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November 15, 2016

**Statement by Mr. Tombini and Ms. Florestal on Haiti
Executive Board Meeting
November 18, 2016**

1. We thank management and staff for their diligence in engaging in discussions with the Haitian authorities on access to the Rapid Credit Facility (RCF) immediately after hurricane Matthew hit the country. We also thank Executive Directors for their expressions of sympathy and support to Haiti since the disaster.
2. The devastating effects of the 2010 earthquake are still weighing into social and economic outcomes today. On October 3 2016, Hurricane Matthew landed in the South of Haiti exacerbating post-earthquake challenges and the 2015 drought-induced supply shock. The hurricane has put in jeopardy recent gains in growth and in fighting poverty. The government's preliminary damage assessment prepared in collaboration with the World Bank and the Inter-American Development Bank (IDB) estimates losses at 23 percent of GDP. The situation is dramatic. Again last week, after a couple of days of continuous rains, severe flooding was registered in several regions of the country including in the Hurricane Matthew's battered cities of Les Cayes and Jérémie. The need for a strong humanitarian response, robust reconstruction funding and prudent macroeconomic policies cannot be overstated.
3. As laid out in the staff report, despite the sharp drop in Petrocaribe financing and a challenging political situation, which led to the phasing out of donor support in 2016, Haiti has managed to keep the Non-Financial Public Sector (NFPS) deficit near the 2015 Extended Credit Facility (ECF) program target while the central bank maintained reserves near program levels and limited the pace of currency depreciation. Notwithstanding this effort and in spite of the authorities' determination to work on a plan to bring the ECF back on track, this could not happen as the Fund was primarily considering scenarios that included the completion of the first round of the Presidential elections previously scheduled for October 9, 2016, but postponed to November 20 after hurricane Matthew hit Haiti.
4. While the impact of hurricane Matthew on the current account deficit is projected to reach 7 percent of GDP, the Fund's disbursement under the present RCF will cover only a small fraction of it but will be instrumental in alleviating the fiscal gap. The authorities are also confident that the RCF will help catalyze additional donor funds. However, they caution against the possibility of other donors gauging their pledges to the level of IMF funding. In this regard, we invite the Fund to consider the possibility of a second RCF operation in the first quarter of 2017 to address remaining needs. Moreover, given the fact that financing needs – including those related to

structural factors required to bring the economy on a stronger footing – go well beyond what is being envisaged at this point, the Fund shall contemplate ways to resume further engagement and financial support to Haiti as soon as feasible.

5. The new Debt Sustainability Analysis highlights Haiti's weak resilience to external shocks although the country's public debt totals less than a third of GDP. Hence, the authorities are convinced that beyond stabilization, the focus needs to also turn to long term growth. Meanwhile, the government is working tirelessly with local and international partners to develop a strategic and sustainable response to multiple challenges including: (i) providing housing and livelihoods to countless numbers of people suddenly displaced and without a source of income; (ii) countering the dramatic increase in food insecurity and import dependency with the shock to the agricultural sector; (iii) fighting the spread of communicable diseases, particularly Cholera; and (iv) ensuring that remittances and transfers are not jeopardized by the loss of correspondent banks relationships and by the negative perception about the management of certain donations and grants in the recent past.
6. The Haitian authorities also worry that the post-disaster response does not weaken further fiscal sustainability and are requesting the Fund to encourage donors to deliver much needed budget support and to provide external assistance primarily in the form of grants. Moreover, the authorities are also mobilized to avoid additional weakening of domestic institutional and productive capacity. Recovery will require sustained, targeted and important investment, especially in social and economic infrastructures as well as scaled up technical assistance. In this regard, the authorities wish to express their appreciation for the Fund's technical support, particularly in the area of public finances.
7. Finally, in the safeguards assessment, the central bank of Haiti (BRH) wishes to underscore that the selection process of an external auditor for a new three-year term has been launched in July 2016, in compliance with its external auditor rotation policy. A short list has been established, following the reception of requests for submission from different firms. The submission of offers and the selection of a firm are the next steps for completion by March 2017.