHNICAL ASSISTANCE FOR PRODUCT DEVELOPMENT

- **Rationale:** Some financial institutions expressed a lack of understanding and knowledge on how to lend to the non-state education sector, even though some offer financial products for non-state schools as generic SME loans. Financial institutions expressed a need to better understand the business case for school loans, what criteria make an educational institution a good prospect for a loan and the terms to provide the loan.
- **Description:** Provide technical assistance to financial institutions (e.g., bank, MFIs, credit unions) to better understand the non-state education sector, showcasing successful examples of financial products for the non-state education sector that have worked in other countries, and helping them develop specific products for the non-state sector.
- **Outcome:** An increased availability of targeted financial products for the non-state education sector, and thus a greater capital access for stakeholders in the sector, driven by a greater familiarity with clients' needs on the part of financial institutions.
- **Potential Partners:** USAID could partner with Opportunity International, who is already operating in Haiti and has a long history of developing education financing products in Latin America and partnering with local financial institutions to provide education financing throughout the developing world. In terms of end beneficiaries of the technical assistance it could include:
 - Financial institutions: Sogebank expressed interest in the non-state education sector and currently does not have specific offering available. However, they mentioned they would like to explore developing products for schools that serve as intermediaries between the bank and parents.
 - Mobile payment providers: In partnership with a financial institution, Moncash could be a channel to grant loans to parents for school fees with direct payment to the schools through a mobile money transfer between the user and the institutions.
- **Potential Risks:**
 - Getting buy-in and interest from financial institutions: Financial institutions have many ongoing priorities and parallel projects. They have never perceived the education sector as an opportunity. To mitigate this risk, USAID and its partner will need to educate financial institutions about the untapped opportunity and existing demand of the non-state education sector in the country.
 - Technical assistance might be ineffective if USAID fails to understand the background of each potential partner and tailor assistance to each institution's unique situation. Furthermore, institutional culture is particularly important in effecting change (i.e., innovation, open to change, collaborative spirit, etc.).
 - Low demand from the non-state education sector due to its traditional low engagement with financial institutions. To mitigate this risk, the technical assistance should touch base on how to promote the new product offering to the non-state education sector.
 - Lack of financial literacy from schools limits their ability to access financial products. To mitigate this, the technical assistance should also support schools to build those skills, which will help them have a better chance of properly or efficiently using financial tools.

7.3. GUARANTEES: RISK-SHARING

- **Rationale:** Financial institutions consider the non-state education sector, especially non-state schools in the low/middle cost range (up to USD 500 per year), somewhat risky and not particularly attractive because i) schools don't have a guarantee that the banks can make effective (i.e., the bank

does not want to repossess school assets due to reputational concerns) and ii) most schools don't have solid cash flows.

- **Description:** Support development of a guarantee fund for the non-state education sector at the national or regional level (to diversify risk). The guarantee fund could be available to financial institutions who wish to offer loans to non-state schools, providing a partial reimbursement guarantee, if the borrower defaults.
- **Outcome:** Diminished credit risk for financial institutions by absorbing the cost of default risk, thus increasing propensity to lend to non-state schools and their access to capital and strengthening the financial sector's level of trust and experience with non-state school clients.
- **Potential Partners:** Such facility could be coordinated between USAID and *Banque de la Republique d'Haiti (BRH by its French acronym)* which already offers products for education but mainly for tertiary education as it represents a reduced risk in comparison to primary and secondary education.
- **Potential Risks:** Low demand from the non-state education sector due to its traditional low engagement with financial institutions. To mitigate this risk, the guarantee fund should be paired with a broad-based information campaign to raise awareness and build capabilities so they can access financing, ideally leveraging the association of private schools as a vehicle to bring together the non-state education sector.

7.4. DESIGN-STAGE FUNDING FOR INNOVATIVE EDUCATIONAL ENTERPRISES AND ANCILLARY EDUCATIONAL INSTITUTIONS

- **Rationale:** Educational ancillary services are facing barriers when accessing traditional financing that would allow them to scale their impact and improve the quality of their services. Increased funding to these organizations to support their design of innovative products and services adjacent to the education sector. This would subsequently allow them to begin rolling out such models and ultimately access commercial financing to scale these solutions once they have been market tested.
- **Description:** To support educational enterprises at an early stage by funding (a) feasibility studies (e.g., assess how investable a transaction is) or (b) proof of concept (e.g., invest in design and structuring to help conduct a transaction). Such funding could be subsidized by an international organization to catalyze further capital from a commercial financial institution.
- **Outcome:** Deeper and higher quality ecosystem of ancillary educational products and services which would strengthen the education sector, depending on the sector of the organizations that benefit from the funding.
- **Potential Partners:**
 - Potential investees: Blue Butterfly has launched a program called Lakou Kajou which has produced videos and WhatsApp lessons to support educational attainment during COVID-19. The program was lauded by *MENFP* and many schools expressed interest in using it.
 - Potential commercial investors: Sogebank expressed interest in supporting educational ancillary sectors but had not yet seen a market opportunity. Catalytic financing by an international organization could facilitate the launch and proof-of-concept testing of new products and services in educational ancillary sectors that may be attractive targets for Sogebank's financing.
- **Potential Risks:**
 - There may be few viable active candidates in Haiti's educational ancillary sectors to channel funding to strengthen the country's educational system.

- Early stage companies are high-risk investments, and there is no way to guarantee that commercial investors provide follow-on funding after the first wave of capital.
- Market interest rates in Haiti remain high, so relevant organizations may not deem worthwhile to procure commercial financing after receiving catalytic capital.
- The lack of electricity and access to technologies makes investments in technology companies challenging. This risk can potentially be curtailed by conducting a pilot in an area where electricity is more stable (e.g., the North of Haiti, where a USAID project provides 24/7 electricity in 5 towns).

Additional opportunities to improve access to and/or quality of non-state education in Haiti could include public-private partnerships (PPPs) for non-state education or blended finance facilities. However, public financing, especially subsidized by the government, needs to come with an understanding of how to best leverage the key components of PPPs and more broadly blended finance to move the needle on quality. Some of the areas recognized by this study where blended finance could be developed are entrepreneurship programs, publishing in Creole language, nutrition programs, and after school sports. Entrepreneurship programs are mentioned by several schools that understand the value of academic pedagogy, but have identified a lack of practical training for their students. Some areas where such training would be of high value include business principles, accessing credit, and business finance. These programs would be well-operated by a public-private partnership wherein public sources subsidize the practical coursework offered by and at non-state institutions.

Affordable academic publications in Creole are a major need in Haiti's education sector. Some institutions design and write their own children books but cannot publish them, even at other schools' request and want to pay for them because of a lack of access to commercial publishers. This bottleneck could be addressed with a blended finance facility in which an organization such as USAID offers subsidized capital to crowd-in investment from commercial sources.

8. ANNEX

8.1. REFERENCES

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8.2. STAKEHOLDER LIST OF INTERVIEWS

Organization	Name	Role
Public Sector		
MENFP	Amente Desinor	Ex-direction General
Ministry of finance	Daniel Dorsainvil	Minister 2006/9
Banks/MFI		
Innovators for change, (Fonkoze, Digicel)	Rachel Pierre	CEO
Sogesol	Evans Baptiste	Business Dev. Manager
Sogebank	Yves sejour	Credit Manager
Kiva	Lina Ramirez	Regional investor Manager
Bank of the Republic of Haiti	Jean Armand Mondélis	Deputy Director
Fonkoze	Natalie Parke	Director, Programs & Partnerships
Association of MFIs		
ANACAPH	Yolène Jacquet	Executive Director
School Associations		
Notredame university	Kate schuenke	Director ACE
COSPE (Consortium des Organisations du Secteur privé de l'Education),	Caroline Hudicourt	Director
Schools		
The Haitian project-The Louverture Cleary School	Angela Mascena	Director of Institutional Advancement
Ecole Soeurs Sainte Marie des Anges	Dominique Petit Papa	Director
Ecole Nouvelle Zoranje	Blaise-François ARIDOU	Director
Ecole Nouvelle Royal Caribbean	Blaise-François ARIDOU	Director
Matenwa	Christine Low	Executive Director
Funders		
Pomona Impact	Richard Ambrose	Managing Partner
IFC	Juliana Guaqueta	Education and Technology Investments
Kiva	Lina Ramirez	Regional Investment Manager for LATAM
Acumen	Virgilio Barco	Director for LATAM
Other		
Goals For Haiti	Kathy McAllister,	Executive Director
Uhel	Connor Bohan	Executive Director

8.3. LIST OF DATA SOURCES AND KEY TERMS FOR LITERATURE REVIEW

Type of source	Source	Keywords
Internet	Google	“Education in Haiti” “Non-State Education in Haiti”
Academic databases	EBSCOHOST	“Private Schools in Haiti” “Blended finance in Haiti”
	Google Scholar	“PPPs in the education sector in Haiti”
	Science Direct	“Impact bonds in education sector in Haiti” “Impact investing in education sector in Haiti”
	JSTOR	“Blended finance in education” “Haiti education trends”
	ProQuest	“MFI lending Haiti education” “Haiti education challenges”
	SCOPUS	“Lending Haiti education” “Haiti education finance”
International organizations	USAID	“Scholarships Haiti private education”
	OECD	“Education quality Haiti” “Private and public-school comparison Haiti”
	World Bank	“Pre-primary education Haiti” “Early childhood education Haiti”
	U.S. Federal Trade Administration	
	UNESCO	
	IADB	
	Convergence	
Statistical databases	World Bank Open Data	“Enrollment rate” “Household size and composition” “Teacher training” “Rural vs. Urban enrollment” “Literacy rate”
	UN Population Division	“Population projections” “Population growth” “Out-of-school rate” “Haiti educational performance” “School-aged population” “Birth rate” “School-aged population” “Number of educational institutions” “Educational performance” “Expenditure in education, % of GDP” “Poverty”
	UNESCO	“pre-primary education rate”

8.4. LITERATURE REVIEW

INTRODUCTION

The literature review seeks to understand the non-state basic education sector - that is, ranging from preschool through secondary school, including ancillary educational services - in Haiti, with a focus on financing availability and access. This document examines the literature on Haiti's non-state education sector by splitting it into three categories that have been informed by USAID's Five Point Blended Finance Framework. The three categories are: Enabling Conditions, Demand for Education Finance, and Supply of Education Finance.

In conducting this research, the consultants reviewed recent studies, reports, and journal articles explicitly related to Haiti non-state education sector and/or blended finance as well as the USAID country development cooperation strategies (CDCS) report. This body of work approximates the totality of literature about non-state education in Haiti. There are some areas of this report of great relevance to USAID for which there is little to no literature; for instance, blended finance, a nascent industry in Haiti, has only been superficially discussed in the literature, presumably because there are few examples of it taking place in the country.

In the areas where the academic literature is inadequate, the consultants have sought to be transparent about its limitations. The objective of this literature review is to synthesize learnings from previous research. Moving forward, the consultants will complement the formal literature with interviews with experts in Haiti to supplement their knowledge base on the subject and will present additional data, statistics, and figures in the final report. As a result, the final market assessment report will fill many of the gaps identified in this literature review. Despite the limitations of the literature, the consultants believe that this synthesis of the literature on non-state education in Haiti can be of great use to USAID and other relevant actors in the sector.

This document is organized in the following order: the next section, "Scope and Methodology," describes the methodology to conduct the literature review; the "Literature Review" constitutes the main body of this document, as findings are presented and analyzed, covering both literature, reports and secondary data and statistics; finally, "Moving Forward" presents aspects to consider in the assessment, highlighting both strengths and limitations of the field and areas that need more in-depth examination. The references, annotated bibliography, and Five-Point Framework Diagnostic Tool are attached, as requested.

SCOPE AND METHODOLOGY

The methodology used included systematic searches in academic databases, desk research on regional and international organizations, research of education, and access to finance databases to identify relevant reports, studies, and statistics. The key words were used in French, English and Spanish, and date ranges were set from 2010 to 2020 for academic database and international organization searches. The table below summarizes the data sources and key terms used as part of this literature review.

Type of source	Source	Keywords
Internet	Google	"Education in Haiti"
Academic databases	EBSCOHOST	"Non-State Education in Haiti"
	Google Scholar	"Private Schools in Haiti"
		"Blended finance in Haiti"

International organizations	Science Direct	“PPPs in the education sector in Haiti”
	JSTOR	“Impact bonds in education sector in Haiti”
	ProQuest	“Impact investing in education sector in Haiti”
	SCOPUS	“Blended finance in education”
	USAID	“Haiti education trends”
	OECD	“MFI lending Haiti education”
	World Bank	“Haiti education challenges”
	U.S. Federal Trade Administration	“Lending Haiti education”
Statistical databases	UNESCO	“Haiti education finance”
	IADB	“Scholarships Haiti private education”
	Convergence	“Education quality Haiti”
	World Bank Open Data	“Private and public-school comparison Haiti”
	UN Population Division	“Pre-primary education Haiti”
Statistical databases	UNESCO	“Early childhood education Haiti”
	World Bank Open Data	“Enrollment rate”
	UN Population Division	“Household size and composition”
Statistical databases	UNESCO	“Teacher training”
	UNESCO	“Rural vs. Urban enrollment”
	UNESCO	“Literacy rate”
Statistical databases	UNESCO	“Population projections”
	UNESCO	“Population growth”
	UNESCO	“Out-of-school rate”
Statistical databases	UNESCO	“Haiti educational performance”
	UNESCO	“School-aged population”
	UNESCO	“Birth rate”
Statistical databases	UNESCO	“School-aged population”
	UNESCO	“Number of educational institutions”
	UNESCO	“Educational performance”
Statistical databases	UNESCO	“Expenditure in education, % of GDP”
	UNESCO	“Poverty”
	UNESCO	“Pre-primary education rate”

LITERATURE REVIEW

ENABLING CONDITIONS:

HAITI'S GOVERNMENT HAS CONTINUOUSLY SOUGHT TO STRENGTHEN NON-STATE EDUCATION TO FILL GAPS LEFT BY PUBLIC EDUCATION

Regulatory background

Article 32 of Haiti's 1985 constitution articulates the country's view on education²⁶⁹ Its key measures include: a) the right to free state education for all the Haitians; b) primary school is mandatory, and learning materials for this level are free of cost; c) preschool or kindergarten options are encouraged; d) non-state education is to be promoted as a way to scale coverage and achieve universal access to education; e) private initiatives to take all necessary actions to intensify the literacy campaign are encouraged.

The Ministry of National Education and Vocational Training (MENFP) regulates non-state education in Haiti. All institutions must be recognized by the MENFP to operate in Haiti, and for-profit education is legally allowed per the MENFP's regulations²⁷⁰. School fees are governed by a law (loi sur les frais scolaires) proposed in 2009 but only approved until 2017²⁷¹; this law caps the incremental increase of school fees to a maximum of 10% every four years. In addition to this law, there are two relevant policies that regulate the sector and enable non-state education in Haiti:

- Decree of September 11, 1974, which legally allows non-state schools to exist. A later law from August 2017, encompasses this former regulation and identifies national or international partnerships as possible sources for financing education²⁷² (Chapter III, article 24, section E). This law also asserts that the government may assent to contracts with national or international financial institutions to finance education (Chapter III, Article 24, Section F).
- Law of October 3, 2007, which established ONAPE²⁷³ (National Office for Partnership in Education), an entity formed by the MENFP to facilitate communication between the Ministry and non-state partners in the education sector.

The 2012 National Plan²⁷⁴ for Education enshrines education as a priority for the country. However, only 2% of GDP in 2016 was invested in the education sector, making Haiti the country in Latin America and the Caribbean (LAC) that spends the least on education.²⁷⁵

In view of the low public investment in the education sector, the private sector has taken a leading role in education in Haiti. In Haiti, 80% of educational institutions are privately funded and managed²⁷⁶. Many Haitians do not have access to a free public school near them, putting many of them in a position wherein they must pay for private school ²⁷⁷– which may be unaffordable – or forego schooling for their children altogether. Moreover, poor government management of the education sector extends even to the non-state education sector: the MENFP is responsible for overseeing all non-state education

²⁶⁹ Constitution, 1987

²⁷⁰ WORLD BANK, 2015

²⁷¹ Nouvelliste, La loi sur les frais scolaires , 2017

²⁷² Moniteur, Loi Portant création Organisation et fonctionnement du fonds national de l'éducation, 2017

²⁷³ Moniteur, Loi créante et organisant l'Office National de Partenariat en Education (ONAPE), 2007

²⁷⁴ UNESCO, la Refondation du Système Éducatif Haïtien, 2012

²⁷⁵ CIMA, 2019

²⁷⁶ UNICEF, 2017

²⁷⁷ WORLD BANK, 2000

institutions, but nearly 80% of these institutions lack certification or licensing to teach children²⁷⁸, and accountability mechanisms such as auditing are not in place.²⁷⁹

Quality of education

Haiti has the lowest literacy rate in LAC, but it has improved in recent years. The National Census 2012²⁸⁰ publicized the low literacy rate in Haiti, and, as a result, international funding began to target the country's educational system as a priority. One example is the World Bank's Education for All²⁸¹ program (which is still taking place in 2020 with some additions). The international funding, involvement of the private sector, and government efforts in the recent years have driven an increase in the literacy rate to 83%²⁸² for Haitians between the ages of 15-24, compared to a literacy rate of 61%²⁸³ for the broader population (ages 15 and older). Despite this improvement, the literacy rate is still low compared to LAC regional average of 94%²⁸⁴.

One challenge towards improving Haiti's educational system revolves around the sector's lack of transparency on how students perform and progress. The MENFP does not report school results of the 'fin d'études' (end of studies) or the 'baccalauréat' (bachelor) exams, undermining parents, and outside organizations' ability to make informed decisions in the education sector.

The overall quality of the education system is low, the success rate at the national level for the 2018-2019 academic year was less than 50%²⁸⁵. But there are schools providing high quality affordable education in the country, for example, the Louverture Cleary School (LCS) is a non-state, tuition-free boarding school, funded by private institutions both from within Haiti and abroad, as well as religious entities, which teaches and more than 1,200 individual donors²⁸⁶. The school has shown excellent academic results (99% of students pass the *baccalauréat exam compare to a national average of 46%*).²⁸⁷

Demand for education

The demand for K-12 education in Haiti has increased in recent decades. Two factors drive this: 1) population growth: the population between 0-19 years has increased from 2 million²⁸⁸ in 1960 to nearly 5 million²⁸⁹ in 2020, and 2) rising the net enrollment rates in the last decade: school net enrollment rate for primary schools grew from an average of 50%²⁹⁰ in 2012 to 85%²⁹¹ in 2016/7.

After several generations of high birth rates, Haiti's population growth is finally decelerating. Haiti's birth rate fell from 39 per 1,000 people in 1970 to 24 per 1,000 people in 2018. This trend has direct implications for the education sector: while the Haitian school-aged population (here, taken to be ages 0-19) was nearly 50% of the country's population in 1960, its share of the population has fallen to 42% in 2020. The absolute number of school-aged children is expected to peak in 2030, and the relative size of the group will continue shrinking and predicted to fall to almost 20% by 2100.²⁹²

²⁷⁸ Center P., 2010

²⁷⁹ COLUMBIA, 2011

²⁸⁰ DHSPROGRAM, 2012 Mortality, Morbidity, and Service Utilization Survey, 2012

²⁸¹ WORLDBANK, EDUCATION FOR ALL PHASE II, 2018

²⁸² EMMUS, 2017

²⁸³ UNESCO

²⁸⁴ WORLDBANK, Literacy rate, adult total, 2019

²⁸⁵ libre, 2019

²⁸⁶ The Haitian Project, Annual Report 2019

²⁸⁷ Project

²⁸⁸ UN, 2020

²⁸⁹ UN, 2020

²⁹⁰ Worldometer

²⁹¹ DHSPROGRAM, 2016

²⁹² Population Pyramid

The net enrollment rate in Haiti varies by level of education, gender, and geographical location. For instance, as of 2016/2017, the primary school enrollment rate was 80%²⁹³ in rural areas and 91%²⁹⁴ in urban areas. Out of the children of age to attend primary school (6-11), 85%²⁹⁵ of girls are enrolled, alongside 83%²⁹⁶ of boys. The primary school gross enrollment rate is 136%²⁹⁷; this inconsistency is explained by the country's high over-age student population (a phenomenon called "Surâgés"). In this situation, children drop out of school because of an inability to pay for school or because they are engaged in child labor (34% of children ages 7-14 combine work and school) some students then return to school after a period of non-attendance to complete their primary education. This phenomenon results in some cases of students up to age 16 attending primary schools. At the secondary level, the gross school enrollment rate is 36% in rural areas compared to 61%²⁹⁸ in the urban areas. Among secondary school-aged students, the rate of female enrollment is higher (51%)²⁹⁹ than the enrollment rate for male students (46%)³⁰⁰.

The increasing enrollment rate in Haiti may be explained by rising incomes in the country, which could be contributing to a greater ability to pay for private education as public education is not broadly available. From 2000 to 2019, Haiti's GDP³⁰¹ per capita grew from USD \$499 to USD \$754. Moreover, this growth has been distributed equitably: between 2015 and 2017, the country's Gini³⁰² coefficient, a metric which reveals the severity of income inequality in a country, fell from 60.8 to 41.1, meaning that likely lower- and middle-income Haiti have become more capable of paying for education. However, the body of literature on the subject has not explored Haitians' evolving willingness to pay for education.

Even though education in Haiti is compulsory³⁰³, that does not translate into high demand for the educational system given the low availability of public education, the high cost of private education, and the poor quality of the service overall³⁰⁴. "Whether families with limited resources prioritize sending their children to school will be influenced by the perceived value of education." As described by the World Bank, "Haiti's fragile education system faced a complex situation, including challenges on both the demand and the supply sides³⁰⁵". The supply side needs to become more attractive to increase the demand, for example, including teacher tutoring, better infrastructure, or nutrition services.³⁰⁶

DEMAND FOR EDUCATION FINANCE:

THE NON-STATE EDUCATION IS IN NEED OF INVESTMENTS IN INFRASTRUCTURE AND TECHNOLOGY DUE TO COVID19 AND NATURAL DISASTERS WHICH HAVE AFFECTED THE COUNTRY

Educational institutions

The educational landscape is diverse, composed of a network of institutions with unique value propositions and operational models. The Brookings Institution analyzes educational institutions through two lenses: the type of education provider and the type of financing the institution receives. The type of

²⁹³ DHS PROGRAM, 2016

²⁹⁴ DHS PROGRAM, 2016

²⁹⁵ DHS PROGRAM, 2016

²⁹⁶ DHS PROGRAM, 2016

²⁹⁷ DHS PROGRAM, 2016

²⁹⁸ DHS PROGRAM, 2016

²⁹⁹ DHS PROGRAM, 2016

³⁰⁰ DHS PROGRAM, 2016

³⁰¹ WORLD BANK, GDP

³⁰² statista

³⁰³ WORLD BANK, Haiti Improves Access to Education with a Targeted Government Strategy, 2012

³⁰⁴ Enriette, 2008

³⁰⁵ WORLD BANK, EDUCATION FOR ALL PHASE II, 2018

³⁰⁶ OCHA, 2020

education provider can fall into one of three categories: state, non-state not-for-profit, and non-state for-profit. The type of financing can either be public or private. In addition, schools can be further segmented by both the quality of the education they provide as well as their overall cost of attendance, which can range from low-cost or subsidized to high-cost or market-rate.³⁰⁷

The World Bank³⁰⁸ provides insight into the state of all educational institutions, illustrating that: a) providers operate with little oversight or accountability for quality of education and ensuring learning; b) schools are vulnerable to natural disasters: for example, Hurricane Matthew drastically exacerbated the challenges of access to quality education in the country. Estimates suggest that high winds and heavy rains damaged approximately 3,000 schools and destroyed about 500 schools across the country; c) physical and social environments are inadequate, and schools often do not provide safe, healthy contexts for learning. For example, only 56%³⁰⁹ of primary schools offer their students drinking water, according to the 2013-14 national school census. In seven of the country's ten departments, the rate of school electrification is under 25³¹⁰ percent.

The circumstances surrounding school teachers and their training contributes to the complexity of improving education in Haiti: “Teachers’ salaries are low, making it attractive or even necessary for teachers to engage in additional income-generating activities, sometimes at the expense of the time spent teaching and learning their craft.”³¹¹ (Since 2014 the government has required teachers to obtain a special permit – attainable only after passing an exam and paying corresponding fees – before entering a classroom.³¹² But despite these stringent requirements, 80 ³¹³percent of the teachers in Haiti are underqualified and have no license.

Currently, in response to COVID-19, schools in Haiti are requiring extra funding to incorporate distance learning options for children to continue their education. In addition, schools in Haiti are in need of teacher training in the operation and execution of these new technologies and learning styles³¹⁴. Also there is a need in terms of infrastructure to provide access to internet and electricity, as only 21% ³¹⁵of the population has access to the internet, 41% ³¹⁶has access to electricity, 63% ³¹⁷of the population has a mobile phone and there are computers only in 7% ³¹⁸of the households. This situation has opened opportunities for blended finance to play a role as part of the solution to the crisis in this sector.

Ancillary Services and other education-related enterprises

The education sector is made up of an ecosystem of companies and services, in addition to formal educational institutions (i.e., schools). Education related enterprises can include school transportation, food catering, extracurricular activities (e.g., sports, arts), bookstores, publishers, language academies, distance learning providers, teacher, training test preparation companies, Ed-Tech/LMS companies, hardware providers, academic and administrative software. Examples of the status of education-related enterprises in Haiti are presented below.

Distance learning centers: Distance learning has become a viable educational/pedagogical option in Haiti as a model for overcoming geographical complexities, political instabilities and reaching the places where

³⁰⁷ Steer, Gillard, Gustafsson-Wright, & Latham, 2015

³⁰⁸ WORLD BANK, 2016

³⁰⁹ EMMUS, 2017

³¹⁰ EMMUS, 2017

³¹¹ Enriette, 2008

³¹² Nouvelliste, 2014

³¹³ UNESCO, 2015

³¹⁴ GPE, 2020

³¹⁵ EMMUS, 2017

³¹⁶ EMMUS, 2017

³¹⁷ EMMUS, 2017

³¹⁸ EMMUS, 2017

educational institutions do not exist. There are different types of centers that teach from the primary French curriculum academic up to postgraduate programs. These centers use different teaching material such as booklets, cassettes, CD, radio, TV, or Internet. They are mainly financed either by religious congregations or national or international governments. There are some other small institutions that are funded either privately or via international organizations. Amongst the many different organizations³¹⁹ the most relevant are:

- Funded by religious entities
 - Mission Adventiste d’Haiti established in 1968, main format booklets
 - La conférence Épiscopale haïtienne established in 1978, main format radio
 - La Fondation Haïtienne de l’Enseignement Privé established in 1990, main format radio
- State-funded:
 - La radio éducative established in 1972, main format radio, funded by Haitian government
 - CNED (National center for distance education acronym in French) main format is booklets. Funded by Haitian and French government
- Privately-funded: EDC (Education Development Center) established 1990, main format radio. Funded by USAID.³²⁰

Teacher training: Teacher training is another relevant complementary service since there is a shortage in qualified teachers in Haiti, 80% of teachers have not received any pre-service training³²¹. Almost all the education programs funded by international organizations recognize this and dedicate a part of their strategies to strengthening the capabilities of teachers³²². Several different organizations (mainly non-profits) offer this service, including Teaching for Haiti, which is a part of the global organization Teach For All³²³, and not only recruits and trains teachers but also places them in schools where they can maximize their impact. This organization is funded by different private institutions, some of which are religious.

After-school tutoring: After-school complementary courses – like sports – also form an important part of the education ecosystem in Haiti. Goals for Haiti is one such organization that combines sports with education and community service. With a focus on soccer as the main conductor of the engagement with kids, this organization provides sports training, reading/writing courses and have a weekly community service. While many programs in this sector have been able to achieve high impact – for instance, 91% of after-school tutoring students at the Crosby Fund for Haitian Education’s Education Center advance to the next grade – the COVID-19 crisis has caused it serious damage; the Crosby Fund’s Education Center, for example, was shuttered for several months due to the virus.³²⁴

SUPPLY OF EDUCATION FINANCE:

FINANCIAL ACTORS DO NOT SEE NON-STATE EDUCATION LENDING AS A PRIORITY, AND INNOVATIVE FINANCIAL MODELS FOR NON-STATE EDUCATION ARE YET TO BE EXPLORED

³¹⁹ Universities also offer distance learning for their programs but those are out of the scope of this literature review.

³²⁰ Center E. D.

³²¹ OCHA, 2020

³²² WORLD BANK, 2016

³²³ Teach for all, 2020

³²⁴ Crosby Fund for Education

Traditional Finance

The Ministry of Education (MENFP) helps finance³²⁵ non-state education given the high percentage of non-state participation in the education sector in Haiti. The Ministry receives core funding from international organizations such as the World Bank³²⁶, UNICEF, UNESCO, USAID³²⁷, among others. The role of the government is to act mainly as a vehicle for those funds to reach their target institutions and all the collateral logistics that this funding may require.

On the debt side, few specific financing products exist in banks and MFIs for either parents or institutions. When providing financing for parents, banks and MFIs tend to include this under consumer loans. Similarly, schools and education related enterprises are treated as SMEs by most banks and MFIs. However, as part of this literature review, we identified 2 Banks and 1 MFI currently offering K-12 education loan products for parents:

- Finca Haiti (MFI): Offers from USD\$150 up to USD \$2,000 payable at maximum two years designed for parents to be used for enrollment, tuition and other school fees, school supplies, and equipment.
- Sogebank (BANK): Offers loans from USD\$150 up to USD \$4,000 payable at maximum one years designed for parents to be used for enrollment, tuition and other school fees, school supplies, and equipment.
- Banque Nationale de Credit (BANK): Offers education credits mentioned in their portfolio with no specifications.

On the equity side, there is no evidence on the literature reviewed on financial institutions making equity investments in non-state schools or ancillary services.

Blended Finance

According to USAID, Blended finance “is the strategic use of development funds, such as those from government aid and philanthropic sources, to mobilize private capital for social and environment results, such as improving infrastructure, education, agriculture, healthcare, and more.”³²⁸ According to Convergence, the five most common transaction types are (1) bonds/notes, (2) companies, (3) facilities, (4) funds, and (5) projects.

Blended finance in Haiti is still emerging. The Convergence database, the leading resource for significant blended finance activity, has identified that deals in Haiti are focused mainly in the microfinance/retail banking sector. With a historical total of 5 deals adding \$137 million. Haiti is a little above the region with an average of 4 deals and an average size of \$24 million per deal. The main sector for those deals is financial services accounting for agricultural finance, insurance and microfinance. The recorded data from Convergence³²⁹ is consistent with OECD numbers, which indicate that less than 0.3% of all blended finance transactions go towards education.

³²⁵ MENFP, 2020

³²⁶ WORLD BANK, 2016

³²⁷ USAID, 2020

³²⁸ Roddis, 2020

³²⁹ Convergence, s.f.

Manager	Vehicle Name	Type	Size	Year	Sectors
Dlo Haiti	DLO Haiti	Project	\$7M	2013	Infrastructure (Non-Energy), Water Infrastructure
Finca International	Finca Haiti S.A.	Company	\$10M	2017	Financial Services, Agriculture Finance
Fonkoze	Microinsurance Catastrophe Risk Organization	Company	\$5M	2011	Financial Services, Insurance
MCE Social Capital	Global Economic Opportunity Note	Bond/ Note	\$40M	2014	General
Global Partnerships (GP)	Social Investment Fund 6.0 (SIF 6.0)	fund	\$75M	2018	Financial services, Microfinance

Since Haiti is marked as a Low-income country³³⁰ by the World Bank, its risk level is usually understood as being closer to some African countries as opposed to LAC countries, when searching for blended finance. Nevertheless, Haiti shares some common ground with the Latin-American region. The eligible sectors for the blended finance deals in Haiti are transport, renewable energy, water and sanitation, ICT, agriculture, and local private sector development³³¹. In order to supply that growing demand for the infrastructure across the sectors mentioned above, in 2012, Haiti established a unit inside the Ministry of Finance which is dedicated to public-private partnerships (PPP)³³². The PPP Knowledge Lab³³³ (2016) reported, the investment in PPP was USD \$246 million spread across 12 projects in the sectors of Electricity, Ports, ICT and Water and Sewage.³³⁴

On the impact bond side, currently UNICEF is developing an impact bond to halt cholera in Haiti by supporting its damaged healthcare system.³³⁵ Additionally, the International Finance Corporation (IFC) (2019) mentions the following as projects eligible for financing by IFC social impact notes: 1) lending to financial intermediaries for on-lending to women-owned enterprises; 2) lending to companies that incorporate low-income communities into their value chain as suppliers, distributors, or customers; 3) project categories accepted by the Social Bond Principles (SBP), such as access to essential services (health, education, etc.), employment generation for the underserved.³³⁶ This same document recognizes the investment climate as challenging and finally describes: “The debut issuance from IFC’s Social Impact Notes Program offers retail bond investors the opportunity to invest as little as \$1,000, which may be invested in eligible projects without incurring any additional credit risk other than that of IFC as a triple-A rated issuer.”³³⁷

³³⁰ WORLDBANK

³³¹ ALIDE

³³² WORLDBANK, Creating central unit management

³³³ Launched in 2015 by the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IaDB), the Islamic Development Bank (IsDB), and the World Bank Group, with the support from PPIAF, the PPP Knowledge Lab serves the needs of governments and practitioners alike, filling the gap in reliable, trustworthy knowledge about public-private partnerships.

³³⁴ Lab, 2016

³³⁵ USAID

³³⁶ IFC

³³⁷ IFC

One relevant example of a PPP in Haiti is the World Bank’s program Education for All, which is currently in the second phase. This phase, which has a value of US\$70³³⁸ million, functions as a grant that has four main emphasis. The first focus is in access to education by tuition waiver programs and on the other hand improving quality via teacher training programs and institution capacity and institution strengthening to help the MENFP build institutional capacity to attract more PPPs. This project, given the size of its potential impact, is supported by several partner organizations, including: nonpublic primary schools, the Haitian Department of Administrative Affairs, school management committees, the National Education Partnership Office, the National School Feeding Program, the Department of Private Education, the Fast Track Initiative.³³⁹

MOVING FORWARD

This literature review of the non-state education sector in Haiti seeks to provide insight for the final market assessment report and offers a high-level overview of the current state of the sector, along with potential needs in financing, barriers in the supply of financing, and gaps in knowledge.

As mentioned above, the absence of substantial literature and practice on the focus of the research has limited the scope of the information presented. However, this piece of work must be thought of as a preliminary overview, not as a definitive guide to financing for non-state education in Haiti. That is, an understanding of where the gaps in the literature are on this subject will inform the consultants’ focus on the final market assessment report that will follow this literature review and will also serve as context for future researchers.

Notably, not only is there an absence of formal academic literature and country specific reports on the subject of non-state education broadly and blended finance, there is also a lack of clear online information on the actors that currently constitute the sector. For instance, the vast majority of schools and state institutions in Haiti do not have any online presence, which both reflects and contributes to the lack of information on the education sector.

Likewise, the minimal literature on school performance in Haiti is plausibly a symptom of the low internet connectivity rate. This may be resulting in low amounts of publicly available information on school quality. Indeed, Haiti doesn’t release a list of school performance on national exams but a performance per region. Again, this set of circumstances both serves as proof and cause of the low level of academic literature on non-state education in Haiti.

Through our review of literature on non-state education in Haiti, the consultants identified several promising pathways for future analysis.

1. Concessional financing may be a strong tool to support and scale successful low-cost high-quality school chains that are improving the quality of and access to education in Haiti.
2. An impact bond-like structure can incentivize education providers to improve teacher quality and student outcomes, and could be tailored to target specific sub-groups, like girls.
3. Technical assistance for financial intermediaries such as MFIs to develop financial products aimed at supporting the payment of school fees, and tailored to the needs of borrowers in Haiti.

As mentioned above, this review is intended to serve as a preface to a broader report that will attempt to fill many of the gaps identified here via interviews. Among those gaps are: blended finance; factors informing school performance; the business case for ancillary actors; and others.

³³⁸ WORLDBANK, 2018

³³⁹ WORLDBANK, 2009

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ANNEX 2: ANNOTATED BIBLIOGRAPHY

WORLDBANK.2009. The Role and Impact of Public-Private Partnerships in Education

This report made by the World Bank explores the public-private partnerships in education their role and the impact that they might have. It is based on the results of the first phase of a multi-year program to examine the role of public-private partnerships in education. It describes (by reviewing the concept of these partnerships) how PPPs could help support the country's education goals. The document explores five ways through which public-private contracts can help countries meet education goals and finally develops operational guidelines supported by empirical evidence revision.

Specifically, the report describes vouchers as the format that possibly will be the stronger out of the 4 PPP studied taking into account: a) effects on increasing enrollment, b) effect on improving education outcomes, c) Effect on reducing education inequality, and d) effects on reducing costs. On the conclusion segment, it describes that PPP's can rapidly improve the quality of education and expand access to schooling in underserved parts of the population.

<http://documents1.worldbank.org/curated/en/453461468314086643/pdf/479490PUB0Role101OFFICIAL0USE0ONL0Y1.pdf>

Lunde Henriette. 2008. Youth and Education in Haiti Disincentives, vulnerabilities and constraints

This study describes the state of the Haitian education sector in 2008 with the main objective of identifying the causes for low enrollment and dropout. The research material is based on qualitative interviews and focus groups conducted in four different regions of Haiti. The author describes the education in Haiti as a reason for grave concern, both for national authorities and the international community. Taking enrollment and literacy rates as the main inputs for that statement. It describes the education ecosystem as costly, with limited access, and with enrolment in practice optional.

It describes the role of the regulations as a disincentive given that education is compulsory from ages 6 to 15. The role of the government in the education sector is described as weak resulting in a huge market for private actors. The private education institutions are said to have both the top highest and lowest quality in education. Finally, the lack of qualified teachers is ranked as the main problem in the Haitian education sector. The study concludes the State has renounced its responsibility to provide education and relied on the private sector which operates largely unregulated.

<https://www.jebcaeditions.org/uploads/3/4/5/7/34571231/haiti-education.pdf>

Ramirez Byron. 2018. Economic Development, Poverty, and Inequality in Haiti During the Past 20 Years (1997-2017)

This paper describes the economical, institutional, and governmental evolution of Haiti for over 20 years (1997-2017). It starts with recognizing the earthquake 2010, the hurricane Mathew 2016, and political instability as the main causes of the fallbacks in development. It describes the economy as fragile despite recognizing the efforts of international aid organizations, multilateral development banks, and NGOs. It suggests re-evaluating Haiti's development strategy and existing policy interventions to advance.

It points need to raise educational standards and improve the quality of education as urgent recognizing ineffective governance and accountability, deficiencies in teaching and learning quality, inequitable access, and limited enrolment at higher educational levels as the major challenges it faces. It proposed that policies involving education in Haiti must be re-examined and adapted. The document concludes by recommending to consider retooling existing pro-development policy interventions.

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3280626

UN.2016. Blended finance in the SDG Era

This document presents a summary of a workshop held by the UN in blended finance in the SDG era. The workshop topics revolved around where the areas and circumstances are where is most appropriate to blend concessional public with private finance, and the development of cooperation support, and the strengthening of national capacities. It also aimed to understand how these instruments can be monitored transparently, identifying accurately public effort and impact.

One finding was that when financial returns are not sufficient to attract private sector investment, then subsidies to the private sector can be justified in situations when the social return to an investment exceed private returns. It attributes the relatively small number of PPPs in low-income countries as a response to the greater challenges they face, an example of this is that investments intended to serve the poorest communities usually translate the lowest returns.

As possible success factors for blended finance projects in a specific study case in Haiti the workshop suggests that the national government can be helped with good guidelines for the negotiation of such contracts. Another Success factor mentioned is the involvement of local authorities, who have intimate knowledge of local circumstances, from the earliest stages of a project, including in the preparation of feasibility studies.

<https://www.un.org/ecosoc/sites/www.un.org.ecosoc/files/files/en/DCF/DCF-side-event-blended-finance-workshop-summary.pdf>

OECD.2019. Blended finance in a fragile context

The paper of the OECD defines fragility as the combination of exposure to risk and insufficient coping capacity of the state, system, and/or communities to manage, absorb or mitigate those risks and defines the study of fragility amongst 5 different areas: political, societal, economic, environmental, security. It continues to explain that development cooperation can be approached from a preventive or reactive perspective.

Further on it states that the way blended finance interplays with societal fragility and security remains unclear, as these two dimensions exert more complex influence on the trade-off between perceived risks and anticipated returns, which typically guides private investors. On Haiti in specific, it mentions an example where a fragile situation such as the earthquake in 2010 generates new and attractive investment opportunities like urban reconstruction.

https://www.oecd-ilibrary.org/development/blended-finance-in-fragile-contexts_f5e557b2-en

ODI.2019 Blended finance in the poorest countries

This report presented by ODI (an independent global think tank) **It** examines the investment portfolios of the largest and most important blended-finance actors in LIC's to analyze the blended finance landscape. The document aims to identify the main factors likely to constrain blended finance's potential in those countries. It starts by recognizing an urgent need for better data and transparency.

It recognized that blended finance might eclipse grants to boost local investment environments. It evidences that on average on LIC's for every \$1 of multilateral development banks invested, private finance mobilized amounts to just \$0.37. It also describes how poor investment climate, lack of investable opportunities, lack of tailored approach, and low-risk appetites of MDBs and DFIs, inhibits the potential of blended finance in LICs. It concludes by recognizing the need to better understand the poverty and development impact of blended finance.

<https://www.odi.org/sites/odi.org.uk/files/resource-documents/12666.pdf>

Steer, L., Gillard, J., Gustafsson-Wright, E., & Latham, M. (2015, October). Non-state actors in education in developing countries: A framing paper for discussion.

This paper serves as a landscape assessment of non-state education, analyzing its typologies, its characteristics, and its strengths and weaknesses. It traces the development of non-state education in various contexts, examining

trends in non-state school enrollment across country income groups and regions. The paper proposes a framework for segmenting the education sector broadly and uses that framework to set the parameters for a discussion on the characteristics and typologies of non-state educational institutions. Moreover, the document offers archetypical examples of representative typologies of educational institutions, including defining the key characteristics of each typology. The paper also discusses the financing framework for non-state educational institutions, identifying the key actors involved in providing finance to the sector. The financial component of the paper segments the type of capital by its intended output, ranging from high social value to high financial value. Besides, the paper evaluates arguments in favor of and against non-state education, categorized by “access and scale,” “quality,” “equity,” and “cost-effectiveness and efficiency.” Finally, the paper proposes a set of closing recommendations.

<https://www.brookings.edu/wp-content/uploads/2016/06/102215-Non-State-Actors-in-Education-Framing-paper-Final.pdf>

Roddis, S. (2020). Blended Finance in the Non-State Education Sector. USAID.

Is a literature review report on blended finance in the non-state education sector. It starts by recognizing the importance of providing equal access to high-quality education and how there have been successful global efforts to increase education enrollment. It then explains blended finance with all the tools and its market. Finally, it describes how this financial option offers different alternatives for funding non-state education.

On the conditions side, it reviews the supply and demand for education at every stage. It explains that blended finance deals in non-state education not only can increase the access but also the quality. It provides a map of evidenced blended finance instruments and outcomes where it describes some deals, the type, and the result. One of the conclusions of the report is that even though there is not enough evidence of blended finance deals to draw general conclusions, high quality in education is impossible to achieve without adequate resources.

https://www.edulinks.org/sites/default/files/media/file/CATALYZE_Blended%20Finance%20for%20Non-State%20Education%20Literature%20Review.pdf

World Economic Forum. (n.d.). Global Competitiveness Index 2017-2018: Haiti

The world economic forum country (Haiti) report assesses global competitiveness. It describes a general economic overview of indicators such as GDP and population. It continues to a performance overview of components of basic requirements, Efficiency enhancers, and innovation. Finally, it shows data on the most problematic factors of doing business.

Some of the key findings of this report are low scores on infrastructure and institutions. On the Efficiency enhancers, the lowest indicators are technological readiness, financial market development, market size, and higher education and training. Finally, on the Innovation factors both innovation and business sophistication scored low. The most problematic factor for doing business is access to financing, government instability, policy instability, and inadequate supply of infrastructure.

http://www3.weforum.org/docs/GCR2017-2018/03CountryProfiles/Standalone2-pagerprofiles/WEF_GCI_2017_2018_Profile_Haiti.pdf

UNESCO. (2020). Global Education Monitoring Report 2020.

This is a report about inclusion in education presented by UNESCO in 2020. It starts by recognizing that Education resources and opportunities are distributed unequally. It highlights the importance of Education as an opportunity with the potential to transform lives and therefore it should be equally available to every kid. It defines the following categories as drivers for discrimination: gender, remoteness, wealth, disability, ethnicity, language, migration, displacement, incarceration, sexual orientation, gender identity and expression, religion, and other beliefs and attitudes. It finally acknowledges that COVID-19 adds new layers to exclusion in education.

It reviews inclusion through the lenses of legal tools, challenges in collecting data, curricula and learning materials are adaptation, physical accessibility, and technological support. The 2020 Global Education Monitoring Report addresses the challenges that may arise by considering how they contribute to local and system-level inclusion of learners vulnerable to exclusion. On specific, the document mentions Haiti as an example of violence against girls and states that school neighborhoods are the most common location for solicitation.

<https://unesdoc.unesco.org/ark:/48223/pf0000373718>

USAID.2017.USAID/HAITI STRATEGIC FRAMEWORK

The USAID strategic framework (Haiti) report in 2017 starts by recognizing the operations that USAID has had in the country since 2011. It describes the 3 priorities for these operations a) U.S. National Security Interest, b) Assert U.S. leadership, and c) Foster economic opportunities for the American people. It defines the main goal for 2018-2020 as operates with the goal of Foundation for resilience, stability, and inclusive growth reinforced.

Specifically, this report mentions weak governance as a fundamental challenge to sustainable development. It also recognizes the cycle of donor dependence and suggests that the government of Haiti must have greater ownership of development cooperation. In education, the document recognized the improvements made and suggest the need to support to strengthening the education system and improving the quality of education. It does recognize as the main challenge the lack of teacher training and access to quality education

<https://www.usaid.gov/sites/default/files/documents/1862/USAID-Haiti-Strategic-Framework-2018-2020.pdf>

Monetary Fund. 2015. Haiti

This Paper presented by the Monetary Fund in 2015 was background documentation for a consultation with the member ho Haiti. It reviews the public sector institutions and enterprises and suggests some insights into the opportunities and challenges for growth under the lens of public expenditure.

It describes how reforms across a wide range of areas are needed to achieve a sustained increase in living standards. The electricity (described as unreliable, insufficient, and unwarrantedly expensive) is pointed as the main obstruction for investment, growth, poverty reduction. It does recognize that higher enrollment rates in education were achieved by the increased spending on education.

<https://www.imf.org/external/pubs/ft/scr/2015/cr15158.pdf>

For more information contact:
Amanda Fernandez
Executive Director, CATALYZE
amanda.fernandez@thepalladiumgroup.com

www.usaid.gov/catalyze