



# HAITI

May 2024

## STAFF-MONITORED PROGRAM—EXTENSION AND MODIFICATION OF PERFORMANCE CRITERIA—PRESS RELEASE; AND STAFF REPORT

In the context of the Staff-Monitored Program—Extension and Modification of Performance Criteria, 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 December 8, 2023 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 January 9, 2024.

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 an Extension of the Staff Monitored-Program with Haiti and the Modification of the Performance Criteria

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) approved a nine-month extension of the Staff-Monitored Program (SMP) with Haiti covering the period through September 2024 to help the country establish a solid track record of policy implementation.
- This SMP focuses on strengthening governance, fighting corruption, enhancing transparency and accountability in the use of public spending, including through data transparency to help ensure public funds are used appropriately.

**Washington, DC:** Management of the International Monetary Fund (IMF) approved on December 21, 2023, an extension of the Staff-Monitored Program (SMP) with Haiti through September 30, 2024.

Building on progress achieved under the previous SMP which ended in May 2023, management had approved a [new Staff-Monitored Program \(SMP\) in June 2023](#), originally for a nine-month period spanning from June 30 2023 through March 31, 2024, which now has been extended through September 2024. In the original letter of intent (LOI) in June 2023, the authorities had already envisaged the possibility to request an extension if circumstances required to allow to establish a solid track record of policy implementation.

This current SMP focuses on strengthening governance, fighting corruption, enhancing transparency and accountability in the use of public spending, including through data transparency to help ensure public funds are used appropriately—all to support the authorities' efforts to raise inclusive growth.

As a result of the extension, new quantitative targets and additional structural conditionality were added and will be monitored through a Third Review (in addition to First and Second reviews already envisaged) with test date at the end of June 2024. These modifications are essential to continue to deliver on the aforementioned SMP objectives.

The new additional benchmarks entail the publication of the IMF governance diagnostics report and an associated action plan agreed by the authorities; the provision of more granular monetary data, including detailed information on government deposits at the central bank; the publication of core macroeconomic and financial indicators according to timeliness and periodicity of the [Enhanced General Data Dissemination System](#) (e-GDDS); and the publication of the upcoming annual audit of the central bank for FY2023, undertaken, as usual practice, by an independent international audit firm.

Management also approved the modification of quantitative targets from December 2023. The modification was warranted given the deterioration of the outlook relative to June 2023.

The authorities had agreed to start holding the 2024 Article IV consultation discussions remotely in February 2024, which are currently ongoing. An updated Country Engagement Strategy will be prepared in that context, including to enhance collaboration with development partners in line with the Fund [Strategy for Fragile and Conflict-Affected States](#), particularly given the critical role of development partners on capacity development and financing.



# HAITI

## STAFF-MONITORED PROGRAM—EXTENSION AND MODIFICATION OF PERFORMANCE CRITERIA

January 9, 2024

Approved By  
**Patricia Alonso-Gamo**  
and **Peter Dohlman**

Prepared by the Western Hemisphere Department<sup>1</sup>  
(In consultation with other departments)

**1. Background.** Building on progress achieved under the previous SMP which ended in May 2023, on June 29, 2023, Management approved a new Staff-Monitored Program (SMP) for a nine-month period spanning from June 30 through March 31, 2024. The 2023 SMP focuses on strengthening governance, fighting corruption, enhance transparency and accountability in the use of public spending, including through data transparency to help ensure public funds are used appropriately—all to support the authorities' efforts to raise inclusive growth. The SMP, initially, envisaged two reviews with June 2023 as a test date for the First Review and December 2023 as test date for the Second Review. In the original letter of intent (LOI) in June 2023,<sup>2</sup> the authorities had envisaged the possibility to request an extension if circumstances required, to allow to establish a solid track record of policy implementation.

**2. Recent Developments.** Since the approval of the SMP, the security situation in Haiti has deteriorated, with gangs controlling large parts of the capital, undermining economic activity by disrupting supply chains and distribution of goods and services. The deterioration of the security situation has led to a surge in the number of displaced persons, further worsening brain drain and capacity constraints. Several countries have imposed additional sanctions on high-profile Haitians for corruption. On October 2, the UN Security Council approved a resolution to authorize Kenya to lead a Multinational Security Support mission to fight escalating gang warfare, in close cooperation and coordination with the

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<sup>1</sup> The team comprises Ms. Tumbarello (Head), Mr. Noah Ndela, Mr. Kaho (all WHD), Mr. Chociay (SPR), Mr. Matz (STA) and Messrs. Duvalsaint and Wata (Port-au-Prince office).

<sup>2</sup> See IMF Country Report No. 23/315 (LOI paragraph 3).

Government of Haiti, for an initial period of 12 months, with a review after nine. The operation is currently expected to start during the first quarter of 2024.

**3. The first Review of the SMP is still in progress.** While the budget was approved on time and the adoption of the law on the financial intelligence unit was approved ahead of the target date, delays in the provision of data relative to the timetable specified in the TMU have occurred and staff needs more time to ascertain the source of delays and complete the assessment of the First Review. Despite ongoing security challenges, the authorities seem to have met all end-June SBs, with the exception of the SB on the information related to the beneficial ownership, with staff still assessing its attainment. The authorities have continued to share detailed quarterly financial statements for the FAES and provided monthly reports.

**4. In the attached Letter of Intent, the authorities have requested the modification of the performance criteria for December 2023 and a six-month extension of the current SMP through September 2024.** An extension longer than three months under IMF policy requires setting new quantitative targets (Table 1) and additional structural conditionality (Table 2) which allows for a Third Review with test date at the end of June 2024. To this end, ITs for end-March and QTs for end-June 2024 and four additional structural benchmarks have been proposed. These modifications are essential to continue deliver on the SMP objectives: strengthening governance, fighting corruption, enhancing transparency in the use of public funds and on data. The new benchmarks entail the publication of the IMF governance diagnostics report and an associated action plan agreed by the authorities; the provision of more granular monetary data, including detailed information on government deposits at the central bank; the publication of core macroeconomic and financial indicators according to timeliness and periodicity of the Enhanced General Data Dissemination System (e-GDDS); and the publication of the upcoming annual audit of the central bank for FY2023, which ended in September 2023 (covering the period October 2022-September 2023), undertook, as usual practice, by an independent international audit firm.

**5. Staff supports the authorities' request for modification of the December QTs, the six-month extension of the SMP and the proposed modification to conditionality.** The modification of QTs is warranted given the deterioration of the outlook relative to June 2023 which had an impact on revenues and reserves. Staff sees this extension as necessary to build the track record of effective policy implementation, including by strengthening capacity to provide high quality data. To this end, the SPM will continue to be supported by an extensive capacity development program. The authorities have requested CD on compiling the monthly reserve template through the assistance of the IMF Statistics Department (STA). In addition, the authorities continue to be fully committed to cooperate with the Fund in the context of the ongoing Governance Diagnostics led by the IMF Legal Department with modules also regarding PFM and customs administration, delivered by the IMF Fiscal Affairs department (FAD) and Central Bank transparency, provided by the IMF Monetary and Capital Markets Department (MCM). The authorities also welcome a forthcoming mission to be led by the IMF Finance department in early 2024 to follow up on the implementation of the 2019 safeguards assessment. The SMP extension would also ensure that a determination can be made that the FY2024 budget is executed in line with program targets.

**6. Finally, the authorities have agreed to hold 2024 Article IV consultation discussions at the beginning of February.** An updated Country Engagement Strategy will be discussed in that context, including to enhance collaboration with development partners in line with the Fund [Strategy for Fragile and](#)

[Conflict-Affected States](#), particularly given the critical role of development partners on capacity development and financing.

## Appendix I. Letter of Intent

Ms. Kristalina Georgieva  
Managing Director  
International Monetary Fund  
Washington, D.C., 20431, U.S.A.

December 19, 2023

Madam Managing Director:

1. Our country's macroeconomic outlook remains highly uncertain due to multiple shocks internal and external which contributed to exacerbating the food, humanitarian, and security crises. In this challenging context, the International Monetary Fund (IMF) has remained engaged alongside Haiti and provided financial support through the food shock window in January 2023, a new Staff Monitored Program (SMP) in June 2023, following a successful completion of the 2022 SMP, and technical assistance, for which we are very grateful. The ongoing IMF *Governance Diagnostic* and action plan should help us identify additional priorities for governance and anti-corruption reforms going forward with the support of development partners.
2. Implementation of the SMP, approved in June 2023 has focused on enhancing transparency in managing public expenditure and the financial sector and helping to maintain macroeconomic stability. The highly inclusive consultative process we adopted, despite a difficult political situation, has gained us public support for, and acceptance of, the SMP carried out through a high-level Program Monitoring Committee.
3. Since the SMP was approved in June 2023 for a nine-month duration, the security situation has further deteriorated. While much progress has been made in implementing it, challenges in the macro-outlook have been worse than anticipated. While the Council of Ministries approved the 2023-24 budget (October 2023-September 2024) on time and was based on conservative revenue assumptions, the deterioration of the security situation implied that revenues would underperform relative to the performance criteria set by the SMP. Our capacity to implement social spending has also been partly undermined by the organic delay in the deployment of the multinational security support mission which is necessary for its proper implementation. As a result of a deterioration of the macro-outlook, the tightening of the global financial conditions, and unprecedented problems in the monitoring and management of the Bank of the Republic of Haiti (BRH) data and its underlying components, our net international reserves were also lower than envisaged. We, therefore, request the modification of quantitative targets (QTs) for December 2023 and an extension of the SMP by six months (along with additional conditionality) to allow us to establish a solid track record that could pave the way for an Upper Credit Tranche financing with the IMF.
4. The attached short Memorandum of Economic and Financial Policies (MEFP) describes recent developments and presents the objectives and policies of our economic program. The policies set out in the attached MEFP are consistent with the objectives of our economic and social agenda and describe corrective actions to be taken together with IMF CD so that the SMP goals

remain achievable. We are 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 IMF practice. 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 in order 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 developments and the implementation of the policies set out in the program. We also give our consent to the IMF to publish the staff report on this SMP, this Letter of Intent, and its attachment.

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

\_\_\_/s/\_\_\_

Michel Patrick Boisvert  
Minister for Economy and Finance

\_\_\_/s/\_\_\_

Ronald Gabriel  
Governor of the Bank of the Republic of Haiti

## Attachment I. Memorandum of Economic and Financial Policies

### Macroeconomic Developments<sup>1</sup>

**1. Macroeconomic conditions remain difficult, despite good progress on many fronts.** Real GDP has contracted for the fifth consecutive year in FY2023 (ending in September 2023) by 1½ percent attributable to our fragile security situation. This deterioration has also led to a surge in the number of displaced persons, further worsening brain drain and capacity constraints also in key institutions. Growth is expected to reach only 0.7 percent in FY 2024 and only 1½ percent the medium term, requiring continued implementation of structural reforms and improvement in the security situation. Preliminary data on the trade balance for fiscal year 2023 points to a collapse in exports (which declined by 25 percent in nominal terms y/y), in particular textiles, while imports declined by 2 percent. The fiscal balance registered a surplus of 0.8 percent of GDP in FY2023 (vs. a deficit of 1.9 percent at the time the SMP was approved), reflecting higher fiscal revenues owing to improved revenue administration, especially customs, also thanks to TA provided by CARTAC, and reduced spending on fuel subsidies. However, our capacity to implementing much-needed social spending has momentarily declined given to security. For example, we have spent only 20 percent of FSW emergency resources as of September, as we follow proper procurement and PFM procedures. Monetary financing of the budget was equivalent to 0.9 percent of GDP at the end of FY2023, much below the 1.4 percent projected at the outset of the SMP. One upside is the recent decline in inflation to 22.8 percent in October 2023, half of the value of May (46.4 percent), as the impact of reduced monetary financing of the fiscal deficit becomes evident and as food and fuel prices stabilize on global markets.

**2. Important progress also include:** the approval of the budget before the start of the new fiscal year, and the approval of the amendments to the financial intelligence unit law ahead of the target date. We also have made meaningful progress supported by TA from the IMF on the plan to implement the tax code by October 2024. Delays in providing data mainly due to the IT incident during last summer are being addressed and will continue to tackle them thanks to prompt response Team set up at the BRH and thanks to the forthcoming TA from the Statistics department of the IMF. We are also in the process of holding a debt restructuring which could have a significant positive impact on debt outlook and release much needed resources toward supporting poor households once security is restored.

### Revised December Performance Criteria and Additional Structural Benchmarks

**3. The request to revise QTs for December and extend the SMP by six additional months is essential to continue to deliver on the SMP objectives.** The revision of QTs for December is important given the deterioration of the outlook since the SMP was approved. The six-month extension of this SMP will allow us to continue our efforts to enhance data transparency and governance and continue to fight corruption to promote a foundation for stronger, sustainable, and inclusive economic growth. The publication of the governance diagnostics and an associated action plan will allow us to share with all development partners the recommended actions to fight corruption for which we will need additional technical assistance, not only from the IMF but from all development partners. The publication of the ongoing annual audit of the BHR for FY2023 (ended in September) will be in line with the implementation

<sup>1</sup> For the Technical Memorandum of Understanding please refer to IMF Country Report No. 23/315.

of the 2019 safeguards assessment. The publication of core macroeconomic and financial indicators according to timeliness and periodicity of the e-GDDS to increase transparency and dissemination of data as a public good. It will also lower our reporting burden to different agencies. The provision of more granular monetary data, including detailed information on government deposits at the central bank will help enhance transparency on the governance and central bank data and operations.

**4. The IMF capacity development support in collaboration with our development partners will be essential to continue to deliver on our SMP objectives.** We are grateful to the IMF Statistics Department (STA) for promptly agreeing to provide technical assistance to help the BRH compile for the first time the reserve template, which will be published monthly. This should bring much transparency to reserve data. The upcoming mission by CARTAC/FAD on enhancing custom administration is essential to address non-compliance in custom valuation of imports. FIN will conduct a targeted monitoring mission on safeguards in early 2024 to support WHD and the Haitian authorities. The FIN mission will be essential for following up on the implementation of 2019 safeguards recommendations and shedding light on developments related to central bank transparency and operations. We will continue to address additional steps (in addition to the financial intelligence law) necessary to exit the FATF grey list. We intend to conduct the national assessment of money laundering and terrorist financing risks by September 2024 and continue with the operationalization of the risk-based supervision approach for financial institutions, thanks to the support of the Legal Department (LEG), Monetary and Capital Markets Department (MCM) and CARTAC.

## Safeguards

**5. We will continue implementing the outstanding recommendations from the 2019 Safeguards Assessment.** In addition to pursuing the legal reforms following the BRH Board's approval of amendments to the BRH law, these include the adoption of the International Financial Reporting 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. We welcome the targeted monitoring mission of the IMF Finance department (FIN) in early February 2024 to assess progress in implementing safeguards at the BRH.

## Program Monitoring

**6. In addition to the structural benchmarks (Appendix I, Table 2, IMF Country Report No. 23/315) reflected the Letter of Intent and MEFP signed on June 29, we intend to take all additional necessary steps agreed in connection with the SMP with the IMF** (Tables 1 and 2 of this memorandum) **to make sure the SMP goals remain achievable.** A committee responsible for monitoring the program will continue to be in place. It includes representatives from the Ministry of Economy and Finance and the Bank of the Republic of Haiti. 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 and raise to their attention any difficulties current or prospective the committee may face in implementing the SMP. In the attached Tables 1 and 2 we present the requested revision of QTs for December and we are requesting setting new indicative targets for March 2024 and QTs for June 2024 and four additional structural benchmarks.

**7. We undertake to publish this Memorandum and the accompanying IMF Staff Report on the websites of the Ministry of Economy and Finance and the Bank of the Republic of Haiti.**

**Table 1. Haiti: Proposed Revised Quantitative and Indicative Targets, December 2023–June 2024 1/**

	Cumulative flows from September 2023			
	end-December 2023	March 2024	June 2024	
	Prog.	Proposed Revised quantitative target	Proposed Indicative target	Proposed Quantitative target
<b>I. Periodic Quantitative Targets</b>				
Net international reserves (NIR) of the central bank (in millions of U.S. dollars)—floor	50	25	45	93
Primary balance of the nonfinancial public sector (NFPS)—floor	-15,542	-12,542	-10,242	-14,455
Net central bank credit to the nonfinancial public sector—ceiling <sup>2/</sup>	13,563	11,563	15,395	18,018
Central government <sup>3/</sup>	13,563	11,563	15,395	18,018
Other nonfinancial public sector entities	0	0	0	0
Budget allocations for social expenditure—floor <sup>4/</sup>	9,000	8,000	17,000	26,600
<b>II. Continuous Quantitative Targets</b>				
Accumulation of domestic arrears by the central government	0	0	0	0
Accumulation of external arrears by the public sector (in millions of U.S. dollars)	0	0	0	0
Contracting or guaranteeing by the public sector of new nonconcessional external debt (in millions of U.S. dollars)—ceiling	0	0	0	0
<b>III. Indicative Targets</b>				
Central government fiscal revenue, excluding grants-floor <sup>5/</sup>	38,838	35,000	78,272	137,409
<b>Memorandum Items</b>				
Budget support (in millions of U.S. dollars) <sup>6/</sup>	0.0	0.0	0.0	20.8
Gross international reserves (stock, in millions of U.S. dollars) <sup>7/</sup>	2,502	2,407	2,547	2,561
(In months of imports of goods and services of the following year)	4.1	5.3	5.5	5.5

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

1/ The program includes an asymmetric adjuster on the floor for the NFPS primary balance and net international reserves (NIR) for external budget support below the planned amounts. The BRH financing ceiling for the Treasury does not include any adjusters. The quantitative and indicative targets (QTs and ITs) are set for end-month are expressed in millions of gourdes, unless otherwise indicated.

2/ The QT is met if the total is met.

3/ Excludes SDR allocations and resources released as a result of debt relief under the IMF Catastrophe Containment and Relief Trust (CCRT).

4/ 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.

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

6/ Timing of disbursements is uncertain; annual amount divided by quarter.

7/ For program monitoring purposes, the program exchange rate for the period June 2023 to September 2024 is gourde 153.6019 per US\$1 (BRH reference rate of March 31, 2023).

**Table 2. Haiti: Newly Proposed Additional Structural Benchmarks under the 2023 SMP**

		<b>Target date</b>
<b>Governance</b>		
1	Publish on the website of the Ministry of Economy and Finance (MEF) the report on the Governance Diagnostic and an associated action plan agreed by the authorities.	End-April 2024
<b>Safeguards</b>		
2	Publish the BRH audit report and audited financial statements for FY2023 (ending in September 2023) conducted by an independent international audit firm.	end-June 2024
<b>Data provision and data transparency</b>		
3	Provide to the Fund granular data on the BRH balance sheet, including detailed data on government deposit accounts.	Monthly starting in March 2024
4	Publish on the Ministry of Economy and Finance (MEF), Bank of the Republic of Haiti (BRH) or the Haitian Institute of Statistics and Information Technology (IHSI) websites data categories under the Enhanced General Data Dissemination System (e-GDDS) according to the timely and periodicity of e-GDDS commitments. 1/	Monthly starting in June 2024

1/ The e-GDDS data categories include: national accounts, CPI, central government operations, central government debt, general government operations, depository corporation survey, central bank survey, interest rates, balance of payments, external debt, official reserve assets, merchandise trade, international investment position, and the exchange rate. Publication of stock market data does not apply to Haiti. Timeliness and periodicity for each data series are reported in Table A.2 of the [Tenth Review of the International Monetary Fund's Data Standards Initiatives Report](#).