

**EXECUTIVE
BOARD
MEETING**

EBS/20/55
Correction 2

April 17, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Haiti—Request for Disbursement Under the Rapid Credit Facility**

Board Action: The attached corrections to EBS/20/55 (4/13/20) have been provided by the staff:

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Questions: Ms. Laframboise, WHD (ext. 36572)
Mr. Lambert, WHD (ext. 34166)

including allowing the government to circumvent existing public procurement rules standards and reviving the state fuel import monopoly that had been disbanded. Under the current special circumstances, and given limited capacity and the need to promote sustainable reforms, staff stressed the importance of enforcing standard budget execution procedures and reporting regarding the spending chain, starting with COVID-19 expenditures. This would support the general improvement of standard budget procedures and also help the administration keep track, record, and publish monthly all expenditures incurred on an emergency basis so as to limit the risk of misuse of public funds. The authorities agreed to prepare monthly budget execution reports on all COVID-19 expenditures and also to undertake a thorough *ex-post* financial and operational audit of COVID-19-related operations. This would strengthen sustainable reforms of budget processes, provide assurances on the use of external financing, and help the authorities improve the operational efficiency of emergency responses in the future.

16. **Efforts to strengthen the policy framework are expected to continue with the support of an SMP.** The government's program would focus on: (i) restoring macroeconomic stability and the seeds of growth and employment; (ii) building a better social safety net; and (iii) improving governance and combatting corruption. To reduce fiscal dominance and the negative feedback loop of monetary financing of the deficit on inflation and exchange rate depreciation, policies would aim to limit public sector deficits, including the significant fiscal losses related to the fuel sector and the public electricity company (EDH). On social policies, the SMP should support implementation of the new national plan PNPPS (not yet approved), continue to expand coverage of the social registry (SIMAST), establish an effective governance structure for social spending, and advance Fintech reforms to help distribute cash transfers and deepen financial inclusion. Finally, a key pillar of the program would include measures to strengthen implementation of the 2009 Anti-Corruption Strategy, advance governance reforms across the public service and the central bank, and support efforts to increase the transparency of public spending. With government ownership and buy-in across a broader set of stakeholders, an SMP-supported program is expected to unlock further donor support to help close the residual financing gap.

MODALITIES OF SUPPORT UNDER THE RCF

17. **Staff propose to provide support of 50 percent of quota (SDR 81.9 million) under the RCF under the exogenous shock window.** Haiti meets the eligibility requirements for support under the RCF. It faces an urgent balance of payments need, which, if not addressed would result in immediate and severe economic and humanitarian disruption. It is not feasible to implement an upper credit tranche (UCT)-quality Fund-supported program due to the recent history of political instability and social disruption which has resulted in an erosion in administrative capacity and weakening in policy frameworks. In addition, there is a high degree of uncertainty regarding the duration and scale of the COVID-19 impact, practical difficulties related to the no-travel environment, including in Haiti, and the need for more comprehensive policy discussions, including with non-government stakeholders, to advance to a UCT level program under an ECF.

18. **Staff considers access of 50 percent of quota under the RCF to be appropriate.** Haiti