

IMF says Haiti meets targets

...but faces mounting economic pressures

■ WASHINGTON/CMC

THE International Monetary Fund (IMF) said yesterday that as of the end of December last year, Haiti has met all the targets under the existing Staff-Monitored Programme (SMP), including on international reserves accumulation, primary balance, revenue collection, monetary financing, and social spending.

The Washington-based financial institution said that reform implementation has advanced, although progress has been slower than anticipated in some areas, reflecting challenging security conditions, capacity constraints, and political uncertainty.

'Persistent insecurity, political fragility, and the recent increase in international oil prices are compounding the country's dire humanitarian and economic situation. Against this backdrop, we encourage authorities to deploy their accumulated buffers to help mitigate shocks, preserve macroeconomic stability, and protect the most vulnerable.

'The recent oil price shock, in particular, underscores the importance of adapting policy implementation as conditions evolve,' the IMF said, following an eight-day virtual mission that was led by Camilo Tovar, a senior economist in the Regional Studies Division of the IMF's Western Hemisphere Department.

According to the IMF, the Haitian authorities have reaffirmed their commitment to the SMP and have requested an extension until June 19, 2027.

It said this decision would help anchor macroeconomic stability and maintain the reform agenda and that the Haitian authorities continue to have strong ownership and engage regularly with IMF staff through the high-level SMP Monitoring Committee.

SMPs are informal agreements between country authorities and the IMF to monitor the implementation of the authorities' economic programme and

build a track record of policy implementation that could pave the way for financial assistance from the IMF's upper credit tranche (UCT).

Haiti's SMP is tailored to Haiti's context of acute security challenges, institutional fragility, and capacity constraints. It supports the authorities' economic policy priorities, including stabilising the economy, strengthening governance, and reinforcing the social safety net. Engagement with the authorities will continue over the coming weeks.

'Haiti is facing an increasingly challenging macroeconomic environment shaped by persistent insecurity and recurrent domestic and external shocks. The oil price shock stemming from the war in the Middle East has emerged as a major headwind, significantly raising the fuel import bill and implicit subsidy cost, and aggravating an already weak fiscal position,' said Tovar.

He said these pressures add to the impact of Hurricane Melissa in October 2025, which disrupted economic activity and exacerbated humanitarian needs, and are taking place amid an ongoing fragile political transition that would allow the country to organise elections later this year, the first in a decade.

Tovar said real gross domestic product (GDP) contracted for a seventh consecutive year in the 2025 financial year and that inflation has eased rapidly in recent months, reaching 22.1% year-on-year, after peaking at about 32% year at the end of 2025, and is expected to remain elevated.

'Against the backdrop of weak economic activity and heightened uncertainty, financial intermediation has continued to contract. Retrenchment in bank lending and financial disintermediation have contributed to improvements in non-performing loan ratios, while capital adequacy ratios remain well above regulatory minimums.'

Tovar said despite a deteriorating external environment, international reserve buffers remain adequate.

'Higher international oil prices are weighing on the external position, but these pressures are partly offset by strong remittance inflows despite the uncertainty surrounding the potential extension

of Haitian's Temporary Protected Status (TPS) in the United States.'

He said as a result, the current account is expected to remain broadly balanced in financial year 2026. Gross international reserves are projected to reach about US\$3.4 billion at the end of this financial year 2026, over seven months of prospective imports of goods and services. Tovar said that the nominal exchange rate has remained broadly stable, which, given the high level of inflation, has contributed to an appreciation of the real exchange rate.

He noted: 'Fiscal policy remains constrained by persistent security challenges, institutional weaknesses, and limited policy space. Revenue performance in financial year 2026 has been weak, reflecting disruptions to economic activity due to security conditions, administrative fragilities, and institutional paralysis triggered by the termination of the Transitional Presidential Council's mandate.'