

**Statement by IMF Staff Representative on Haiti
December 17, 2014**

1. This is an update of the political situation since the Staff Report was issued to the Executive Board on December 3, 2014. This update does not change the thrust of staff appraisal.

2. Prime Minister Lamothe stepped down on December 13. Mr. Lamothe's resignation, to allow the formation of a new consensus government, was one of a number of recommendations issued by a "Consultative Commission" created by President Martelly at end-November. The purpose of these recommendations is to resolve the political crisis that has resulted from the repeated postponement of mid-term parliamentary elections.¹ In order to ensure the continuity of the administration the current ministers remain in office until replaced.

3. To pave the way to new elections, the Commission also recommended a wide range of political reforms, including possible changes to the Constitution. It envisages the dissolution of the legislature on January 12, leaving President Martelly to govern—subject to the protections for the constitutional prerogatives reserved for Parliament.² The Commission further recommended that before such date, the Parliament should approve the appointment of a new consensus Prime Minister who would form a unity government. In addition, a political agreement should be forged and legislation passed on the organization of parliamentary and presidential elections that should be held later in 2015. These recommendations are currently being analyzed by both the government and the political opposition and negotiations are expected to continue through early January.

¹ The last such postponement occurred in October 2014. The terms of the representatives to the Chamber of Deputies as well as those of half of the remaining Senators expire on January 12, 2015. This will prevent the legislature to have the *quorum* needed to function.

² "Recommandations de la Commission Consultative", December 8, 2014.



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IMF's Executive Board Completes Eight and Final Review under Haiti's ECF Arrangement and Approves US\$2.4 Million Disbursement

On December 17, the Executive Board of the International Monetary Fund (IMF) completed the eighth and final review of Haiti's performance under its program supported by the Extended Credit Facility (ECF) arrangement. Completion of the review will enable an immediate disbursement equivalent to SDR 1.638 million (US\$2.4 million), bringing total disbursements to SDR 40.95 million (US\$60 million) under the ECF arrangement.

The Executive Board also approved a request for a waiver of non observance on performance criterion on net central bank credit to the central government, which was missed due to delays in the placement of treasury bills, and despite a lower-than-programmed fiscal deficit.

Haiti's ECF arrangement was approved on July 21, 2010 (see [Press Release No. 10/299](#)) together with the full relief of the country's outstanding debt to the Fund of about SDR 178 million (equivalent then to US\$268 million).

Following the Executive Board's discussion on Haiti, Mr. Naoyuki Shinohara, Deputy Managing Director and Acting Chair, said:

"Haiti's satisfactory performance and successful completion of the program supported by the ECF is commendable, particularly given the exceptionally difficult circumstances that followed the 2010 earthquake. Growth in FY2014 was in line with projections and headline inflation remained moderate, although fiscal imbalances remain high. Progress was also made in advancing the structural reform agenda, most notably regarding the implementation of the Treasury Single Account, strengthening the public accounting system, and an initial reduction in fuel subsidies.

"Fiscal consolidation remains essential to reduce vulnerabilities, and the Haitian authorities have taken steps to reduce the fiscal deficit and address external financing risks in FY2015. The ongoing effort to strengthen tax and customs administration will help to mobilize