

# Investing in people to fight poverty in Haiti

## Overview

Reflections for evidence-based policy making





## Overview

*Despite a decline in both monetary and multidimensional poverty rates since 2000, Haiti remains among the poorest and most unequal countries in Latin America. Two years after the 2010 earthquake, poverty was still high, particularly in rural areas. This report establishes that in 2012 more than one in two Haitians was poor, living on less than \$ 2.41 a day, and one person in four was living below the national extreme poverty line of \$1.23 a day.*

*Progress is evident, but much remains to be done. Extreme poverty declined from 31 to 24 percent between 2000 and 2012, and there have been some gains in access to education and sanitation, although access to basic services is generally low and is characterized by important inequalities. Urban areas have fared relatively better than rural areas, reflecting more nonagricultural employment opportunities, larger private transfers, more access to critical goods and services and narrowing inequality compared to rural areas.*

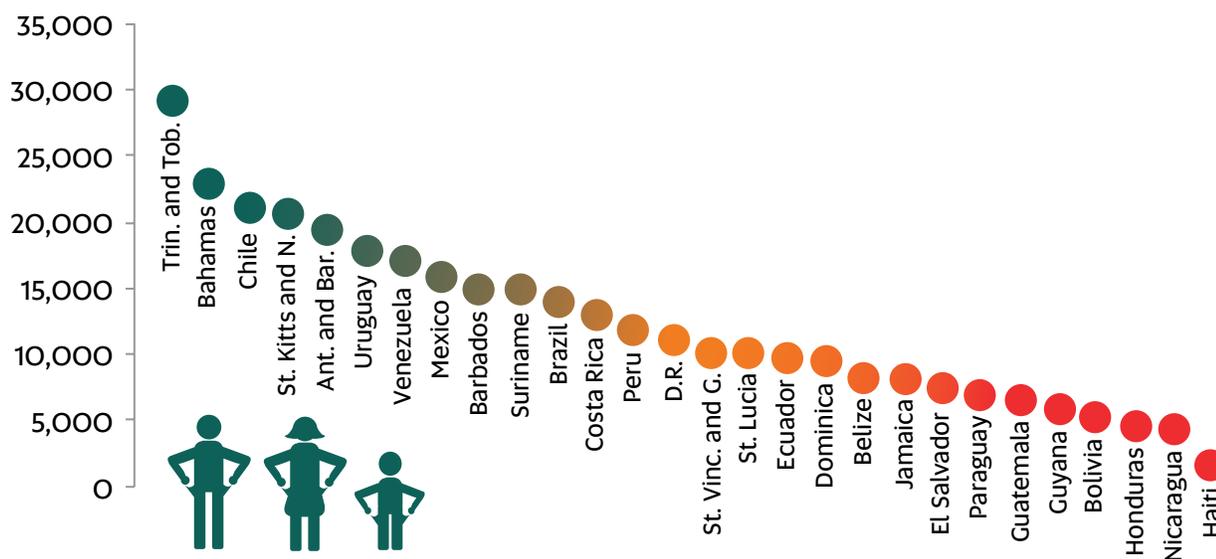
*Continued advances in reducing both extreme and moderate poverty will require greater, more broad-based growth, but also a concerted focus on increasing the capacity of the poor and vulnerable to accumulate assets, generate income, and better protect their livelihoods from shocks. Special attention should be given to vulnerable groups such as women and children and to rural areas, which are home to over half of the population and where extreme poverty persists, and income inequality is increasing.*



## 1. Introduction

**Haiti is a country of contrasts, where the challenges are matched by the opportunities.** With a population of 10.4 million people living in an area of 27,750 km<sup>2</sup>, Haiti is one of the most densely populated countries in Latin America.<sup>1</sup> While 22 percent of the total population lives in the Metropolitan area of Port-au-Prince, the capital, slightly over half (52 percent) lives in rural areas; the rest reside in other urban areas outside the capital.<sup>2</sup> Haiti's strategic position in the middle of the Caribbean Sea, its potential as a tourist destination, its young labor force, and its rich cultural heritage offer a wide range of economic and geopolitical opportunities. Despite this, the wealth generated in the country is largely inadequate to meet the needs of the people: today, Haiti's per capita gross domestic product (GDP) and human development are among the lowest in Latin America (figure O.1).<sup>3</sup>

Figure O.1. GDP per capita in Haiti and in Latin America (2011 PPP U.S. dollars), 2012



Sources: WEO (World Economic Outlook Database), International Monetary Fund, Washington, DC, October 2013, <http://www.imf.org/external/pubs/ft/weo/2013/O2/weodata/index.aspx>; WDI (World Development Indicators) (database), World Bank, Washington, DC, <http://data.worldbank.org/data-catalog/world-development-indicators>.

- 1 Based on available population projections of the Haitian Institute of Statistics and Informatics (IHSI 2012) and World Bank World Development Indicators (WDI).
- 2 All data in this briefing note are from the Enquête sur les Conditions de Vie des Ménages après le Séisme (postearthquake household living conditions survey, ECVMAS 2012), unless otherwise indicated.
- 3 Per capita GDP was \$1,575 (purchasing power parity [PPP] U.S. dollars) in 2013. Haiti ranks 161 among 186 countries in the Human Development Index of the United Nations Development Programme. "Human Development Index (HDI) Value," United Nations Development Programme, New York, <https://data.undp.org/dataset/Human-Development-Index-HDI-value/8ruz-shxu>.



## 2. Haiti in 2012: Monetary and multidimensional poverty

**Poverty is widespread in Haiti; in 2012, the overall poverty headcount was 58.5 percent, and the extreme poverty rate was 23.8 percent.** The new poverty measurement methodology developed by the technical agencies of the Haitian government reveals that almost 6.3 million Haitians cannot meet their basic needs, and, among these people, 2.5 million are living below the extreme poverty line, meaning that they cannot even cover their food needs (box O.1).<sup>4</sup> The incidence of poverty is considerably greater in rural areas and in the North, in particular.<sup>5</sup> More than 80 percent of the extreme poor live in rural areas, where 38 percent of the total population is not able to satisfy its nutritional needs, compared with 12 percent in urban areas and 5 percent in the Metropolitan Area (figure O.2). The poor are also geographically concentrated in the North, where the Nord-Est and Nord-Ouest Departments have an extreme poverty rate exceeding 40.0 percent (representing 20.0 percent of the overall extreme poor), compared with 4.6 percent in metropolitan Port-au-Prince (representing only 5.0 percent of the extreme poor). The incidence of poverty among both man- and woman-headed households is about 59 percent<sup>6</sup>; 43 percent of the population lives in woman-headed households.<sup>7</sup>

### **Box O.1. A new national poverty line for Haiti**

**Using the new 2012 consumption data, for the first time the government of Haiti has produced a national poverty line, which thus becomes the new reference for the measurement, monitoring, and analysis of poverty in the country.**

Between October 2013 and February 2014 an interinstitutional technical committee led by the National Observatory of Poverty and Social Exclusion (ONPES) and including the Haitian Institute of Statistics and Informatics (IHSI), the Fund for Economic and Social Assistance (FAES), the National Food Security Coordination Unit (CNSA), and the Direction of Economic and Social Planning (DPES) of the Ministry of Planning and External Cooperation (MPCE) developed and certified the first official national poverty line for Haiti, with technical assistance from the World

4 These rates are based on per capita consumption and were calculated using the 2012 official moderate and extreme poverty lines of HTG 81.7 per capita per day (\$2.41 PPP of 2005) and HTG 41.6 per capita per day (\$1.23 PPP of 2005), respectively.

5 For the purpose of this study, Haiti is geographically divided into five regions: the North, the South, the Transversal (the Center), the Metropolitan Area, and the West.

6 Based on a linear regression on poverty correlates, the sex of household heads is not correlated with poverty in any location of residence.

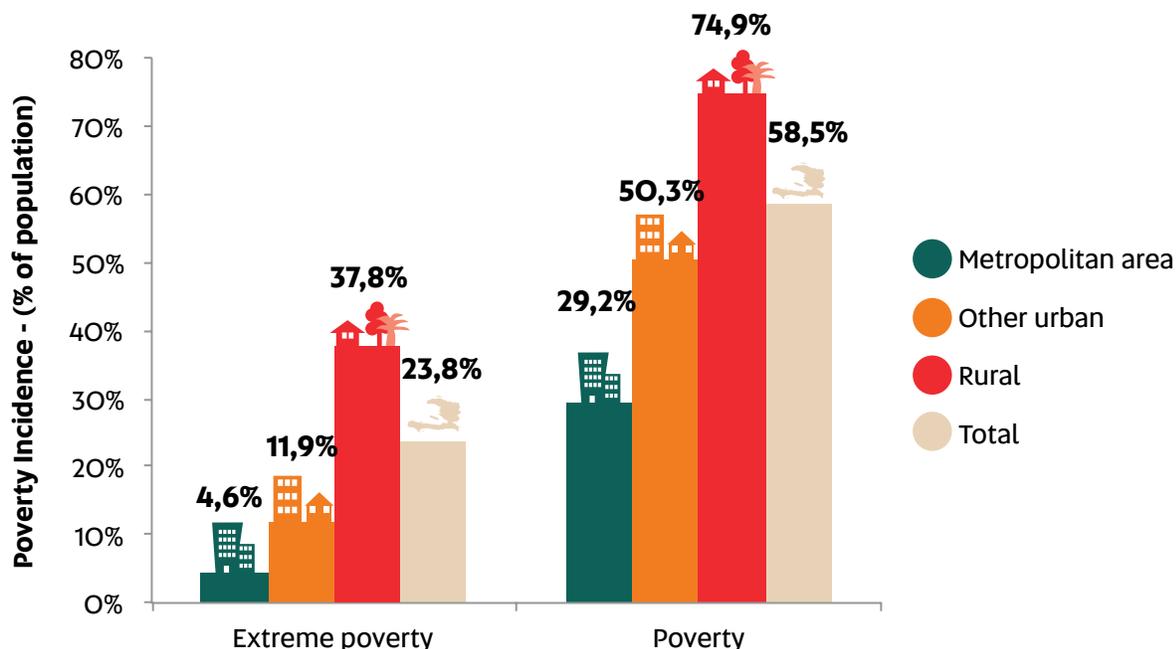
7 This share is high for international standards, but is in line with other countries in the Caribbean region: Antigua, Barbados, Dominica, Grenada, Saint Kitts and Nevis, and Saint Lucia present a share of woman-headed households above 40.0 percent (Ellis, 2003).

Bank. The poverty line is inspired by the cost-of-basic-needs approach and has values of HTG 81.7 (\$2.41 PPP of 2005) for the moderate poverty line and HTG 41.6 (\$1.23 PPP of 2005) for the extreme poverty line. The data used to produce the line are derived from the *Enquête des Conditions de Vie des Ménages Après le Séisme* (post-earthquake household living conditions survey, ECVMAS 2012), the first living conditions survey conducted in Haiti since 2001. The poverty rates for 2012 and the associated profiles are therefore based on the new official national poverty lines.

The new methodology developed by the technical agencies of the Haitian government reflects international best practice. Consumption is considered a better measure of well-being because it captures living standards more accurately, unlike income, which generally underestimates well-being and overestimates poverty<sup>8</sup>.

Figure O.2. Incidence of poverty and geographic distribution of poor by urban and rural areas

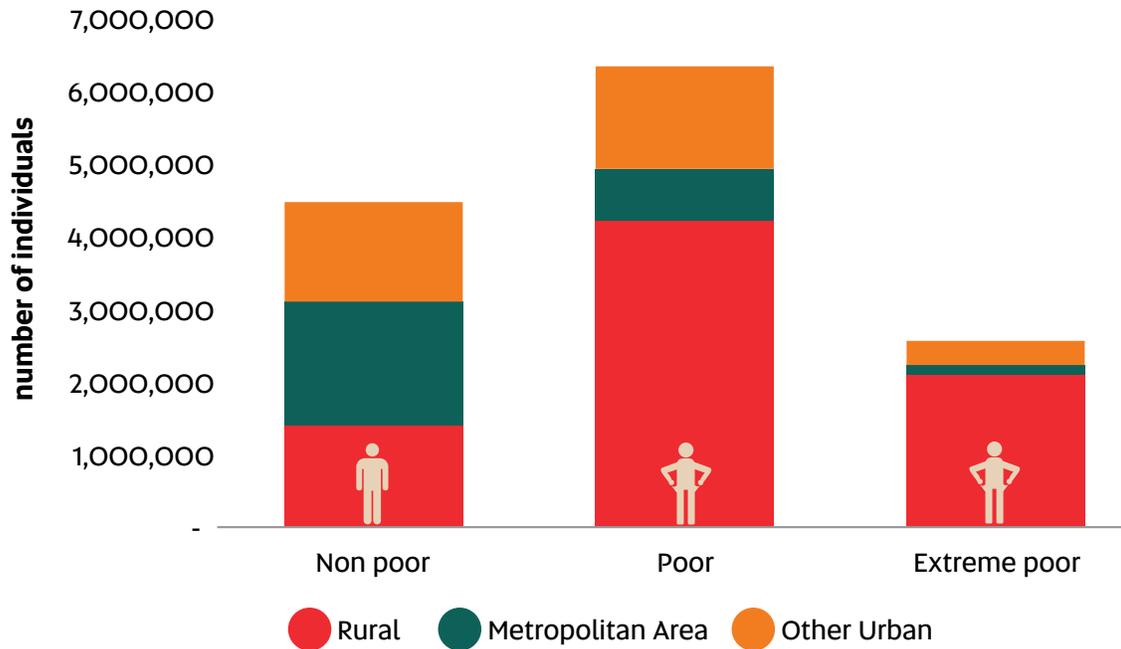
a. Poverty incidence



<sup>8</sup> The poverty rates produced in 2001 by IHSI and FAFO (76% and 56%) were based on the international thresholds of 1 and 2 dollars a day (PPP) and on households income data.



### b. Geographic distribution of non-poor, poor and extreme poor population in urban and rural areas



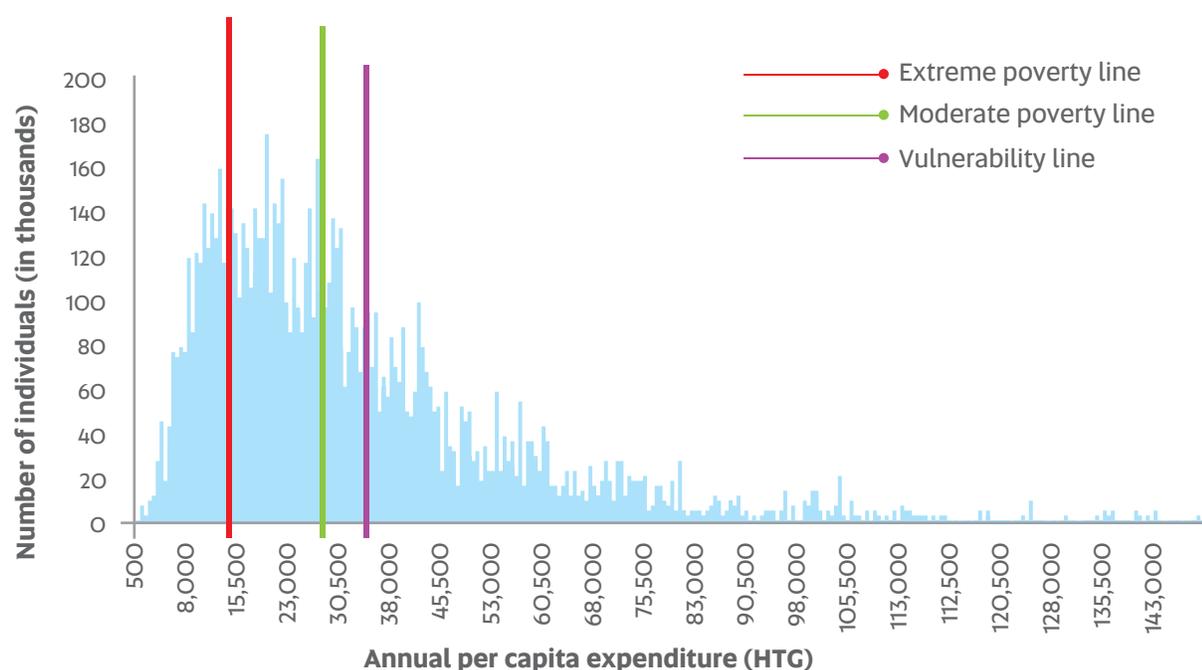
Source: Official poverty rates, based on ECVMAS 2012; WB/ONPES calculations.

**Vulnerability is extensive in Haiti.** One million people live slightly above the poverty line and could be pushed below the line by a shock; almost 70 percent of the population is either poor or vulnerable to falling into poverty (figure O.4).<sup>9</sup> Only 2 percent of the population consumes the equivalent of \$10 a day, which is the region’s income threshold for joining the middle class. A typical Haitian household faces multiple shocks annually, and nearly 75 percent of households were economically impacted by at least one shock in 2012. The extreme poor are more vulnerable to shocks and the consequences of shocks: 95 percent experienced at least one economically damaging shock in 2012. Natural disasters, in particular, have a great disruptive potential partly because they so heavily affect agriculture, which is the main source of livelihood for a large share of the population, especially in rural areas. Indeed, the evidence shows that the most common covariate shocks are weather or climate related, while the most important idiosyncratic shocks are health related.<sup>10</sup>

9 In the absence of panel or synthetic panel data, the vulnerable are defined as individuals living on a budget representing 120 percent of the poverty line: in other words, 20 percent higher than the poverty line. An alternative definition of vulnerability used by the World Bank for Latin America is tied to economic stability and a low probability of falling into poverty. The threshold corresponding to this probability is \$10 PPP a day, which is therefore used to identify the middle class in the region, while the vulnerable are defined as individuals living on between \$4 and \$10 PPP a day.

10 Covariate shocks affect large shares of the population of entire communities (such as natural disasters or epidemics), while idiosyncratic shocks affect individuals (such as sickness, death, or job loss).

Figure O.4. Distribution of household per capita consumption (in Gourdes)



Sources: ECVMAS 2012 and official poverty lines; WB/ONPES calculations.

### 3. Improvements in monetary and multidimensional poverty

**Significant economic, political, and natural shocks throughout the last decade had important impacts on people's well-being<sup>11</sup>.** The available data on poverty are cross-sectional, implying that they provide snapshots of welfare at the beginning of the 21st century and in 2012, but do not allow a disaggregated analysis of how each of these shocks affected households. However, a comparison of these two points in time suggests that welfare did improve despite repeated shocks. In particular, at the national level, the extreme poverty rate declined from 31 to 24 percent between 2000 and 2012 (figure O.5).<sup>12</sup> Improvements in urban areas drove this decline because the extreme poverty rate fell from 21 to 12 percent in urban areas and

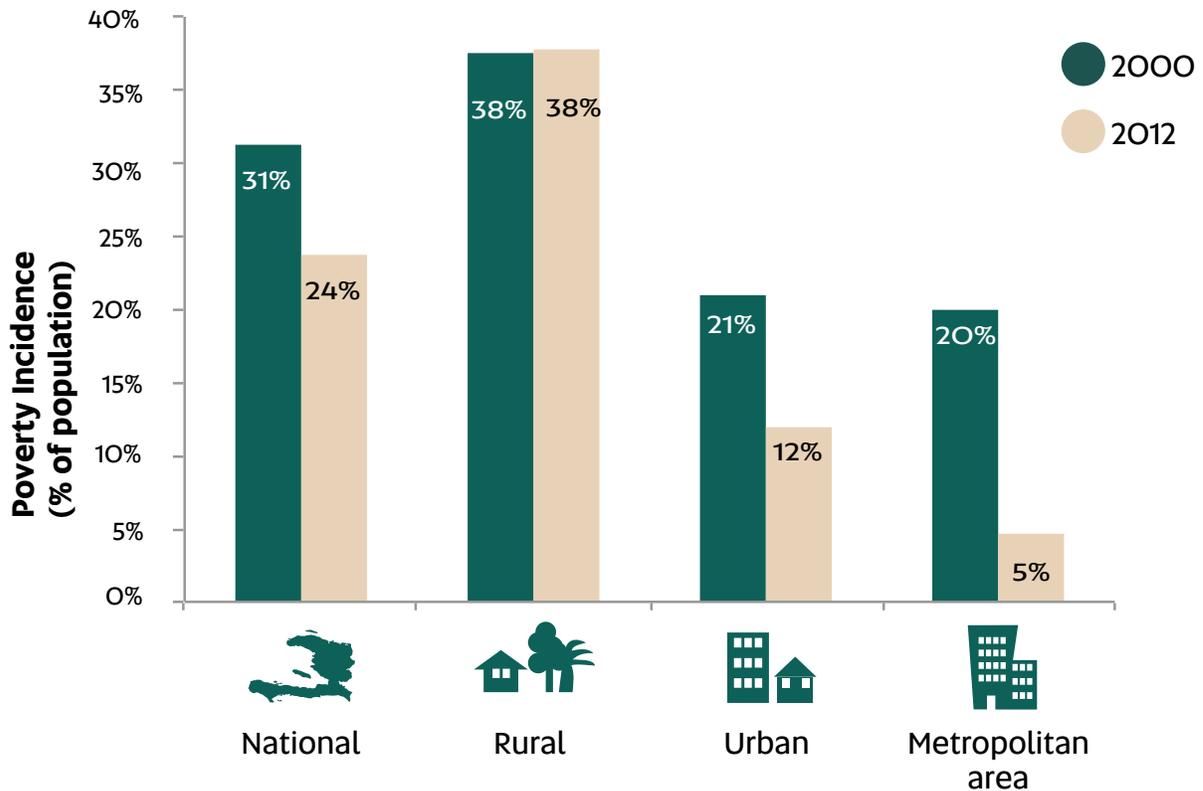
<sup>11</sup> Among them the political crisis and floods of 2004, the hurricanes and increase in food prices of 2008, and the 2010 earthquake.

<sup>12</sup> The 2000 poverty rates are from the Fafo Institute for Applied International Studies (2001), a Norwegian research center, based on the IHSI *Enquête Budget et Consommation des Ménages 1999/2000* (household income and expenditure survey, EBCM) (see <http://www.faf.no/indexenglish.htm>). The consumption poverty indicators for 2000 were calculated based on a national food poverty line estimated in a slightly different manner than the official 2012 methodology. The consumption aggregate in 2000 was developed using over 50 items in the food basket, while the 2012 aggregate was based on a food basket of 26 items that reflects 85 percent of the value of the food consumed among the reference population in all regions of Haiti (deciles 2–6). Furthermore, the aggregate for 2000 does not include imputed rents, while the aggregate for 2012 does. Simulations show that, even excluding imputed rents from the 2012 aggregate, the declining trend in extreme poverty holds.



from 20 to 5 percent in the Metropolitan Area, but stagnated in rural areas, at 38 percent. While data from 2000 are not available to assess the relevant trends, moderate consumption poverty is also estimated to have modestly improved in the last decade.<sup>13</sup>

Figure O.5. Evolution of extreme poverty in Haiti, 2000-2012



EBC 1990/2000, in FAFO (2011), and official poverty line ECVMAS (2012)

**Nonmonetary welfare has also improved in Haiti since 2001 in both urban and rural areas** (table O.1).

The biggest gains have been in education, where participation rates among school-age children have risen from 78 to 90 percent. However, the quality of service delivery is a concern: because of a combination of late starts, dropouts, and repetitions, only one-third of all children aged 14 years are in the appropriate grade for their age.

<sup>13</sup> Income-based measures suggest that moderate poverty declined from 77 percent in 2001 based on the Enquete des Conditions de Vie des Menages 2001 (survey on living conditions in Haiti 2001, ECVH 2001) to 72 percent in 2012 (ECVMAS 2012). Consumption-based poverty measures are considered the most accurate in capturing welfare levels, especially in countries with high rates of rural poverty and significant income volatility; the new, official Haitian poverty measure is consumption based.

**Table O.1. Access to basic services**

Coverage rates, %”

Indicator	National		Urban		Rural	
	2001	2012	2001	2012	2001	2012
School-age children in school	78	90	84	93	74	87
Access to improved drinking water sources						
WHO definition <sup>a</sup>	—	53	—	55	—	52
Access to tap water (in house)	7	11	13	18	3	5
Expanded definition <sup>b</sup>	—	73	—	91	—	56
Treated water (purchased)	—	20	—	36	—	4
Access to energy <sup>c</sup>	32	36	62	63	11	11
Rate of open defecation <sup>d</sup>	63	33	44	11	76	53
Access to improved sanitation <sup>e</sup>	—	31	—	48	—	16
Habitat, nonhazardous building materials	48	60	71	81	33	41

Sources: ECVH 2001; ECVMAS 2012; WB/ONPES calculations. Note: — = not available. WHO = World Health Organization.

**a.** According to the international definition (WHO), access to improved drinking water is the proportion of people using improved drinking water sources: household connection, public standpipe, borehole, protected dug well, protected spring, rainwater. **b.** The expanded definition includes the international definition (WHO), plus treated water (purchased). **c.** Includes electricity, solar, and generators. **d.** Rate of open defecation refers to the proportion of individuals who do not have access to improved or unimproved sanitation. This indicator is part of the Millennium Development Goals (MDG) and is a key element of discussion for the post-2015 agenda. The open defecation rate declined from 63 to 33 percent nationwide between 2000 and 2012, reflecting gains in both urban and rural areas. **e.** Improved sanitation is access to a flush toilet or an improved public or private latrine.

The quality of sanitation access remains low: only 31 percent of the population had access in 2012 to improved sanitation overall, and 16 percent had access in rural areas.<sup>14</sup> Access to improved sources of drinking water is similar in urban and rural areas, at 55 and 52 percent, respectively. However, most of the remainder of the urban population (36 percent) purchases safe water directly from vendors; the rest (9 percent) use unimproved sources of drinking water. Meanwhile, most of the remainder of the rural population (44 percent) does not have this option and uses unimproved water sources (river water or unprotected wells) with a high probability of contamination. Access to energy (electricity, solar, or generators) expanded only slightly because of gains in urban areas, accompanied by stagnating levels in rural areas, which held at 11 percent.

<sup>14</sup> Improved sanitation includes flush toilets and improved latrines. According to the United Nations Children's Fund and the World Health Organization, an improved sanitation latrine is one that hygienically separates human excreta from human contact.



**Over the same period, income inequality stagnated: the Gini coefficient was static at 0.61 since 2001.**<sup>15</sup> The richest 20 percent holds more than 64 percent of the total income of the country, against the barely 1 percent held by the poorest 20 percent. However, this hides opposing trends in urban and rural areas, where inequality declined (from 0.64 to 0.59) and increased (from 0.49 to 0.56), respectively.<sup>16</sup> These levels of income inequality place Haiti among the most unequal countries in Latin America and in the world (figure 0.6).

**Despite improvements in access to basic services, the poor keep facing significant barriers in accessing them.** In 2012, 87 percent of 6- to 14-year-olds in poor households were in school, compared with 96 percent of children in nonpoor households. In the same year, child mortality in the highest welfare quintile was 62 per 1,000<sup>17</sup> live births, while it was 104 in the lowest income quintile. Similarly, the number of stunted children was four times greater in the lowest quintile relative to the highest.<sup>18</sup> Fewer than 1 woman in 10 in the lowest quintile benefits from assisted delivery, versus 7 in 10 among the better off, which suggests that the poorest have limited access to maternal health services and are more likely to die during delivery.<sup>19</sup> These facts show that poverty is an important barrier to both school enrollment and health service utilization: in 83 and 49 percent of cases, respectively, cost is the main reason for keeping children out of school or not consulting a doctor if they are sick.<sup>20</sup> Households bear most of the burden of education costs (10 percent of their total budgets). In contrast, household health expenditures are relatively limited (less than 3 percent of total household budgets). These obstacles to investment in human capital are greater in rural areas, where poverty is more extensive and the supply of services more limited.

**Women and girls are particularly vulnerable because they face important obstacles to the accumulation and use of their assets, particular their human capital.** Despite sizable progress in both education and health outcomes, adult women are still less well educated than adult men and are more likely to be illiterate, while their utilization level of health services is still very low. Apart from initial differences in endowments, women in Haiti also face additional obstacles in participating in the labor market where they are significantly less likely to be employed and earn significantly less than man (see below). Finally, gender-based violence and low participation in the public sphere are widespread in Haiti.

**Due to extreme levels of poverty and vulnerability, the social protection system in Haiti faces difficulties in adequately meeting the needs of the population.** In the face of the high incidence of and vulnerability to idiosyncratic or covariate shocks, the poor and vulnerable have limited access to public sup-

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15 The Gini has been calculated using the income aggregate for 2001 and 2012, comprising household per capita labor income (including production for own consumption), nonlabor income, and imputed rent. The aggregate is built using the methodology of the Socio-Economic Database for Latin America and the Caribbean, as illustrated in CEDLAS and World Bank (2012).

16 It is not possible to compare trends in consumption inequality because the 2000 estimate did not exclude outliers, which strongly affect inequality estimates.

17 Health related data presented in this study are from the survey DHS/EMMUS 2012.

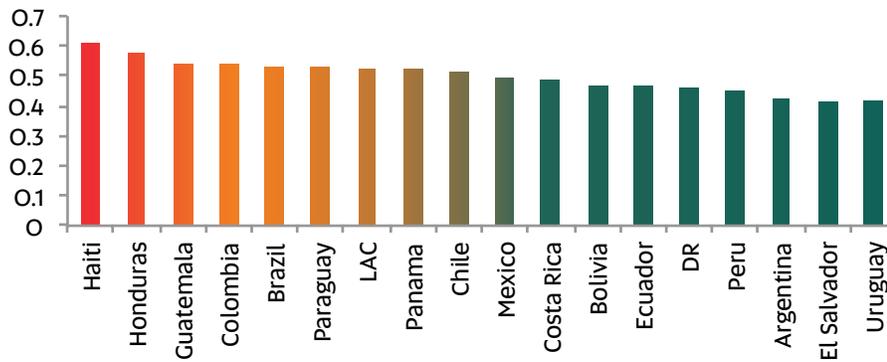
18 Welfare quintiles are based on a household asset index, not on household consumption.

19 In 2012, the coverage of deliveries within institutions was 8.4 times greater among the highest welfare quintile (76 percent) than among the lowest welfare quintile (9 percent). Welfare quintiles are based on a household asset indicator, not household consumption.

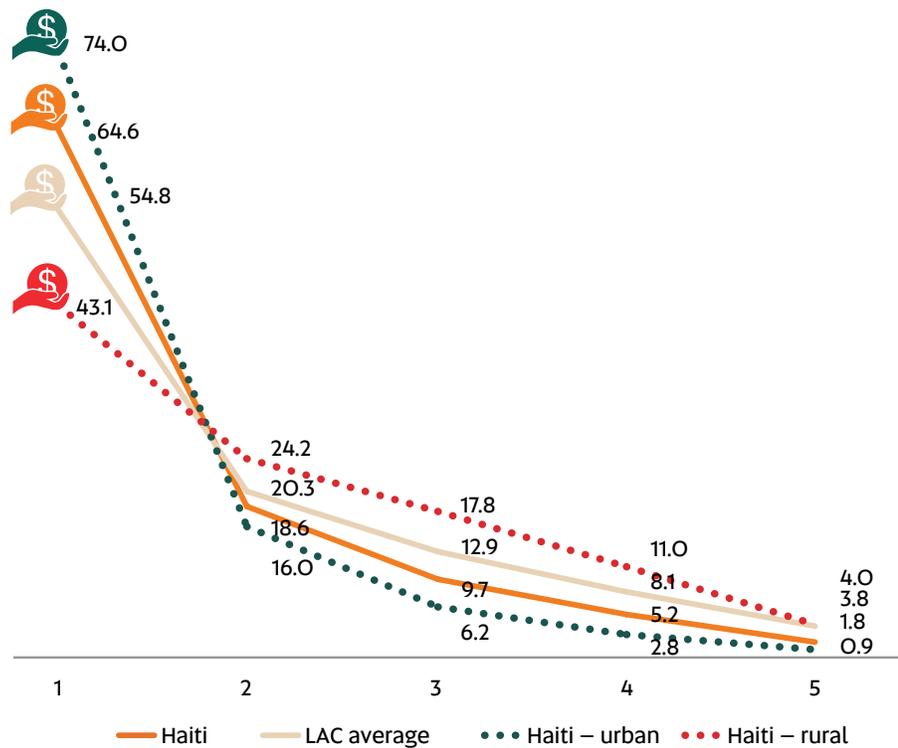
20 According to the 2012 demographic and health survey (DHS), 7 in 10 women aged 15–49 years do not seek medical support for lack of money, while 43 percent do not do so for lack of transport (see chapter 3).

Figure O.6. Income inequality in Haiti and in Latin America

a. Gini inequality coefficient, Latin America, circa 2012



b. Income share, income quintiles, Haiti



Sources: ECVMAS 2012; PovStat 2014; data of the Center for Distributive, Labor, and Social Studies. Note: Average inequality in Latin America is based on income aggregates. The same methodology has been used to measure inequality in Haiti. However, comparability is not perfect because of differences in the questionnaires used to capture income.

port, given the low capacity of the State. Most assistance arrives to them in the form of remittances or support from churches, other nongovernmental institutions, and donors. In 2012, only 11 percent of the extreme

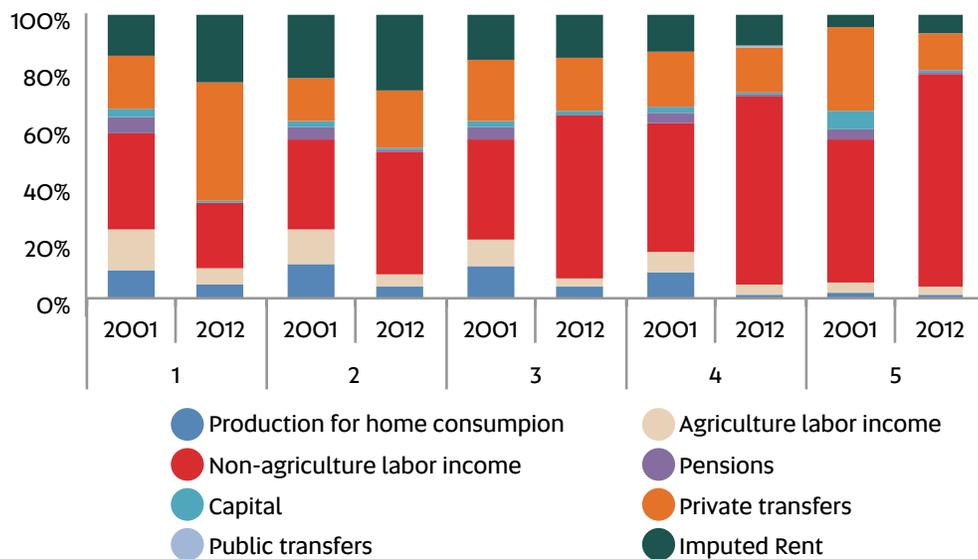


poor received public social assistance through scholarships, food aid, or other transfers.<sup>21</sup> Despite recent efforts to expand social assistance provision under the EDE PEP framework, the majority of the poor continue to lack access to formal safety nets that could allow them to smooth their consumption over time, prevent irreversible loss of human capital, and avoid destitution.

## 4. Poverty reduction: the importance of transfers and nonagricultural income

**One of the key drivers behind the modest poverty gains in urban Haiti has been greater access to nonagricultural income.** The share of nonagricultural income rose among all households in urban areas except for the poorest (figure O.7). The shift toward nonagricultural employment in urban areas likely reflects a transition toward better paid jobs in construction, transport, and telecommunications, sectors that experienced positive value added growth during the period. The average hourly labor income is two to four times higher in the informal and formal sectors than in the agricultural sector.<sup>22</sup> In contrast, households in the first quintile saw their share of nonagricultural and agricultural income fall, while the contribution of private transfers (domestic and international remittances) in their income rose.

Figure O.7. Changes in per capita income composition in urban areas per income quintile, 2001–12



Sources: ECVMAS 2012; WB/ONPES calculations.

21 The coverage rate does not capture a number of larger programs such as school feeding and tuition fee waivers or new programs introduced under the government platform, EDE PEP (in Haitian Creole, help the people).

22 The informal sector is defined by the International Labour Organization as unincorporated enterprises (household businesses) that are not registered, do not keep formal accounts, and are not in the primary sector (agriculture).

**Income generation opportunities in urban areas are limited by a two-sided problem: the scarcity of jobs and the prevalence of low-paid employment.** Unemployment affects 40 percent of the urban workforce, and almost 50 percent of the female workforce. Youth face unemployment rates above 60 percent, which triggers not only economic, but also social concerns<sup>23</sup>. The challenge of finding a job ends up producing high levels of discouragement. Haiti has the lowest rate of labor force participation in the region: only 60 percent of working-age individuals participate in the labor market, compared, for example, with 70 percent in the neighboring Dominican Republic. Among those who find a job, 60 percent have earnings below the minimum wage and women earn, on average, 32% less than men<sup>24</sup>.

Education plays a critical role in improving welfare in urban areas: labor income is, on average, 28 percent higher among individuals who have completed primary education than among uneducated individuals. In this context, the urban poor resort to self-employment or informal microenterprises<sup>25</sup> as a coping mechanism. Overall, almost 60 percent of the poor are in this type of occupation, and 75 percent of the poor are active in sectors such as trade, construction, and low-skill services.

**The persistence of rural poverty reflects households growing reliance on a low-performing agricultural sector and production for home consumption.** Over the decade, agricultural income (including production for own consumption and agricultural labor income) rose in importance, representing between 48 and 59 percent of the incomes among the first three quintiles (figure O.8). Rural livelihoods are highly dependent on agriculture: almost 80 percent of households engage in farming. Moreover, among half the households, farming is the sole economic activity. Unfortunately, the returns to agriculture are low and unreliable, and the activity resembles a subsistence strategy rather than reliance on a productive economic sector.<sup>26</sup> Lessons from better performing farmers suggest that improving access to inputs, product markets and supporting crop diversification are the main channels to elevating productivity. Among the poor, only 20 percent use fertilizer and pesticides. Moreover, even though the area of cultivated land is only slightly smaller among the poor than among the nonpoor (1.2 hectares versus 1.6 hectares, respectively), the poor spend two to four times less on fertilizer, pesticides, seeds, and labor<sup>27</sup>.

Participation in the nonfarm sector is key to emerging from poverty in rural Haiti. Engaging in the nonfarm sector in rural areas reduces the probability of being poor by 10 percentage points. The typical nonfarm job in rural areas is a one- or two-person shop engaged in small retail. Still, the returns to this activity surpass those accruing to farming. About 40 percent of nonpoor households participate in the nonfarm sector, a participation rate that is 1.5 times higher than the participation rate among the poor.

23 Extended unemployment rate, which includes not only people in working age who do not have a job but are looking for one, but also those who are not looking for a job because they are discouraged, waiting for a job answer, retired or sick, but would be immediately available if offered an opportunity.

24 This is so after one controls for age, education, experience, household size, number of young children in the household, urban location, and sector of activity.

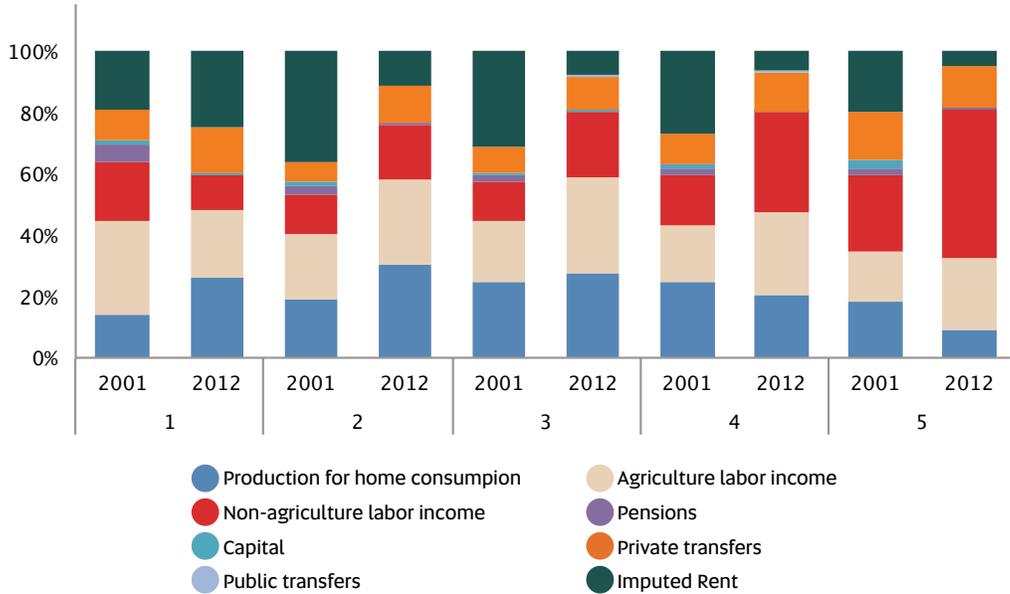
25 Composed of one or two persons (including the owner).

26 Since 2000, the sector has performed poorly, contracting by 0.6 percent annually as a consequence of repeated adverse climatic shocks. In 2012, agricultural production narrowed by 1.3 percent following a series of droughts, heavy rains, and hurricanes, which generated crop and seasonal income losses of 40 to 80 percent. The drop in production led to a decline in the demand for labor and a rise in the cost of locally produced food. Poor households thus lost income and faced higher consumption costs (prices). See "Haiti Food Security Outlook" (October 2012–March 2013), Famine Early Warning System Network, Washington, DC, <http://www.fews.net/central-america-and-caribbean/haiti/food-security-outlook/october-2012>.

27 Such a gap could arise from credit and liquidity constraints the poor face, as well as weak access to markets and knowledge about input use (Fritschel, 2002; Kydd et. al 2002; Jacoby, 1999).



Figure O.8. Changes in per capita income composition in rural areas per income quintile, 2001–12



Sources: ECVMAS 2012; World Bank and ONPES calculations.

**External financial flows, including remittances and international aid, have also contributed to the decline in poverty.** The share of households receiving private transfers in Haiti rose from 42 to 69 percent between 2001 (ECVH 2001) and 2012 (ECVMAS 2012). Worker transfers from abroad have represented more than a fifth of Haiti’s GDP in recent years; they originate mainly from the Dominican Republic and the United States. Furthermore, in the aftermath of the 2010 earthquake, the country catalyzed international solidarity, resulting in unprecedented aid flows in money, goods, and services. These external flows contributed to poverty reduction over the period, especially in urban areas, which attracted most of the assistance.

**Migrating, both domestically and abroad, seems to be a profitable income generation solution for many households.** An approximate cost-benefit comparison indicates that, on average, migration is profitable. A household with an out-migrant has forgone earnings of about G 5,000, but, in exchange, the migrant can expect to raise G 16,000 at destination (G 4,000 of which are sent in transfers). When controlling for individual and households characteristics, educated migrants earn on average between 20 and 30% more than their peer in rural areas.

## 5. Conclusions and Priority Areas for Development and Poverty Reduction Policy Action

**This report identifies three main areas for action in the fight against poverty and inequality in Haiti, to complement efforts for better governance and sustainable growth:** i) Boosting income generation in rural and urban areas to pull households out of poverty; ii) Improving provision of basic services, such as health and



education, to increase productivity potential and provide the poor and vulnerable with the means to improve their lives in a durable manner; iii) Prioritizing risk management and social protection policies to avoid livelihood losses.

**Policies to boost households' income are essential to sustaining and accelerating welfare gains.** In urban areas, achieving this objective will have to involve the creation of economic opportunities and better jobs, particularly among youth and women. A higher level of education, for example, is correlated with higher labor income. In rural areas, the stagnation of both extreme poverty and income inequality observed between 2000 and 2012 reflects the increasing reliance on the low-productivity agricultural sector. Because 80 percent of the extreme poor live in rural areas, it will be necessary to develop this sector by means of policies that support crop diversification and promote expanded access to inputs and to output markets. Furthermore, both in urban and rural areas it is necessary to improve the business environment in order to increase the profitability of employment. Policies aimed at improving the mobility of goods and people, such as investments in transport or financial inclusion, could contribute to this goal, while allowing households to harness the potential of migration (domestic and international).

**Enhancing access to education and health care is especially important in building individual and household human capital.** In the context of limited economic opportunities, the public provision of services to increase the human capital accumulation capacity of the poor will be essential in breaking the vicious circle of intergenerational poverty. Expanding access and the quality of services, while reducing costs among households will be critical to improving health and education outcomes, particularly among children and women. Addressing early childhood development and gaining deeper knowledge about the determinants of school learning are essential in the education sector. Achieving universal primary enrollment will also require a short- to medium-term financing plan and an improved coordination with social protection programs. On the health care front, policies should aim at improving the accountability of service providers, increasing service utilization and quality, and expanding preventive health care services to reduce costs. In both sectors, furthermore, the establishment of an information system allowing for better identification and targeting of vulnerable populations, as well as for services quality control, will be critical in optimizing the use of available resources.

**In the face of recurring shocks and vulnerability, better targeting in social protection and better risk management strategies should be prioritized to protect households and individual livelihoods.** One million people are vulnerable to shocks that could push them into poverty. Despite the significant expansion of social assistance provision within the EDE PEP framework, developing a targeting system is an essential step to enhancing human capital accumulation among the poor and vulnerable using, among others, a national poverty map allowing for the identification of pockets of poverty and therefore to expand coverage. Besides social protection measures, the *ex-ante* identification and understanding of disaster risks are crucial for the protection of the assets of the poor, as are risk reduction policies such as the retrofitting of critical buildings and the construction of protective infrastructures. It will also be necessary to improve the country's capacity to manage disaster-related emergencies *ex-post* by strengthening institutional arrangements.

**The regular monitoring of poverty and living conditions is a necessary step to promoting evidence-based and effective policy making.** One of the many obstacles to post earthquake reconstruction and emergency operations was the lack of sound statistical information at the national level. Strengthening the national statistical system through investments in this sector will allow the country to have reliable data from various sectors, through regular national censuses and surveys, such as ECVMAS, that will permit regular and systematic monitoring of poverty and households living conditions in Haiti, relying on the new reference rates for the country. At the same time, regular monitoring built on the solid baseline set out in this report will contribute to enhancing the design and efficacy of antipoverty policy making.

