INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/113

HAITI

May 2025

FIRST REVIEW UNDER THE STAFF-MONITORED PROGRAM—PRESS RELEASE; AND STAFF REPORT

In the context of the First Review Under the Staff-Monitored Program (SMP), the following documents have been released and are included in the package:

- A **Press Release**
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's information following discussions that ended on March 19, 2025, with the officials of Haiti on economic developments and policies underpinning the Staff-Monitored Program. Based on information available at the time of these discussions, the staff report was completed on April 28, 2025.

The documents listed below have been or will be separately released.

Letter of Intent send to the IMF by the authorities of Haiti *
Memorandum of Economic and Financial Policies by the authorities of Haiti*
*Also include in Staff Report

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

IMF Management Approves the First Review New Staff Monitored-Program with Haiti

FOR IMMEDIATE RELEASE

Staff Monitored Programs (SMPs) are informal arrangements between national authorities and IMF staff to monitor the authorities' economic program. As such, they do not entail endorsement by the IMF Executive Board. SMP Staff reports are issued to the Board for information.

- *Management of the International Monetary Fund (IMF) has approved the First Review of the Staff-Monitored Program (SMP) with Haiti.*
- *The SMP takes into account Haiti's fragility and capacity constraints, linked to security. It is designed to support the authorities' economic policy objectives and build a track record of reform implementation.*
- *Fund management welcomes the authorities' publication of the Governance Diagnostic Report.*

Washington, DC – April 30, 2025: Management of the International Monetary Fund (IMF) approved on April 15, 2025 the first review of Haiti's Staff-Monitored Program (SMP). SMPs are arrangements between country authorities and the IMF to monitor the implementation of the authorities' economic program and to establish a track record of policy implementation that could pave the way for financial assistance from the Fund under the Upper Credit Tranche (UCT).

Haiti faces a multidimensional crisis with a challenging outlook which is highly uncertain. The country is affected by both global and country-specific shocks, which have worsened its fragility, since the negotiation of the SMP. Risks to the outlook are tilted to the downside and include worsening insecurity that would constrain further activity and the ability to implement reforms and attract aid and the foreign direct investment. The supply-side shock caused by the security crisis will continue to suppress growth and feed inflation unless the security outlook improves. Therefore, restoration of security is the priority.

Despite domestic and global difficulties, the authorities are firmly committed to implement this SMP and have managed to contain the impact of the various shocks, thereby averting even worse economic outcomes. Net international reserves were valued at over US$1.1 billion at the end of December 2024. Despite the political transition and insecurity both the Ministry of Finance and the Bank of the Republic of Haiti (the Central Bank) have remained continuously engaged. They have consistently attempted to adopt feasible measures to limit macroeconomic imbalances and have been able to demonstrate full ownership and support for the SMP through the high-level Program Monitoring Committee which meets with IMF staff on a continuous basis.

Implementation under the SMP has been broadly satisfactory and its objectives remain achievable. All quantitative targets have been met, with a comfortable margin. Of the seven structural benchmarks assessed under this review, six were implemented and one is expected to be met by June (due to constraints related to insecurity).

The SMP is an important anchor for signaling the authorities' commitment to continue making progress toward macroeconomic stabilization and strengthen governance, and locking in macroeconomic gains accumulated over recent years, despite the many headwinds.

An urgent government priority is re-starting the mobilization of revenue to support the country's massive development needs and boost well-targeted spending. The measures under the SMP should help achieve these goals. Continued strengthening of the social safety net is essential to cushion the impact of the shocks on the population and alleviate widespread poverty. The spending commitments previously indicated by the authorities using Food Shock Window resources should be audited in line with SMP commitments.

The fiscal and monetary authorities' commitment to keeping monetary financing of the deficit at zero is commendable and should continue. The FY2023 financial audit of the BRH is urgent and its eventual publication by August 2025 would be important for demonstrating transparency.

In addition to addressing insecurity, advancing governance reforms is paramount to help Haiti exit from fragility, ensure macroeconomic stability and build trust with the private sector and development partners. In this vein, the authorities' publication of the Governance Diagnostic Report and action plan is commendable. The report should provide a road map for reforms to enhance governance and will require capacity development support not only from the Fund but also from development partners.

A government-led strategy to continue to strengthen the economy's resilience to multiple shocks requires the financial support of the international community. This assistance is indispensable to allow quality spending, over the short, medium, and long term. Without it, Haiti will continue to suffer large import compression. External assistance should take the form of grants. The authorities should avoid contracting non-concessional loans, to ensure consistency with the SMP commitments. Non-concessional loans would not only be against SMP commitment. It would also undermine debt sustainability.

In line with the Fund Strategy for Fragile and Conflict-Affected States, IMF staff will also continue to coordinate closely with Haiti's main development partners, particularly on governance and capacity development.

INTERNATIONAL MONETARY FUND

HAITI

FIRST REVIEW UNDER THE STAFF-MONITORED PROGRAM

April 28, 2025

EXECUTIVE SUMMARY

Recent Developments. Haiti is facing exceptional humanitarian, economic, social, and political challenges while the security situation remains dire, and has further deteriorated. The Kenya-led Multinational Security Support Mission (MSS) has struggled to contain gang violence because of understaffing and lack of financing. This has led to the recent accelerated deployment of additional personnel from the Caribbean and Central America. The United States has also reconfirmed its support for the MSS. The Temporary Protected Status for Haitian migrants in the United States is set to expire on August 3, 2025, unless extended.

Program Implementation. Implementation under the SMP has been broadly satisfactory and its objectives remain achievable. Nonetheless, uncertainty about future aid flows poses substantial risks. All quantitative targets have been met, with a comfortable margin. Of the seven structural benchmarks assessed under this review, four were met on time, two were implemented with a small delay, and one was not met owing to capacity constraints (but it is expected to be met by June). Policies, supported by the SMP, have moved in the right direction, with monetary financing held at zero and revenue surprising on the upside in recent months, thanks to enhanced revenue administration. The authorities continue to be deeply engaged with staff through the high-level SMP Program Monitoring Committee.

Policy Recommendations.

- Advance governance and anti-corruption reforms, in line with the recently published governance diagnostic report.
- Adopt measures to strengthen revenue collection, expenditure management and increase budget allocations for social spending to protect the most vulnerable.
- Implement the supplementary budget in line with SMP objectives.
- Strengthen public finance reporting, transparency, and accountability in the use of public funds.
- Implement risk-based foreign exchange interventions.
- Complete, with no further delay, and publish the audit of the Central Bank for FY2023 by August 2025; and
- Continue to provide timely data to the Fund building on strong progress and enhance data transparency through timely publication of core economic data

Approved By
Dora Iakova (WHD) and Jay Peiris (SPR)

Policy discussions were conducted remotely during March 10-19, 2025. The team comprised Ms. Tumbarello (Head), Messrs. Huertas, Kaho, Passadore, Ms. Sun (all WHD), Messrs. Chociay (SPR), Barseghyan (STA), Sung, (FAD) and Messrs. Duvalsaint and Wata (Port-au-Prince office). Ms. Ojo provided excellent research assistance. Ms. Coquillat coordinated all work related to mission scheduling and document preparations. The mission met with Minister of Economy and Finance (MEF) Alfred Fils Métellus, Governor of the Bank of the Republic of Haiti (BRH) Ronald Gabriel, Minister of Minister of Planning and External Cooperation Ketleen Florestal, Minister of Social Affairs and Labor (MAST) Georges Wilbert Franck, Ms. Vanette Vincent (MEF), Mr. Edwige Jean (BRH), other senior government officials, development partners, and representatives of the private sector. Ms. Ludmilla Buteau Allien (Advisor to the Executive Director) participated to all policy and technical discussions. Mr. André Roncaglia (Executive Director) and Mr. Felipe Antunes (Alternate Executive Director) joined the opening and concluding meetings.

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CONTEXT AND RECENT DEVELOPMENTS

1. **The security situation in Haiti remains dire, and gang violence has further escalated**. The presence of the Multi-Country Security Support (MSS) mission, led by Kenya and backed by the United Nations, has recently doubled its size (including with personnel from the Caribbean and Central America regions) and more support may be forthcoming in the near future. But the government has struggled to curb the expanded power of the gangs over the capital, owing to MSS slow deployment and still substantial lack of funding and personnel. The United States has reconfirmed financial support for the MSS operation, and signed waivers to continue disbursing aid flows previously channeled through USAID.[1] If the current security crisis does not improve, elections are unlikely to take place by February 2026. On a positive note, a report by a bipartisan working group, tasked in July 2024 with preparing constitutional reforms to facilitate general elections, has recently been finalized. But it has yet to be published on the official gazette by the Transitional Presidential Council, making the next step (a referendum on constitutional reform ahead of elections) unlikely any time soon. In the interim, Haiti is facing a humanitarian crisis, and food insecurity is pervasive, as confirmed by the World Food Program (WFP). The capital's main port is subject to periodic episodes of gang control. In January 2025, the government was able to open a new port in the south (Saint-Louis du Sud International Port), a 25-year-long project, and it could, in the future, reduce the region's reliance on gang-controlled areas.

2. **Economic conditions remain challenging**. Haiti's economy has contracted for six consecutive years. In FY2024 (ending September), growth was negative 4.2 percent, reflecting disruptions in the production and distribution of goods and services in local markets. Staff estimates that, since the pandemic, scarring from multiple crises has caused Haiti's potential GDP growth to fall by an average of 2 percent a year owing to crime, the 2021 earthquake, and deteriorating public health (Box 1, 2024 Article IV Staff report). The supply-side shock caused by the security crisis has fueled inflation, which stood at 28.4 percent in February 2025 (well above an average of 5½ percent in other Caribbean countries). The current account deficit narrowed in FY2024 to 0.6 percent of GDP as a result of import compression and strong remittances. In the first months of FY2025 (starting in October 2024), export growth continued to deteriorate while imports remained stable, and remittances grew fast (text table). Balance of payment figures for the past two years (FY2023-24) report large errors and omissions (about 3 percent of GDP). The authorities indicated that imports of goods and outward remittances (from

Haiti: Trade and Remittances Data

		Amount (in millions of US dollar)			Percentage change	
	Period	FY20-24 average	FY24	FY25	FY25 vs. FY20-24 average	FY25 vs FY24
	Fiscal year to date					
Exports	October-January	316	260	221	↓ -30	↓ -15
Imports	October-February	1,716	1,830	1,824	↑ 6	↓ 0
Net Remittances	October-February	1,209	1,364	1,626	↑ 35	↑ 19
	Latest available month					
Exports	January	58	46	36	↓ -38	↓ -22
Imports	February	343	320	327	↓ -5	↑ 2
Net Remittances	February	224	241	316	↑ 42	↑ 31

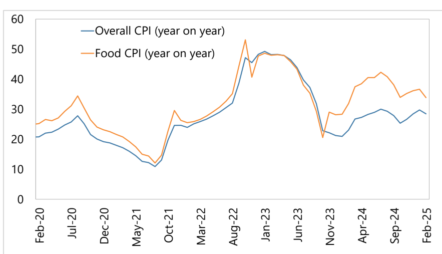
Sources: BRH and Fund staff estimates.

[1] Haiti was among the top 15 recipients of USAID, with total disbursements in 2024 equivalent to US$340 million or 1.2 percent of GDP.

Haiti to other countries) may have been overstated. Future data revisions could lead to a higher current account balance (and lower errors and omissions).

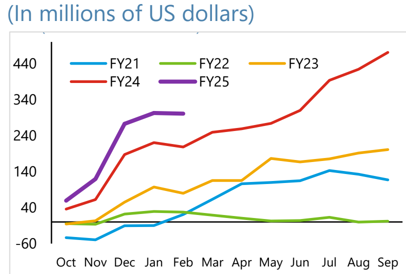
3. **Despite these setbacks, the macro framework has remained well anchored**. Reserve buffers have been rebuilt to a comfortable level, the nominal exchange rate has been remarkably stable, monetary financing of the budget has been reduced to zero, and public debt is low. Net international reserves (NIR) exceeded US$1 billion (US$1.159 billion) in December (up from US$920 million in September), and gross international reserves were US$2.7 billion (about seven months of imports). The increase in reserves was supported by remittances and by the central bank's continued intervention in the FX market, with net purchases of about US$300 million during October 2024-February 2025. The nominal exchange rate vis-à-vis the US dollar remained at about 132 gourdes per dollar over the last year and has even appreciated slightly in recent weeks. The combined effect of a stable nominal exchange rate and high domestic inflation resulted in a strong appreciation of the real effective exchange rate (REER)—28 percent in FY2024 and about 60 percent during FY2022-24. After averaging 2 percent of GDP a year during FY2020-23, monetary financing of the budget declined and was reduced to zero in FY2024, thanks to the prospective SMP engagement. Public debt is low at 14.6 percent of GDP (at end September 2024), the lowest in the Latin America and Caribbean region, mostly owing to the settlement of Petrocaribe debt in January 2024 of about 6½ percent of GDP.

Inflation
(In percent)



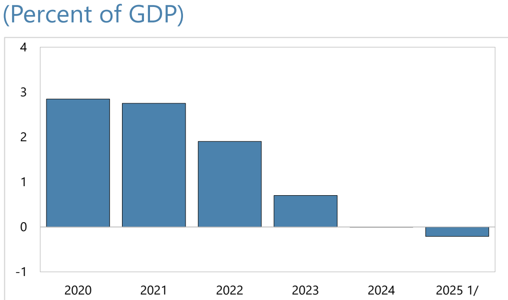
Sources: Haitian Institute of Statistics and Informatics (IHSI), and Bank of the Republic of Haiti.

Cumulative Net Foreign Exchange Purchases by the Central Bank
(In millions of US dollars)



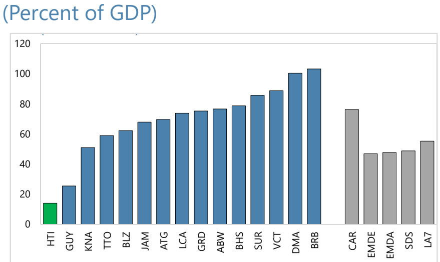
Sources: BRH and IMF staff calculations.

Monetary Financing of the Budget
(Percent of GDP)



Sources: Ministry of Finance (Tableau des Operations Financières de l'Etat—TOFE) and IMF staff estimates.
1/ All data on a fiscal-year basis; 2025 refers to October 2024-February 2025, annualized.

General Government Gross Debt, 2024
(Percent of GDP)



Sources: World Economic Outlook and IMF staff calculations.
Note: Aggregates refer to simple averages. CAR=The Caribbean (excl. Guyana and Haiti); EMDA=Emerging and Developing Asia; SDS=Small Developing States (excluding Caribbean); LA7=Brazil, Chile, Colombia, Mexico, Peru, Paraguay and Uruguay; EMDE=Emerging and Developing Europe.

Haiti: Net International Reserves - 2024 SMP Definition

(In millions of US dollars, unless otherwise noted)

	Sep 2023	Dec 2023	Mar 2024	Jun 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024
A. Gross International Reserves	**2,352.7**	**2,587.4**	**2,428.7**	**2,450.7**	**2,525.2**	**2,560.5**	**2,613.6**	**2,722.0**
Monetary gold	108.9	121.0	128.9	135.7	153.1	159.2	154.3	151.9
Holdings of foreign currency	23.8	42.2	27.4	44.5	36.7	67.3	62.0	34.4
Demand deposits abroad	377.6	542.4	475.2	470.9	444.1	477.6	525.6	694.2
Investments abroad	1,705.6	1,749.6	1,668.7	1,679.3	1,769.3	1,734.5	1,756.5	1,726.8
SDR holdings 1/	109.7	104.6	101.2	93.3	94.2	94.2	87.1	86.9
Reserve Position in the Fund 1/	27.0	27.6	27.2	27.0	27.9	27.9	27.9	27.9
B. Reserve Related Liabilities	**251.1**	**249.7**	**488.1**	**453.1**	**306.6**	**306.7**	**242.4**	**242.2**
Liabilities to the IMF 1/ 2/	248.4	248.0	244.7	237.7	245.1	245.1	240.0	239.8
Short-term loans from private non-residents 3/	0.0	0.0	242.9	213.4	60.2	60.6	0.0	0.0
Liabilities to IFIs	2.3	1.7	0.5	2.0	1.3	1.1	2.4	2.4
Certified checks in FX	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
C. FX Denominated Liabilities to Residents	**1,814.2**	**1,744.1**	**1,296.6**	**1,327.0**	**1,263.4**	**1,262.0**	**1,292.0**	**1,286.9**
Financial sector FX deposits in the central bank	1,266.0	1,196.0	1,263.7	1,294.5	1,231.0	1,229.6	1,259.6	1,254.2
Government FX deposit in transitory account (Venezuela debt)	515.2	515.2	0.0	0.0	0.0	0.0	0.0	0.0
Swaps with financial institutions	32.9	32.9	32.9	32.4	32.4	32.4	32.4	32.7
D. Other FX Liabilities	**33.7**	**33.4**	**17.8**	**18.1**	**35.2**	**34.1**	**33.9**	**33.9**
Off-balance sheet FX liabilities	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Project accounts	17.5	18.3	2.7	3.0	20.2	19.0	18.9	18.8
Special accounts	1.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
E. Net International Reserves, 2024 SMP definition (A - B - C - D)	**253.8**	**560.1**	**626.2**	**652.5**	**919.9**	**957.7**	**1,045.2**	**1,159.2**

Sources: BRH, IFS, and IMF staff calculations.

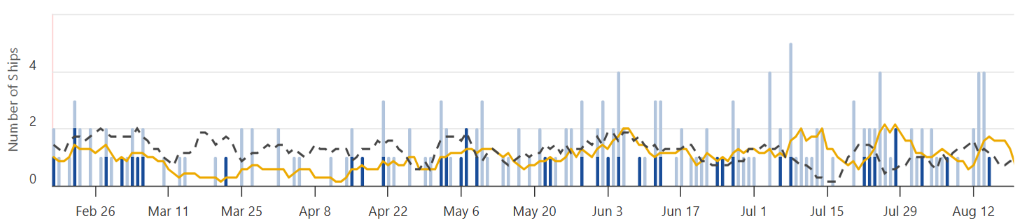
1/ Based on IMF data. For the purposes of the 2024 SMP, between December 2024 and September 2025, the amounts in SDR will be converted to U.S. dollars using the exchange rate as of September 30, 2024 (1 USD = 0.737261 SDR).

2/ For program purposes, all outstanding Haiti liabilities to the IMF are considered, including the January 2023 Rapid Credit Facility (Food Shock Window), disbursed at a government account in the BRH, for an amount of SDR 81.9 million.

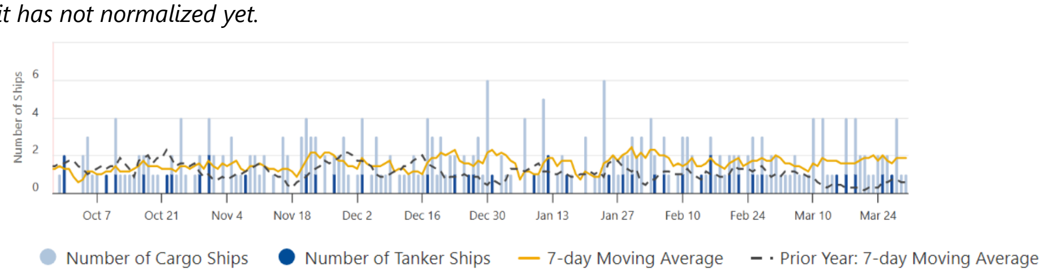
3/ This refers to a credit line used to facilitate the payment of the Venezuela debt operation in January 2024.

Figure 1. Haiti: Monitoring Economic Activity Through Satellite Data

Satellite data clearly indicated in real time that activity fell dramatically beginning in March 2024, as inferred by the collapse in the number of oil tankers and cargo ships…



…and it has not normalized yet.



Sources: IMF Portwatch (daily data).

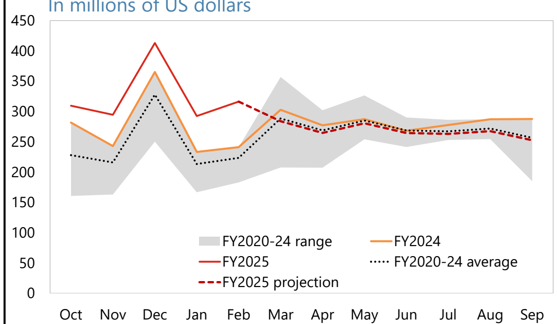
OUTLOOK AND RISKS

4. Haiti's macroeconomic outlook remains uncertain, with risks tilted to the downside. The channels through which the impact of the US economy and policies will materialize in the baseline scenario (and risks) are lower remittances and a prospective 10 percent increase in tariffs which will both have a negative BOP impact, while Haiti will benefit from lower oil prices. The recent tightening of US migration policies (e.g., the termination of the Temporary Protected Status for Haitian migrants, affecting half a million Haitians, by August 3, 2025, unless extended, and the termination of parole processes, involving about 200,000 Haitians) would substantially reduce remittances starting in 2026, although remittances could rise in the short term. Haiti has little short-term capacity to reabsorb the former migrants and this could worsen the current crisis, including with possible spillovers to the Caribbean region. Possible change in tariffs and trade and lower aid flows would also have negative consequences, including worsening the current account, reducing foreign reserves, putting pressure on the exchange rate, and lowering consumption and investment. The expiration of the HOPE/HELP (duty free) preferential trade preferences for Haitian textiles (expected by September 2025, if not renewed) would reduce exports and FDI. Haiti is vulnerable to changes in remittance flows—which strongly support consumption—and to reduced external financing from development partners. These risks were already largely incorporated in the SMP at the time of the negotiation. Remittances are projected to lower to 8.7 by 2029 (from 12.7 in 2024).

5. Growth (including downward scenario) and inflation. With security still unsettled, together with other global uncertainties, staff has revised GDP growth down by 1½ percent to negative 1 for FY2025, relative to ½ percent projected at the time of the negotiation of the SMP in December 2024 (Table 2).[2] This revision reflects recent data. Staff projections on remittances are conservative for FY2025 as they point to a 4.5 percent increase year-on-year (y/y), from US$3.3 billion to US$3.5 billion. This implies that, if the security situation improves beginning mid-FY 2025 and for the remainder of the year, remittances would revert to historical levels. Medium-term growth is estimated at 1½ percent, but further social and political turmoil, without sizable external aid, could lower growth. Inflation is projected to ease in the medium term, assuming adequate macroeconomic policies and improvement on the security front, while in the short term, inflation continues to be driven by supply-side security shocks (as analyzed in the recent Article IV Staff report). Staff also used

Net Remittances

In millions of US dollars



Sources: Bank of the Republic of Haiti and IMF staff calculations.

[2] To incorporate the security outlook into the 2025 growth projection, we built upon the model developed in Box 1 on the potential output analysis from the November 2024 Article IV consultation. In that model, the elasticity of total factor productivity (TFP) with respect to the log of the homicide rate is -0.3. Accordingly, we constructed four alternative scenarios for security, each with distinct homicide rate trajectories that influence growth through this elasticity. By assigning probabilities to these scenarios, we derived an expected growth value for 2025 of negative 1 percent, which also assumes an improved security outlook in the second half of the year.

nowcasting models that do not assume an improvement of security (downward scenario) nor, as a consequence, the implementation of reforms which point to a possible recession, on average across models, of 2 percent (with negative 4.3 percent being the most adverse forecast, Annex I). Under this scenario, the authorities would need to cut spending further and suffer even larger import compression than in the baseline.

6. Current account and fiscal outlook. The current account balance for FY2025 is now expected to improve (to a surplus of 0.2 percent of GDP) as preliminary data for October-December point to imports being lower than anticipated at the approval of the SMP. The fiscal deficit of the non-financial public sector (NFPS) is projected at about zero in FY2025, but if social and political risks were to worsen, substantial monetary financing of the budget could resume, undermining macroeconomic stability.

7. The risks include intensified political instability, deteriorating gang-related economic and institutional disruption, a prolonged drop in aid flows, and a worsening food crisis (Annex III). The debt sustainability analysis risk rating (both external and overall) remains high, unchanged from the 2024 December debt sustainability analysis. However, the debt outlook has worsened given the downward revisions of macroeconomic projections. Normalization of the security situation could improve the short- and medium-term outlook but will require additional external financing, in addition to sound domestic policies. Official transfers could rise if countries in the region support the Kenya-led MSS operation with additional financing and if Haiti receives added international support for reconstruction—although this upside risk is limited.

PROGRAM IMPLEMENTATION UNDER THE SMP

8. Program performance has been broadly satisfactory. Policies, supported by the SMP, have moved in the right direction, with monetary financing held at zero also in the supplementary budget, which was approved by the council of ministries in mid-April 2025, and revenue mobilization supported by the resumption of work at the Directorate of General Taxes after a three month-long strike and enhanced customs verification. Despite the worsening security situation, the authorities continue to be deeply engaged with staff through the high-level SMP Program Monitoring Committee, which meets biweekly.

9. Quantitative and indicative targets. The authorities fully met all QTs and indicative targets by a large margin for December 2024 (Appendix I. Table 2). The mission sought the latest updates with regard to financing from the *Afreximbank* (with which Haiti signed a protocol of agreement in September 2024), given that the ceiling on the public sector's contracting non-concessional external debt is zero. The authorities have informed staff that no additional external debt has been contracted (as of end-February) and that they do not plan to contract any non-concessional loans. The indicative targets (ITs) for March 2025 and September 2025 and QTs for June 2025 will be assessed at the time of the second review.

10. Structural benchmarks are supported by capacity development assistance (Appendix I. Table 1). Of the seven structural benchmarks assessed under this review, four were met on time (publication of the governance diagnostic, publication of the quarterly report of FAES, all monthly reports on execution of fiscal expenditure through Haiti Food Shock Window account, and more granular central bank balance sheet data); two implemented with a small delay (the publication of all new public procurement contracts, including beneficial ownership information; reporting the internal audits of Food Shock Window spending to the Superior Court of Accounts, but in January, not in December) and one (having the supreme court conduct a financial and operational compliance audit of all expenditure in connection with the RCF (FSW) for 2023/24 fiscal year and publish it) was not met yet due to capacity constraints, and its implementation is expected by end-June 2025. Of the nine benchmarks to be assessed during the second review, two are proposed to be reset from June to September, and one (audit of the central bank for the fiscal year ending September 2023) from June 2025 to August 2025 due to slower-than-expected implementation capacity, due to insecurity. Staff also stressed the importance of initiating the central bank's audit also for the FY2024 (although this is not a structural benchmark). Should an extended SMP be necessary, pending election timeline, additional QTs (and possibly structural benchmarks) would need to be proposed at the time of the Second Review.

11. Data and reserve management. Provision of timely data for program monitoring has improved greatly. The team emphasized that efforts should continue. The team followed up on the ongoing work to revise data sources and methodology of GDP data and steps needed to implement the reserve template. Improving the timeliness and quality of monetary and reserve data is essential to establish a track record. The Fund will provide further TA on the revision of national accounts, improvement of external sector and monetary statistics, and compilation of reserve template, and on central bank reserve management.

REACHING THE OBJECTIVES OF THE SMP

12. The objectives of the SMP remain achievable but uncertainty about the future US financial support poses some risks. Discussion focused on how to support program implementation, despite worsening prospects for external support. First, discussions focused on the need for enhanced revenue mobilization in order to reach revenue targets and expand assistance to vulnerable households. Second, staff highlighted the need to avoid any monetary financing of government spending. Third, staff stressed that the accumulation of NIR should align with program objectives, while limiting other FX interventions to specific instances of liquidity provision. Fourth, technical assistance should focus on increasing the transparency of public spending and central bank operations. Finally, implementing the recommendations of the governance diagnostic report (Annex II) would improve the efficiency and quality of public spending and permit better accounting for aid flows, which will strengthen the trust of development partners.

A. Fiscal Policy

Revenue mobilization remains an urgent government priority to support large development needs and boost well-targeted spending. Although social spending has grown in recent months, tax revenue performance has been still weak until very recently and it is still at 5 percent of GDP. Increasing the cooperation between tax and customs administration (DGI and AGD), and digitalizing core tax and customs procedures is critical for strengthening revenue mobilization. Enhancing the transparency of public spending is essential to attract donor support and rebuild trust in public institutions. That said, the restoration of security is a precondition for re-starting economic activity, especially for raising taxes and implementing targeted spending.

13. Revenue. After a weak performance in the first two months of FY2025 (beginning in October), revenue has rebounded during December-February, reaching a 35 percent (y/y) increase in February (or 50 percent relative to FY2021-24 average). This positive outcome reflected resumption of Directorate of General Taxes (DGI)'s operation, after a strike which had disrupted collections during September-November 2024 as well as improvements of customs administration (e.g., enhanced control and verification through digitalization, in line with SMP commitments).

14. Spending. Lockdowns triggered by gang violence hampered the authorities' spending ability in FY2024.[3] But public spending rebounded sharply during December 2024-February 2025 rising on average by 9 percent y/y. Social spending was equivalent to 0.38 percent of GDP during October 2024-February 2025, slightly lower than the previous year. FY2024 supplementary budget (approved in August) allocated 9.2 billion gourdes for the projects to be supported by FSW resources as indicated by the authorities in their spending priority/commitments, with actual spending (amounting to 6.8 billion gourdes executed in October 2024, which is permissible (*période complémentaire*). By the end of February 2025, 10.2 billion gourdes had been spent since January 2023 (see Table 1), leaving 5.3 billion gourdes (or US$39.7 million) still available to be spent. The authorities allocated 5.7 billion gourdes for FSW in the recently adopted FY2025 supplementary budget, 4.8 billion gourdes more than the initial FY2025 budget.

Haiti: Execution of Social Spending

	FY2023		FY2024		Oct. 2023-Feb. 2024		Oct. 2024-Feb. 2025	
Ministry	In percent of GDP	In millions of gourdes	In percent of GDP	In millions of gourdes	In percent of GDP	In millions of gourdes	In percent of GDP	In millions of gourdes
Agriculture	0.07	2,031	0.05	1,882	0.02	659	0.02	774
Education	0.90	25,151	0.74	25,779	0.31	10,691	0.27	12,043
Health	0.26	7,327	0.21	7,217	0.08	2,839	0.07	3,158
MAST 1/	0.12	3,301	0.06	1,937	0.02	754	0.02	908
Total	1.35	37,810	1.06	36,815	0.43	14,943	0.38	16,884

Sources: Ministry of Economy and Finance (MEF) and Fund staff estimates.
1/ MAST is the Ministry of Social Affairs and Labor.

[3] Executing social spending (including through hot meals) was hampered due to schools' (and sometimes hospital) closures, weak IT connectivity, and limited mobility.

15. FY2025 budget and supplementary budget. The FY2025 budget is balanced, and the fiscal balance is in line with staff projections (although staff's projections are more conservative on the revenue side and spending more contained). It is consistent with the SMP's goal of maintaining monetary financing at zero while effectively executing social spending for the country's vulnerable households. The authorities committed to reducing capital expenditures with the least impact on the poor, should revenues fall short. The authorities have passed, in mid-April 2025, the FY2025 supplementary budget to reflect €19.5 million of budget support approved by the EU (to be disbursed later in April 2025) and to support police forces in combating gang violence and restore security. The 2025 supplementary budget would be closely aligned with the SMP (including in the more realistic revenue projections). The authorities have indicated they will continue to have zero monetary financing. They also indicated they are preparing for the implementation of the new tax code possibly in October 2025, including communication with the private sector and finalizing necessary provisions, pending the improvement of the security outlook.[4]

16. Policy priorities to enhance revenues. The authorities should sustain their recent efforts to mobilize domestic revenue (structural benchmarks 7 and 8 in Attachment 1, Table 1). In particular, they should:

- establish an administrative and technical cooperation protocol between the Directorate of General Taxes and General Administration of Customs (AGD), which should focus not only on the interconnection of IT systems, but also on the (i) the nature, format and frequency of the information and data to be exchanged between the two administrations, and (ii) preventive

- launch and implement the digitalization of tax declarations and payments through all commercial banks for the large taxpayers registered at the DGI.

17. Structural benchmarks under the SMP will help broaden the tax base and enhance the transparency of collection through digitalization. Staff urged the authorities to continue strengthening domestic revenue mobilization and avoid monetary financing of the budget. The recent lower spending levels are due to the country's ongoing security threats, which have prevented full execution of the budget. Such expenditure levels, however, are neither sustainable nor desirable given the economy's fragility and widespread social vulnerability. As security stabilizes and spending capacity rises, higher revenue mobilization will be essential for financing large investment needs. Staff underscored the importance of sustaining reforms to enhance digitalization, transparency, and accountability in tax revenue collection and in the use of public funds. The authorities indicated that their top priority is fiscal and tax reform, with a goal of increasing tax revenue from 5 percent to 10 percent of the GDP in the medium term. They requested IMF technical

[4] Pending provisions to support the implementation of the new Tax Code to strengthen tax revenue mobilization include provisions on: (i) transfer pricing documentation and simplified declaration model, (ii) detailed list of products exempt from turnover taxes, (iii) detailed list of products subject to excise, (iv) application of special regimes (investment code, free zones, and industrial parks), and (v) a decree on the methodology for calculating technical reserves for the taxation of life insurance companies. These provisions should be well designed, with few exemptions from turnover tax and limited application of special regimes, as well as excises whose values reflect their externalities.

assistance to support their goal.

Table 1. Haiti: Food Shock Window Spending Priorities Indicated by the Authorities
(In millions of gourdes)

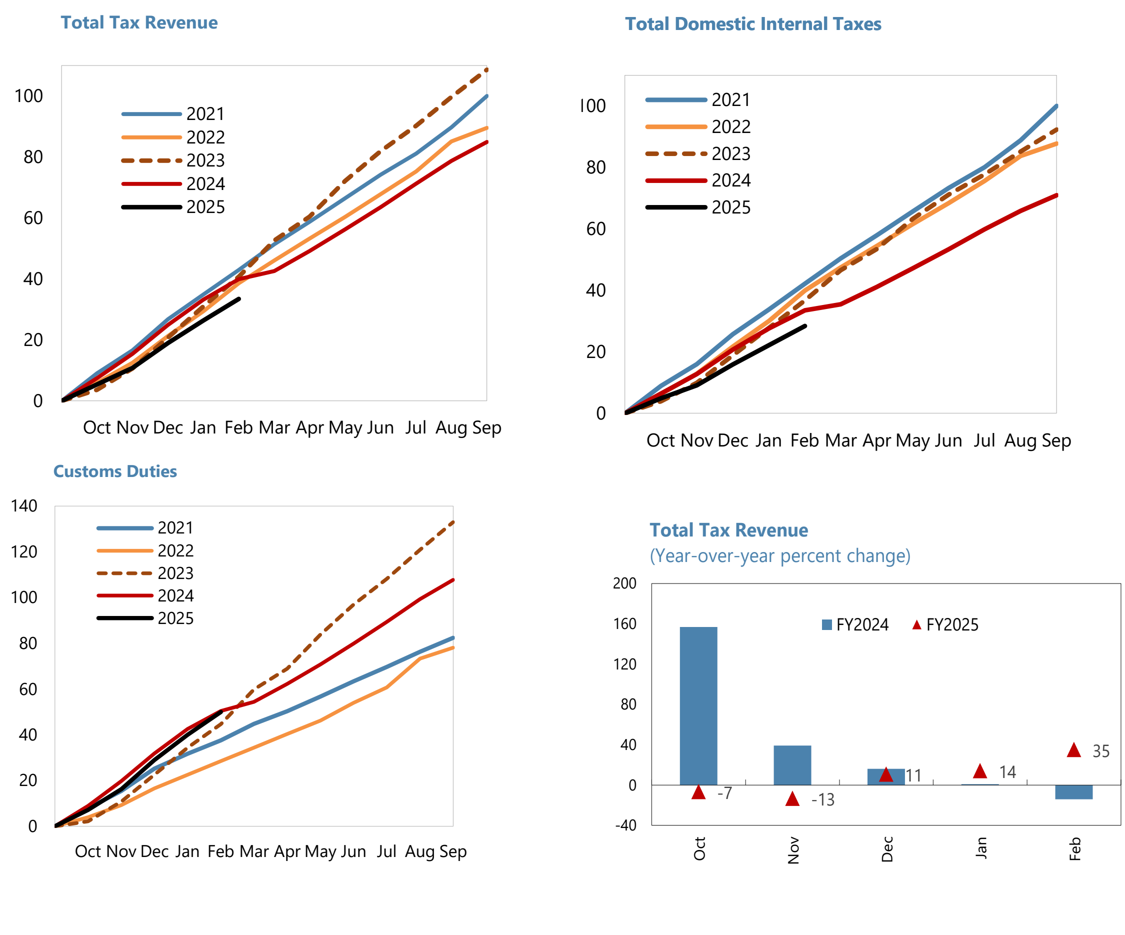
Institution	Purpose	Measure	Original allocation 1/	Spent		
				FY2023	FY2024	FY2025 2/
Fonds d'Assistance Economique et Social (FAES)	Food security	Reactivation of community restaurants and mobile canteens	2,000	-	115	-
		Distribution of food to vulnerable households (*paniers de solidarité*)	500	1,134	310	-
	Cash distribution to vulnerable population	Cash transfer to vulnerable households	2,500	-	588	-
		Cash to workers in subcontracting industries	1,500	1,113	614	-
Ministry of National Education and Vocational Training	Cash transfer to vulnerable households to encourage school attendance	Support to parents	7,500	442	5,155	-
Ministry of Social Affairs and Labor	Support plan for internally displaced persons		-	-	-	324
Ministry of Trade and Industry	Grants/subsidies to public transportation drivers	Fuel cards for drivers	1,600	400	-	-
	Support for Micro, Small and Medium sized enterprises with difficulties	Establishment of a seed funding mechanism to finance businesses	-	-	-	28
Ministry of Women's Affairs and Women's Rights	Feeding Women in Detention		-	-	-	29
Total			15,600	3,089	6,782	380

Source: Ministry of Economy and Finance.
1/ Allocated under the FY23 budget.
2/ Spending up to February 2025.

18. **The SMP is helping the authorities adopt the spending reforms needed to overcome fragility**. With Haiti facing huge development challenges, investment opportunities are considerable. Tapping them will require improving the quality of public spending (in health and education) and investing in resilient infrastructure (physical and digital) and in human capital. Unequal access to education could be addressed through targeted social spending, conditional cash transfers that encourage girls' access to education, and child allowances (also to help reduce the dropout rate of girls). To improve the quality of public spending, Haiti needs to adopt investment practices that maximize value for money in line with the Fund's Public Investment Management Assessment (PIMA) 2022 recommendations. This requires that projects be evaluated before inclusion

in the budget and that completion of ongoing projects be prioritized. Improved spending quality would also require strengthening the medium-term fiscal framework (preparing baseline projections and determining fiscal space for new initiatives). This all must be accomplished before involving line ministries in preparing their baseline projections and in identifying priority projects and their implementation timeframe in order to have a multiyear budget framework. A multiyear framework would then allow decision-makers to take a long-term view of public finance, identifying potential cost of projects early on, prioritizing spending across multiple years, better calibrating the pace of development spending, and making more strategic decisions to avoid short-term fluctuations and reactive spending in response to immediate pressures. In addition, it would require reinstating the financial controller's prerogatives about *a priori* control of public investment spending. This entails adopting a budgetary control guide and a renovated expenditure execution manual as well as improving treasury cash management, with the help of technical assistance.

Figure 2. Haiti: Revenue Performance, FY2021–25



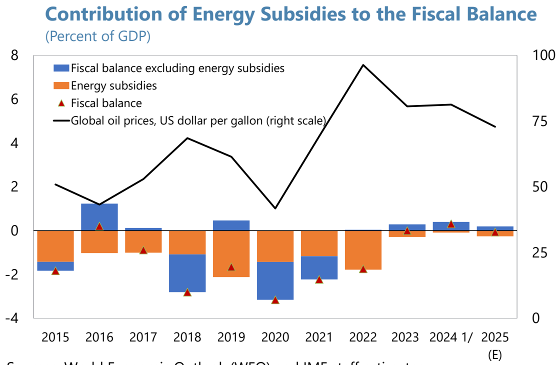
Sources: Ministry of Economy and Finance and IMF staff calculations. As for the top charts and lower left chart: cumulative values, September 2021= 100, real revenue. Lower right chart reports revenue, in nominal terms.

B. Social Assistance

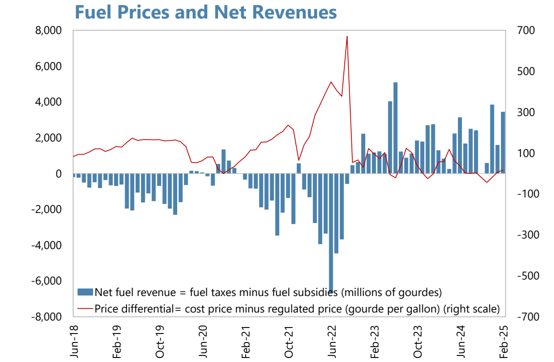
19. Efforts to strengthen social safety nets have advanced and should continue. Fuel cards are provided to individuals who own a registered public transport vehicle, which must be designated for either passenger or goods transport. To date, about 3,800 fuel cards have been distributed nationwide. However, the insecure environment has hindered the authorities' ability to interact with drivers and to collect data, limiting the registration of additional transport vehicles. The fuel cards were accompanied by cash transfers (checks) for the most vulnerable as identified in the SIMAST database which cover 30 percent of the population), which the World Bank and WFP have helped maintain and expand. The authorities' efforts to improve SIMAST and expand its coverage are ongoing, but progress is slow due to the security condition. Given the critical importance of food security, most social programs are focused on food support. In FY2024, FAES programs included: (i) 94,658 people receiving food kits, (ii) 18,000 people receiving hot meals, (iii) 26,960 vulnerable households receiving 20,000 gourdes, and (iv) 186,788 parents of students receiving 20,000 gourdes.[5] Cash transfers are being implemented through telecom operators, Digicel and Natcom, although use of mobile phones is still limited relative to other Caribbean countries and fragile and Conflict-Affected States (Figure 1, 2024 Article IV Staff report). In FY2024, energy subsidies to the electricity company (EDH) were about 3 billion gourdes, owing to reduced electricity consumption caused by the security situation. The authorities allocated 7.5 billion gourdes in the FY2025 budget, assuming a resumption of economic activity. However, they plan to reduce energy subsidies to EDH in the FY2025 supplementary budget relative to the initial budget. Fuel subsidies have been at zero since FY2023 but only because of lower international oil prices rather than being the result of any systemic reforms (including introducing a smoothing price mechanism, improving energy billing and collection).

20. Progress in reducing fuel subsidies is essential for medium-term fiscal sustainability. Given Haiti's limited fiscal space, lower fuel subsidies would allow funds to be reallocated to other urgent priorities, including social assistance programs that target the country's most vulnerable households. Given the political and social challenges of this reform, however, the authorities have moved cautiously. They reviewed the retail price-setting mechanism to allow for changes in international fuel prices and exchange rates to be partly passed on to consumers, with a smoothing mechanism that would cap the monthly variation in retail prices. The authorities agreed on the need to reform this smoothing mechanism to protect the budget from substantial international price volatility, improve public finance management, and encourage the efficient consumption of fuel products. Staff emphasized the importance of an effective communication policy to facilitate implementation. Among reform priorities should be the establishment of a regulatory framework for the petroleum-products sector and strengthening related regulatory institutions

[5] In the first quarter of FY2025 (October – December 2024), FAES programs included: (i) 80,000 people receiving food kits, (ii) 23,973 people receiving hot meals, and (iii) 16,976 vulnerable households receiving 20,000 gourdes.



Sources: World Economic Outlook (WEO) and IMF staff estimates.
1/ Excludes in FY2024 debt cancellation from Petrocaraibe (Venezuela).



Sources: Ministry of Economy and Finance (MEF) and IMF staff estimates.

C. Enhancing Governance and Transparency

21. Governance reforms are paramount for overcoming Haiti's fragility. The authorities reiterated their commitment to fighting corruption and strengthening governance, including by implementing the Governance Diagnostic report which they published at end-February (structural benchmark, see Annex II). Progress has been made in enhancing cooperation between the tax and customs offices, including by working toward a technical cooperation protocol between the two offices on the interconnection of their IT systems (June structural benchmark). Improving governance is critical for rebuilding the trust of investors and development partners, given the low levels of FDI and ODA of recent years, which could lower further going forward.

22. Public financial management (PFM) reforms should continue to enhance public finance reporting, transparency, and accountability. The authorities have been providing more detailed monthly data on budget execution (including spending on wages, goods and services, and capital investment by ministry and by project) and publishing (on the website of the Direction Générale du Budget, MEF) all budget execution details and published quarterly financial statements for the Fund for Economic and Social Assistance (FAES). The additional PFM recommendation remains valid including: 1) limit the volume of unspecified spending in the budget, by bringing it down to around 3-5 percent of total government expenditure to improve fiscal transparency ; 2) reinstate the financial controller's prerogatives about a priori control over public investment expenditures; 3) adopt, and implement a revised expenditure execution manual; 4) revise the procurement law to streamline its internal control mechanisms and make the procurement system competitive and transparent; 5) further strengthen internal and external audits, including by the Inspectorate General of Finance and the Superior Court of Accounts and Administrative Disputes (CSCCA) to produce and publish an annual report). The mission strongly advised: (i) building up an investment project database, setting up an investment project bank, and refining the three-year public investment plan; and (ii) introducing multi-year commitments authorizations and annual credits appropriation to protect funding for investment projects.

23. Staff recommendations related to the tailored safeguard monitoring mission of March 2024 should be implemented urgently. The 2024 mission confirmed that progress in implementing 2019 safeguards recommendations was slower than expected, particularly in strengthening the BRH autonomy and governance, financial reporting practices, and management of foreign reserves. Strengthening the governance and management of foreign reserves is key to enhancing transparency of central bank operations as also highlighted by the 2015 IMF TA. To this end, the BRH is receiving assistance from the WB to address current shortcomings and align with leading practices in the management of foreign reserves, and other areas such as governance, investment, policy, guidelines, strategic asset allocation, and portfolio composition. The BRH's portfolio should also be subject to an external assessment to determine the actual level of liquidity of foreign assets, the options available for a short-term transition to a reserve portfolio that aligns more closely with the principles of liquidity and security. To address these shortcomings the 2024 SMP introduced a structural benchmark (now reset for end-September 2025, from end-June 2025) on the BRH adopting a medium-term plan for improving the composition of the investment portfolio, a new strategic asset allocation, and updated investment policy and guidelines.

24. Staff discussed issues related to the 2021 SDR allocation. The authorities indicated that after the 2021 SDR allocation, a portion of the SDRs was converted into US dollars to service the government's external obligations. Since then, SDR holdings have been used to pay obligations to the IMF. All transfers of SDR resources to the Haitian government are usually made in gourde equivalent and are subject to a memorandum of understanding and/or retrocession agreement, depending on the nature of these transfers. Staff underscored the need to maintain strong institutional frameworks governing the fiscal use of the SDR allocation and to avoid potential costs arising from a large gap between SDR holdings and allocations. Staff also underscored the need for transparency measures for SDR-related spending and for communicating publicly on the BRH or MEF websites any future conversion of their SDR allocation into freely usable currencies—and the need to engage Fund staff on future SDR conversions.

D. Monetary and Exchange Rate Policy

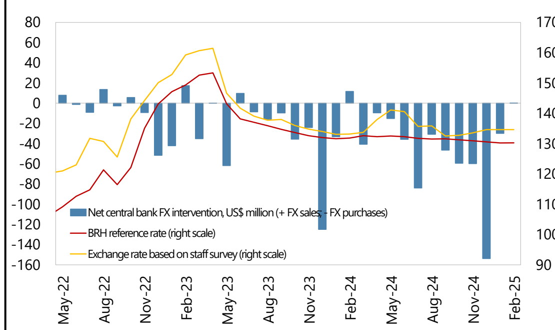
25. Haiti's monetary policy framework was strengthened in recent years as financing of the deficit was reduced to zero, thereby enhancing the credibility of the central bank. Despite large negative real rates, monetary policy has been restrictive due to a combination of a drop in monetary financing—which has been brought to zero—and stronger real effective exchange rate. The current policy mix to reduce inflation (through the combination of continued fiscal adjustment and zero monetary financing of the budget) should help bring inflation down from its currently high levels (which have led to large negative real rate of about 15 percent). Nonetheless, restrictive monetary and fiscal policies will not be sufficient to keep inflation under control without a normalization of the security outlook. Monetary authorities remain committed to zero financing of fiscal spending, as per the ceiling on credit to the NFPS. Authorities agreed with staff on the relevance of short-term liquidity-absorbing operations at a fixed rate (policy rate) and full allotments to strengthen the monetary and exchange rate frameworks.

26. The BRH's interventions in the foreign exchange (FX) market should remained focused on smoothing excessive exchange rate volatility and adequately building-up NIR. FX intervention maintained a strong pace in the first three months of FY2025, slowing down afterward; this has helped rebuild a NIR buffer but has not prevented the gourde from gradually appreciating (Figure 5). The authorities mentioned that FX intervention has been mostly reactive to offers from commercial banks, which are required to maintain a zero net foreign position. The stabilization of the nominal exchange rate has not prevented high levels of domestic inflation, attributed by the authorities to the disruptions in the flow of goods and services and shortages of non-tradable goods. Given the increasing real appreciation of the gourde, pressures to the exchange rate could arise from a deterioration in remittances, from the upward risk of a reheating of economic activity and imports, and from a warranted revision of the minimum wage (unchanged for 2½ years). Deposit and credit dollarization remains high (Figure 5), which limits the effectiveness of monetary policy and heightens the economy's susceptibility to external shocks and financial instability. FX interventions are currently executed through bilateral negotiations with commercial banks. The terms of the transactions are approved by the BRH board. An ongoing project to move to an electronic FX platform is currently on hold due to security constraints. Staff recommended to the authorities:

- Implement a risk-based FXI rather than a fixed volatility rule; and

- Complete the revision of banks' net open position limits. Authorities conveyed their interest in a framework for risk-based FXI to provide adequate liquidity during times of excessive market volatility.

Exchange Rate and Foreign Exchange Interventions



Sources: Bank of the Republic of Haiti and IMF staff estimates.

27. Multiple currency practices and restrictions on current international transactions. Authorities confirmed and staff understood that no changes in the foreign exchange system have been introduced since the last Article IV that could give rise to new multiple currency practices or exchange restrictions on the payments and transfers for current international transactions.

E. Financial Sector

28. Background. The worsening of the security crisis and governance issues have weakened the financial sector, as reflected in the increase in performing loans—from 8 percent in March 2022 to 12.7 percent in September 2024, and a steady decline in real credit growth. The NPL provision coverage, which had exhibited a steady recovery during 2023, decreased by almost 20 percentage points through September 2024. With less provisions to absorb credit losses, commercial banks have grown more vulnerable. In spite of persistent challenges, however, the ratio of regulatory capital to risk-weighted assets has increased for most banks since Q3 2022 (with the ratio for the banking system as a whole increasing from 18.2 percent to 21.5 percent. The BRH has been strengthening banking supervision, with Fund assistance, to upgrade the regulatory framework and move to risk-based supervision. The board of the state-owned National Bank of Credit was replaced in August 2024, following internal investigations, and the new Board was placed under the supervision of the central bank. Following a request for TA on strengthening the resolution framework, IMF staff is reviewing Haiti's banking law as a starting point for potential future TA.

29. Over the medium term, authorities should focus on strengthening the resilience of the financial sector. Policies would include: a regulation on liquidity that aligns with Basel standards (which has already been initiated), a risk-based supervision approach operationalizing the results from financial institutions' risk assessment grids and rating matrix, and the enhancement of off-site and on-site inspection capabilities. Additional reform efforts should focus on:

- **Emergency liquidity assistance (ELA)**. Staff has discussed with BRH the possibility of the BRH providing ELA to banks, as it could prove beneficial given banks continue to retain liquidity for precautionary reasons. The BRH is considering it, but TA will be needed to implement it.

- **Banking supervision**. The BRH has carried out a conclusive test of the new risk assessment grids and rating matrix on two banks. It adopted and published the revised regulation on credit risk concentration. The final version of the revised regulation on credit risk classification and provisioning, recently reviewed by the BRH's banking supervision department, is expected by end-May 2025. Staff recommended to: (i) finalize the new chart of accounts for financial institutions—submitted to stakeholders for comments—, (ii) reactivate off-site supervision following a quasi-suspension, and (iii) continue the execution of the annual on-site inspection program.

- **Anti-money laundering/combating the financing of terrorism (AML/CFT)**. Recent progress was made towards enhancing the effectiveness of the AML/CFT system, including the resumption of some work on the national risk assessment, now expected to be completed in December 2025, and the operationalization of a tool for risk- based supervision of financial institutions by the BRH. The authorities should build on this progress and continue to address the other steps necessary to exit the FATF grey list and ease potential pressures on correspondent banking relationships, including assessing the risks related to the informal cash-based sector and legal persons, further pursuing efforts to implement risk- based supervision of FIs by stepping up on-site inspections (to the extent permitted by the security situation) and applying remedial actions for non-compliance, and ensuring transparency of basic and beneficial ownership information on legal persons. The authorities should also take urgent steps to designate supervisors for high-risk Designated Non-Financial Businesses and Professions such as the gambling and lottery sectors; and notaries and lawyers performing trust and company service provider activities.

STAFF APPRAISAL

30. Haiti faces a multidimensional crisis with a challenging outlook which is highly uncertain. The country is affected by both global and country-specific shocks, which have worsened its fragility, since the negotiation of the SMP. Risks to the outlook are tilted to the downside and include worsening political instability and insecurity that would constrain further business activity and the ability to implement reforms. The supply-side shock caused by the security crisis will continue to suppress growth and feed inflation unless the security outlook improves. Therefore, restoration of security is the priority.

31. Despite domestic and global difficulties, the authorities are firmly committed to implement this SMP and have managed to contain the impact of the various shocks, thereby averting even worse economic outcomes. Net international reserves were valued at over US$1 billion at the end of December 2024. Despite the political transition and insecurity both the Ministry of Finance and the Reserve Bank of Haiti have remained continuously engaged with Fund staff. They have consistently attempted to adopt feasible measures to limit macroeconomic imbalances and ensure a reasonable level of economic activity in the country. Despite the delicate political context, and thanks to a highly inclusive consultative process, the authorities have been able to demonstrate full ownership and support for the SMP through the high-level Program Monitoring Committee which meets with IMF staff on a continuous basis.

32. While restoration of security is paramount, it is not advisable to wait for a normalization of the situation before implementing much-needed reforms, especially on the macro and governance fronts. These reforms, however, must also be accompanied by efforts to mitigate insecurity owing to the escalation of gang violence and should be strictly tailored to capacity constraints that have grown more acute because of the brain drain and paralysis of economic activity. An urgent government priority is to continue enhancing mobilization of revenue to support the country's massive development needs and boost well-targeted spending. The measures under this SMP should help achieve these goals.

33. Continued strengthening of the social safety net is essential to cushion the impact of the shocks on the population and alleviate widespread poverty. To this end, the authorities have sought to implement the fuel reform strategy slowly so that changes in international fuel prices are gradually passed on to consumers, rather than suddenly or in an ad hoc manner as in the past. Staff recommends that the authorities continue to implement this reform, and effectively communicate the strategy, and accompany it with mitigating measures to protect the most vulnerable. The government should also sustain efforts to improve the quality and transparency of public spending. The use of FSW resources for FY2024 should be audited with no delay in line with SMP commitments.

34. A government-led strategy to continue to strengthen the economy's resilience to multiple shocks requires the financial support of the international community. This assistance is indispensable to allow quality spending, over the short, medium, and long term. Without it, Haiti will continue to suffer large import compression. External assistance should take the form of grants. The authorities should avoid contracting non-concessional loans, to ensure consistency with the SMP commitments. Non-concessional loans would undermine debt sustainability.

35. The authorities' careful pace of monetary tightening has been appropriate. The fiscal and monetary authorities' commitment to keeping monetary financing of the deficit at zero has been commendable (despite spending pressures) and it has enhanced the credibility of the policy frameworks. But this restrictive stance will not be sufficient to keep inflation under control without a normalization of security. The adequate foreign exchange (FX) reserves, re-built during 2023-24, remain a valuable buffer given the shocks Haiti faces. Staff recommended to the authorities implementing a risk-based FXI stance as FXI are not a substitute for necessary macroeconomic policy adjustment. The alignment of the foreign reserves framework with best practices is critical for avoiding financial risks. The FY2023 financial audit of the BRH is urgent and its eventual publication by August 2025 would be important for demonstrating transparency. Staff urges the BRH not to delay this exercise further.

36. Addressing financial-sector vulnerabilities is paramount for mitigating financial risks. The worsened security crisis and recession have undermined the financial sector. The risks associated with high non-performing loans (NPLs) warrant close monitoring and underscore the need for an urgent plan to limit their growth. The BRH has been strengthening banking supervision, with Fund assistance, with the goal of upgrading the regulatory framework and moving to risk-based supervision. Such efforts must be sustained, aided by technical assistance.

37. Staff welcomes the authorities' strong progress in improving data provision to the Fund for program and surveillance purposes as well as the recent publication of central bank data, previously only provided to the Fund. Public dissemination of economic data should continue to be a top priority. MEF data dissemination had already greatly improved under previous SMPs and should continue. The quality and timeliness of monetary and reserve-asset data, and budget execution, should continue to improve capitalizing on recent progress. Real-sector data weaknesses (e.g., underestimation of the destruction in capital stock due to crime) will be addressed with forthcoming technical assistance.

38. Staff commends the authorities for recent timely publication of the Governance Diagnostic Report and associated action plan. The implementation of the reforms identified in the governance diagnostic assessment report is closely intertwined with the SMP. These reforms should be implemented in close collaboration with development partners. Sustaining progress on strengthening governance is essential for ensuring inclusive growth and building the trust of the private sector to attract much-needed FDI. While remittances have greatly helped smooth consumption, ease liquidity constraints, and improve living conditions—especially since the pandemic—they may have created other fragilities, such as dependency and/or delaying reforms that would otherwise have attracted FDI. Strengthening governance is essential for ending the fragility trap and attracting grants at a time when traditional partners are re-thinking their aid strategies.

39. Haiti's strong engagement with the Fund has been important for helping the country deal with protracted and serious difficulties and performance is broadly satisfactory despite the headwinds. Fund staff therefore supports the authorities' request for the completion of the First Review of the SMP and of resetting the target date for three benchmarks given ongoing capacity constraints due to further deterioration of insecurity. Nonetheless, risks to the implementation of the SMP remain, especially in light of the prevailing security environment, less certain aid flows and potentially lower remittances. This SMP will continue to be supported with Fund capacity development assistance. In line with the Fund Strategy for Fragile and Conflict-Affected States, staff will also continue to collaborate closely with Haiti's main development partners, which should help mitigate implementation risks, in accordance with the Country Engagement Strategy as part of the recent 2024 Article IV Consultation staff report. Should an extension of the SMP be necessary, depending on the election timeline, additional quantitative targets (and possibly structural benchmarks) would need to be proposed at the time of the Second Review in an extended SMP.

Annex I. Nowcasting Real GDP and Revenue Using Big Data

1. Framing the issue [1] Nowcasting provides up-to-date assessments of a country's current economic conditions by integrating multiple data sources. Due to the scarcity and lag in compiling official statistical data, nowcasting has become an increasingly critical tool for policymaking in developing countries, made it possible by the growing availability of big data (combined with high-frequency official indicators). In Haiti official data on real GDP and GDP deflator are available only on an annual basis, making nowcasting essential for timely economic assessments. In this Annex, we present yearly real GDP estimates that can be updated on a quarterly basis, and a short-term forecasting model for real revenue. Official revenue data are compiled monthly with a one-month lag. Since no other macroeconomic indicators are available at such a high frequency, we rely on real-time satellite data and machine learning methods to fill the gap and nowcast revenue. The GDP growth forecast derived from the nowcasting model(s) represents a downward scenario, assuming no improvement in the security outlook (which prevents the implementation of policy at the same pace as in the baseline).[2]

Nowcasting Real GDP

2. *Data description*. We use quarterly data on revenue, expenditure, secondary income, exports, imports, real base money, and real credit from Haitian authorities. These variables have been available since at least 2001 and are strongly correlated with real economic activity.

3. *Methodology*. Nowcasting real GDP in Haiti poses two main challenges. First, there is a structural break in Haiti's GDP growth starting in 2019. This structural break is a persistent drop in the GDP growth rate that occurred because of multiple shocks such as: the COVID pandemic in 2020, the assassination of President Moïse in July 2021, the generalized unrest in August-October 2022, and the spike in gang violence of March 2024; and second, satellite data are only available from 2011 onward and, in some cases, only from 2019.

4. To address the first challenge, we introduce a structural break in 2019 within the bridge regression. We also propose an alternative model for the evolution of the factors. To address the second challenge, we focus mainly on macroeconomic drivers and use satellite data in a short-term nowcasting real revenue model.

[1] Juan Passadore (WHD) and Iyke Maduako (STA).

[2] References: Aruoba, S. Borağan, Francis X. Diebold, and Chiara Scotti, "Real-time measurement of business conditions, "*Journal of Business & Economic Statistics* 27.4 (2009): 417-427; Chen, X. and Nordhaus, W. D. (2011), "Using luminosity data as a proxy for economic statistics," Proceedings of the National Academy of Sciences, 108(21), pp. 8589–8594; Giannone, Domenico, Lucrezia Reichlin, and David Small, "Nowcasting: The real-time informational content of macroeconomic data," *Journal of Monetary Economics* 55.4 (2008): 665-676.

5. We proceed in three steps. *Step1 (Principal components)*. We compute the first three principal components[3] of quarterly real revenue, real expenditure, real secondary income (measured in US dollars), real exports (measured in US dollars), real imports (measured in US dollars), real base money, and real credit. This yields:

$$X_{j,t,q} = \sum_{i=1}^{3} \lambda_i^j F_{t,q}^i + \epsilon_{j,t,q} .$$

where $X_{j,t,q}$ is macro driver j on year t and quarter q; $F_{t,q}^i$ is the principal component i at year t and quarter q of the set of macro drivers $\{X_{j,t,q}\}$; and λ_j^i is the loading of factor i for macro driver j; and $\epsilon_{j,t,q}$is an error term.

Step 2 (Bridge regression). Next, we aggregate the factors at a yearly frequency by computing their yearly averages $F_t^{i,Y} = \left(\sum_{q=1}^{4} F_{q,t}^i /4\right)$. We then regress the yearly factors on GDP growth:

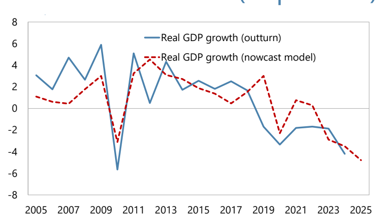
$$g_t = c + \gamma I^{2019} + \sum_{i=1}^{3} \beta_i F_t^{i,Y} + u_t ,$$

where g_t is the growth rate of real GDP in year t, I^{2019} is a dummy variable that takes the value of one if the year is 2019 or higher, $F_t^{i,Y}$ is the yearly principal component , and u_t is a mean zero error term.

Step 3. To generate a forecast, at a quarterly frequency, we estimate a VAR for the three factors $\{F_{t,q}^i\}$, obtain a forecast for the following quarters, and use the bridge regression to compute a GDP growth forecast. To account for the dynamics of the factor in Step 1, we also estimate a Dynamic Factor Model.

6. Results: Real GDP. Figure 1 presents the results of a Dynamic Factor Model with a structural break. The left panel shows that the model performs well in-sample, exhibiting a low mean squared error. Table 1 displays 2025 growth forecasts across four different models, varying based on whether a factor model or a dynamic factor model is used and whether a structural break is included.

Figure 1. Real DGP Growth and Nowcast Growth (In percent)



Source: IMF staff calculations.
Note: The red dotted line indicates the fitted values of a dynamic factor model with two factors and forecasting of output with a bridge regression with a dummy variable for 2019. The blue line are historical official data. The model (red line) represents a good (in sample) fit for historical data.

Table 1. Haiti: Growth Forecasts Across Different Methodologies

Models	2025 growth forecast (with no security improvement)
Principal Component Analysis	0.5
Principal Component Analysis+Structural Break	-1.5
Dynamic Factor Model	-4.3
Dynamic Factor Model+Structural Break	-2.6
Simple average	-2.0
Median	-2.1
Weighted average (R squared used for weights)	-1.8

Source: IMF Staff calculations. A structural break indicates a dummy variable for regime change in 2019.

[3] Given a random vector $\{X_{j,t,q}\}$, the first principal component is the linear combination of the variables in the random vector that has maximum variance. The second principal component is a linear combination of the variables in the random vector that maximizes the variance and is orthogonal to the first principal component. The third, fourth, and n-principal components are calculated in the same way.

7. On average, the models predict an economic contraction of -2 percent, while the median forecast is -2.1 percent, which is less sensitive to outliers. These forecasts do not include an improvement in security as in our baseline projection.

Nowcasting Monthly Real Revenue

8. The goal of nowcasting is to generate timely estimates and forecasts of real revenue during the month. The main challenge lies in identifying data sources with a higher frequency than one month that are available in real time. Satellite data meet both criteria.

9. **Data description**. We obtain satellite data on:

- *Nighttime Lights* (NTL) are satellite-based measurements of the intensity of artificial light emitted at the Earth's surface after sundown.
- *Normalized Difference Vegetation Index* (NDVI) is computed using the red (R) and near-infrared (NIR) bands of satellite imagery. It is defined as:

$$NDVI = \frac{NIR - R}{NIR + R}$$

  where the red band (about 620–670 nanometers), which is the light that vegetation absorbs, which is the red light for photosynthesis, and NIR band (about 841–876 nanometers), where healthy vegetation reflects a large portion of NIR light. The index scales from -1 to 1. Negative or near-zero values usually correspond to non-vegetated surfaces (water, urban areas, deserts), and high positive values (closer to +1) indicate dense, healthy vegetation. This index measures vegetation health and can be used to proxy agricultural output and land use changes (expansion of cropland, infrastructure development).

- *Nitrogen dioxide* (NO_2) is a pollutant primarily produced by the combustion of fossil fuels by power plants, industrial facilities, and vehicles. Because NO_2 is emitted in large quantities when economic activity is high, satellite-based observations of NO_2 approximate the level and distribution of economic activity on the ground.

- *Port Watch* is a daily frequency published database reporting near-real-time shipping or port-call indicators which track global shipping activity and is constructed by processing raw vessel-tracking data (AIS transponders signals) in order to measure port calls, shipping volumes, and congestion in (near) real time. Algorithms match a vessel's AIS signals to recognized port boundaries or "port polygons" (geographic coordinates that define a port's area). When a vessel's track enters that zone, it is recorded as a port call (arrival).

- *Agricultural Stress Index (ASI)* is a satellite-based indicator designed to detect areas of cropland experiencing water stress—such as drought—during the growing season. This index relies on measures from NDVI.

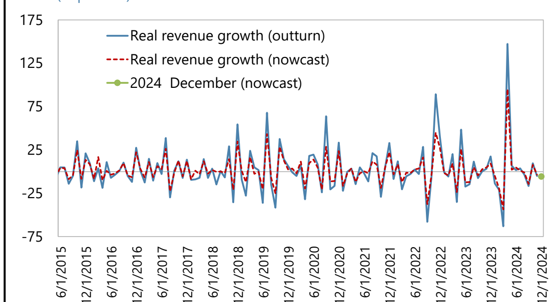
- *Vegetation Health Index* (VHI) is computed using NDVI and Land Surface Temperature as inputs. First, the Vegetation Condition Index (VCI) is derived from NDVI to assess vegetation greenness. Then, the Temperature Condition Index (TCI) is calculated to measure how current surface temperatures deviate from their long-term average, highlighting heat or cold stress. Finally, VHI is obtained by averaging VCI and TCI.

10. Methodology. To forecast real revenue, we use a machine learning methodology called *random forests*.

- Given a training dataset $\{x_i, y_i\}_{i=1}^{i=M}$ the *random forest* algorithm constructs multiple decision trees using subsamples drawn with replacement (bootstrapping).

- For each subsample, a subset of regressors is randomly selected, and the data are split based on the feature that minimizes the mean squared error (MSE). Each split forms a node and the process continues recursively. Nodes are further split until additional splitting no longer reduces the MSE or a predefined maximum tree depth is reached. The final splits at the terminal nodes represent predictions, also known as leaves.

Figure 2. Real Revenue Nowcasting
(In percent)



Sources: IMF staff calculations and Haitian authorities.
Note: Nowcast (red) refers to estimating a Random Forest model of real revenue as a function of NTL, NDVI, NO2, ASI. Real revenue growth (blue) is equal to the monthly growth rate of total revenue divided by CPI.

- To generate a forecast, the model averages predictions across all trees in the ensemble using bootstrap aggregation (bagging). The final forecast is given by:

$$y(x) = \frac{1}{M}\sum_{m=1}^{M} T^m(x)$$

where $T^m(x)$ is the prediction of each tree.

- Figure 2 shows that the model exhibits a strong in-sample fit, with an out-of-sample mean absolute deviation of about 10 percent. The most significant predictive features include NO_2 levels and nightlight intensity, both of which are closely linked to fossil fuel combustion and nighttime economic activity.

Annex II. Strengthening Governance to Ensure Macro-Stability[1]

Strengthening governance issues is vital for restoring public trust, policymaking accountability, and ensuring a resilient future for Haiti. The SMP has already greatly anchored several reforms related to enhancing governance, in the process of being implemented. Going forward, TA from partners to implement the recommendations of the governance diagnostic will be essential.

Fiscal Governance: Weaknesses within revenue administration and transparency of public spending pose challenges in Haiti, adversely affecting private sector development and the financing of public spending (by taxes or by attracting aid) to address development needs. Lack of collaboration among institutions produces corruption risks.

1	**Problem:** Low tax revenue at less than 6 percent of GDP **Goal:** Enhance revenue administration, improve collection efficiency, and broaden the tax base
Diagnosis ■ An inefficient tax system (too many small taxes) and red tape. ■ A narrow tax base due to high informality. ■ Low compliance rates among medium and large businesses. Who face arbitrary interpretations of laws (under-invoicing, under-valuation of imports lowering tariff payments, misclassification and bribery of customs officials). Smaller enterprises pay bribes as a standard practice. ■ Fraud and smuggling practices. ■ Poor traceability of tax and customs revenue due manual systems and lack of digitalization, resulting in leakages in the tax and customs collection system. ■ Low job attractiveness. ■ Weak partnership: poor interaction among taxes and custom offices, and financial intelligence unit; and with the private sector and civil society.	**Actions** ■ Prepare overarching digital strategy and implement e- government services: • Implement modern tax administration practices using digitalization: develop online user-friendly platforms for essential services (e.g., tax filing, business registration), taking advantage of technological solutions developed by the two mobile phone operators to set up tax payments by mobile telephone initially, and subsequently by bank transfer. • Implementing tax and custom codes, and continuing streamlining the number of taxes ■ Rationalize tax expenditure (inefficient tax benefits) ■ Provide training and resources to tax officials. ■ Prepare MOU among tax and customs authorities and financial intelligence unit
2	**Problem:** Weak public financial management system **Goal:** Improve transparency of public spending, fiscal reporting and budget planning; enhance access to procurement info for the public
Diagnosis ■ Budget process with no multi-year budget planning nor ex-ante public investment assessment. ■ Weaknesses in budget execution persists on 1) spending side, due to excessive allocations of unspecified expenditure items, misclassification of capital expenditure; and 2) cash management where tools are still limited. ■ Consolidation of central government accounts in the single treasury account at the central bank is still in progress ■ Fiscal reporting issues persist (e.g., reporting on expenditure execution is not by ministry nor does it specify the stages of expenditure: commitment, settlements, or payments, making	**Actions** ■ Procurement: implement open and competitive bidding for public contracts and publish information all new public procurement contracts, including beneficial ownership information (the latter is an SMP benchmark). ■ Audit: improve audit process by reinforcing the independence and capacity of audit institutions and regularly publish audit findings and follow up on recommendations. ■ Investment: ex-ante evaluation of investment projects is paramount: this requires strong collaboration

[1] This Annex is informed by the Governance Diagnostic report prepared by IMF staff from legal (lead), fiscal affairs, and monetary and financial markets departments, at the request of the authorities of Haiti.

unclear if spending has actually occurred; 2) report on execution does not provide info on grants (except for budget support which is rare and very limited), nor the totality of the source of funding, nor the factors justifying under/over-execution. ▪ Public procurement: limited competitive bidding (only 40 percent through open tendering).	between ministry of economy and finance and ministry of planning and external cooperation. ▪ Aid: achieving transparency in managing aid flows is essential. This will require setting up a database with all information which should be published; strong collaboration between Ministry of Economy and Finance and Ministry of Planning and External cooperation; better integration of the information of aid flow in the budget process is key.

Enhancing Judicial and Anti-Money Laundering (AML/CFT) Framework

3	**Problem**: Corruption has severely undermined the rule of law and anti-Money Laundering measures **Goal**: Strengthen accountability by effective investigation and prosecution of the most significant corruption, organized crime/ and money laundering cases, in parallel to enhancing legal frameworks and institutional capacities.

Diagnosis	**Actions**
Systemic corruption has undermined the rule of law and has rendered anti-corruption and anti-money laundering frameworks ineffective in addressing macro-critical vulnerabilities within core state functions.	▪ Create, based on existing anti-corruption institutions, and operationalize an Anti-Corruption Pôle-an ad hoc mechanism - to investigate and prosecute the most significant corruption, organized crime and money laundering cases, including those involving PEPs. ▪ Facilitate investigation of laundering of proceeds of Haitian corruption and organized crime abroad. ▪ Implement the September 2023 Decree reinforcing the operational autonomy and independence of the Financial Intelligence Unit (UCREF) providing it with a clear mandate to conduct operational and strategic analyses on money laundering crimes, and ensure it has the power to cooperate and share information with domestic and international counterparts.

Enhancing Financial Sector Oversight

4	**Problem:** Governance frameworks are broadly aligned with international standards **Goal:** Resolve pending implementation issues

Diagnosis	**Actions**
The finalization of the prudential regulations, such as the risk-based supervision, are being slowed down due to brain drain.	▪ Update the document on the banking supervision framework published by central bank (which does not reflect the 2017 organization of the supervision system), as soon as the risk-based supervision system has been operationalized. ▪ Resume the publication of the central bank annual report (last one was in 2018) to ensure transparency on banking supervision (developments, results, main issues, and outlook). ▪ Adopt of a risk-based supervision approach. ▪ The Directorate of Supervision of Banks and other Financial Institutions of the central bank should establish a system for monitoring the measures taken by financial institutions to comply with new prudential regulations undertaken by the central bank on capital adequacy requirements, internal supervision, IT security, consolidated supervision, and credit risk concentration.

Table 2. Haiti: Selected Economic and Financial Indicators, 2021–29

(Fiscal year ending September 30)

Nominal GDP (2023): US$21.5 billion
Population (2024): 11.9 million

GDP per capita (2023): US$1,806
Percent of population below poverty line (2021): 52.3

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029
				Est.	Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
	(Change over previous year; unless otherwise indicated)									
National Income and Prices										
GDP at constant prices	-1.8	-1.7	-1.9	-4.2	0.5	-1.0	1.0	1.5	1.5	1.5
GDP deflator	19.3	29.8	31.5	29.1	23.2	30.2	21.0	13.6	13.0	7.1
Consumer prices (period average)	15.9	27.6	44.1	25.8	19.7	27.2	22.7	15.8	12.6	9.3
Consumer prices (end-of-period)	13.1	38.7	31.8	27.9	18.6	29.7	19.6	12.8	12.2	7.0
External Sector										
Exports (goods, valued in U.S. dollars, f.o.b.)	27.7	10.9	-23.8	-19.8	10.0	-10.0	-4.0	5.0	10.0	10.0
Imports (goods, valued in U.S. dollars, f.o.b.)	19.8	7.8	-1.0	-9.5	11.0	0.0	-2.0	2.5	4.0	5.0
Remittances (valued in U.S. dollars)	22.5	-7.3	0.1	8.6	5.0	4.5	-5.5	0.0	2.5	2.5
Real effective exchange rate (eop; + appreciation) 1/	-4.8	13.9	11.0	27.5	...	15.6	...	...	...	...
Money and Credit (valued in gourdes)										
Credit to private sector	15.2	17.4	-6.2	-13.1	15.9	19.1	20.7	12.3	13.9	6.6
Base money	21.5	23.1	3.1	7.1	11.8	16.9	14.4	13.3	12.5	6.2
Broad money	38.2	21.1	4.6	2.9	12.7	17.5	13.9	14.4	14.1	7.1
	(In percent of GDP; unless otherwise indicated)									
Central Government										
Overall balance (including grants)	-2.3	-1.8	0.8	6.7	-0.1	-0.1	-0.5	-1.1	-1.2	-1.3
Domestic revenue	5.9	5.3	6.4	4.8	4.9	4.9	5.1	5.4	5.7	5.9
Grants	1.0	1.3	0.9	6.7	1.1	1.1	0.6	0.5	0.5	0.6
Expenditures	9.3	8.3	6.5	4.8	6.1	6.1	6.3	7.0	7.4	7.7
Current expenditures	7.4	6.8	4.8	3.8	4.2	4.2	4.4	4.4	4.6	4.7
Capital expenditures	1.9	1.6	1.7	1.0	1.9	1.9	2.0	2.6	2.8	3.0
Overall balance of the nonfinancial public sector 2/	-2.2	-1.7	0.3	6.3	-0.1	-0.1	-0.5	-1.1	-1.2	-1.3
Savings and Investment										
Gross investment	18.0	15.9	13.9	6.0	7.0	6.5	6.2	8.5	12.3	13.5
Of which: public investment	1.9	1.6	1.7	1.0	1.9	1.9	2.0	2.6	2.8	3.0
Gross national savings	18.5	13.4	10.4	5.5	6.4	6.7	5.7	7.7	11.5	12.6
External current account balance (incl. official grants)	0.4	-2.5	-3.5	-0.6	-0.6	0.2	-0.5	-0.8	-0.8	-0.9
Net fuel exports	-3.1	-4.5	-3.6	-2.7	-2.2	-1.9	-1.7	-1.7	-1.7	-1.8
Public Debt										
External public debt (medium and long-term, eop) 3/	12.9	12.3	12.9	1.5	1.4	1.3	1.5	2.4	3.2	4.1
Total public sector debt (end-of-period)	28.9	29.5	28.5	14.6	11.9	11.5	10.1	10.0	10.1	10.7
External public debt service 4/	9.4	8.3	11.8	13.7	3.3	4.6	9.0	8.4	9.3	10.5
Memorandum Items:	(In millions of dollars, unless otherwise indicated)									
Net international reserves 5/	456	119	391	1,068	1,225	1,210	1,299	1,378	1,468	1,637
Gross international reserves	2,534	2,067	2,346	2,526	2,651	2,698	2,798	2,923	3,073	3,223
In months of imports of the following year	5.6	4.7	5.3	5.7	5.7	6.9	7.0	7.0	7.0	7.0
Nominal GDP (millions of gourdes)	1,699,208	2,168,223	2,798,324	3,460,941	4,294,144	4,459,465	5,447,732	6,282,281	7,208,219	7,834,502

Sources: Ministry of Economy and Finance; Bank of the Republic of Haiti; World Bank; Fund staff estimates and projections.

1/ The real effective exchange rate for FY2025 reflects appreciation/depreciation between October 2024 and February 2025.

2/ Includes transfers to the state-owned electricity company (EDH), and unsettled payment obligations.

3/ The decline in public debt in FY2024 was due to debt forgiveness (PDVSA).

4/ In percent of exports of goods and nonfactor services. Includes debt service settled with debt relief. For FY2024, debt service includes estimates of all the principal of PDVSA debt originally due in FY2024 and the interest due to PDVSA for the first quarter of FY2024 (October-December 2023).

5/ Excludes banks' FX deposits, Venezuela escrow account, IMF liabilities (except Food Shock Window), and swaps.

Table 3a. Haiti: Non-Financial Public Sector Operations, 2021–29

(Fiscal year ending September 30; in millions of gourdes)

	FY2021	FY2022	FY2023	FY2024	FY2024	FY2024	FY2025	FY2025	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029
				Budget	Revised Budget	Est.	Budget	Revised Budget	Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
Total Revenue and Grants	**118,340**	**142,478**	**204,261**	**257,980**	**238,647**	**398,028**	**302,860**	**292,687**	**259,314**	**266,308**	**314,509**	**371,040**	**448,534**	**505,529**
Domestic revenue	100,635	114,919	178,483	196,545	172,678	167,118	227,739	224,755	210,413	218,514	280,554	338,435	410,373	462,167
Domestic taxes	74,012	82,525	111,881	72,018	60,692	106,579	99,575	103,421	129,274	134,251	174,567	212,693	262,062	296,583
Customs duties	22,613	27,341	60,103	107,095	101,125	60,246	100,809	100,809	75,372	78,274	98,344	116,550	137,333	153,182
Of which: fuel taxes	0	0	20,312	19,360	20,480	23,452	23,848	29,904	31,036	26,983	32,962	38,012	43,614	47,404
Other current revenue	4,009	5,053	6,498	17,431	10,862	293	27,355	20,525	5,767	5,989	7,643	9,191	10,978	12,402
Grants	17,706	27,559	25,779	61,435	65,969	230,910	75,121	67,932	48,901	47,794	33,955	32,606	38,161	43,361
Budget support 1/	5,754	8,957	0	7,995	0	0	0	2,788	5,363	5,242	2,671	0	0	0
Project grants	11,951	18,602	25,779	53,440	65,969	25,071	75,121	65,143	43,538	42,552	31,284	32,606	38,161	43,361
Capital transfer 2/	0	0	0	0	0	205,839	0	0	0	0	0	0	0	0
Total Expenditure 3/	**158,220**	**180,515**	**182,779**	**273,028**	**232,913**	**165,795**	**301,065**	**293,395**	**261,969**	**271,441**	**344,146**	**439,564**	**533,197**	**603,871**
Current expenditure	126,058	146,603	135,684	162,964	141,019	132,799	175,498	179,290	178,646	187,594	237,575	278,925	329,679	368,564
Wages and salaries	55,130	63,030	73,846	81,883	80,549	74,907	92,530	100,783	96,366	102,568	124,977	147,264	172,573	191,484
Goods and services	35,472	32,504	38,597	49,901	44,697	39,608	51,912	52,699	51,655	57,973	73,544	87,952	104,519	117,518
Interest payments	6,014	6,596	7,975	2,932	1,701	7,628	1,228	1,228	1,697	2,172	11,168	13,062	16,546	18,431
Transfers and subsidies	28,843	44,474	15,266	22,098	13,122	10,656	24,109	18,860	23,959	24,881	27,884	30,647	36,041	41,131
Of which: Transfers to EDH	9,111	7,412	8,038	8,642	...	3,130	...	...	11,076	11,503	10,179	8,659	3,604	3,917
Of which: Fuel direct subsidies to oil companies	10,682	31,242	0	...	...	0	...	...	0	0	0	0	0	0
Exceptional expenditures 4/	600	0	0	6,150	950	0	5,720	5,720	4,970	0	0	0	0	0
Capital expenditure	32,161	33,913	47,096	110,064	91,894	32,996	125,567	114,105	83,323	83,847	106,571	160,639	203,517	235,307
Domestically financed	15,359	11,861	21,317	41,478	16,774	7,925	46,065	44,110	35,470	36,835	48,049	65,210	93,274	113,600
Foreign-financed	16,802	22,052	25,779	68,586	75,120	25,071	79,502	69,995	47,853	47,012	58,522	95,429	110,243	121,706
Central government balance incl. grants	**-39,879**	**-38,037**	**21,482**	**-15,049**	**5,734**	**232,233**	**1,795**	**-708**	**-2,655**	**-5,133**	**-29,637**	**-68,524**	**-84,663**	**-98,342**
Excluding grants and externally financed projects	-40,783	-43,544	21,482	-7,897	14,885	26,394	1,795	-708	-3,703	-5,915	-5,070	-5,701	-12,581	-19,997
Primary Balance of NFPS, incl. grants and other transfers to EDH	**-33,865**	**-31,442**	**29,457**	**-12,117**	**7,435**	**239,861**	**3,023**	**520**	**-958**	**-2,961**	**-18,469**	**-55,461**	**-68,117**	**-79,911**
Adjustment (unsettled payment obligations)	-2,031	-256	11,840	0	0	15,726	0	0	0	0	0	0	0	0
Overall Balance of NFPS, including grants	**-37,849**	**-37,781**	**9,642**	**-15,049**	**5,734**	**216,507**	**1,795**	**-708**	**-2,655**	**-5,133**	**-29,637**	**-68,524**	**-84,663**	**-98,342**
Overall Balance of NFPS, including grants (excl. capital transfer) 5/	-37,849	-37,781	9,642	-15,049	5,734	10,668	1,795	-708	-2,655	-5,133	-29,637	-68,524	-84,663	-98,342
Financing, NFPS	**37,848**	**37,780**	**-9,642**	**15,049**	**-5,734**	**-216,507**	**-1,795**	**708**	**2,655**	**5,133**	**29,637**	**68,524**	**84,663**	**98,342**
External net financing	-5,865	-1,468	-11,694	-640	2,257	-202,528	1,011	1,414	2,633	2,748	24,594	59,911	68,813	74,825
Loans (net)	-2,640	-5,822	-11,694	-640	2,257	-202,528	1,011	1,414	2,633	2,748	24,594	59,911	68,813	74,825
Disbursements	4,851	3,450	0	15,146	9,151	0	4,381	4,784	4,316	4,459	27,239	62,823	72,082	78,345
Amortization	-7,491	-9,272	-11,694	-15,786	-6,894	-202,528	-3,370	-3,370	-1,683	-1,712	-2,644	-2,912	-3,269	-3,520
Arrears (net)	-3,225	4,354	0	0	0	0	0	0	0	0	0	0	0	0
Internal net financing	43,714	39,249	2,053	15,689	-7,991	-13,979	-2,806	-706	22	2,385	5,043	8,612	15,850	23,517
Banking system	50,483	52,437	20,580	36,000		-2,235	16,204	16,204	19,032	21,332	19,712	24,902	31,850	23,517
BRH (includes the FSW) 6/	46,731	41,274	19,599	24,000	7,022	-84	0	0	0	0	0	0	0	0
Commercial banks	3,752	11,163	981	12,000		-2,151	16,204	16,204	19,032	21,332	19,712	24,902	31,850	23,517
Nonbank financing 7/	-6,769	-13,188	-18,527	-20,311	-15,013	-11,744	-19,010	-16,910	-19,010	-18,947	-14,669	-16,290	-16,000	0
Memorandum Items														
Forgone fuel taxes and fuel direct subsidies	31,984	62,553	11,657	...	...	5,010	...	...	0	6,456	7,886	9,094	10,435	11,341
o/w Forgone fuel taxes	21,302	31,311	11,657	...	...	5,010	...	...	0	6,456	7,886	9,094	10,435	11,341
o/w Fuel direct subsidies to oil companies	10,682	31,242	0	...	...	0	...	...	0	0	0	0	0	0
Health, education and agriculture spending	28,173	33,117	37,810	...	...	36,815	...	...	39,619	41,604	103,507	119,363	136,956	148,856
Nominal GDP	1,699,208	2,168,223	2,798,324	3,672,147	3,460,941	3,460,941	4,294,144	4,461,083	4,294,144	4,459,465	5,447,732	6,282,281	7,208,219	7,834,502

Sources: Ministry of Finance and Economy; and Fund staff estimates and projections.

1/ Includes previously-programmed multilateral budget support that could be delayed, as well as CCRT debt relief.

2/ For FY2024, includes debt forgiveness from Petrocaraibe (Venezuela).

3/ Commitment basis, except for domestically financed spending, which is reported on the basis of project account replenishments.

4/ Includes expenditures for electoral activities and support to political parties.

5/ Excludes a one-off capital transfer owing to the repayment of the debt to Petrocaraibe.

6/ Amounts include the full two-year debt-relief under the CCRT for FY2021-22, and the RCF/FSW disbursement for FY2023.

7/ Includes the net change in the stock of government securities held by non-banks, of checks that are not yet cashed, of supplier credits and of domestic arrears.

Table 3b. Haiti: Non-Financial Public Sector Operations, 2021–29

(Fiscal year ending September 30; in percent of GDP)

	FY2021	FY2022	FY2023	FY2024 Budget	FY2024 Revised Budget	FY2024 Est.	FY2025 Budget	FY2025 Revised Budget	FY2025 Prog.	FY2025 Proj.	FY2026 Proj.	FY2027 Proj.	FY2028 Proj.	FY2029 Proj.
Total Revenue and Grants	**7.0**	**6.6**	**7.3**	**7.5**	**6.9**	**11.5**	**7.1**	**6.6**	**6.0**	**6.0**	**5.8**	**5.9**	**6.2**	**6.5**
Domestic revenue	5.9	5.3	6.4	5.7	5.0	4.8	5.3	**5.0**	4.9	4.9	5.1	5.4	5.7	5.9
Domestic taxes	4.4	3.8	4.0	2.1	1.8	3.1	2.3	**2.3**	3.0	3.0	3.2	3.4	3.6	3.8
Customs duties	1.3	1.3	2.1	3.1	2.9	1.7	2.3	**2.3**	1.8	1.8	1.8	1.9	1.9	2.0
Of which: fuel taxes	0.0	0.0	0.7	0.6	0.6	0.7	0.6	**0.7**	0.7	0.6	0.6	0.6	0.6	0.6
Other current revenue	0.2	0.2	0.2	0.5	0.3	0.0	0.6	**0.5**	0.1	0.1	0.1	0.1	0.2	0.2
Grants	1.0	1.3	0.9	1.8	1.9	6.7	1.7	**1.5**	1.1	1.1	0.6	0.5	0.5	0.6
Budget support 1/	0.3	0.4	0.0	0.2	0.0	0.0	0.0	**0.1**	0.1	0.1	0.0	0.0	0.0	0.0
Project grants	0.7	0.9	0.9	1.5	1.9	0.7	1.7	**1.5**	1.0	1.0	0.6	0.5	0.5	0.6
Capital transfer 2/	0.0	0.0	0.0	0.0	0.0	5.9	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0
Total Expenditure 3/	**9.3**	**8.3**	**6.5**	**7.9**	**6.7**	**4.8**	**7.0**	**6.6**	**6.1**	**6.1**	**6.3**	**7.0**	**7.4**	**7.7**
Current expenditure	7.4	6.8	4.8	4.7	4.1	3.8	4.1	**4.0**	4.2	4.2	4.4	4.4	4.6	4.7
Wages and salaries	3.2	2.9	2.6	2.4	2.3	2.2	2.2	**2.3**	2.2	2.3	2.3	2.3	2.4	2.4
Goods and services	2.1	1.5	1.4	1.4	1.3	1.1	1.2	**1.2**	1.2	1.3	1.4	1.4	1.4	1.5
Interest payments	0.4	0.3	0.3	0.1	0.0	0.2	0.0	**0.0**	0.0	0.0	0.2	0.2	0.2	0.2
Transfers and subsidies	1.7	2.1	0.5	0.6	0.4	0.3	0.6	**0.4**	0.6	0.6	0.5	0.5	0.5	0.5
Of which: Transfers to EDH	0.5	0.3	0.3	0.2	...	0.1	...	...	0.3	0.3	0.2	0.1	0.1	0.1
Of which: Fuel direct subsidies to oil companies	0.6	1.4	0.0	...	...	0.0	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional expenditures 4/	0.0	0.0	0.0	0.2	0.0	0.0	0.1	**0.1**	0.1	0.0	0.0	0.0	0.0	0.0
Capital expenditure	1.9	1.6	1.7	3.2	2.7	1.0	2.9	**2.6**	1.9	1.9	2.0	2.6	2.8	3.0
Domestically financed	0.9	0.5	0.8	1.2	0.5	0.2	1.1	**1.0**	0.8	0.8	0.9	1.0	1.3	1.5
Foreign-financed	1.0	1.0	0.9	2.0	2.2	0.7	1.9	**1.6**	1.1	1.1	1.1	1.5	1.5	1.6
Central government balance incl. grants	**-2.3**	**-1.8**	**0.8**	**-0.4**	**0.2**	**6.7**	**0.0**	**0.0**	**-0.1**	**-0.1**	**-0.5**	**-1.1**	**-1.2**	**-1.3**
Excluding grants and externally financed projects	-2.4	-2.0	0.8	-0.2	0.4	0.8	0.0	**0.0**	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3
Primary Balance of NFPS, incl. grants and other transfers to EDH	**-2.0**	**-1.5**	**1.1**	**-0.4**	**0.2**	**6.9**	**0.1**	**0.0**	**0.0**	**-0.1**	**-0.3**	**-0.9**	**-0.9**	**-1.0**
Adjustment (unsettled payment obligations)	-0.1	0.0	0.4	0.0	0.0	0.5	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0
Overall Balance of NFPS, including grants	**-2.2**	**-1.7**	**0.3**	**-0.4**	**0.2**	**6.3**	**0.0**	**0.0**	**-0.1**	**-0.1**	**-0.5**	**-1.1**	**-1.2**	**-1.3**
Overall Balance of NFPS, including grants (excl. capital transfer) 5/	-2.2	-1.7	0.3	-0.4	0.2	0.3	0.0	**0.0**	-0.1	-0.1	-0.5	-1.1	-1.2	-1.3
Financing, NFPS	**2.2**	**1.7**	**-0.3**	**0.4**	**-0.2**	**-6.3**	**0.0**	**0.0**	**0.1**	**0.1**	**0.5**	**1.1**	**1.2**	**1.3**
External net financing	-0.3	-0.1	-0.4	0.0	0.1	-5.9	0.0	**0.0**	0.1	0.1	0.5	1.0	1.0	1.0
Loans (net)	-0.2	-0.3	-0.4	0.0	0.1	-5.9	0.0	**0.0**	0.1	0.1	0.5	1.0	1.0	1.0
Disbursements	0.3	0.2	0.0	0.4	0.3	0.0	0.1	**0.1**	0.1	0.1	0.5	1.0	1.0	1.0
Amortization	-0.4	-0.4	-0.4	-0.5	-0.2	-5.9	-0.1	**-0.1**	0.0	0.0	0.0	0.0	0.0	0.0
Arrears (net)	-0.2	0.2	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0
Internal net financing	2.6	1.8	0.1	0.5	-0.2	-0.4	-0.1	**0.0**	0.0	0.1	0.1	0.1	0.2	0.3
Banking system	3.0	2.4	0.7	1.0	0.0	-0.1	0.4	**0.4**	0.4	0.5	0.4	0.4	0.4	0.3
BRH (includes the FSW) 6/	2.8	1.9	0.7	0.7	0.2	0.0	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks	0.2	0.5	0.0	0.3	0.0	-0.1	0.4	**0.4**	0.4	0.5	0.4	0.4	0.4	0.3
Nonbank financing 7/	-0.4	-0.6	-0.7	-0.6	-0.4	-0.3	-0.4	**-0.4**	-0.4	-0.4	-0.3	-0.3	-0.2	0.0
Memorandum Items														
Forgone fuel taxes and fuel direct subsidies	1.9	2.9	0.4	...	...	0.1	...	...	0.0	0.1	0.1	0.1	0.1	0.1
o/w Forgone fuel taxes	1.3	1.4	0.4	...	...	0.1	...	...	0.0	0.1	0.1	0.1	0.1	0.1
o/w Fuel direct subsidies to oil companies	0.6	1.4	0.0	...	...	0.0	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Health, education and agriculture spending	1.7	1.5	1.4	...	...	1.1	...	...	0.9	0.9	1.9	1.9	1.9	1.9
Nominal GDP (millions of gourdes)	1,699,208	2,168,223	2,798,324	3,460,941	3,460,941	3,460,941	4,294,144	4,461,083	4,294,144	4,459,465	5,447,732	6,282,281	7,208,219	7,834,502

Sources: Ministry of Finance and Economy; and Fund staff estimates and projections.

1/ Includes previously-programmed multilateral budget support that could be delayed, as well as CCRT debt relief.

2/ For FY2024, includes debt forgiveness from Petrocaraibe (Venezuela).

3/ Commitment basis, except for domestically financed spending, which is reported on the basis of project account replenishments.

4/ Includes expenditures for electoral activities and support to political parties.

5/ Excludes a one-off capital transfer owing to the repayment of the debt to Petrocaraibe.

6/ Amounts include the full two-year debt-relief under the CCRT for FY2021-22, and the RFC/FSW disbursement for FY2023.

7/ Includes the net change in the stock of government securities held by non-banks, of checks that are not yet cashed, of supplier credits and of domestic arrears.

Table 4a. Haiti: Balance of Payments, 2021–29

(In millions of U.S. dollars on a fiscal year basis; unless otherwise indicated)

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029
				Est.	Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
Current Account (Including Grants)	**88**	**-492**	**-683**	**-145**	**-203**	**60**	**-196**	**-302**	**-318**	**-378**
Current Account (Excluding Grants)	**-77**	**-681**	**-863**	**-335**	**-562**	**-300**	**-429**	**-502**	**-528**	**-599**
Goods (net)	-3,286	-3,508	-3,759	-3,499	-3,872	-3,576	-3,518	-3,589	-3,691	-3,837
Exports of goods	1,130	1,254	956	767	844	690	663	696	765	842
Of which: Assembly industry	1,066	1,191	870	689	776	635	610	640	704	774
Imports of goods	-4,416	-4,762	-4,715	-4,266	-4,715	-4,266	-4,180	-4,285	-4,456	-4,679
Of which: Fossil fuels	-643	-890	-707	-705	-707	-640	-627	-643	-668	-702
Services (net)	-490	-587	-449	-421	-451	-429	-429	-437	-448	-461
Exports of services	142	101	139	96	122	88	88	90	93	95
Imports of services	-632	-689	-588	-517	-573	-517	-517	-527	-541	-557
Primary Income (net)	23	24	4	4	-10	18	13	10	4	-3
Secondary Income (net)	3,840	3,580	3,522	3,771	4,130	4,046	3,737	3,714	3,818	3,924
Official transfers (net)	164	189	181	190	359	359	233	200	210	221
Private transfers (net)	3,316	3,072	3,076	3,341	3,520	3,491	3,299	3,299	3,382	3,466
Other transfers (net)	360	318	265	240	250	195	205	215	226	237
Capital and Financial Accounts	**-72**	**84**	**109**	**-37**	**338**	**122**	**326**	**453**	**500**	**572**
Capital transfers 1/	55	63	57	1,620	50	50	50	51	53	53
Public sector capital flows (net)	-35	-66	-94	-1,674	19	21	169	367	379	380
Foreign direct investment (net)	51	39	24	20	19	22	33	50	76	114
Banks (net) 2/	-162	36	20	-155	-125	-240	0	0	-10	0
Other items (net) 3/	18	12	102	152	375	270	74	-17	3	24
Errors and Omissions	**-263**	**194**	**659**	**773**	**0**	**0**	**0**	**0**	**0**	**0**
Overall Balance	**-247**	**-214**	**86**	**591**	**135**	**182**	**130**	**151**	**183**	**194**
Financing	**225**	**214**	**-86**	**-591**	**-135**	**-182**	**-130**	**-151**	**-183**	**-194**
Change in gross reserves (+ is decrease)	-91	117	-284	-172	-125	-172	-100	-125	-150	-150
Change in IMF credit and loans (+ is increase)	-5	-3	99	-13	-10	-10	-30	-26	-33	-44
Exceptional financing	101	100	99	-406	0	0	0	0	0	0
o/w Changes in arrears 4/	90	93	97	-640	0	0	0	0	0	0
o/w Debt rescheduling and debt relief 5/	10	7	3	234	0	0	0	0	0	0
Memorandum Items:										
Change in US$ denom. reserve deposits at BRH (+ is decrease)	-164	68	-7	35	-29	-91	-41	-72	-82	-3
Change in NIR (statistical definition) (+ is decrease)	223	337	-272	-677	-157	-142	-89	-79	-90	-169
Exports of goods, f.o.b (percent change)	27.7	10.9	-23.8	-19.8	10.0	-10.0	-4.0	5.0	10.0	10.0
Imports of goods, f.o.b (percent change)	19.8	7.8	-1.0	-9.5	11.0	0.0	-2.0	2.5	4.0	5.0
Projected average oil price (U.S. dollars per barrel, APSP)	69.2	96.4	80.6	81.3	72.8	72.8	70.2	68.6	67.6	0.0
Debt service (in percent of exports of goods and services)	9.4	8.3	11.8	13.7	3.3	4.6	9.0	8.4	9.3	10.5
Gross international reserves (in millions of U.S. dollars)	2,534	2,067	2,346	2,526	2,651	2,698	2,798	2,923	3,073	3,223
(in months of next year's imports of goods and services)	5.6	4.7	5.3	5.7	5.7	6.9	7.0	7.0	7.0	7.0
Nominal GDP (millions of U.S. dollars)	21,017	19,826	19,603	26,229	31,562	33,536	37,440	38,535	39,667	39,840

Sources: Bank of the Republic of Haiti; and Fund staff estimates and projections.

1/ For FY2024, includes debt forgiveness granted by Petrocaraibe.

2/ Change in net foreign assets of commercial banks.

3/ Includes arrears on oil imports.

4/ Up to FY2023, reflects accumulation of arrears toward Venezuela. For FY2024, reflects cancellation of arrears due to Venezuela, financed partly by payment from Haiti (US$500 million) and partly by debt forgiveness from Petrocaraibe (Venezuela).

5/ For FY2021 to FY2022, includes CCRT debt relief. For FY2024, includes debt forgiveness from Petrocaraibe (Venezuela).

Table 4b. Haiti: Balance of Payments, 2021–29

(In percent of GDP on a fiscal year basis, unless otherwise indicated)

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029
				Est.	Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
Current Account (Including Grants)	**0.4**	**-2.5**	**-3.5**	**-0.6**	**-0.6**	**0.2**	**-0.5**	**-0.8**	**-0.8**	**-0.9**
Current Account (Excluding Grants)	**-0.4**	**-3.4**	**-4.4**	**-1.3**	**-1.8**	**-0.9**	**-1.1**	**-1.3**	**-1.3**	**-1.5**
Trade balance	-15.6	-17.7	-19.2	-13.3	-12.3	-10.7	-9.4	-9.3	-9.3	-9.6
Exports of goods	5.4	6.3	4.9	2.9	2.7	2.1	1.8	1.8	1.9	2.1
Of which: Assembly industry	5.1	6.0	4.4	2.6	2.5	1.9	1.6	1.7	1.8	1.9
Imports of goods	-21.0	-24.0	-24.1	-16.3	-14.9	-12.7	-11.2	-11.1	-11.2	-11.7
Of which: Fossil fuels	-3.1	-4.5	-3.6	-2.7	-2.2	-1.9	-1.7	-1.7	-1.7	-1.8
Services (net)	-2.3	-3.0	-2.3	-1.6	-1.4	-1.3	-1.1	-1.1	-1.1	-1.2
Receipts	0.7	0.5	0.7	0.4	0.4	0.3	0.2	0.2	0.2	0.2
Payments	-3.0	-3.5	-3.0	-2.0	-1.8	-1.5	-1.4	-1.4	-1.4	-1.4
Income (net)	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Current transfers (net)	18.3	18.1	18.0	14.4	13.1	12.1	10.0	9.6	9.6	9.8
Official transfers (net)	0.8	1.0	0.9	0.7	1.1	1.1	0.6	0.5	0.5	0.6
Private transfers (net)	15.8	15.5	15.7	12.7	11.2	10.4	8.8	8.6	8.5	8.7
Other transfers (net)	1.7	1.6	1.4	0.9	0.8	0.6	0.5	0.6	0.6	0.6
Capital and Financial Accounts	**-0.3**	**0.4**	**0.6**	**-0.1**	**1.1**	**0.4**	**0.9**	**1.2**	**1.3**	**1.4**
Capital transfers 1/	0.3	0.3	0.3	6.2	0.2	0.1	0.1	0.1	0.1	0.1
Public sector capital flows (net)	-0.2	-0.3	-0.5	-6.4	0.1	0.1	0.5	1.0	1.0	1.0
Loan disbursements	0.3	0.2	0.0	0.0	0.1	0.1	0.5	1.0	1.0	1.0
Amortization	-0.5	-0.5	-0.5	-6.4	0.0	0.0	0.0	0.0	0.0	0.0
Foreign direct investment (net)	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3
Banks (net) 2/	-0.8	0.2	0.1	-0.6	-0.4	-0.7	0.0	0.0	0.0	0.0
Other items (net) 3/	0.1	0.1	0.5	0.6	1.2	0.8	0.2	0.0	0.0	0.1
Errors and Omissions	**-1.3**	**1.0**	**3.4**	**2.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall Balance	**-1.2**	**-1.1**	**0.4**	**2.3**	**0.4**	**0.5**	**0.3**	**0.4**	**0.5**	**0.5**
Financing	**1.1**	**1.1**	**-0.4**	**-2.3**	**-0.4**	**-0.5**	**-0.3**	**-0.4**	**-0.5**	**-0.5**
Change in net foreign assets (+ is decrease)	-0.4	0.6	-1.4	-0.7	-0.4	-0.5	-0.3	-0.3	-0.4	-0.4
Change in IMF credit and loans (+ is increase)	0.0	0.0	0.5	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Exceptional financing	0.5	0.5	0.5	-1.5	0.0	0.0	0.0	0.0	0.0	0.0
o/w Changes in arrears 4/	0.4	0.5	0.5	-2.4	0.0	0.0	0.0	0.0	0.0	0.0
o/w Debt rescheduling and debt relief 5/	0.0	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Exports of goods, f.o.b (percent change)	27.7	10.9	-23.8	-19.8	10.0	-10.0	-4.0	5.0	10.0	10.0
Imports of goods, f.o.b (percent change)	19.8	7.8	-1.0	-9.5	11.0	0.0	-2.0	2.5	4.0	5.0
Projected average oil price (U.S. dollars per barrel, APSP)	69.2	96.4	80.6	81.3	72.8	72.8	70.2	68.6	67.6	0.0
Debt service (in percent of exports of goods and services)	9.4	8.3	11.8	13.7	3.3	4.6	9.0	8.4	9.3	10.5
Nominal exchange rate	80.9	109.4	142.7	132.0	…	…	…	…	…	…
Gross international reserves (in millions of U.S. dollars)	2,534	2,067	2,346	2,526	2,651	2,698	2,798	2,923	3,073	3,223
(in months of next year's imports of goods and services)	5.6	4.7	5.3	5.7	5.7	6.9	7.0	7.0	7.0	7.0
Nominal GDP (millions of U.S. dollars)	21,017	19,826	19,603	26,229	31,562	33,536	37,440	38,535	39,667	39,840

Sources: Bank of the Republic of Haiti; and Fund staff estimates and projections.

1/ For FY2024, includes debt forgiveness granted by Petrocaraibe.

2/ Change in net foreign assets of commercial banks.

3/ Includes arrears on oil imports.

4/ Up to FY2023, reflects accumulation of arrears toward Venezuela. For FY2024, reflects cancellation of arrears due to Venezuela, financed partly by payment from Haiti (US$500 million) and partly by debt forgiveness from Petrocaraibe (Venezuela).

5/ For FY2021 to FY2022, includes CCRT debt relief. For FY2024, includes debt forgiveness from Petrocaraibe (Venezuela).

Table 5. Haiti: Summary Accounts of the Banking System, 2021–29

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2025	FY2026	FY2027	FY2028	FY2029
				Est.	Prog.	Proj.	Proj.	Proj.	Proj.	Proj.
					I. Central bank					
Net Foreign Assets	**146,005**	**131,774**	**185,645**	**265,493**	**311,781**	**309,120**	**358,800**	**432,673**	**509,789**	**580,248**
(In millions of U.S. dollars)	1,499	1,120	1,383	2,019	2,206	2,252	2,383	2,533	2,705	2,877
Of which: Gross International Reserves (US$ Mil)	2,534	2,067	2,346	2,526	2,651	2,698	2,798	2,923	3,073	3,223
Of which: Net Intl. Reserves (nonresidents) (US$ Mil.)	1,969	1,526	1,796	2,441	2,627	2,674	2,804	2,954	3,126	3,298
Of which: Net international reserves (US$ Mil.) (Res FX+Nonres) 1/	456	119	391	1,068	1,225	1,210	1,299	1,378	1,468	1,637
Of which : Commercial bank forex deposits (in millions of U.S. dollars)	1,324	1,255	1,262	1,227	1,256	1,318	1,359	1,431	1,513	1,516
Net Domestic Assets	**42,096**	**99,713**	**53,094**	**-9,832**	**-25,376**	**-10,377**	**-17,155**	**-45,524**	**-74,095**	**-117,592**
Net credit to the nonfinancial public sector	166,625	237,927	252,466	249,412	249,221	249,412	249,412	249,412	249,412	249,412
Of which: Net credit to the central government 2/	168,899	242,311	261,540	254,484	254,297	254,484	254,484	254,484	254,484	254,484
Claims on central government	207,676	292,786	328,498	349,544	349,591	349,544	349,544	349,544	349,544	349,544
Central government deposits	38,777	50,475	66,958	95,059	95,294	95,059	95,059	95,059	95,059	95,059
Of which: IMF CCRT debt relief	-2,634	-2,087	-2,198	-2,166	-3,005	-3,005	-3,005	-3,005	-3,005	-3,005
Liabilities to commercial banks (excl. gourde deposits)	138,460	157,539	178,422	193,989	209,998	211,555	233,337	271,182	309,901	328,475
BRH bonds/Open market operations	3,525	2,630	4,555	28,405	28,202	26,405	24,405	22,405	20,405	18,405
Commercial bank forex deposits	134,935	154,909	173,868	165,584	181,796	185,150	208,932	248,777	289,496	310,070
Other	-18,134	-11,484	-44,259	-87,782	-87,434	-90,420	-107,084	-120,229	-134,700	-144,257
Base Money	**188,101**	**231,487**	**238,738**	**255,660**	**286,405**	**298,742**	**341,645**	**387,149**	**435,694**	**462,656**
Currency in circulation	108,670	133,411	146,758	156,567	177,872	184,672	210,085	235,756	262,488	275,582
Commercial bank gourde deposits	79,431	98,077	91,980	99,094	108,533	114,070	131,560	151,393	173,205	187,074
					II. Consolidated banking system					
Net Foreign Assets	**205,868**	**203,605**	**257,043**	**342,859**	**411,179**	**422,817**	**483,556**	**574,192**	**667,803**	**749,336**
(In millions of U.S. dollars)	2,114	1,730	1,915	2,608	2,909	3,081	3,211	3,361	3,543	3,716
Of which: Commercial banks NFA (in millions of U.S. dollars)	615	610	532	588	703	828	828	828	838	838
Net Domestic Assets	**305,095**	**415,028**	**390,066**	**323,273**	**339,201**	**359,888**	**408,206**	**445,907**	**496,236**	**497,763**
Credit to the nonfinancial public sector	206,497	296,664	318,252	315,274	334,119	336,606	356,318	381,220	413,070	436,586
Of which: Net credit to the central government 2/	202,659	293,987	316,372	313,718	332,563	335,050	354,762	379,664	411,514	435,030
Claims on central government	259,300	362,559	401,598	427,943	447,023	449,275	361,437	386,340	418,189	441,706
Central government deposits	56,641	68,572	85,226	114,225	114,460	114,225	6,675	6,675	6,675	6,675
Credit to the private sector	138,572	161,957	152,445	133,481	153,755	157,869	189,310	211,964	240,551	256,072
In gourdes	72,552	77,196	69,435	53,963	64,613	66,399	81,959	94,136	109,535	119,278
In foreign currency	60,926	79,521	77,520	73,762	83,405	85,714	101,596	112,072	125,261	131,038
Other	-66,770	-75,172	-116,022	-160,672	-183,476	-169,391	-172,226	-182,081	-192,188	-229,699
Broad Money	**510,963**	**618,634**	**647,109**	**666,132**	**750,380**	**782,705**	**891,761**	**1,020,098**	**1,164,039**	**1,247,098**
Currency in circulation	98,150	123,511	124,113	131,322	152,621	159,428	184,841	210,512	237,244	250,338
Gourde deposits	134,373	157,617	166,705	177,373	207,712	226,657	250,696	264,360	290,511	314,973
Foreign currency deposits	270,986	329,793	348,280	348,892	383,710	390,966	451,990	539,995	629,935	675,351
(In millions of U.S. dollars)	2,782	2,802	2,594	2,654	2,714	2,849	3,001	3,161	3,343	3,349
					(12-month percentage change)					
Currency in circulation	14.9	25.8	0.5	5.8	15.4	21.4	15.9	13.9	12.7	5.5
Base money	21.5	23.1	3.1	7.1	11.8	16.9	14.4	13.3	12.5	6.2
Broad money (M3)	38.2	21.1	4.6	2.9	12.7	17.5	13.9	14.4	14.1	7.1
Gourde deposits	17.3	17.3	5.8	6.4	17.1	27.8	10.6	5.5	9.9	8.4
Foreign currency deposits	64.0	21.7	5.6	0.2	10.0	12.1	15.6	19.5	16.7	7.2
Credit to the private sector	15.2	17.4	-6.2	-13.1	15.9	19.1	20.7	12.3	13.9	6.6
Credit in gourdes	3.1	6.4	-10.1	-22.3	19.7	23.0	23.4	14.9	16.4	8.9
Credit in foreign currency	33.9	30.5	-2.5	-4.8	13.1	16.2	18.5	10.3	11.8	4.6
Memorandum Items:										
Foreign currency deposits (% of total private deposits)	67.4	68.3	69.4	67.9	64.9	63.3	64.3	67.1	68.4	68.2
Foreign currency credit to private sector (% of total)	45.5	50.5	52.4	57.3	56.3	56.3	55.3	54.3	53.3	52.3
Commercial banks' credit to private sector (% of GDP)	7.9	7.2	5.3	3.7	3.4	3.4	3.4	3.3	3.3	3.2
Real private credit sector growth	2.2	-21.2	-38.1	-41.0	-2.7	-10.6	1.1	-0.5	1.6	-0.4
Private sector credit (% of GDP)	7.9	7.2	5.3	3.7	3.4	3.4	3.3	3.3	3.2	3.2

Sources: Bank of the Republic of Haiti and Fund staff estimates and projections.

1/ In statistical definition. Excludes banks' FX deposits, Venezuela escrow account, IMF liabilities (except Food Shock Window), and swaps.

2/ Changes in stocks of net claims on government differ from domestic financing data in Table 2a due to differences in accounting practices (cash vs. accrual) and in the recording of revaluations of positions denominated in foreign exchange.

Table 6. Haiti: External Financing Requirements and Sources, 2021–29

(In millions of US$ on a fiscal year basis; unless otherwise indicated) 1/

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
				Est.	Proj.	Proj.	Proj.	Proj.	Proj.
Requirements	**675**	**780**	**1,241**	**2,837**	**495**	**577**	**687**	**735**	**810**
Current account (excluding official transfers)	77	681	863	335	300	429	502	528	599
Government debt amortization (non-IMF)	95	96	94	1,674	13	18	18	18	18
Net repayments to the IMF	5	3	-	13	10	30	26	33	44
Other investment, net outflow (central bank, banks, non-banks, other)	143	-	-	3	-	-	17	7	-
Increase in reserve assets	91	-	284	172	172	100	125	150	150
Clearance of arrears	-	-	-	640	-	-	-	-	-
Errors and omissions (negative)	263	-	-	-	-	-	-	-	-
Sources	**652**	**780**	**1,241**	**2,837**	**495**	**577**	**687**	**735**	**810**
Official current transfers	164	189	181	190	359	233	200	210	221
Current project grants	*148*	*170*	*181*	*190*	*320*	*215*	*200*	*210*	*221*
Budget support	*16*	*19*	-	-	*39*	*18*	-	-	-
Official capital transfers	65	70	60	1,854	50	50	51	53	53
Capital project grants	*55*	*63*	*57*	*152*	*50*	*50*	*51*	*53*	*53*
Debt forgiveness (capital account)	-	-	-	*1,467*	-	-	-	-	-
Debt forgiveness (exceptional financing)	*10*	*7*	*3*	*234*	-	-	-	-	-
Foreign direct investment	51	39	24	20	22	33	50	76	114
Other investment, net inflow (central bank, banks, non-banks, other)	-	48	123	-	30	74	-	-	24
Loan disbursements to the government 1/	60	30	-	-	34	187	385	397	398
Net IMF financing	-	-	99	-	-	-	-	-	-
SDR allocation	221	-1	-	-	-	-	-	-	-
Drawdown of reserve assets	-	117	-	-	-	-	-	-	-
Incurrence of arrears	90	93	97	-	-	-	-	-	-
Errors and omissions (positive)	-	194	659	773	-	-	-	-	-
Memorandum Items:									
Gross international reserves	2,534	2,067	2,346	2,526	2,698	2,798	2,923	3,073	3,223
(in months of next year's imports of goods and services)	5.6	4.7	5.3	5.7	6.9	7.0	7.0	7.0	7.0

Sources: Bank of the Republic of Haiti; and Fund staff estimates and projections.

1/ The path in loan disbursements reflects the uncertainty after 2026 regarding the grant status beyond the short term. This assumption is consistent with the high level of debt distress assessment in the DSA (December 2024).

Table 7. Haiti: Financial Soundness Indicators, March 2022–September 2024

(In percent; unless otherwise stated)

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Size and Growth											
Asset volume (in US$ millions)	5,268	5,216	5,239	4,771	4,591	4,686	4,718	4,780	4,885	4,879	4,921
Deposit volume (in US$ millions)	4,276	4,304	4,294	3,942	3,784	3,833	3,849	3,868	3,944	3,985	4,026
Asset growth (in gourde terms), y/y	23.7	20.6	17.3	28.2	27.4	10.2	4.2	-7.6	-7.5	-0.3	1.8
Credit growth (net, in gourde terms), y/y	18.8	12.1	14.6	23.3	16.9	2.7	-9.6	-22.4	-22.5	-18.8	-15.2
Capital Adequacy											
Regulatory capital to risk-weighted assets	21.4	20.7	18.2	20.3	19.6	19.4	20.4	20.3	20.3	21.4	21.5
Regulatory capital to assets	7.5	7.2	6.5	7.0	6.8	6.7	7.0	7.0	7.0	7.4	7.4
Asset Quality and Composition											
Loans (net) to assets	24.8	24.2	24.5	23.8	22.8	22.5	21.3	20.0	19.1	18.3	17.1
NPLs to gross loans	7.8	8.7	6.7	10.9	11.1	10.5	8.5	8.8	12.8	12.0	12.7
Provisions to gross NPLs	77.8	71.3	89.5	57.2	59.6	65.1	79.4	84.7	59.5	66.1	65.5
Earnings and Profitability											
Cumulative since beginning of calendar year											
Return on assets (ROA)	1.9	2.4	1.7	2.6	2.1	1.0	1.4	1.5	1.1	0.8	1.0
Return on equity (ROE)	21.2	26.1	21.2	30.5	23.9	10.3	15.0	14.4	10.9	7.7	8.9
Net interest income to gross income	51.4	45.6	53.5	49.5	53.2	61.6	61.0	59.8	61.6	64.1	63.3
Operating expenses to net profits	62.9	56.1	60.5	50.8	58.5	72.3	65.0	65.2	70.9	74.0	72.3
Efficiency											
Interest rate spread 1/	9.0	8.8	9.9	9.1	9.2	9.9	12.9	11.4	10.5	10.7	10.8
Liquidity											
Liquid assets to total assets 2/	47.8	48.2	47.5	47.4	48.4	48.7	48.5	48.0	48.3	49.3	48.8
Liquid assets to deposits 2/	58.8	58.4	57.9	57.3	58.7	59.6	59.4	59.3	59.9	60.3	60.3
Dollarization											
Foreign currency loans to total loans (net)	47.7	52.2	50.5	55.9	58.1	54.0	54.1	53.5	56.5	58.1	58.4
Foreign currency deposits to total deposits	66.3	66.9	67.3	71.7	72.7	69.5	68.7	67.7	68.5	68.8	68.1
Foreign currency loans to foreign currency deposits	22.0	22.8	22.4	22.5	22.1	21.4	20.5	19.5	19.5	19.0	18.2

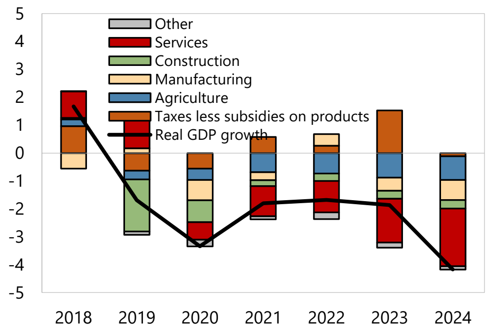
Sources: BRH Banking System Financial Summary and IMF staff calculations. These indicators reflect the aggregated results of the eight licensed banks in operation in Haiti; thus figures in this table may not exactly match the information in Table 4, which reflect the consolidated banking system.
1/ Defined as the difference between average lending rate and average fixed deposit rate in the banking system.
2/ Liquid assets comprise cash and central bank bonds.

Figure 3. Haiti: Real Sector Developments, 2018–24

Real GDP has contracted for six consecutive years…[1]

Contribution to GDP Growth (Supply-side)

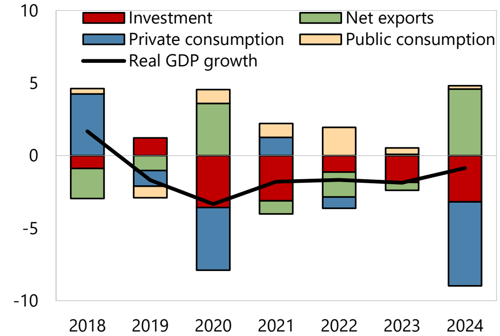
(Percent)



…due to a drop in investment and net exports.

Contribution to GDP Growth (Demand-side)

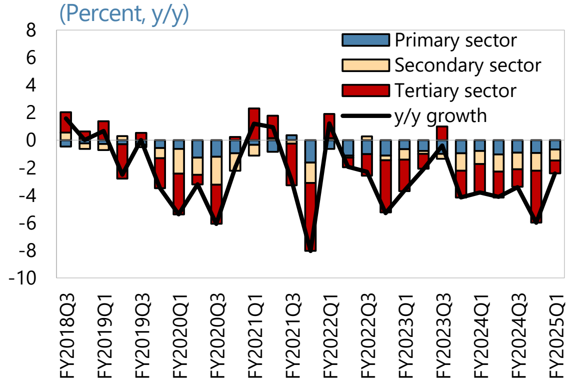
(Percent)



Conjunctional indicators point to negative growth across all sectors…

Conjunctural Indicator of Economic Activity (ICAE): Contribution to Growth

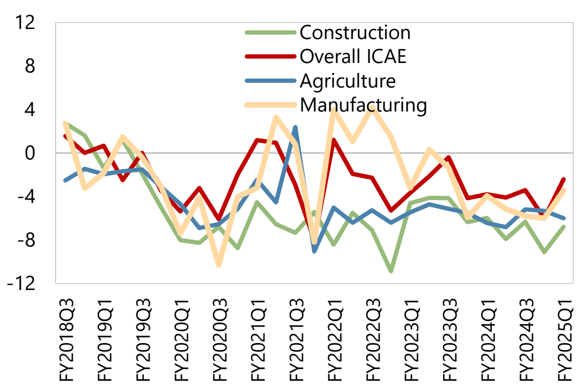
(Percent, y/y)



…in particular construction, manufacturing, and agriculture.

Conjunctural Indicator of Economic Activity

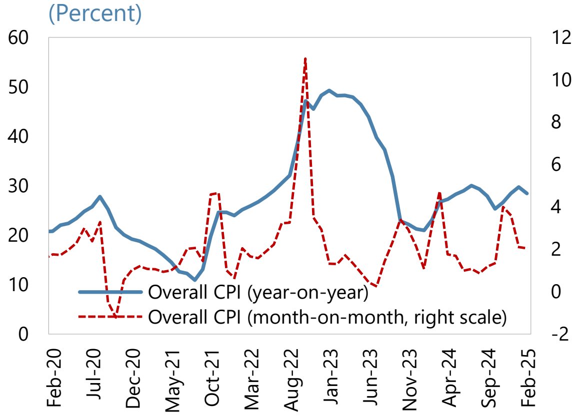
(Percent, y/y)



Inflation is still very high (just below 30 percent).

Inflation

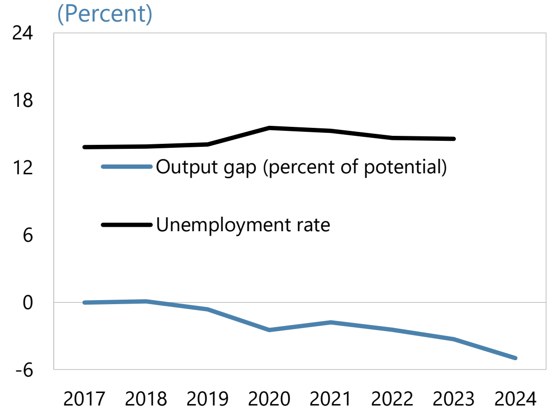
(Percent)



The output gap has widened since 2018.

Potential Growth and Unemployment

(Percent)



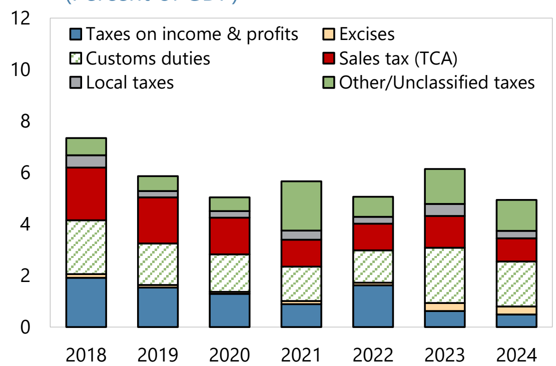
Sources: Haitian Institute of Statistics and Informatics (IHSI), Bank of the Republic of Haiti, and IMF staff calculations.

1/ On a fiscal-year basis, ending on September 30.

Figure 4. Haiti: Fiscal Sector Developments, 2018–24

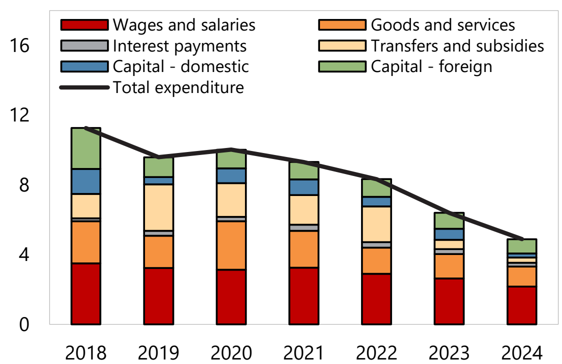
Tax revenues are extremely low.

Taxes
(Percent of GDP)



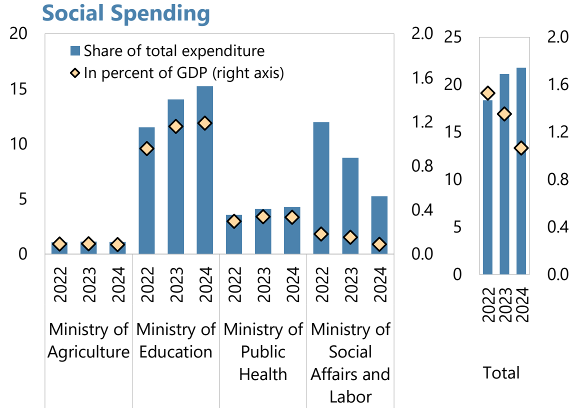
Spending capacity has declined…

Total Expenditure
(Percent of GDP)



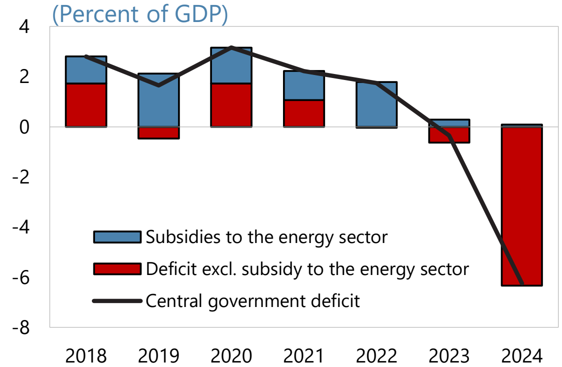
…including social spending.

Social Spending



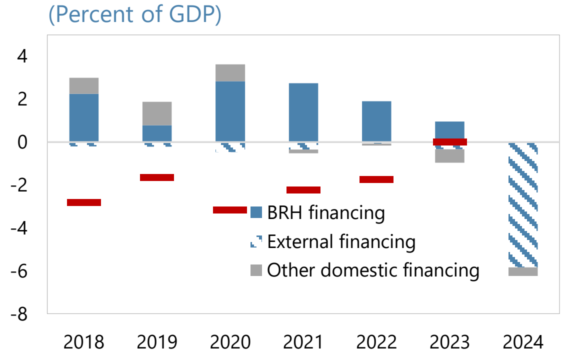
The fiscal deficit fell in 2023 due to lower fuel subsidies…

Central Government Deficit With and Without Energy Subsidies
(Percent of GDP)



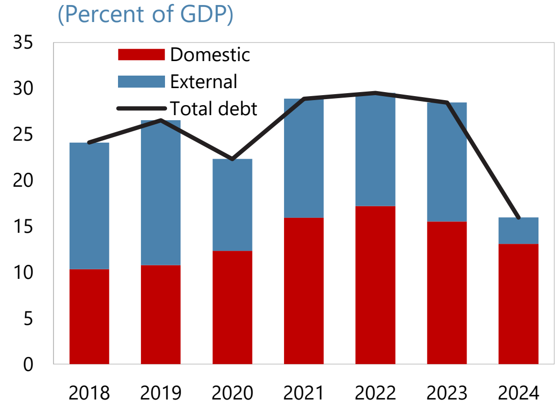
…which reduced the need for monetization.

Contribution to the Financing of the Fiscal Balance
(Percent of GDP)



Government debt declined in early 2024.

Central Government Debt
(Percent of GDP)

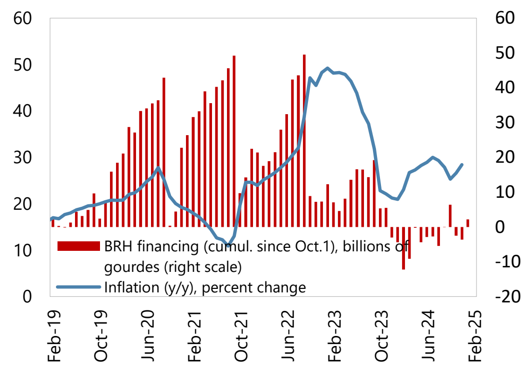


Sources: Ministry of Finance, Reserve Bank of Haiti, and IMF staff calculations. Charts on central government deficit, government fiscal balance, and central government debt for 2024 include debt operation with Venezuela.

Figure 5. Haiti: Monetary and Financial Sectors Developments, 2019–24

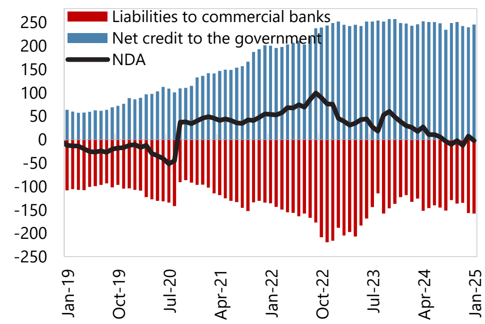
BRH monetary financing of the budget has ceased in FY2024…

Central Bank Financing to Government



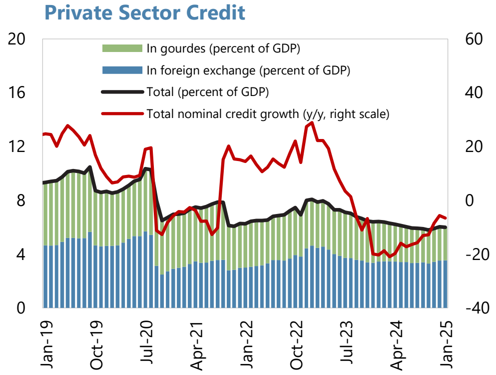
…with net domestic assets declining.

Net Domestic Assets (NDA) of the Central Bank
(Billions of gourdes)



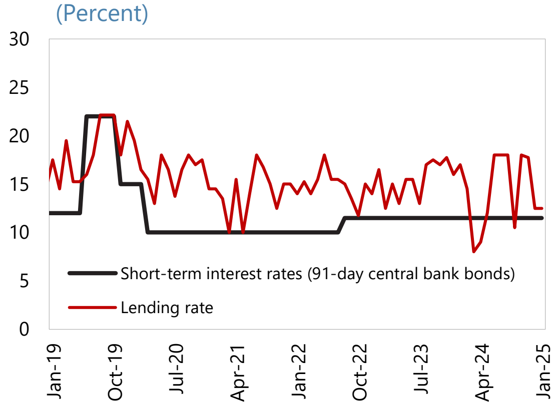
Private sector credit has collapsed since early 2023.

Private Sector Credit



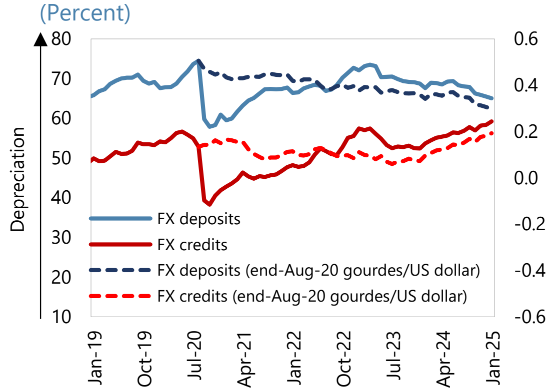
Monetary transmission has been weak, with market rates not responding to policy rates

Nominal Interest Rates
(Percent)



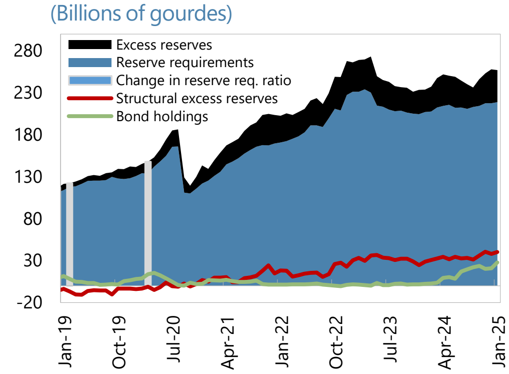
FX deposits and loans have been stable since August 2020, after the central bank revalued the gourde…

Dollarization
(Percent)



…While excess structural liquidity is rising in the banking system[1].

Structural Liquidity Excess of Banking System
(Billions of gourdes)

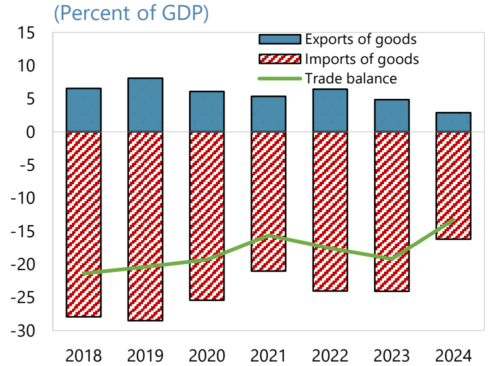


Sources: Bank of the Republic of Haiti and IMF staff calculations.
1/ Excess reserves are reserves above requirement ratios on deposits; structural excess reserves include excess reserves plus other bank deposits at the BRH minus reserves banks obtain under BRH facilities.

Figure 6. Haiti: External Sector Developments, 2018–24

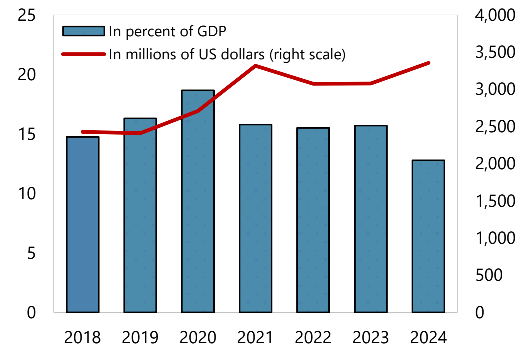
Haiti continues to have structural trade deficits.

Exports and Imports
(Percent of GDP)



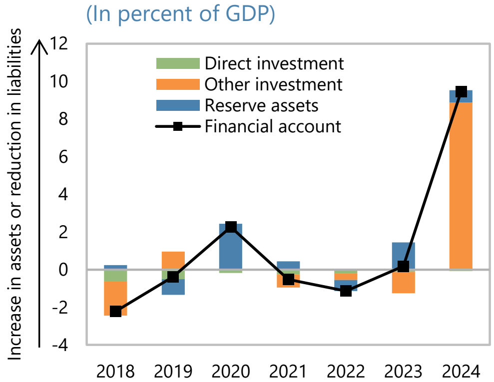
…Remittances (in dollar terms) are well above pre-pandemic level.

Remittances (net)



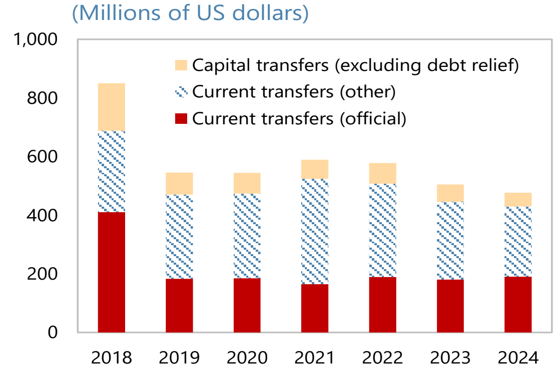
Debt agreement with Venezuela reduced Haiti's external liabilities substantially in 2024…

Financial Account
(In percent of GDP)



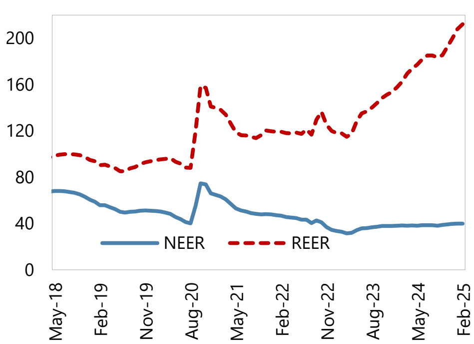
…but donor flows reported in the BOP continue to be limited given the large development needs.

External Support
(Millions of US dollars)



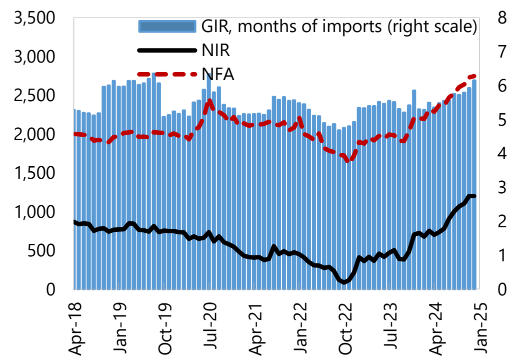
The REER has greatly appreciated during 2023-24…

Real and Nominal Effective Exchange Rates
(Index)



…And net international reserves (NIR) jumped to over US$1 billion.

International Reserves
(Millions of US dollars)



Sources: Bank of the Republic of Haiti and IMF staff calculations.
Notes: REER=real effective exchange rate; NEER=nominal effective exchange rate; GIR=gross international reserves; NIR=net international reserves; NFA=net foreign assets.

Annex III. Risk Assessment Matrix

Source and Relative Likelihood	Impact	Policy Response
Global Risks		
Medium **Commodity price volatility**. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	High **ST/MT** Persistent inflationary pressures. Eroding real incomes. Worsening fiscal and external balances.	Protect the vulnerable through targeted fiscal measures. Continue the fuel subsidy reform to ensure long-term fiscal sustainability.
Medium **Social discontent.** Real income loss, spillovers from conflicts, dissatisfaction with migration, and worsening inequality ignite social unrest, populism, polarization, and resistance to reforms or suboptimal policies. This weakens growth and leads to policy uncertainty and market repricing.	High **ST/MT** Reversal of migration policies leads to lower remittances, creating adverse spillovers to the broad economy. Worsening fiscal and external balances.	Protect the vulnerable through targeted fiscal measures. Monitor financial risks closely and strengthen banking supervision.
High **Deepening geoeconomic fragmentation**. Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	High **ST/MT** Delay in renewing or expiration of HOPE/HELP trade preferences (currently in place through September 2025). Lower aid and FDI inflows.	Improve competitiveness through structural reforms.
Medium **Climate change**. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	High **MT/LT** Lower long-term growth and FDI inflows.	Seek donor financing to build ex ante structural and financial resilience and enhance post-disaster response.
Domestic Risks		
High **Worsening security and political instability**. Interruptions or delays in the full deployment of the Multinational Security Support Mission. Intensification of gang criminal activity. A delay in planned elections due to persistent insecurity.	High **ST/MT** Further displacements of people, restrictions to flow of people and supply chain disruption (including fuel shortages), lower FDI inflows and long-term growth.	Continue to coordinate closely with development partners and intensify request for international support to enhance security. Prioritize government spending, ensure sound financial institutions, strengthen governance, including AML/CFT publishing timely and accurate data to reassure markets and donors.

Source and Relative Likelihood	Impact	Policy Response
Domestic Risks		
High **Natural disasters**. Hurricanes, heavy rains, earthquakes, and droughts.	**High ST/MT** Disruption in economic activity, lower FDI inflows and long-term growth.	Seek donor financing to build structural resilience and enhance post-disaster response.
High **Infectious diseases**. Depleted sanitation and health infrastructure leads to outbreaks of communicable diseases (e.g., cholera, tuberculosis).	**High ST/MT** Disruption of economic activities and lower long-term growth. Increased pressure on public health system,	Increase the health spending targeted at infectious diseases. Seek international donor support for building resilience and addressing emergencies.
Medium **Insufficient international support**. Financial support is delayed and insufficient to address short-term security and humanitarian needs, and to support the medium-term reconstruction and institutional needs.	**High ST/MT** Persistence of insecurity, impediments to economic activity, and worsening of the humanitarian crisis. Increased pressure on fiscal resources.	Intensify outreach to donors. Increase international communication on financing needs.

Appendix I. Letter of Intent

Port-au-Prince, Haïti
April 15, 2025

Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C. 20431

Madam Managing Director:

1. Haiti continues to face daunting challenges. The deterioration of the security situation due to the intensification of gang violence has exacerbated the humanitarian and food crisis and driven the country further into economic recession. The ongoing international juncture presents both risks and opportunities in finding a Haiti-driven solution to our current security crisis. The commitment of our partners to continuing supporting the Multi-Country Security Support (MSS) mission is appreciated and we are very grateful for that.

2. The macroeconomic outlook for FY2025 remains uncertain although progress is expected. Yet economic activity will still drop by 1 percent because of the security outlook. External developments will impact our outlook, and we will need larger development partners' support to prevent a recession in fiscal year 2025. Inflation, mainly fueled by the supply shock caused by insecurity, is projected to decline slightly. International reserves have been rebuilt at comfortable levels, and monetary financing of the fiscal deficit should be maintained at zero.

3. The implementation of our reforms supported by the SMP is broadly on track. All quantitative and indicative targets for end-December 2024 have been met by a large margin. Progress has also been made in the roll-out of structural reforms, with four structural benchmarks met on time, two missed by the target date, but implemented with delay due to institutional constraints, and one still to be accomplished. We are requesting to reset the target date for three benchmarks: two (the launch and implementation of the digitalization of tax declarations and payments through all commercial banks for the large taxpayers registered at the DGI; and the approval by the BRH Board of Directors of a medium-term plan for improving the composition of the investment portfolio, new strategic asset allocation, updated investment policy, and updated investment guidelines) are proposed to be reset from June to September, and **one (**audit of the central bank for the fiscal year ending September 2023) from June 2025 to August 2025, due to slower-than-expected implementation capacity, due to insecurity. We are taking appropriate steps to ensure that the reform agenda for the remainder of the fiscal year is duly implemented on time, including with the technical support of the IMF and development partners. Given the satisfactory performance under the SMP, we also request the completion of the First Review of the SMP.

4. The attached Memorandum of Economic and Financial Policies (MEFP) describes recent developments and presents the objectives and policies of our economic and social program. The policies set out in the attached MEFP are consistent with these objectives. We stand ready to take further measures as needed and will consult with IMF staff before undertaking any revisions to the policies set out in the MEFP, in line with the practices of our collaboration with the IMF. We will refrain for the duration of the program from: (i) imposing or intensifying restrictions on the making of payments and transfers for current international transactions, (ii) introducing or modifying multiple currency practices, or (iii) concluding bilateral payments agreements that are inconsistent with Article VIII. We will inform IMF staff of any events or developments that may have an impact on the economic program to jointly examine the consequences and optimal measures to address them, without compromising the program's objectives. We will promptly provide the necessary data and information to enable IMF staff to monitor economic and financial developments and the implementation of the policies set out in the program, in accordance with the attached Technical Memorandum of Understanding (TMU) or upon request. The Internal Audit Unit of the BRH will verify program monetary data as per the TMU at test dates and communicate the results to the Fund. We also give our consent to the IMF to publish the staff report on this SMP, this Letter of Intent, and its attachments.

5. Please accept, Madam Managing Director, the expression of our highest consideration.

___/s/___	___/s/___
Alfred Fils Metellus	Ronald Gabriel
Minister of Economy and Finance	Governor of the Bank of the Republic of Haiti

Attachment I. Memorandum of Economic and Financial Policies (MEFP)

A. Introduction and Macroeconomic Framework

1. This This Memorandum on Economic and Financial Policies (MEFP) complements and updates the MEFP signed on December 18, 2024. It outlines recent macroeconomic developments and the medium-term outlook, takes stock of the implementation of our program, and sets out our policy priorities for the remainder of FY2025. The program's objectives remain focused on: (i) strengthening economic resilience, governance, accountability, and social protection; (ii) enhancing economic stability and laying the groundwork for inclusive, sustainable economic growth; and (iii) **reducing poverty and improving living conditions for all Haitian citizens.**

2. The deleterious security situation continues to weigh on the country's macroeconomic performance. Growth in 2024 was negative for the sixth consecutive year at minus 4.2 percent, mainly due to the escalation of violence. In addition, despite ongoing efforts to counter the armed gangs, with the support of the Multinational Security Support mission, growth is expected to be negative at 1 percent in 2025 due to ongoing gang violence, the suspension of airline flights at Port-au-Prince international airport, the intermittent inaccessibility of port areas, and blockades of national roads which prevents the interconnection of the country's different regions. Growth is expected to move to a positive territory (1 percent in 2026) and accelerate moderately in the medium term to 1½ percent thanks to the gradual improvement in security conditions and the implementation of structural reforms. Year-on-year inflation remained elevated in 2024, although down from the previous year, at 27.9 percent. Inflationary pressures are expected to ease further this year and in the medium term as the supply shock caused by gang violence subsides and the policy of zero monetary financing of the budget deficit is maintained. The current account deficit narrowed considerably in 2024 to -0.6 percent of GDP due to the contraction of imports and the increase in the inflow of remittances. The deficit is projected to further improve this year, mainly due to remittances, but would start deteriorating in the outer years with the recovery of imports and the revival of economic activity. The accumulation of gross international reserves, which amounted to 2.5 billion dollars in FY2024 (or 5.7 months of imports), is expected to continue this year and reach 2.7 billion (or 7 months of imports), with a similar trend in the medium term.

B. Results Achieved Under The SMP-Supported Program

3. All quantitative targets and indicative targets at end-December 2024 were met with a comfortable margin. Despite the deterioration of the security conditions, the implementation of the program has started well. Net internation reserves amounted to US$ 239 million, exceeding the program's floor of US$60 million. The primary balance of the nonfinancial public sector posted a 10.2 billion gourdes surplus, well above the program's deficit floor of -239 million gourdes. Net central bank credit to the nonfinancial public sector reached -6.3 billion gourdes, well below the program's ceiling of zero monetary financing. Budget allocations for social expenditure totaled 11.9

billion gourdes, exceeding the program's target of 11 billion. No accumulation of domestic arrears by the central government and no accumulation of external arrears by the public sector were recorded. The public sector did not contract or guarantee new non-concessional debt and the indicative target on central government fiscal revenue was also met with an outturn of 48 billion gourdes, above the target of 40 billion.

4. Of the seven structural benchmarks assessed under this review, four were met on time, two were not met, but implemented with a short delay due to institutional constraints; and one was missed (having the supreme court conducting a financial and operational compliance audit of all expenditure in connection with the RCF of the FSW for 2023/24 fiscal year and publish it) and it is expected to be implemented by end June 2025. All monthly reports on execution of fiscal expenditure through Haiti Food Shock Window account since its first disbursement by February 2023 have been published on the websites of the Ministry of Economy and Finance (MEF) and the General Directorate of the Budget (DGB). The Ministry of Economy and Finance has also published quarterly reports on operations and financial status of the Economic and Social Assistance Fund (FAES), including regular reports from its quarterly meetings of the board of directors. The new public procurement contracts, including beneficial ownership information (name and nationality of the beneficial owners) on contracts awarded to successful bidders, within 45 days after the contract was awarded, starting from the monthly report for contracts awarded in December 2024 on the websites of the National Commission for Public Procurement (CNMP) and the MEF was implemented by delay. The General Finance Inspectorate has also conducted and completed quarterly internal expenditure audits of all ministries involved in the use of the Haiti Food Shock Window account and reported these internal audits to the Superior Court of Accounts and Administrative Disputes (CSCCA) in January; therefore, it was not met on time, but it was still implemented although with delay. The publication of the governance diagnostic report was published on time.

C. Fiscal Policy

5. Despite the difficult economic environment, fiscal revenue is expected to grow moderately this year to 4.9 percent of GDP from 4.8 percent in 2024, mainly driven by the continued good performance in customs revenue collection. Domestically financed expenditure is expected to increase substantially to 5 percent of GDP, against 4.1 percent last year, to address increased investment and social assistance needs caused by the ongoing security and humanitarian crisis. The fiscal balance is expected to be on balance.

6. A supplementary budget was endorsed by the Council of Ministries in mid-April 2025 to take account of new budget support expected from donors and extra security spending to fight gangs. The new supplementary budget will be in line with the SMP objectives and does not include monetary financing from the central bank. Reallocations will also be implemented in the new budget with a view to increasing social spending.

7. The priority of the fiscal policy aims to strengthen tax revenues mobilization while improving transparency and accountability in the management of public spending in order to meet the country's huge development needs while maintaining zero monetary financing of the fiscal deficit. The government intends accordingly to diligently implement the following fiscal structural benchmarks (SBs) of the program:

(i) Have the CSCCA conduct a financial and operational compliance audit of all expenditure in connection with the Rapid Credit Facility Food Shock Window for the 2022-23 (SB met) and 2023/24 fiscal years and publish, the audit report on the websites of the Superior Court of Auditors and Administrative Disputes (CSCCA), the MEF, and the General Directorate of the Budget (end-March 2025 SB).

(ii) Sign and publish on the MEF and DGB websites an administrative and technical cooperation protocol between the Directorate of General Taxes (DGI) and General Administration of Customs (AGD) for the interconnection of their IT systems (end-June 2025 SB) and for the permanent and automated exchange of, and the organization of joint actions to prevent and combat frauds.

(iii) The launch and implementation of the digitalization of tax declarations and payments through all commercial banks for the large taxpayers registered at the DGI. (end-September 2025 SB).

8. The government will also continue to implement the other key measures of its fiscal reform agenda with technical assistance from the IMF and other donors. These include:

- Stepping up ongoing capacity development of the custom administration, particularly to improve compliance in custom valuation of imports.

- Implementing the roadmap for rolling out the Tax Code as well as it supporting regulations.

- Gradually completing the implementation of the fuel subsidy reform, including: (i) the introduction of a simple mechanism for adjusting and smoothing prices to variations in international oil prices and the exchange rate; (ii) the establishment of a regulatory framework for the petroleum products sector; and (iii) the strengthening of related regulatory institutions. An appropriate communication strategy will be implemented with a view to promoting public acceptance of the reform.

- Strengthening social safety nets to alleviate widespread poverty by: (i) advancing the implementation of the government's action plan to expand social programs aimed at improving living conditions and strengthening social inclusion for the most vulnerable groups (children, pregnant women, disabled persons, and the elderly), (ii) increasing cash transfers and food rations for vulnerable households; (iii) expanding school feeding programs; (iv) providing hot meals to vulnerable households through community restaurants, (v) eliminating some school fees; (vi) accelerating spending related to the IMF Food Shock Window resources; and (vii) improving the execution and targeting of social expenditure of the Ministry of Social Affairs and Labor (MAST) and the ministries of education, health, and agriculture (quantitative targets).

D. Monetary, Exchange Rate, and Financial Policies

9. The monetary policy stance aims to contain inflationary pressures without overly tightening monetary conditions in a context of slowing economic activity. This stance remains anchored on the zero ceiling on net credit to the government, which helps to ease the constraints on liquidity management. The central bank (BRH) will continue to pursue its policy of optimal management of excess liquidity through BRH bonds while maintaining unchanged its key policy rates and reserve requirements. The BRH reaffirms its commitment to pursue ongoing efforts to develop the domestic securities market with a view to strengthening the channels of transmission of monetary policy. We are also grateful to the IMF's Statistics Department for promptly delivered TA to help the BRH compile for the first time the reserve template, which will be published monthly, when ready.

10. We are committed to implementing the program structural benchmarks aimed at strengthening the transparency of the central bank and bringing the international reserves management framework into line with international best practices within the deadlines. These include:

- Provide to IMF staff the full balance sheet of the central bank according to the internationally accepted standardized reporting form (SRF-1SR, with 1SR referring to the central bank) to also include detailed data on government deposit accounts, with two-month lag from the end of the reference period, starting from the balance sheet for end-December 2024, which should be provided by end-February 2025 (end-February 2025 SB).

- Publish, on the BRH's web site, the BRH audit report and audited financial statements for FY2023 (ending in September 2023) conducted by an independent international audit firm (end-August 2025 SB). Once this benchmark is accomplished, we will start the process of the audit for FY2024.

- Approval by the BRH Board of Directors of: (i) a medium-term plan for improving the composition of the investment portfolio (ii) new strategic asset allocation, (iii) updated investment policy, and (iv) updated investment guidelines, in close consultation with IMF staff (end-September 2025 SB).

11. The BRH foreign exchange policy has so far mainly focus on smoothing excessive exchange rate fluctuations. To this end, the BRH will:

- Maintain the adoption of a floor on net international reserves.

- Establish an appropriate mechanism for foreign exchange interventions, such as well- designed weekly foreign exchange auctions instead of the foreign exchange allocation system.

- Advance the ongoing work to ensure a more risk-based approach to foreign exchange interventions.
- Complete the revision of net open position (NOP) limits for commercial banks.

12. We will pursue reforms to strengthen banking supervision and to increase financial inclusion to support growth. These include:

- Advancing the design and implementation of a risk-based banking supervision framework with the support of CARTAC.
- Closely monitoring the soundness of financial institutions and finalizing outstanding texts on banking regulation.

13. We will continue to implement the recommendations from the 2019 Safeguards Assessment and the 2024 safeguards monitoring mission. This includes finalizing the transition to International Financial Reporting Standards (IFRS) accounting standards and the development of a medium-term plan to phase out the involvement of the BRH in development finance activities, as well as the alignment of the asset allocation strategy with best practices. It is also our understanding that a new safeguards assessment must be normally completed prior to the approval of any subsequent IMF arrangement with Haiti.

E. Governance

14. The implementation of our structural and governance reform agenda is critical to lift potential growth and address the country's sources of fragility. We published the IMF governance diagnostic report (end-February SB) on time. We are committed to steadfastly implementing, with the technical assistance of the IMF and other development partners, the main recommendations of the report action plan, which will serve as a medium-term roadmap for improving governance and fighting corruption more effectively.

15. We also intend to upgrade our legal framework for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) with technical assistance from the IMF Legal Department, and take additional steps needed to exit the FATF grey list. This includes completing sectoral risk assessments, implementing an AML/CFT risk-based supervision regime for financial institutions and designated non-financial businesses and professions, and ensuring transparency of basic and beneficial ownership information on legal persons. We will also complete a sectoral risk assessment of AML/CFT risks related to financial institutions, designate supervisory authorities for high-risk Designated Non-Financial Business and Professions (DNFBPs), including notaries and lawyers and the gambling and lottery sectors, and strengthening risk-based supervision of financial institutions, by May 2025.

F. Program Monitoring

16. The monitoring of the program will be based on structural benchmarks (Appendix I. Table 1) and quantitative targets (Appendix I. Table 2). These indicators are defined in the attached Technical Memorandum of Understanding (TMU), along with the requirements for reporting data to IMF staff. The authorities will submit to the IMF the statistical data and information in accordance with the TMU, and all other information they deem necessary or that IMF requests for monitoring purposes.

17. A committee responsible for monitoring the program is in place; it includes representatives from the Ministry of Economy and Finance and the BRH. If required, this committee may request the participation of other sectors. It will meet at least quarterly with the Minister of Economy and Finance and the Governor of the BRH to give them a progress report on implementation of the Staff Monitored Program.

18. We undertake to publish this Memorandum, and the accompanying IMF Staff Report on the websites of the Ministry of Economy and Finance and the BRH as soon as the Staff Monitored Program is approved by IMF Management.

Appendix I. Table 1. Haiti: Structural Benchmarks under the 2024 SMP

	Measure	Purpose	Target date	Status
	Governance, including Public Financial Management			
1	Publish on the website of the Ministry of Economy and Finance (MEF) the Governance Diagnostic Report, including the action plan therein.	Enhance governance	End-February 2025	Met
2	Publish, on the websites of the National Commission for Public Procurement (CNMP) and the Ministry of Economy and Finance (MEF), all new public procurement contracts, including beneficial ownership information (name and nationality of the beneficial owners) on contracts awarded to successful bidders, within 45 days after the contract was awarded, starting from the monthly report for contracts awarded in December 2024 for which publication is due by mid-February 2025.	Increase transparency of public spending	Monthly starting from December 2024	Not met (Implemented with delay)
3	The Ministry of Finance will publish, on the websites of the MEF and the General Directorate of the Budget (DGB), all monthly reports on execution of fiscal expenditure through Haiti Food Shock Window account since its first disbursement by February 2025; and for future disbursements no later than 45 days after the end of the reference period, starting from the monthly fiscal expenditure report for December 2024 for which the publication is due by mid-February 2025).	Increase transparency of public spending	Monthly starting from end December 2024	Met
4	Through the General Finance Inspectorate, conduct and complete quarterly internal expenditure audits of all ministries involved in the use of the Haiti Food Shock Window account, and report these internal audits to the Superior Court of Accounts and Administrative Disputes (CSCCA), within three months from the end of the reference period, starting from the quarter covering July-September 2024 for which the report should be received by the CSCCA by December 2024.	Increase transparency of public spending	Quarterly starting from end-December 2024	Not met (Implemented with delay)
5	Have the CSCCA conduct a financial and operational compliance audit of all expenditure in connection with the Rapid Credit Facility Food Shock Window for the 2022-23 and 2023/24 fiscal years and publish, the audit report on the websites of the Superior Court of Auditors and Administrative Disputes (CSCCA), the MEF, and the General Directorate of the Budget (DGB).	Improve accountability and increase transparency of public spending	End-March 2025	Not met
6	Publish on the web site of the Ministry of Economy and Finance (MEF) (i) quarterly reports (with one quarter lag) on operations and financial status of the Economic and Social Assistance Fund (FAES), including regular reports from its quarterly meetings of the board of directors, from the quarterly report for July-September, for which publication is due by end-December 2024.	Increase transparency of public spending	Quarterly starting from end-December 2024	Met
7	Sign and publish on the MEF and DGB websites an administrative and technical cooperation protocol between the Directorate of General Taxes (DGI) and General Administration of Customs (AGD) for the interconnection of their IT systems.	Strengthen domestic revenue mobilization	End-June 2025	
8	The launch and implementation of the digitalization of tax declarations and payments through all commercial banks for the large taxpayers registered at the DGI.	Strengthen domestic revenue mobilization	End-June 2025 (reset for end-September 2025)	
	Governance and safeguards			
9	Publish, on the BRH's web site, the BRH audit report and audited financial statements for FY2023 (ending in September 2023) conducted by an independent international audit firm.	Enhance transparency of Central Bank's operation	End-June 2025 (reset at end-August 2025)	
10	Approval by the BRH Board of Directors of: (i) a medium-term plan for improving the composition of the investment portfolio (ii) new strategic asset allocation, (iii) updated investment policy, and (iv) updated investment guidelines, in close consultation with IMF staff.	Align the Central Bank's reserves management framework with sound governance arrangements and the principles of safety and liquidity.	End June 2025 (reset for end-September 2025)	
	Governance, data provision, transparency, and dissemination of economic data			
11	Provide to IMF staff the full balance sheet of the central bank according to the internationally accepted standardized reporting form (SRF-1SR, with 1SR referring to the central bank) to also include detailed data on government deposit accounts, with two-month lag from the end of the reference period, starting from the balance sheet for end-December 2024, which should be provided by end-February 2025.	Strengthen transparency of Central Bank's balance sheet	Monthly periodicity and two-month lag, starting to be provided to IMF staff by end-February 2025	Met

Appendix I. Table 2. Haiti: Quantitative and Indicative Targets, December 2024-September 2025

(In millions of gourdes, unless otherwise indicated)

	Actual stock at end-September 2024	Cumulative flows from Septmber 2024									
		end-December 2024				end-March 2025		end-June 2025		end-September 2025	
		Quantitative target	Adjusted target	Actual	Status	Indicative target	Actual	Quantitative target	Actual	Indicative target	Actual
I. Periodic Quantitative Targets											
Net international reserves (NIR) of the central bank (in millions of U.S. dollars)—floor [1/ 2/]	920	60	60	239	Met	80		100		120	
Primary balance of the nonfinancial public sector (NFPS, in millions of gourdes)—floor [1/]		-239		10,205	Met	-479		-718		-958	
Net central bank credit to the nonfinancial public sector (in millions of gourdes)—ceiling [1/ 3/ 4/]	240,212	0	3,000	-6,263	Met	0		0		0	
Central government [4/]	245,284	0	3,000	-5,629	Met	0		0		0	
Other nonfinancial public sector entities	-5,072	0	0	-634	Met	0		0		0	
Budget allocations for social expenditure (in millions of gourdes)—floor [5/]		11,000		11,892	Met	19,810		29,714		39,619	
								0		0	
II. Continuous Quantitative Targets											
Accumulation of domestic arrears by the central government (in millions of gourdes)—ceiling	0	0			Met	0		0		0	
Accumulation of external arrears by the public sector (in millions of U.S. dollars)—ceiling	0	0			Met	0		0		0	
Contracting or guaranteeing by the public sector of new nonconcessional external debt (in millions of U.S. dollars)—ceiling	0	0			Met	0		0		0	
III. Indicative Target											
Central government fiscal revenue, excluding grants (in millions of gourdes)—floor [6/]		40,000		48,003	Met	90,000		140,000		200,000	
Memorandum Items											
Provision for undisbursed FY24 expenditures (in millions of gourdes)	9,200			6,200							
Food Shock Window resources held in the central bank, but not yet transferred to the TSA (in millions of gourdes)	1,542			1,542							
Undisbursed resources received from the IMF Catastrophe Containment and Relief Trust (CCRT, in millions of gourdes)	1,534			1,534							
Budget support (in millions of U.S. dollars) [7/]		0		0		0		21		39	
Gross international reserves (in millions of U.S. dollars) [2/]	2,525			2,722							
Gross international reserves (in months of imports of goods and services of the following year)	6.3			6.8							

Sources: Ministry of Finance, Bank of the Republic of Haiti (BRH), and IMF staff estimates.

1/ The program includes an asymmetric adjustor on the floor for the NFPS primary balance and net international reserves (NIR) for external budget support below the planned amounts.

2/ For program monitoring purposes, the program exchange rate for the period September 2024 to June 2025 is SDR 0.737261 per U.S. dollar (exchange rate as of September 30, 2024).

3/ The Quantitative Target is met if the total is met.

4/ The program includes adjustors to increase the net credit to the NFPS target by the amount of drawdowns in central government assets (i.e., central bank liabilities) related to: (i) payments for settlement of FY24 expenses not yet disbursed by end-September 2024, out of provisioned funds and (ii) use of remaining resources from the 2023 Food Shock Window and resources released as a result of debt relief under the CCRT. The program also includes an adjustor to increase the net credit to the NFPS target by the amount of the increase in central government liabilities (i.e., central bank assets) caused by exchange rate differences in the central bank account 172160 ("Avance difference de change FMI").

5/ Budget envelope allocated to social affairs and labor (MAST), education, agriculture, and public health. The floor corresponds to the sum of the budget allocations to the MAST, Ministry of Education, Ministry of Agriculture, and Ministry of Public Health.

6/ Includes domestic taxes on enterprises, personal income, and sales; and customs duties.

7/ EU budget support (€19.5 million) to be included in the end April 2025 data.

Attachment II. Technical Memorandum of Understanding

1. Haiti's performance under the 12-month Staff-Monitored Program (SMP) ending December 2025 will be assessed based on quantitative targets (QTs) and structural benchmarks (SBs). This Technical Memorandum of Understanding (TMU) defines the QTs established by the Haitian authorities and the staff of the International Monetary Fund (IMF) for monitoring the program. It also defines the arrangements for the transmission of data that will permit staff to monitor program implementation.

A. Definitions

2. Central Government. Unless otherwise indicated, central government refers to the central administration of Haiti and excludes local administrations (municipalities), the central bank (BRH), and other public financial institutions, autonomous state organizations of an administrative, cultural, or scientific nature, and state-owned enterprises. Central government expenditures are financed by domestic taxes and other domestic levies and by foreign donors, through, *inter alia*, foreign grants, ministerial accounts (*comptes courants*), and domestic and foreign public debt.

3. Special funds and programs. These include the Road Fund (*Fonds d'entretien routier, FER*) and the resources mobilized to finance the Universal, Free, and Compulsory Schooling Program (PSUGO) for education, in addition to Treasury transfers. Under the Staff-Monitored Program, the resources levied to finance FER and PSUGO (through the National Education Fund, FNE) will be recorded as central government revenues.

4. Economic and Social Assistance Fund (FAES). FAES is an autonomous state financial entity, currently under the supervision of the Ministry of Economy and Finance. The mission of the FAES is to fund short-term, labor-intensive projects aimed at improving the living conditions of poor people in urban and rural areas and increasing their productive potential. It is responsible for implementing social programs financed by the public Treasury and foreign donors.

5. Office for Monetization of Development Assistance Programs (BMPAD). The BMPAD is an autonomous state administrative organization under the supervision of the Ministry of Economy and Finance. The BMPAD ensures the implementation of grant and/or loan agreements concluded between the government and a donor or foreign lender, as part of the monetization of development aid programs in Haiti. In particular, it finances and monitors approved programs and projects from the funds generated by the monetization of aid in kind.

6. Electricité d'Haïti (EDH). EDH is a state-owned enterprise that produces, supplies, and distributes electricity. Flows between EDH and the Central Government (CG) include (i) CG transfers to EDH (including through sales taxes collected on electricity consumption and not devolved to the CG, and the payment of fuel purchase bills); (ii) the payment of letters of credit in favor of independent power producers to settle power generation bills unpaid by EDH; (iii) the payment of bills from independent producers for the purchase of fuel, which are the counterpart of EDH arrears for unpaid generation bills. Under the Staff-Monitored Program, transfers from central government are recorded under operations “above the line,” while letters of credit and financial receivables are entered under the operations “below the line.”

7. Non-financial public sector (NFPS). The NFPS includes the central government, special funds and programs (defined in paragraph 3), other autonomous state organizations of an administrative, cultural, or scientific nature, including the FAES and the BMPAD (paragraphs 4 and 5), EDH (paragraph 6), the Civil Service Pension Plan and the National Old Age Insurance Office (ONA), and local governments.

8. Public sector. The public sector comprises the nonfinancial public sector, state-owned banks, and nonbank financial SOEs (enterprises over 50 percent state-owned), and the BRH.

9. Budgetary grants. Budgetary grants are grants received from Haiti’s bilateral or multilateral partners (including the European Union, the Inter-American Development Bank, the World Bank, the Caribbean Development Bank, and bilateral donors) for general or sector budget support purposes.

B. Quantitative Targets (QT)

10. The implementation of the program will be monitored using the following indicators. Unless otherwise indicated, all QTs will be assessed in terms of cumulated flows from a reference date set at the end of the previous fiscal year (end September), as specified in Table 1 of the Memorandum on Economic and Financial Policies.

11. Program exchange rates. For the purposes of the program, all assets, liabilities, and flows denominated in foreign currency (U.S. dollar excluded) will be valued “at the program exchange rates,” as defined below, with the exception of elements that affect the government’s budgetary accounts, which will be evaluated at current exchange rates. Assets, liabilities, and flows denominated in U.S. dollar will be valued in U.S. dollar, the currency used to measure net international reserves. For the purposes of the program, it has been agreed to use the following exchange rates: HTG 132.0563 = USD 1 (BRH reference rate as of September 30, 2024), USD 1.119600 = EUR 1, and SDR 0.737261 = USD 1 (rates as at September 30, 2024 published by the IMF on its website-https://www.imf.org/external/np/fin/data/param_rms_mth.aspx.

Net Central Bank Credit to the Nonfinancial Public Sector

12. Net central bank credit to the nonfinancial public sector is defined as the difference between BRH assets and liabilities vis-à-vis the nonfinancial public sector (net claims on the public sector) reported by the BRH to the IMF. This includes the net BRH credit to central government and net BRH credit vis-à-vis other nonfinancial public sector entities. The BRH liabilities toward the central government (i.e., central government assets in the BRH) also include a provisional account of HTG 9.2 billion for government expenses contracted in FY 2024 but not yet disbursed by the end-September 2024. The calculation of the net BRH credit to the nonfinancial public sector is shown in Table 1 as of September 30, 2024.

13. Adjustors to net central bank credit to the NFPS. To prevent unwarranted constraints on NFPS spending, the indicator of net central bank credit to the NFPS will be subject to the following adjustors:

(i) The net credit to the NFPS target will be adjusted upward by the amount of disbursements made after September 30, 2024, related to central government expenses contracted in FY 2024, up to the provisioned amount of HTG 9.2 billion, shown in "other gourde liabilities to central government" in Table 1.

(ii) The net credit to the NFPS target will be adjusted upward by the amount of disbursements made after September 30, 2024, of remaining resources related to the support from the 2023 Food Shock Window (FSW) and the debt relief from the Catastrophe Containment and Relief Trust (CCRT). The FSW resources held in the central bank, but not yet transferred to the Treasury Single Account, and the remaining CCRT resources are shown under "FX other deposits of central government" in Table 1.

(iii) The net credit to the NFPS target will be adjusted upward by the amount of the increase in central government liabilities (i.e., central bank assets) caused by exchange rate differences in the central bank account 172160 ("Avance difference de change FMI"), which is part of the calculation line "loans and advances to the central government" in Table 1.

Attachment II. Table 1. Haiti: Components of Net Central Bank Credit to the NFPS
(In millions of gourdes)

	September 2024 (preliminary)	September 2024 (revised)	December 2024
Net central bank credit to the nonfinancial public sector	**240,020.92**	**240,212.35**	**233,949.69**
Net credit on central government	**245,097.04**	**245,284.26**	**239,655.63**
Claims on central government	349,591.17	349,543.64	331,057.49
Holdings of government debt securities	221,360.50	221,360.50	221,360.50
Loans and advances to the central government	128,230.67	128,183.14	109,696.98
Other claims on central government	0.00	0.00	0.00
Liabilities to central government	**104,494.13**	**104,259.39**	**91,401.86**
Gourde demand deposits of central government	63,710.19	63,475.43	52,225.51
Gourde other deposits of central government	1,230.63	1,230.63	1,230.63
Gourde loans from central government (Public treasury fiduciary in FIDEICOMMI)	126.40	126.40	125.63
Gourde settlement accounts from central government (Bail)	13.95	13.96	14.07
Other gourde liabilities to central government	9,200.00	9,200.00	6,200.00
FX demand deposits of central government	27,021.88	27,021.88	28,414.93
FX other deposits of central government	3,076.21	3,076.21	3,076.21
FX trade credit liabilities to central government (Notes to pay AID)	114.88	114.88	114.88
Other FX liabilities to central Government	0.00	0.00	0.00
Net claims on other nonfinancial public sector entities	**-5,076.12**	**-5,071.91**	**-5,705.94**
Claims on other nonfinancial public sector entities	**0.00**	**0.00**	**0.00**
Claims on state and local government	0.00	0.00	0.00
Claims on public nonfinancial corporations	0.00	0.00	0.00
Liabilities to other nonfinancial public sector entities	**5,076.12**	**5,071.91**	**5,705.94**
Demand deposits of state & local governments (Gourde)	234.14	229.93	804.02
Demand deposits of public nonfinancial corporations (Gourde)	527.60	527.60	406.61
Demand deposits of state & local governments (FX)	0.00	0.00	0.00
Demand deposits of public nonfinancial corporations (FX)	0.00	0.00	0.00
Other deposits of state & local governments (Gourde)	0.00	0.00	0.00
Other deposits of public nonfinancial corporations (Gourde)	4,314.37	4,314.37	4,495.31
Other deposits of state & local governments (FX)	0.00	0.00	0.00
Other deposits of public nonfinancial corporations (FX)	0.00	0.00	0.00
Other monetary liabilities to state and local governments	0.00	0.00	0.00
Other monetary liabilities to public nonfinancial corporations	0.00	0.00	0.00
Nonmonetary liabilities to state and local governments	0.00	0.00	0.00
Nonmonetary liabilities to state and local governments	0.00	0.00	0.00

Sources: BRH, IFS, and IMF Staff calculations

Net International Reserves

14. The gross international reserves of the central bank are those external assets that are readily available to and controlled by monetary authorities[1] for meeting balance of payments financing needs, for intervening in exchange markets to affect the exchange rate, and for other related purposes such as maintaining confidence in the currency and the economy and serving as a basis for foreign borrowing. Reserve assets must be foreign currency assets and assets that exist. All contingent assets and foreign currency assets pledged as collateral are excluded if encumbered. The gross international reserves reported by the BRH from Standardized Report Forms 1SR or 2SR must conform to this definition. Gross international reserves include monetary gold, liquid external assets, including holdings of Special Drawing Rights (SDRs), and IMF reserve position. For program purposes, holdings of SDRs and IMF reserve position will be calculated based on data from the IMF Finance Department.

15. For program purposes, net international reserves (illustrated in Table 2 below) are defined as the gross international reserves of the central bank, minus:

- **reserves related liabilities** (i.e., liabilities denominated in foreign currency to non-residents), such as: (i) short-term loans (lines of credit) contracted by the central bank, (ii) certified checks in U.S. dollars, (iii) all Haiti liabilities to the IMF, based on data from the IMF Finance Department;[2]

- **domestic foreign currency denominated central bank liabilities to residents**, such as: (i) foreign currency deposits of commercial banks at the BRH (sight deposits in US dollars and euro, including from BCM and the CAM transfer), (ii) other foreign currency denominated liabilities to other depository corporations included in monetary base, (iii) foreign currency demand deposits of other financial corporations, (iv) commitments related to foreign currency swap transactions with domestic financial institutions;

- **other liabilities in foreign currency**, such as: (i) foreign currency special accounts, (ii) foreign currency project accounts, (iii) central bank off-balance sheet foreign currency liabilities.

16. If budgetary grants are lower than expected the floor on net international reserves will be adjusted **downwards** by the amount of the difference in question. Conversely, the floor will not be adjusted upwards by the amount of budgetary grants exceeding the expected levels mentioned in Table 3.

[1] Underlying the concept of reserve assets are the notions of 'availability for use' and 'control' by the monetary authorities. See *Balance of Payments Manual,* http://www.imf.org/external/pubs/ft/bop/2007/bopman6.htm and *Guidelines for a Data Template,* http://www.imf.org/external/np/sta/ir/IRProcessWeb/pdf/guide2013.pdf.

[2] As described in the *Operational Guidance Note on Program Design and Conditionality* (https://www.imf.org/en/Publications/Policy-Papers/Issues/2024/01/30/Operational-Guidance-Note-On-Program-Design-and-Conditionality-544122, Box 8): "For establishing and monitoring Fund-supported programs, all outstanding IMF credit and loans, regardless of their maturity, should be deducted from reserve assets to measure NIR for program purposes."

Attachment II. Table 2. Haiti: Calculation of Program Net International Reserves

(In millions of U.S. dollars)

	September 2024 (provisional)	September 2024 (revised)	December 2024
A. Gross International Reserves	**2,525.2**	**2,525.2**	**2,722.0**
Monetary gold	153.1	153.1	151.9
Holdings of foreign currency	37.5	36.7	34.4
Demand deposits abroad	444.2	444.1	694.2
Investments abroad	1,769.3	1,769.3	1,726.8
SDR holdings 1/	93.2	94.2	86.9
Reserve Position in the Fund 1/	27.9	27.9	27.9
B. Reserve Related Liabilities	**306.6**	**306.6**	**242.2**
Liabilities to the IMF 1/ 2/	245.1	245.1	239.8
Short-term loans from private non-residents	60.2	60.2	0.0
Liabilities to IFIs	1.3	1.3	2.4
Certified checks in FX	0.3	0.3	0.3
C. Liabilities to Residents Denominated in Foreign Currency	**1,263.4**	**1,263.4**	**1,286.9**
Financial sector FX deposits in the central bank	1,231.0	1,231.0	1,254.2
Swaps with financial institutions	32.4	32.4	32.7
D. Other Liabilities Denominated in Foreign Currency	**35.2**	**35.2**	**33.9**
Off-balance sheet FX liabilities	15.0	15.0	15.0
Project accounts	20.2	20.2	18.8
Special accounts	0.1	0.1	0.1
E. Net International Reserves, 2024 SMP definition (A - B - C - D)	**919.9**	**919.9**	**1,159.2**
Memorandum Items (not included in program NIR calculation)			
Miscellaneous central bank FX liabilities (including values for adjustment)	25.0	23.4	25.0
Central government FX deposits in the central bank	228.9	228.9	239.5
Short-term central government FX liabilities (next 12 months)	24.8	26.7	29.3

Sources: BRH, IFS, and IMF staff calculations.

1/ Based on IMF books. For the purposes of the 2024 SMP, between December 2024 and September 2025, the amounts in SDR will be converted to U.S. dollars using the exchange rate as of September 30, 2024 (1 USD = 0.737261 SDR).

2/ For program purposes, all outstanding Haiti liabilities to the IMF are considered, including the January 2023 Rapid Credit Facility (Food Shock Window), disbursed at a government account in the BRH, for an amount of SDR 81.9 million.

Attachment II. Table 3. Haiti: Projected Budgetary Grants (In millions of US dollars)			
Cumulative Flows since end-September 2024			
September 2024	March 2025	June 2025	September 2025
0	0	21	39

Primary Balance of the Nonfinancial Public Sector

17. Domestic arrears of the central government refer to expenditure accepted by the Treasury and unpaid after 90 days, despite the delivery of the corresponding goods and services. Domestic arrears of central government do not include unpaid off-budget government commitments.

18. Unpaid off-budget central government commitments refer to liabilities incurred outside the budgetary process (from ministries or other public bodies), which may give rise to contingent claims against central government resources.

19. Net domestic financing of the nonfinancial public sector (NFPS) corresponds to the sum of the following elements: (i) net central bank credit to the NFPS; (ii) net credit from domestic commercial banks to the NFPS (as reported in the Standardized Report Form 2SR), which includes changes in NFPS deposits and the net issuance of Treasury bills and other NFPS securities to commercial banks; and (iii) net nonbank credit to the NFPS, which includes the net issuance of Treasury bills and other NFPS securities to nonbank institutions, the change in the net position of the NFPS vis-à-vis the electricity sector (including independent power producers), and the net change in suppliers' credit and domestic arrears of central government.

20. Net external financing of the nonfinancial public sector (NFPS) corresponds to the sum of (i) new external loan disbursements (excluding IMF loans) and (ii) the net change in external arrears minus external loan amortizations.

21. For the purposes of the program, the primary balance of the nonfinancial public sector (NFPS) corresponds to the sum of the following: net domestic financing of the NFPS and net external financing of the NFPS, after deducting interest payments on public debt. If budgetary grants do not reach the expected levels, the floor on the primary balance of the NFPS includes an asymmetric adjustor. More specifically, if the amounts of budgetary support are in deficit, the floors on the primary balance will be reduced by the amount of those deficits. Conversely, if external budget support exceeds projections, the floor on the primary balance will not change.

Budget Allocations to Social Expenditure

22. The budget decree gives ministries appropriations, i.e., the authority to incur obligations, which become due during the fiscal year up to a specified amount for specified purposes (as indicated in the budget decree) within the fiscal year. For the purposes of the program, the social spending is defined as the budget envelope allocated to Ministry of Social Affairs and Labor (MAST), Ministry of Education, Ministry of Agriculture, and Ministry of Public Health, in the budget decree.

23. The floor on the QT applies to the sum of the budget allocations to the Ministry of Social Affairs and Labor (MAST), Ministry of Education, Ministry of Agriculture, and Ministry of Public Health, as executed at end-month, i.e., end-December and end-June for QTs and end-March for ITs. Provisional appropriations, i.e., expenditure that get under way before the actual budget appropriation, if any, will be included.

New Contracting or Guaranteeing by the Public Sector of Non-Concessional External Debt

24. Definition of debt. The definition of debt is set in paragraph 8 of the Guidelines on Public Debt Conditionality in Fund Arrangements, adopted by Decision No. 16919-(20/103) of the Executive Board (October 28, 2020). For the purpose of these guidelines, the term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

i. loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

ii. suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and

iii. leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of these guidelines, the debt is the PV (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair, or maintenance of the property.

25. For the purposes of this debt limit ceiling, public sector debt covers public and publicly guaranteed debt. Public sector is defined in paragraph 8 of this TMU.

26. Debt guarantees by the public sector. For the purposes of the program, a debt guarantee by the public sector means an explicit legal obligation to service a debt in the event of non-payment by the borrower (in return for payment in cash or in kind).

27. Concessionally. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt.[3] For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97).[4]

28. External debt. For the purposes of the ceiling on the contracting or guaranteeing of new non-concessional external debt, external debt is any debt contracted or guaranteed by the public sector on non-concessional terms with non-residents or denominated in foreign currency, i.e., currency other than Haiti's currency. It includes, where applicable, debt issued domestically by the government and held by non-residents.

29. The public sector undertakes not to contract or guarantee any new non-concessional external debt. It also applies to any private debt guaranteed by the public sector that constitutes a contingent liability. Excluded from the ceiling are short-term (with a maturity of less than one year) import-related credits, rescheduling arrangements, borrowing from the IMF, non-resident purchases of treasury bills, and gourde-denominated BRH bills that are indexed to the exchange rate. This quantitative target will be monitored continuously by the authorities and any non-observance will be immediately reported to the Fund.

Public Sector External Arrears Accumulation

30. Arrears on external debt of the public sector. They include all debt-service obligations (principal and interest) on loans contracted or guaranteed by the public sector that are due to non-residents but not paid on the due date as set out in the loan contract; they exclude those arising from obligations being renegotiated with external creditors and (or) those that are litigious. For the purpose of assessing the quantitative target on the non-accumulation of new external debt arrears by the public sector, arrears resulting from non-payment of debt service due to international sanctions preventing payments to the creditor are excluded from the previous definition. This quantitative target will be monitored continuously by the authorities and any non-observance will be immediately reported to the Fund.

Domestic Arrears Accumulation of the Central Government

31. Arrears on domestic debt of the central government. They include all debt-service obligations (principal and interest) on loans contracted or guaranteed by the central government that are due to residents but not paid 90 days after the due date set out in the loan contract. The

[3] The calculation of concessionally takes into account all aspects of the debt agreement, including maturity, grace period, payment schedule, upfront commissions, and management fees.

[4] A tool to calculate the grant element of a wide range of financial packages is available at: https://www.imf.org/en/GECalculator.

quantitative target on domestic arrears accumulation will be monitored continuously by the authorities and any non-observance will be immediately report to the Fund.

C. Reporting of Data for the Monitoring of the Program

32. In order to facilitate monitoring of the program, the government will provide IMF staff with the information set out in the following summary table. Any data revisions will be promptly communicated to IMF staff.

33. The authorities will inform IMF staff in writing at least 10 working days (excluding public holidays in Haiti) before any change in economic and financial policies that may affect the outcome of the program. Such policies include, for example, changes in tax or customs legislation, wage policy, and support for public or private enterprises. With respect to continuous QTs, the authorities will report any non-observance to the IMF promptly.

Attachment II. Table 4. Haiti: Summary o f Data to be Provided

Sector	Data Series	Periodicity	Timeliness
Real Sector			
	National accounts	Annual	Three months
	Quarterly economic indicators (economic cycle)	Quarterly	Two months
	Consumer price index (including breakdowns)	Monthly	Three weeks
Public Finances			
	Fiscal revenues (internal, external, other)	Monthly	Four weeks
	Expenditures on Cash Basis (wages and salaries, goods and services, external debt, current accounts)	Monthly	Four weeks
	Table of government financial transactions (TOFE)	Monthly	Two weeks
	Balance on current accounts and operation of projects	Monthly	One month
	Table Underlying TOFE, which enables the determination of checks in circulation and balance on investment project accounts	Monthly	One month
	Table on budget implementation with breakdown by ministry and other bodies and by type of expenditure	Monthly	One month
	Total monthly amount of expenditure executed by transfer letters	Monthly	One month
	Report on Revenue Collection of DGI (progress report)	Monthly	One month
	Tables of revenue collection of AGD (port activity indicators, analytical report of customs receipts on import)	Monthly	One month
	Table of revenue collected and authorized expenditure (TEREDA)	Monthly	One month
	Detailed revenue and expenditures of BMPAD	Quarterly	One month
	Report on social protection expenditures	Quarterly	One month
	Table on the implementation of the PSUGO program	Quarterly	One month
	Dashboard of the state electricity utility EDH showing monthly information on the production of electricity, making explicit the composition of production by independent electricity producers, EDH, and by region.	Monthly	One month
	EDH commercial data allowing the calculation of EDH's billing and collection rates	Monthly	One week
	EDH cash data including all revenues and all expenditures (operating, investment, and other)	Monthly	One month
	Information on any off-budget claims presented for payment	Monthly	One month

Attachment II. Table 4. Haiti: Summary of Data to be Provided (Continued)

Sector	Data Series	Periodicity	Timeliness
	Stock of unpaid off-budget central government liabilities	Monthly	One month
	Data on all fuel shipments per product giving the CIF import price, the full price structure (including stabilization margin) and import and consumption quantities. Data on actual collections for each month with a breakdown per product and tax type.	Monthly	One week
	Table of import prices of petroleum products, by arrival	Monthly	One month
	Table of imported quantities of petroleum products	Monthly	One month
	"Stabilization margin" table of the Directorate of the Tax Inspectorate	Monthly	One month
	"Petroleum product tax" table of the Directorate of the Tax Inspectorate	Monthly	One month
	Details of the stock of all government borrowing and debt securities (interest rate, maturity, creditor if known)	Annual	Three months
	Full amortization table of domestic and external government debt	Annual	Three months
	Statement of stocks and flows of repayment of suppliers' credits and payment arrears	Monthly	One week
	Expenditures made for Food Shock Window program-related expenses	Monthly	One month
Monetary and Financial Data			
	Exchange rate	Daily	One day
	Monetary base and sources thereof and currency in circulation.	Weekly	One week
	Aide Memoire Table containing, inter alia: (i) stock of BRH bonds; (ii) deposits at commercial banks; (iii) credit to private sector (in gourdes and U.S. dollars); (iv) details of inflows and outflows of foreign exchange reserves, including budget support received; (v) volume of foreign exchange transactions, including BRH sales and purchases; (vi) gross and net international reserves; (vii) net BRH credit to central government and the non-financial public sector; and stocks and interest rates of BRH bills.	Monthly	One week
	Tables showing, inter alia, the average and weighted interest rates on gourde and U.S. dollar-denominated deposits and credit, and the excess reserves in the banking system.	Monthly	One month

Attachment II. Table 4. Haiti: Summary of Data to be Provided (Concluded)

Sector	Data Series	Periodicity	Timeliness
	Monetary and financial statistics. Standardized reporting form, balance sheets of the Central Bank and other depository corporations.	Monthly	One month
	Detailed balance sheet of the central bank (*table de passage*) with individual account granularity.	Monthly	One month
	Information on the composition of gross and net international reserves (Reserve template when available).	Monthly	One month
	Banking supervision statistics and commercial indicators on commercial banks.	Quarterly	One month
	The calendar and planned placements of BRH gourde-denominated dollar-indexed bills, including in banks and nonbanks.	Quarterly	One month
	Audited financial statements of the BRH	Annual	Three months
Balance of Payments and IIP			
	Balance of payments (first version)	Quarterly	Six weeks
	Revised balance of payments	Quarterly	Three months after the first reporting
	BRH FX cash flow table; quarterly projections through end of fiscal year.	Quarterly	One month
	International Investment Position (IIP)	Annual	Three months
External Debt			
	External debt report prepared by the BRH showing monthly disbursements; debt service, debt forgiveness and rescheduling, arrears, and debt stocks.	Monthly	One month
	Details of any external public debt and debt guaranteed by the State	Monthly	One month
	Data on stocks, accumulation, and repayment of external arrears	Monthly	Six weeks
	Table of complete amortization of external debt	Annual	Three months