

The contents of this document are preliminary and subject to change.

GRAY/16/3483

November 16, 2016

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

We support Haiti's request for a disbursement under the Rapid Credit Facility (RCF). We do so while noting staff's view that Haiti would clearly benefit from an Extended Credit Facility (ECF), although the ECF in place will expire on November 17 in the absence of concluding a review. We therefore welcome the authorities' intention to request a Staff Monitored Program (SMP) within three months. We thank staff for the report and their efforts in engaging with the authorities in difficult circumstances. We appreciate the informative BUFF statement by Mr. Tombini and Ms. Florestal, and welcome the details set out in the authorities' letter of intent. We broadly agree with staff's appraisal, and wish to make the following points for emphasis.

In the aftermath of Hurricane Matthew, there is a clear need for humanitarian aid in Haiti. In October 2016, Haiti was hit by the devastating Hurricane Matthew, which caused estimated damages and losses of 23 percent of GDP. As the staff report points out, an estimated 1.4 million people are in immediate need of humanitarian aid. We appreciate the catalytic role of a rapid disbursement from the Fund in facilitating the provision of other financial resources, grants and concessional loans, to Haiti.

Haiti is a fragile state and needs support in rebuilding infrastructure, as well as capacity and institutions, to support a more resilient economy going forward. We agree with staff's assessment that a disbursement under the RCF is the only feasible option in the short-term. *However, given the clear need to enhance stability and resilience, to strengthen capacity, and establish a firmer track record, we would appreciate staff's view on the feasibility of establishing a SMP in the near term as stated in the letter of intent from the authorities?*

Going forward, Haiti should rely primarily on grants and concessional loans. We note that Haiti is predicted to breach the threshold for high risk of debt-distress, and support staff's view that this vulnerability underlines the importance of Haiti avoiding contracting non-concessional debt. However, as the high risk of debt distress is also the result of a downward adjustment of the long-term growth rate, it also underlines the importance of the

qualitative support Haiti needs in bringing it back on a more resilient and higher growth path. In our view, this can only be done through a future SMP, or ECF, and we welcome the authorities' intentions in this regard.

More generally, we look forward to staff's further work on small states' resilience to natural disasters and climate change, and the role for the IMF, as the devastating effects of natural disasters is not isolated to Haiti, but also observed for several other members of the IMF.

Finally, we wish the authorities success in rebuilding Haiti and encourage continued engagement with the IMF in doing so.