

**Statement by the IMF Staff Representative
January 10, 2005**

This statement provides additional information that has become available since the issuance of the staff report for Haiti. This information does not alter the thrust of the staff appraisal.

Macroeconomic indicators. CPI inflation declined from 0.84 percent (on a month-over-month basis) in October to 0.21 percent in November 2004. The gourde has remained stable at about G37/US\$. Preliminary data indicate that NIR was at about US\$97 million at end-December, significantly above the program floor of US\$63 million; this included US\$12.7 million of Canada's contribution for the clearance of arrears to the World Bank.

Relations with the World Bank. Arrears to the World Bank (US\$52.6 million) were cleared on January 4, 2005, using a combination of grant financing from Canada and Haiti's international reserves. Following the Board approval on January 6, the World Bank disbursed US\$46 million, allowing the reconstitution of Haiti's international reserves.

Policy performance. As noted in the Memorandum of Economic and Financial Policies, (Attachment II, Table 2; Staff Report), several actions were to have been implemented by end-December.

- The pre-audit of Teleco has been completed, and the request for bids for the pre-audit of the electricity company (EDH) has been launched.
- The terms of reference for hiring international financial auditing firms for the audit of the Metropolitan Port-au-Prince Potable Water Authority, Airport Authority, and Seaport Authority have been prepared and the request for bids has been launched.
- The anti-corruption unit has been set up to become operational in 2005. The action plan is being implemented and 25 employees have been nominated.
- Decree to end the systematic internal control for normal expenditures by the Cour Supérieure des Comptes et du Contentieux Administratif (CSCCA), the external audit body established by the Constitution is awaiting approval by the Cabinet.
- Publication of information on quarterly budget execution on the website of the BRH to be initiated by mid-January 2005.
- The interim audit of the BRH has been finalized.
- The listings of entities and the financial benefits they received from the Industrial Development Fund and the guarantee fund for small businesses that suffered from arson in June 2004 are being compiled and will be published by end-January.
- Outlays through current accounts have been limited to 10 percent of budgetary credits for nonwage current spending throughout the fiscal year.

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