# INTERNATIONAL MONETARY FUND



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The International Monetary Fund has approved a stand-by arrangement for the Government of Haiti, authorizing purchases up to the equivalent of SDR 60.0 million over the next two years, in support of the Government's economic adjustment program. Purchases under the arrangement, equivalent to 174 per cent of Haiti's quota of SDR 34.5 million, will be financed in part from the Fund's ordinary resources (SDR 14.77 million) and in part from resources borrowed by the Fund (SDR 45.23 million). Haiti's outstanding financial obligations to the Fund resulting from past operations and transactions, excluding Trust Fund loans, currently total the equivalent of SDR 65.2 million.

The economic situation of Haiti started to deteriorate in FY 1979/80. The public sector deficit widened, the deficit in the current account of the balance of payments more than doubled, and the overall balance of payments registered a deficit, after four years in surplus. In FY 1980/81, continued demand pressures, combined with the weakening of the export sector associated with the world recession, led to another overall deficit in Haiti's balance of payments and to the accumulation of payments arrears.

During the course of FY 1981/82 the authorities adopted a stabilization program which was supported by the Fund with a stand-by arrangement extending through September 1983. Under the program, a substantial reduction in the public sector deficit contributed to a narrowing of the overall balance of payments deficit, and payments arrears were reduced. Economic activity, which had declined over the previous two years, is showing signs of recuperation and inflation has abated.

The two-year program, which the new stand-by arrangement supports, is designed to re-establish a satisfactory international reserve position and to consolidate the public finances through implementation of a number of fiscal reforms. To foster the reactivation of economic activity, the country's development efforts are to be concentrated on the completion of ongoing investment projects that have received the support of multilateral development agencies. To this end, financial policies in the years ahead are designed to mobilize additional domestic savings and to channel more public sector revenues toward covering the maintenance costs of such projects and providing the necessary counterpart funds for their completion.