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November 16, 2016

**Statement by Mr. Johnston and Mr. Sagdullayev on Haiti
(Preliminary)
Executive Board Meeting
November 18, 2016**

We thank staff for their concise report and Mr. Tombini and Ms. Florestal for their statement. We take this opportunity to express our deep sympathy for the human losses following Hurricane Matthew. **We support the Haitian authorities' request for disbursement under the RCF in light of urgent balance of payment needs.** Use of this arrangement is warranted given damages of around a quarter of GDP, highlighting Haiti's significant vulnerability to natural disasters. We hope this RCF support will play an important catalytic role in facilitating the provision of additional grants and concessional financing from bilateral and multilateral donors. Given the off-track performance under the previous ECF program, we encourage the authorities to place an emphasis on close cooperation with the Fund.

We are encouraged by the authorities' commitment to maintain fiscal discipline and restore debt sustainability in the long run. Although the political situation remains challenging, we believe that the delayed transition to a new government should not hinder progress on post-hurricane reconstruction. Reconstruction efforts will, however, put a great deal of pressure on the fiscal position and steadfast, accordingly, continued efforts will be required to put the debt-to-GDP ratio on a sustainable and declining path. This is crucial to regaining macroeconomic stability. Developing a medium-term fiscal consolidation plan that maps the path to reducing public debt could strengthen the authorities' credibility among bilateral and multilateral donors. A focus should be on generating resources for poverty-related and growth-enhancing spending and for improving quality of capital investment. We also welcome the authorities' commitment to refrain from monetary financing of the budget deficit, and to maintain exchange rate flexibility, especially given an anticipated appreciation of the real exchange rate and an increase in imports of goods and services for reconstruction purposes.

We wish the authorities every success in their recovery and reconstruction efforts.