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Haiti: Recent Economic Developments

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HAITI

Recent Economic Developments

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Approved by the Western Hemisphere Department

July 1, 1998

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Area (sq. km)	27,800
Population	
Total (1996, million)	7.3
Average annual rate of growth, 1990-96 (percent)	2.1
Density (per sq. km.)	264
GDP per capita, (1996/97, US$)	458
Labor force (average annual rate of growth, 1990-96, percent)	1.7
Urban population (percent of total population)	32
Population characteristics (most recent estimates)	
Life expectancy at birth (years)	57
Infant mortality (per thousand live births)	72
Nutrition (most recent estimates)	
Calorie intake (daily per capita)	2,013
Child malnutrition (percent of children under 5)	27
Health (most recent estimates)	
Population per physician	7,136
Population per hospital bed	1,323
Population with access to safe water (percent)	28
Education (most recent estimates)	
Enrollment rates (percent of school age population)	
Primary education	56
Male	58
Female	54
Illiteracy rate (percent of population age 15+)	55

II. Economic Indicators

	Fiscal Year Beginning October 1				
	1992/93	1993/94	1994/95	1995/96	1996/97
	(In percent)				
Origin of GDP (at market prices) 2/					
Agriculture	32.0	30.1	25.1	24.3	23.3
Forestry, livestock, fishing, and mining	6.7	7.4	7.2	7.1	7.0
Manufacturing, electricity, and water	7.7	7.6	8.1	8.2	8.1
Construction and public works	7.0	7.3	9.2	10.5	11.6
Commerce	12.7	11.4	13.6	13.3	13.2
Government	17.7	19.7	18.7	18.5	18.2
Other services	14.0	15.1	15.1	14.9	15.0
Ratios to GDP					
Exports of goods and services	8.4	6.9	9.2	8.7	8.4
Imports of goods and services	-21.4	-14.8	-30.4	-26.5	-23.4
Current account of the balance of payments	-9.3	-5.1	-16.7	-12.1	-7.0
Current balance of central government (deficit -)	-3.7	-3.4	-3.9	-2.7	1.0
Central government current revenue (excluding grants)	4.8	2.8	5.9	6.7	8.5
Central government current expenditure	8.5	6.3	9.8	9.4	7.6
Public sector savings	-1.4	-1.4	-2.3	-2.1	1.9
Public sector deficit (-) before grants	-2.3	-1.8	-8.3	-7.6	-3.1
External public debt (end of year)	47.5	49.7	29.7	30.6	30.0
External public debt service (in percent of exports of goods and services)	24.6	27.6	12.3	9.7	11.0
Gross national savings	-4.4	-1.6	-7.9	-2.7	3.3
Gross domestic investment	4.8	3.4	8.7	9.5	10.2
Money and quasi-money (end of year)	36.8	35.8	33.8	30.0	30.1
	(Annual percentage changes)				
Real GDP	-2.4	-8.3	4.4	2.7	1.1
Real GDP (per capita)	-4.4	-10.1	2.4	0.5	-1.0
GDP at current prices	15.8	24.4	36.8	24.4	17.6
GDP deflator	18.7	35.7	31.1	21.2	16.3
Consumer prices (annual average)	18.8	37.4	30.2	21.9	16.2
Consumer prices (end of period)	26.2	50.5	18.2	20.1	17.0
Central government total receipts (excluding grants)	13.5	-27.2	204.7	39.5	41.3
Central government total expenditures	28.5	11.7	122.6	12.8	10.4

Haiti: Basic Data

	Fiscal Year Beginning October 1				
	1992/93	1993/94	1994/95	1995/96	1996/97
	(Annual percentage changes)				
Broad money	36.0	21.2	29.2	10.2	18.0
Net domestic assets of the financial system 3/	37.3	17.5	-11.7	15.5	15.2
Credit to public sector (net) 3/	15.3	10.9	-6.3	11.5	-0.8
Credit to the private sector 3/	8.7	2.3	16.1	7.7	16.0
Merchandise exports (in U.S. dollars)	10.4	-17.6	27.4	7.6	32.3
Merchandise imports (in U.S. dollars)	26.2	-31.7	152.2	-0.9	4.4
Nominal effective exchange rate	-15.6	-2.5	-1.4	4.2	-3.0
Real effective exchange rate	-9.0	11.5	17.8	15.3	11.1
	(In millions of gourdes)				
Current balance of central government (deficit -)	-827	-956	-1,485	-1,280	553
Current revenue 4/	1,069	794	2,249	3,178	4,770
Current expenditure	1,896	1,750	3,734	4,459	4,217
Overall balance before grants (deficit -)	-853	-1,030	1,634	-1,187	-312
External financing (net)	121	126	1,848	77	294
Domestic financing (net) 5/	732	904	-215	1,110	18
	(In millions of U.S. dollars)				
Merchandise exports (f.o.b.)	130.8	107.8	137.3	147.7	195.5
Merchandise imports (f.o.b.)	-330.3	225.7	-569.2	-563.9	-588.8
Services and private transfers (net)	30.1	21.2	-9.0	57.4	152.4
Current account balance, excluding grants (deficit -)	169.4	-96.7	-441.0	-358.7	-240.9
External grants	100.0	113.3	409.9	293.1	221.9
Current account balance, including grants (deficit -)	-69.4	16.6	-31.1	-65.6	-19.0
Official capital	-27.2	-25.8	105.7	109.0	84.4
Banking system	-27.5	-15.5	35.3	-28.4	15.9
Private capital, including errors and omissions	113.0	33.2	84.2	66.3	-54.0
Overall balance	-11.1	8.4	123.5	-51.3	27.2
Change in arrears	42.1	37.0	-121.0	0.0	0.0
Change in net international reserves (increase -)	-31.0	-45.4	-115.4	51.3	-27.2
Rescheduling	0.0	0.0	112.9	0.0	0.0
International reserve position (end of year)					
Gross official reserves	50.5	82.6	216.0	215.6	265.7
Official reserves in weeks of imports of goods and services	6.7	15.5	16.0	16.3	19.3
External payments arrears	84.0	120.9	0.0	0.0	0.0
IMF data (as of May 31, 1998)					
Article VIII status					
Exchange rate 6/					U.S. dollar at G 16.7
Quota					SDR 60.7 million
Fund holdings of gourdes					SDR 77.1 million
As percent of quota					127
Total Fund credit outstanding					SDR 31.6 million
Stand-by arrangement					SDR 16.4 million
ESAF arrangements					SDR 15.2 million
Special Drawing Rights Department					
Net cumulative SDR allocation					SDR 13.7 million
Holdings of SDRs (as percent of allocation)					0.3

1/ Social indicators of development, the World Bank.
2/ Components do not add to 100 due to indirect taxes.
3/ In relation to the liabilities to the private sector at the beginning of the period.
4/ Excludes transfers from public enterprises.
5/ Includes use of special accounts.
6/ Average reference exchange rate of the central bank at end-January 1998.

I. Recent Developments

A. Overview

1. With the return of constitutional rule toward the end of 1994, the Haitian economy began to recover from the severe effects of the political strife that engulfed the country during the early 1990s. In FY 1994/95, real GDP expanded strongly as substantial financial and technical support from the international community poured into the country.[1] Investment rose and inflation moderated; external payment arrears were cleared and the external debt burden was reduced; remittances from Haitians living abroad began to increase and official net international reserves rose, as a widening external current account deficit was more than financed by large official aid flows and the return of private capital.

2. However, with the uncertainty surrounding the presidential election in late 1995, aid flows moderated, real GDP growth slowed and inflation accelerated in FY 1995/96. Fiscal and monetary policies turned expansionary in the run-up to the presidential election, but the new administration, which took office in March 1996, reduced the government budget deficit, was able to lower inflationary pressures and the external current account deficit, and started to rebuild official international reserves in the second half of FY 1995/96. At the same time, structural reforms covering the financial, tax, and external trade systems were implemented.

3. In FY 1996/97, the domestic security situation continued to improve, but political difficulties, which led to the resignation of the prime minister in June 1997 and a subsequent political standoff, weakened the public administration and adversely affected the implementation of critically needed structural reforms, the disbursement of external aid flows, and the recovery of investment and output. Inflation moderated only slightly as credit conditions were relaxed, while the public finances were strengthened due to higher tax collection and expenditure restraint. The external current account deficit declined and official international reserves increased on the basis of a strong acceleration in the growth of exports and remittances from Haitians living abroad.

B. Output and Prices

4. After accelerating to 4.4 percent in FY 1994/95, **real GDP growth** slowed to 2.7 percent in FY 1995/96 and 1.1 percent in FY 1996/97 (Table 1), as the initial surge in public sector investment, electricity and water production, manufacturing, commerce, and transportation and communication services experienced immediately following the return to constitutional rule tapered off substantially (Table 2). During this period, overall growth rates were lowered by the poor performance in the agricultural sector (accounting for about a quarter of GDP), which continued to decline following the sharp drop in production of more than 10 percent in FY 1994/95, mainly due to deteriorating infrastructure, soil erosion and

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[1]The fiscal year runs from October 1 to September 30 of the following year.

severe weather conditions. Despite a brief flare up during the run-up to the presidential elections in late 1995, **inflation** was reduced from its peak of about 50 percent during FY 1993/94 to 17 percent during FY 1996/97 and to 12 percent during the 12 months to May 1998.

5. Despite the deterioration in **agricultural** output, which is mainly destined for domestic consumption, production of certain products (e.g., sorghum, rice, beans, and bananas) rose due to increases in farm prices and an improved supply of agricultural inputs associated with the lifting of the embargo and the normalization of trade from FY 1994/95 onward (Table 3). But soil erosion, largely due to the deforestation that occurred during the sharp fuel shortages of the embargo period, and poor infrastructure have remained serious obstacles to production. Also, a severe drought adversely affected output in the northwest of the country in FY 1996/97.

6. **Manufacturing** output, mainly of light consumer products for the domestic market and of assembly products for the export markets, accounts for about 7 percent of GDP. Output, which fell sharply through FY 1993/94, is estimated to have recovered slowly in the following three years. The main problems affecting the sector have been the high costs and irregular provision of supporting services, such as electricity, telecommunications, water, and transportation, an obsolete and dilapidated capital stock, and continued political and economic uncertainties. Manufacturing activities for the domestic market also seem to have been affected adversely by competition from smuggled goods, despite efforts to strengthen port and border controls. Nevertheless, there have been some positive developments: certain producers that supply the domestic market, such as the beer and soft drink producer, invested heavily in FY 1996/97 reflecting the potential productivity gains from modernizing plant and machinery, as well as the improved availability of credit; also, sizable investment to reopen the recently privatized flour mill is expected to take place over the next two years and the prospective purchasers of the state-owned cement company, which is closed, have indicated their intention to invest heavily to rehabilitate and reopen it, and expand its production facilities. At the same time, export-oriented industries, mainly light assembly operations owned by Haitian nationals, showed strong growth (albeit from a very low base) in FY 1996/97, despite the adverse effects of negative publicity in the United States (the main market) in mid-1997 regarding the poor quality of working conditions of the approximately 20,000 persons working in these assembly plants. As steps reportedly were taken to improve working conditions in these factories, in the first half of FY 1997/98 orders from abroad continued rising attracted by low wage costs, and output of the subsector surged. Reportedly, employment in the subsector reached about 25,000 persons in the first quarter of 1998.

7. **Construction** output, which accounts for about 12 percent of GDP, grew strongly between FY 1994/95 and FY 1996/97. The strong growth of activity in the sector reflected the surge in foreign financed public works beginning in FY 1994/95; the increasing investment in private housing funded by the strong growth of remittances from Haitians living abroad; as well as the refurbishing and expansion of commercial real estate.

8. Activity in **commerce**, which accounts for about 13 percent of GDP, surged in FY 1994/95 reflecting the normalization of trade and imports funded from the large scale external financial assistance. Output growth of the sector has generally followed the pattern of aid flows. Output growth of the **electricity and water** sector, which had recovered strongly in FY 1994/95, moderated in subsequent years reflecting severe technical and financial problems experienced by the state-owned electricity and water companies, and dilapidated infrastructure. In contrast, **financial sector** activity appears to have increased as banks and nonbank financial institutions expanded operations as they competed to capture the large flow of remittances from abroad and channel them to commercial and trade activities.

9. On the demand side, **gross domestic investment**, which had virtually collapsed in FY 1993/94, increased to around 10 percent of GDP by FY 1996/97 (Tables 4 and 5). Following a surge in public investment in FY 1994/95 reflecting the large amounts of external assistance made available with the return of constitutional rule, public investment declined relative to GDP as disbursements of project loans and grants rose slowly in U.S. dollar terms. In contrast, private investment is estimated to have increased in FY 1995/96–FY 1996/97 reflecting strong private housing construction; higher imports of electricity generation, transportation, and construction equipments; and the modernization and/or expansion of plant and equipment in some sectors, as mentioned earlier. **Gross national saving**, which is estimated to have declined sharply in FY 1994/95 reflecting the substantial pent-up demand for consumer goods from previous years, subsequently strengthened during FY 1995/96–FY 1996/97 as private remittances from Haitians living abroad surged and household disposable income rose.

10. The 12-month rate of **inflation**, which had declined from a peak of over 50 percent during FY 1993/94 to 18 percent during FY 1994/95, increased to 20 percent during FY 1995/96 in the context of a weakening of fiscal and monetary policies in the run-up to the presidential elections in December 1995 (Tables 6–10). In FY 1996/97, the public finances were strengthened considerably, but credit conditions were lax and the 12-month rate of inflation was brought down only slightly to 17 percent during the year. Twelve-month inflation declined further to 12 percent in May 1998 as credit conditions were tightened in mid-February 1998, although fiscal policy was loosened. Price controls have been used sparingly in the past and the government presently controls only the prices of petroleum products, public utility rates, and public transportation charges. The **legal minimum wage** was last raised from G 15 a day that had been in effect since the mid-1980s to G 36 (about US$2.40 at the exchange rate prevailing then) a day in June 1995; hence, the legal minimum wage has declined significantly in real terms in recent years (Table 11). Other wages are market determined.

C. Public Finances

11. The **deficit of the nonfinancial public sector (NFPS)**, which was around 2⅓ percent of GDP in FY 1993/94, widened to 8⅓ percent of GDP in FY 1994/95–FY 1995/96 reflecting foreign financed outlays of a nonrecurrent nature in the post-crisis period (Tables 12–20). **NFPS saving** hovered around negative 1½ percent of GDP in FY 1993/94–FY 1995/96 as a sharp increase in government revenue/GDP ratio in FY 1994/95–FY 1995/96 was almost entirely offset by an increase in government current spending from the unsustainably low levels of FY 1993/94. **Capital outlays**, which had fallen to about ½ percent of GDP in FY 1993/94, averaged 5¾ percent of GDP in the following two years reflecting a surge in foreign financed spending largely to rehabilitate infrastructure. In FY 1996/97, the NFPS deficit declined to about 3 percent of GDP as public sector saving rose to about 2⅓ percent of GDP, while capital expenditure fell to 5 percent of GDP.

12. In FY 1995/96, NFPS saving fell considerably in the first half of the fiscal year in the context of changes in government administrations and the presidential elections held at the end of 1995: government current spending rose sharply reflecting wage increases and increased hiring, and the public enterprises' current balance weakened reflecting delays in adjusting utility tariffs as the exchange rate depreciated and their costs rose. However, shortly after taking office in March 1996, the new administration took steps to improve revenue collection, including the installation of a large taxpayers unit in May 1996; the unification of the sales tax (TCA) at 10 percent and the broadening of its base in July 1996; and the collection of tax arrears. Also, the government implemented a cash management system to limit government expenditure to revenue collection. As a result, the fiscal deficit for the year as a whole was contained at about 7½ percent of GDP.

13. In FY 1996/97, NFPS saving increased to about 2 percent of GDP as the government current balance strengthened owing to higher tax collection and expenditure restraint. Tax collections were bolstered by the measures taken in the previous year to broaden the tax base and improve tax administration. On the expenditure side, the number of discretionary ministerial accounts ("comptes courants") were reduced by two thirds; also government spending relative to GDP declined reflecting delays in parliamentary passage of the FY 1996/97 budget until May 1997, which gave force to legal provisions that limit monthly expenditures to one-twelfth of the previous years' budgeted expenditure until a new budget is enacted, while inflation remained high. As regards the public enterprises, the deterioration in their current balance reflected delays in tariff adjustments; their continued operational inefficiency, in part due to overstaffing and lack of qualified personnel in key positions; and ongoing problems with tariff collection and infrastructure maintenance, particularly affecting the electricity and water companies.

14. In FY 1995/96–FY 1996/97, capital spending by the NFPS declined in relation to GDP reflecting problems in the execution of the public investment program, lower capital spending in the public enterprises as large rehabilitation expenditures declined, the lower

weight of the imported component of project expenditures as the gourde appreciated in real effective terms, and a slowdown in the approval of new projects due to the deteriorating political crisis.

D. The Monetary Sector

15. The ratio of GDP to **banking system liabilities to the private sector** increased slightly from 3 percent in FY 1993/94 to 3.4 percent in FY 1996/97 (Tables 21–25). Broad money (money and quasi-money) in real terms, which fell sharply during FY 1993/94 as inflation surged, recovered partly during the following year as inflation declined and confidence strengthened with the return of constitutional rule towards the end of 1994. Political uncertainty and a loosening of fiscal and credit policy in the run-up to the presidential elections in 1995 caused a resurgence of inflation and a decline in real money balances during FY 1995/96. During FY 1996/97, inflation moderated somewhat and real money growth was slightly positive in real terms, as private remittances increased strongly despite political uncertainty associated with the resignation of the prime minister in June 1997. Against a background of a tightening in credit policy and increases in interest rates on gourde deposits from mid-February 1998, broad money growth rose by 8 percent in real terms in the 12 months ending March 1998. The dollarization of financial intermediation has risen steadily in recent years, with the share of bank deposits and credit denominated in U.S. dollars rising to 28 percent and 26 percent, respectively, in March 1998.

16. After a strong increase in the **banking system's net domestic assets** (NDA) (in relation to the liabilities to the private sector at the beginning of the period) during FY 1993/94 due to a weak fiscal policy and the substantial use of net credit by the public sector, the banking system's NDA declined by 12 percent during FY 1994/95 reflecting the large disbursements of external aid that occurred with the return of constitutional rule. In FY 1995/96, the expansion of the banking system's NDA accelerated to over 15 percent reflecting slippages in fiscal policy during the first half of the year and a slowdown in aid disbursements. During FY 1996/97, a strong fiscal adjustment took place, but credit policy was loosened, credit to the private sector accelerated and the banking system's NDA again expanded by 15 percent.

17. All statutory ceilings on commercial bank **interest rates** were eliminated in May 1995. The average annual nominal interest rate on commercial bank time deposits increased from 5½ percent in September 1994 to 11.3 percent in September 1997 and, subsequently, to 12½ percent in March 1998 (Table 26). Interest spreads were large, of the order of 13–17 percent, during most of the period under review partly reflecting large unremunerated reserve requirements on bank deposits in local currency, but have declined somewhat following steps to liberalize financial intermediation activities in late 1996 and early 1997 (described below). Ex-post real rates on time deposits increased for most of the period (except when inflation accelerated in FY 1995/96) from about negative 45 percent in late 1994 to near zero in March 1998 as financial policies were tightened and inflation declined.

18. **Reserve requirements on bank deposits** denominated in gourdes were maintained around 50 percent and on deposits denominated in U.S. dollars were zero for most of the period under review, until they were adjusted in late 1996 and early 1997 (Tables 27 and 28). Following the start of central bank bill auctions in November 1996, the reserve requirement on gourde deposits was reduced in several steps from 48 percent in November 1996 to 25 percent in May 1997, while the assessment base was expanded and a 12 percent reserve requirement on foreign currency deposits was introduced in March 1997 to slow the dollarization process and reduce distortions to financial intermediation. Subsequently, reserve requirements on bank deposits denominated in gourdes and U.S. dollars were raised by 1½ and ½ percentage points, respectively, in the second half of 1997 to contain inflationary pressures. The outstanding stock of central bank bills increased from zero in September 1996 to G 954 million (1.7 percent of GDP) in September 1997 and to G 1,276 million (2 percent of GDP) in May 1998.

E. The External Sector

19. The **external current account deficit (excluding grants)** widened from about US$100 million (5 percent of GDP) in FY 1993/94 to US$440 million (17 percent of GDP) in FY 1994/95 in the context of a surge in official aid flows, the widening of the fiscal deficit and a real appreciation of the gourde (Tables 29–35). Subsequently, it declined to US$240 million (7 percent of GDP) in FY 1996/97 as the expansion of output and the U.S. dollar value of imports slowed, while exports increased from their exceedingly low levels during the embargo period and private transfers from abroad surged partly due to improved economic conditions in the United States and the Dominican Republic, where most emigrant Haitians reside.

20. The **trade deficit**, which had declined to US$120 million (6 percent of GDP) in FY 1993/94 on the basis of a sharp contraction of imports as the economic embargo was tightened, surged to US$430 million (16 percent of GDP) in FY 1994/95 as the U.S. dollar value of imports doubled and exports grew by 27 percent from their trough of the previous year. In FY 1995/96, the trade deficit declined as export growth slowed and imports stagnated reflecting uncertainty associated with the presidential election of late 1995 and a slowing of external aid disbursements. In FY 1996/97, the trade deficit declined further to US$395 million (11 percent of GDP) as imports grew by 4 percent, while exports, mainly by the assembly industry to the U.S. market, grew by ⅓.

21. The **balance of services and net private transfers**, which registered a surplus of US$20 million in FY 1993/94, moved to a deficit of almost US$10 million in FY 1994/95 as the deficit in nonfactor services quadrupled to almost US$130 million reflecting the import surge, while factor incomes increased as the banking system's net foreign asset position was rebuilt and private transfers almost doubled to US$110 million. In FY 1995/96, this balance strengthened to almost US$60 million as private transfers increased further to US$150 million, while the nonfactor services deficit declined as the costs of importing fell. In

FY 1996/97, the balance is estimated to have strengthened further to US$152 million bolstered by a surge in private transfers.

22. Disbursements of **official grants**, which comprised humanitarian assistance in FY 1993/94, peaked in FY 1994/95 as large scale resources were disbursed to clear external payments arrears and to support the economic recovery program that was put in place with the return of constitutional rule (Tables 36–41). At the same time, the **capital account** turned significantly positive as public sector capital inflows surged as part of that effort and private capital inflows (including errors and omissions) turned positive. In May 1995, Haiti reached a debt rescheduling agreement with its Paris Club creditors on concessional (Naples) terms with 67 percent net present value reduction of the amount of arrears and maturities on pre-cutoff date debt, thus eliminating all remaining external payments arrears. In FY 1995/96–FY 1996/97, disbursement of external grant and official loans declined sharply reflecting the discontinuation of disbursements for arrears clearance, continuing institutional weaknesses in project implementation, and delays in the disbursement of external budget support associated with continuing political uncertainties and slow progress in the implementation of structural reforms. At the same time, private capital inflows (including errors and omissions) appear to have turned negative. **Official net international reserves** increased significantly during FY 1994/95, declined strongly in FY 1995/96 as the central bank intervened to stabilize the exchange rate and rose again in FY 1996/97 as the central bank sought to recover part of the previous years' reserve loss in the context of surging private remittances.

23. Haiti's exchange system is currently free of restrictions and since September 1991 all transactions have taken place at a market-determined exchange rate. In FY 1994/95, the government implemented a number of changes to the **exchange and trade regime**: the 40 percent export surrender requirement was canceled; the remaining quantitative restrictions on imports (applicable to seven agricultural commodities) were eliminated; the first phase of the customs reform was put in effect, reducing the maximum tariff rate from over 50 percent to 15 percent and reducing dispersion from 13 to 4 main rates; and the valuation basis of imports for tax purposes was raised to the market exchange rate. In mid-1997, Haiti introduced the harmonized system of tariff nomenclature. Since July 1996, the government is no longer involved in the financing and importation of petroleum products.

II. Strengthening of Public Finances

A. Fiscal Setting Prior to FY 1994/95

24. Historically, the central feature of the fiscal setting in Haiti has been the relatively small size and the limited role of government in the economy. Nevertheless, during the three years FY 1991/92–FY 1993/94, there was a serious deterioration in fiscal performance. This was especially marked in FY 1993/94 when the initial externally imposed restrictions on

international trade and investment were broadened into a total economic blockade. Government revenue declined precipitously to about 3 percent of GDP, as GDP declined, tax administration collapsed, and tax receipts were diverted for nonbudgetary purposes. At the same time, domestically funded government expenditure was reduced to about 7 percent of GDP and external assistance dried up. As a result, the overall budget deficit widened from ½ percent of GDP in FY 1990/91 to about 4 percent of GDP by FY 1993/94, mostly financed by credit from the central bank and the buildup of arrears (Table 13).

25. The return of the democratic government in late 1994 presaged a resumption of significant international assistance (part of it on a one-time basis) and the revival of private sector economic activity. This presented the Haitian authorities with an opportunity for initiating change in the fiscal and other areas. The reform of public finances involved a major effort to rebuild the tax system and introduce proper expenditure monitoring and control procedures, while focusing government's intervention to the priority sectors.

B. Summary of Principal Fiscal Reform Measures Implemented During FY 1994/95–FY 1996/97

26. Following the return of democratic government to Haiti in late 1994, the challenge facing the authorities in the area of public finances was to use the opportunity provided by external assistance to implement systemic changes that would bring the public sector's medium-term fiscal position to a more sustainable level, while improving the delivery of essential services and raising social outlays . To that effect, an action plan was implemented by the authorities during the period FY 1994/95–FY 1996/97, with Fund technical assistance[2]. Below is a summary of the most important measures. A summary of current tax system is included in Annex I.

Revenue

27. Policy actions on the revenue side of the budget were designed to bring about a marked improvement in the revenue /GDP ratio, as well as to promote economic efficiency and administrative simplicity. This was to be achieved through a widening of the tax base, a rationalization of tax rates, and normalization and improvements within the revenue administration. In this connection, the following measures were promulgated in 1994/95 and 1995/96.

[2] See Faria, A, 1995, "Haiti: A Recommended Action Plan for Revenue and Expenditure Reform,"; Fiscal Affairs Department (IMF) June. The action plan had both short-term (1994/95) and medium-term (1995/96 and beyond) elements.

Import tariff

28. The tariff of 1989 comprised 13 duty rates (from zero percent to 57.8 percent) applying to some 1,562 tariff positions. Of the latter, 1,088 positions (70 percent) had duty rates equal or lower than 10 percent, 456 positions (28 percent) from 15 to 20 percent, 14 positions (1 percent) from 25 to 30 percent, and the remaining 4 positions above 35 percent. This resulted in an average weighted (by position) tariff rate of 15½ percent. Moreover, the taxable base was only at 30 percent of its value at customs by using an exchange rate of G 6.5 against the U.S. dollar (compared with the actual prevailing rate of about G 15). Against this background, the reform focused on the simplification of tariff rates and the correction of the valuation of the taxable base. Under the "rate" reform, tariff rates were reduced to 4 (from zero percent to 15 percent), and tariff positions were regrouped as follows: positions formerly subject to rates between zero and 10 percent were subjected to a zero rate; those subject to rates between 15 and 20 percent were made subject to a 5 percent rate; those subject to rates between 25 and 30 were made subject to a 10 percent rate; and finally those subject to rates above 35 percent were subjected to a 15 percent rate. Also, for certain basic imports (e.g., rice, sugar, cement, and petroleum products), different rates were stipulated with the result that only 55 tariff positions became subject to individual rates and the remainder of over 1,500 positions were covered by the four rate bands. As for the "valuation" reform, it was decided that the exchange rate used to determine the value of imports would be the daily quotation as supplied by the central bank (BRH).

Turnover/value-added tax (TCA)

29. The reform of the TCA included the widening of the tax base, the initial introduction of another (lower) rate to safeguard against possible revenue loss under the customs tariff reform, and the subsequent unification of the TCA rate. The tax base was enlarged by eliminating the exemptions for agroindustrial activities, the supply of water and electricity by parastatal enterprises, and the inclusion of banking premiums and other charges (excluding interest on loans). At the same time, rice, refined sugar, and cement were initially exempted from TCA. Furthermore, in addition to the existing rate of 10 percent, a second tax rate of 5 percent was introduced on all those imported products (658 posts) whose tariff rates had been reduced to zero from the rates that were in the range of 1 percent to 7½ percent. Subsequently, beginning in July 1996, the TCA rate was unified at 10 percent on all dutiable imports.

Taxes and charges applicable to petroleum products

30. Under the reform of customs tariff indicated above, the ad valorem duty rate for petroleum products was set at 25 percent of c.i.f. value. Also the two-part excise duty rate

structure [3] was revised as follows: first, the fixed rate was raised; second, a formal variable tax (based on reference levels that were established in late November 1994 when pump prices were adjusted upward substantially for the first time since 1991) was applied. Beginning in late 1996, the variable tax rates have been adjusted to avoid having to adjust the pump prices to reflect changes in the c.i.f. value of imports.

Advance payment of tax on income relating to imports

31. As part of the measures adopted in early 1995, an advance payment of income tax at the import stage became required of all importers (except enterprises that are due refunds of income tax). The advance payment would be creditable against the importers' final income tax liability.

Rehabilitation of tax administration

32. In order to increase domestic tax revenue and to develop modern, computerized administrative procedures (which were to be applied throughout the tax administration after having been tested on a small scale), a Fiscal Management and Control Unit (UGCF— also known as the Large Taxpayer Unit or LTU) was established within the Directorate General of Taxes in May 1996, as a pilot unit dedicated exclusively to large taxpayers. Also, a computerized customs information system (SYDONIA or ASYCUDA) was introduced in the General Customs Administration in early 1998.[4]

Expenditure

33. The measures taken on the expenditure side included a drastic curtailment of the system of discretionary budgetary accounts ("comptes courants"); the cancellation, as of February 1995, of all wage contracts established after May 1994; the virtual elimination of price controls (and thus of implicit consumer subsidies for food staples and petroleum

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[3] Although petroleum products were (and are) exempt from TCA, they were (and are) subject to specific excise duties that have a fixed part and a variable part. Taxes on petroleum products are established in specific terms (i.e., gourdes per gallon) after taking into account the c.i.f. value of petroleum imports, the profits of petroleum companies, and the distribution margins. The state's share is the sum of ad valorem charges (import duty and consular/verification fees) and specific charges (fixed and variable excise duties).

[4] The creation of the UGCF was originally proposed by the Fund technical assistance in September 1991. However, events in Haiti shortly thereafter prevented the actual establishment of the unit. Another Fund technical assistance mission confirmed the usefulness of the UGCF and, after some delays, it was formally inaugurated in May 1996. The introduction of SYDONIA was also well underway in 1991. It was finally put in place in January 1998 with Fund technical assistance.

products); and the reduction of current transfers to the parastatal sector. Also, a cash management system to keep expenditure in line with revenue collection was established in the second half of FY 1995/96 and remained in effect through early FY 1996/97.

C. The Current Fiscal Setting and Remaining Reforms

34. The policy actions in the fiscal area, implemented during the period FY 1994/95–FY 1996/97, have generally succeeded in achieving their goals of increasing the revenue/GDP ratio and strengthening the tax administration (Table 13). Thus, current revenue/GDP ratio tripled to 8½ percent between FY 1993/94 and FY 1996/97, comprised of an increase in customs revenue/GDP ratio from 0.4 percent to 1.9 percent and of the internal revenue/GDP ratio from 2½ percent to 6.7 percent. Within the category of internal revenue, receipts from the TCA almost quadrupled to 2.3 percent of GDP between FY 1993/94 and FY 1996/97, while other taxes and fees (including taxes on income and profits) more than doubled. Of the total internal revenue in FY 1996/97, about 36 percent was collected by the UGCF; excluding the receipts from the TCA on imports, the share of UGCF in internal revenue was about 49 percent.[5]

35. Despite the progress achieved in recent years, Haiti's tax system and administration still suffers from a number of problems including: a large number of exemptions; a complex income tax structure; widespread evasion; institutional weaknesses and corruption in the tax collection agencies; lack of human and financial resources; and weak legislative and judicial systems resulting in poor enforcement. On the expenditure side, budget and expenditure control procedures remain unsatisfactory; discretionary spending accounts continue to be used; and public administration remains inefficient.

36. Thus, there remains a plethora of reforms that are yet to be carried out, if the realized gains in the fiscal area are to be preserved and the serious weaknesses still affecting the operation of government finances are to be addressed.[6] In the revenue area, a further reform of the import tariff system (contained in a draft law submitted to parliament), reform of direct taxes, tax exemptions, and the investment code, and a restructuring of the tax and customs administrations are the main elements of reform that are yet to be implemented. In the expenditure area, the reform of budget and expenditure control procedures (contained in a draft law submitted to parliament), and reforms of the public administration (to focus

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[5] The UGCF currently covers about 400 enterprises (those with a turnover of at least G 5,000,000) and has jurisdiction over taxation of their profits as well as personal incomes of individuals with gross earnings exceeding G 500,000. The UGCF also assesses excise taxes owed by large importers.

[6] For a detailed description of some of the recommended reforms see "Haiti: A Recommended Action Plan for Revenue and Expenditure Reform," IMF, June 1995; and "Haiti: Toward A Reform of Direct Taxation and Exemption System," IMF, January 1998.

government efforts in key areas) and the civil service (including downsizing the approximately 52,000 civil servants) are of paramount importance to improve budget control and the delivery of essential services.

III. Financial Sector Reform

A. Introduction

37. Following the return of constitutional rule in October 1994, the central bank of Haiti—the Banque de la République d'Haiti (BRH)—was confronted with various severe weaknesses and limitations that were eroding its credibility and undermining its authority. First, major shortcomings in the areas of management, quality of personnel and information management system were hampering the effective functioning of the institution. In addition, the BRH suffered greatly from the large scale monetization of the budget deficit, which seriously compromised its financial independence and limited its ability to conduct any meaningful monetary policy. Finally, the rapid expansion of the banking system, during the period 1984–94, was not met with commensurate efforts by the BRH in terms of strengthening banking supervision and regulation.

38. It is in that context that the new board of the BRH initiated in 1995 a comprehensive reform program with technical assistance from the Fund and the UNDP aimed at: (i) modernizing the central bank; (ii) regaining control over monetary policy by moving toward the use of indirect instruments; and (iii) strengthening banking supervision and regulation. This section provides an overview of Haiti's banking system and reviews progress in the above mentioned three areas.

B. Overview of Haiti's Banking System

39. Following a period of rapid growth during 1993–96 with the entry of five new banks, the structure of Haiti's banking system has remained relatively stable over the last two years. In addition to the BRH, it comprises 12 commercial banks (two state-owned banks, eight domestic private banks, and two branches of foreign banks), and two private mortgage banks.[7] The sector appears to be very competitive as no single bank holds a dominant position, but banking activity continues to remain mainly located in the capital city area and lending operations tend to concentrate on a few major borrowers. Commercial banks have made an important effort to broaden their intermediation services and improve the quality of the services provided to their customers, and as a result the number of their employees has increased from 1,663 at end-September 1995 to 2,459 at end-March 1998.

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[7] Outside the banking system, there are several development institutions (largely financed with external support) and numerous credit unions which are not regulated or supervised by the BRH.

Haiti: Commercial and Mortgage Banks: Summary Indicators

(In percent unless otherwise indicated; as of end-March 1998)

	Licensing Date	Share of Assets	Share of Loans	Share of Deposits	Number of Branches 1/	Number of Employees
Total		100	100	100	77 (17)	2,459
Société Générale Haitienne de Banque (SOGEBANK)	1/27/86	18.7	14.8	19.3	10 (0)	435
Unibank	2/11/93	14.6	12.8	15.6	12 (1)	304
Banque Nationale de Crédit (BNC) 2/	8/17/79	11.0	10.0	9.8	12 (8)	501
Banque de l'Union Haitienne (BUH)	7/9/73	9.6	7.9	9.9	9 (4)	326
Banque Intercontinentale de Commerce (BIDC)	10/1/96	9.3	9.9	8.8	6 (1)	183
Banque de Promotion Commerciale et Industrielle (PROMOBANK)	6/13/94	8.5	9.7	8.2	5 (1)	202
Société Caraibéenne de Banque (SOCABANK)	6/22/94	7.3	9.6	7.8	7 (2)	131
Citibank 3/	7/1/71	5.5	8.3	5.1	2 (0)	52
Bank of Nova Scotia (BNS) 3/	6/19/72	4.6	5.5	5.1	3 (0)	75
Banque Populaire Haitienne (BPH) 2/	8/20/73	4.4	3.3	4.6	2 (0)	103
Capital Bank 4/	10/22/85	3.7	4.5	3.1	4 (0)	81
Société Générale Haitienne de Banque d'Epargne et de Logement (SOGEBEL) 4/	8/16/88	2.5	3.5	2.5	3 (0)	39
Banque Métropolitaine d"Haiti (BMH) 5/	4/5/95	0.3	0.3	0.1	1 (0)	17
Banque Industrielle et Commerciale d'Haiti (BICH)	10/1/74	0.1	0.0	0.0	1 (0)	10

Source: Banque de la République d'Haiti.

1/ The figure in parenthesis indicates the number of branches outside the metropolitan area of Port-au-Prince.
2/ State-owned bank.
3/ Branch of foreign bank.
4/ Mortgage bank.
5/ The BMH was acquired by the BIDC in February 1997, and operates under its original name within the BIDC group.

40. Two changes in the banking environment during the last two years are noteworthy. First, competition has intensified as evidenced by the increase in banks' network from 54 branches at end-1995 to 77 at end-March 1998, although this increase has essentially benefitted the capital city area where 19 out of the 23 new branches were opened, thereby exacerbating the concentration of banking activities in this area.[8] Second, the local branch of the First National Bank of Boston was sold to a group of Haitian private investors, while Metrobanque—a small private bank created in June 1996—faced serious difficulties toward the end of the year and was acquired by a larger private bank in February 1997.

[8] However, the number of branches in the provinces remained constant as the BNC closed four of its branches during the period. Also the new branches appear to be providing better services.

41. The increased competition in the banking sector has forced banks to become more aggressive and, as result, total deposits as a share of banks liabilities increased steadily from about 73 percent at end-September 1994 to about 84 percent at end-March 1998. The additional resources were used to finance increased lending as the loans/assets ratio increased from about 36 to about 48 percent during the same period.[9] The share of nonperforming loans in banks' portfolio declined slightly during the period 1994/95–1996/97, and there seems to be an acceleration of this trend during the current fiscal year reflecting the tightening of the criteria for loans classifications in March 1998. The provisioning of nonperforming loans has also declined from about 160 percent of total loans in 1993/94 to 80 percent in 1996/97. However, the ratio of capital to total assets increased from about 5 percent in 1993/94 to about 6 percent at end-March 1998.

Haiti: Summary Indicators of Commercial Banks Activity

(In percent and for fiscal year ending September 30, unless otherwise specified)

	1993/94	1994/95	1995/96	1996/97	1997/98 1/
Total assets/liabilities (in millions of gourdes)	8,877	12,048	13,100	15,617	17,251
Loans portfolios/ total assets	35.9	35.9	40.1	47.8	48.2
Deposits/total liabilities	73.3	77.3	81.3	83.5	83.7
Capital and reserves/total assets	4.9	4.4	4.6	5.4	6.3
Nonperforming loans/total loans	3.9	5.1	4.7	4.9	7.2
Provisions/nonperforming loans	160.5	93.3	95.8	79.5	...
Net interest margins/interest income	61.9	63.7	55.6	59.3	58.3
Return on assets	1.0	1.5	1.2	1.4	1.3
Return on equity	21.2	31.5	25.9	28.1	21.4

Source: Banque de la République d'Haiti.

1/ As of end-March 1998.

42. The net interest margin as a share of interest income has declined from an average of about 63 percent during the period 1993/94–1994/95 to about 59 percent during 1996/97–1997/98 reflecting downward pressures on lending rates as banks strived to retain their best customers in a situation of intense competition and increased remuneration of deposits.

[9] The relatively large difference between the deposits/liabilities and loans/assets ratios largely reflected the high reserves requirements imposed by the BRH.

C. The Modernization of the Central Bank

Human resource policy

1. The modernization of the BRH put a strong emphasis on enhancing its human resource base. To that effect, the BRH initiated an early retirement and voluntary departure program coupled with selective recruitments and an extensive training program.

2. Under the early retirement and voluntary departure program, the number of BRH employees declined by about 25 percent from 561 employees at end-September 1994 to 422 employees at end-September 1997, with the bulk of the reduction taking place in 1995/96. Over the same period, the BRH recruited some 60 employees, including several high-level staff, recruited abroad or from the private sector, to head some of its departments. The downsizing program freed resources that contributed to improve salaries, with increases ranging from 20 to 35 percent in FY 1996/97.

Haiti: Net Reduction of BRH Staff, 1994/1995–1996/1997

	1994/95	1995/96	1996/97
Total employees (end of period)	515	420	422
Voluntary departures	12	106	8
Early retirement	21	0	0
Separations	0	19	4
Resignations	9	7	4
Attrition	7	1	1
Recruitment	3	38	19
Net reduction	46	95	-2

Source: BRH.

3. The BRH also has improved its human capital through an extensive and diversified training program. Various employees of the BRH received short-term training in their area of expertise by attending courses and seminars. In addition, the BRH has financed a scholarship program, through which young laureates from local universities and BRH employees were sent abroad, mainly the United States and Canada for one to two-year training programs. The number of long term trainees increased from 11 in 1994/95 to 19 in 1995/95 and further to 24 in 1996/97 for a cumulative cost of about gourdes 37 million (about US$2.5 million) over the three-year period.

Information technology

46. Another aspect of the modernization of the BRH focused on improving its information management system. Before 1995, the bulk of the operations of the BRH were carried out manually and the use of computers was very limited. As a result, the production of data was time-consuming and the reliability of the output was questionable. Since then, the BRH has embarked on a major computerization program covering a broad range of its activities, including inter alia, the accounting system, foreign exchange operations, the compensation and payment system, and external debt management. In this effort, the BRH has been assisted by an expert assigned under the Fund's technical assistance program.

47. Substantial investment was made in computer and telecommunication equipments over the last few years. As a result, the number of personal computers increased from about 20 in 1994 to some 270 by end-1997, interconnected through a network system with six servers. The BRH also installed an interbank telephone network as a first step toward an interbank information system network. Finally, to ensure the continued smooth functioning of its computer systems and other critical electrical equipments, the BRH installed its own power generating system to supplement the low and erratic supply of electricity in Port-au-Prince.

48. Significant progress is being made in computerizing the central bank's operations. Transactions at the cashier windows and management of the various accounts (mainly of the central government, local governments, and other public entities) were fully computerized in June and November 1996, respectively. As a result, the speed and security of transactions at the cashier windows have improved substantially. A new accounting software was also installed in June 1996, although only the portions on general accounting and the recording of foreign exchange transactions are currently fully operational; however, it is expected that the system will reach its full potential by end-1999. The clearing house operations have also been automated, and the BRH is currently consulting commercial banks to set up an on-line clearing and payment system by the end of the year. Finally, the computerization of the external debt management system has greatly improved the monitoring and timeliness of debt servicing, as well as the compilation and reliability of debt and debt service statistics.

D. The Shift Toward Indirect Instruments of Monetary Policy

49. Prior to the stabilization program initiated in 1995, particularly during the embargo period from 1992 to 1994, Haiti's financial system was adversely affected by a substantial monetary expansion resulting from large government deficits financed mainly through central bank credit. The inflationary impact of the monetization of the budget deficit was somewhat contained by very high and largely unremunerated reserve requirements on gourde deposits imposed by the BRH.[10] This situation led to high interest rate spreads, which contributed to

[10] In September 1995, the BRH increased the reserve requirement ratio from 50 to

(continued...)

depressed saving and investment. In addition, the ability of the BRH to contribute to macroeconomic stabilization was severely hampered by the fact that reserve requirements were the only instruments of monetary policy at its disposal, and because the bulk of its assets were credits to the treasury, which were not serviced. Distortions in the financial system were further exacerbated by the fact that foreign currency deposits were not subject to reserve requirements which contributed to an increasing dollarization of the financial system.

50. In the context of the stabilization program initiated by the authorities in 1995, a strategy was developed under which fiscal consolidation and a gradual remonetization of the economy was expected to open the way for reductions of the reserve requirement ratio on gourde deposit over time, while allowing the introduction of short-term paper as an alternative instrument of monetary policy. To help reduce distortions created by the large and unremunerated reserve requirement on local currency deposits, the government was to begin to make some interest payments on its debt to the central bank, which in turn was to allow increased interest payments on reserve deposits from an implicit rate of about 1 percent in 1995/96 to about 3 percent in 1996/97. This action would represent a first step in facilitating a reduction in the interest rate spreads to help boost financial intermediation and increase the attractiveness of deposits in gourdes.

51. The reduction in reserve requirement for commercial banks from 53.5 percent in September 1995 to 48 percent in July 1996 was accelerated during FY 1996/97, and by March 1997, the reserve ratio was lowered to 25 percent while the base for the assessment of reserves requirements was increased.[11] Also, beginning in Mach 1997, reserve requirements were imposed on foreign currency deposits at a rate of 12 percent to be met initially in dollars, and then gradually to be met totally in local currency. However, in the face of growing uncertainty related to the political crisis following the resignation of the prime minister in June 1997, the BRH raised the reserve requirement ratios by 1½ percentage points on gourde deposits and ½ percent on U.S. dollar deposits by November 1997.

52. To mop up the liquidity released by the overall reduction of the reserve requirement ratio, in November 1996 the central bank introduced its own short-term paper—BRH bonds—initially with a maturity of 7 and 28 days. In December 1996, the BRH started auctioning bonds with a maturity of 91 days. The introduction of the BRH bonds met with a relatively good measure of success, and by end-January 1997, the outstanding stock of bonds

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[10](...continued)
53½ percent, and provided that the 3½ percentage points additional reserves be remunerated at an interest rate of 7½ percent. However, in May 1996, the reserve requirement ratio was reduced back to 50 percent with no remuneration.

[11] For mortgage banks which were subject to lower reserve requirements, the reduction was from 26.75 percent in September 1995 to 24 percent in July 1996, and to 15 percent by March 1997.

was over G 1,300 million. The bonds provided the BRH with a more flexible instrument of monetary policy, and a more visible signaling tool of interest rate policy. For the commercial banks, the bonds represented an additional instrument of liquidity management, which helped them strengthen their financial position as the prudential and regulatory environment became more demanding. To avoid a deterioration of the financial situation of the central bank as the outstanding stock of BRH bonds increased, the Ministry of Economy and Finance agreed to monthly interest payments of G 14 million in 1996/97 (increased to G 18.5 million in 1997/98) to the BRH to meet the costs associated with the servicing of the bonds.

Haiti: Outstanding stock and interest rates on BRH bonds

	Outstanding Stock (In millions of gourdes end of period)	Annual Interest Rates (In Percent)			Cumulative Accrued Interest (In millions of gourdes)
		7 days	28 days	91 days	
November 1996	515	15.8	9.4	...	4.5
December 1996	966	16.8	17.3	19.4	26.4
January 1997	1320	14.9	16.2	17.2	48.2
February 1997	1337	13.9	14.6	15.7	61.7
March 1997	1138	13.0	13.7	15.3	72.5
April 1997	1251	14.3	15.7	18.1	92.7
May 1997	1335	14.8	16.2	18.6	114.7
June 1997	1601	14.6	15.7	18.0	135.4
July 1997	1128	14.9	15.3	18.0	147.7
August 1997	1032	14.4	15.2	17.9	158.2
September 1997	954	14.1	14.9	17.7	169.0
October 1997	1250	13.6	14.4	16.3	200.0
November 1997	1054	13.6	14.7	16.4	213.2
December 1997	837	13.3	15.1	17.2	225.0
January 1998	1035	16.1	17.2	20.5	240.7
February 1998	778	19.0	17.4	25.4	256.8
March 1998	1021	19.7	20.6	25.4	282.1
April 1998	1157	19.5	20.6	25.5	311.2
May 1998	1276	20.1	20.7	25.4	335.7

Source: BRH.

E. The Strengthening of the Prudential and Regulatory Environment

53. Until early 1995, banking supervision and regulation by the BRH had been generally weak as illustrated by the limited number of on-site inspections by the Banks and Financial Institutions Supervision Department (BFISD) of the BRH, and the lack of follow-up by the BRH board on the recommendations of the BFISD. This situation reflected the weak position and lack of authority of the BRH, as well as the difficult working conditions of the staff of the BFISD. In the context of the modernization of the BRH, a reform of banking supervision and regulation was initiated in 1995 with technical assistance from the Fund. Progress was initially slow until early 1997, when the central bank stepped up the introduction of the prudential norms.

54. The program focused on updating and strengthening prudential standards, revising the banking law in order to strengthen the BRH's authority, particularly in the area of banking regulation and licensing of new banks, and improving the capabilities of the staff of the BFISD to conduct more frequent on-site and off-site inspections.

55. In the area of prudential standards, since October 1996, the BRH has issued regulations on:

- Foreign exchange risk, effective October 1, 1996, aimed at limiting foreign exchange exposure by banking institutions and reminding bank managers of their responsibilities regarding the introduction of appropriate management and control systems.

- Cross-ownership of banks, effective April 1, 1997, aimed at diversifying the ownership of banking institutions.

- The concentration of credit risks, effective June 1, 1997, aimed at limiting credit risks vis-à-vis large creditors, borrowers related to a banking institution, or a given sector of activity.

- Loans classification, loans provisioning, and treatment of accrued interests on nonperforming loans, effective October 1, 1997, aimed at providing a uniform methodology for the determination and provisioning of nonperforming, as well the accounting rules regarding interest accrued on these loans.

- The reporting requirements, effective January 1, 1998, aimed at clarifying the responsibilities of banks with regard to the reporting of information and data to the BRH.

- Minimal rules of internal controls, effective May 1, 1998, requiring banks to establish a system of internal controls consistent with their size and type of activities.

- Consolidated surveillance, effective May 1, 1998, aimed at ensuring that bank branches are subject to the same internal audit standards than their parent banks.

- The verification of banks annual financial statements, effective May 1, 1998, designed to ensure that the conformity of banks' annual financial statements with standard accounting principles is certified by independent external auditors.

56. In addition, a circular on minimum capital requirements—designed to strengthen the resilience of the banking system by increasing the minimum level of capitalization of banks at least to internationally recommended levels—is currently under discussion with the banking association.

57. The banking law is also currently being revised. The revision, in particular, seeks to strengthen the regulatory and supervisory role of the BRH vis-à-vis financial institutions. More specifically, it is expected that more authority will be vested upon the BRH regarding licensing of new banks, an area where the ministry of finance plays an important role under the current legislation. Discussions are also underway to determine whether the activities of the various savings associations and financial institutions, which have burgeoned over the last few years, would be brought under the purview of the BRH.

58. Finally, the BRH made an important effort to strengthen the BFISD. First, the department was reorganized and, in particular, two inspections teams have been set up. Second, the financial, human, and technological resources allocated to the department were increased, and working conditions have been significantly improved. Third, over the last two years, the BFISD inspectors received training both on-site and abroad.

IV. Restructuring of the Public Enterprise Sector

59. A major objective of the Haitian government's program of economic reforms is to improve the living standard of the population through high and sustained growth. A key element for achieving this objective is the promotion of private investment and the refocusing of government activities and resources to the priority areas of health, education, security, and justice. In this regard, the modernization of public enterprises, notably the utility and infrastructure companies, is expected to play an important role in attracting private, particularly foreign investment, improving the delivery of utility services to the population, and releasing much needed financial resources to the above-mentioned priority areas by reducing public enterprises' claims on the government's limited resources. This chapter reviews the public enterprise modernization program initiated in 1996 by the Haitian government. Section A provides some background information on the public enterprise sector in Haiti; Section B describes the framework of the public enterprise reform program; and Section C assesses the progress achieved thus far.

A. Highlights of the Public Enterprise Sector [12]

60. The public enterprise sector in Haiti encompasses some 33 entities which could be classified as follows:

- The utilities companies, which include CAMEP (water distribution), EDH (electricity generation and distribution), and TELECO (telecommunications).

- The enterprises dealing with infrastructure, which perform both management and regulatory functions and include AAN (airport services) and APN (port services).

- The two state-owned banks: BNC and BPH.

- The industrial entities, of which the main ones are the Ciment d'Haiti (production of cement), ENAOL (production of edible oil), and the Minoterie d'Haiti (flour mill).

- The other public enterprises consisting of small- and medium-size companies involved in a broad range of activities including sugar processing, spinning, butter production, transportation, insurance, housing, etc.

61. The main public enterprises have been mismanaged seriously and have failed to provide adequate services or produce goods efficiently (or at all), while imposing significant economic and social costs. The flour mill and the cement companies have been inoperative since 1992 and 1993, respectively, but the bulk of the workers have remained on the companies' payrolls, and generated substantial wage arrears. TELECO—while profitable because of the international traffic generated mainly by Haitians living in the United States and Canada—provides inadequate domestic coverage (8 lines for 1,000 people) with many lines malfunctioning and a very low completion rate as a result of obsolete equipment. EDH provides inadequate electricity service to the population, especially in the rural areas; however, the supply of electricity is low and blackouts are common, and the quality is poor with large fluctuations in voltage and frequency. The company is a major burden for the public finances as over half of the production of EDH is not billed, mainly as a result of fraudulent connections to the network, and only about half of the bills are effectively collected. APN suffers from substantial over staffing and inefficient port handling operations, which make it the most expensive port in the Caribbean region. Finally, the BPH and the BNC are technically insolvent, but while the management and finances of the former have improved recently, little progress has been made in restructuring the latter.

62. In this context the government launched a two-pronged modernization program of its enterprises, whereby nine major enterprises (AAN, APN, BNC, BPH, EDH, ENAOL, le

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[12] Data deficiencies prevent any meaningful quantitative analysis of the contribution of public enterprises to output and employment, or their financial transactions.

Ciment d'Haiti (LCH), la Minoterie d'Haiti (LMH), and TELECO) will be restructured over a two-year period, and the remaining entities will follow subsequently. The program is supported by financial and technical assistance from the Inter-American Development Bank (IDB), the World Bank, and the United States Agency for International Development (U.S. AID).

B. The Framework of the Public Enterprise Modernization Program

63. The institutional framework and modalities for the modernization of public enterprises are set out in a law passed by parliament in September 1996 and published in October 1996. Under the law, a five-member council for the modernization of public enterprise (CMEP) is established as an oversight body under the prime minister's office. The CMEP is assisted by a technical secretariat charged with coordinating the activities of the various technical units responsible for effectively carrying out the restructuring of the enterprises. More specifically, the CMEP is responsible for promoting, managing, and deciding on the modalities of the modernization of public enterprises.

64. With respect to the modernization modalities, the law envisages three possibilities:

- Capitalization, whereby a joint venture is formed with a private investor who brings cash while the state brings its assets in the original enterprise. The share of the state in the joint venture should not be less than 20 percent.
- Concession, whereby the state transfers the enterprise to a private firm for a given period of time against payment of royalties.
- Management contract, whereby the state transfers the management of the company to a private firm that is to be paid a performance-based management fee.

The modality of the modernization of each enterprise is decided following an independent evaluation of the enterprise.

65. The original timetable envisaged by the CMEP for completion of the first phase of the modernization program is set out below. However, significant delays were incurred for reasons associated with the availability of financing and the setting up of the technical secretariat at the CMEP.

Haiti: Original Timetable for the Modernization of Public Enterprises

Enterprise	Expected Date for Closing the Transaction
LCH	July 1997
LMH	July 1997
ENAOL	September 1997
BPH	November 1997
APN	December 1997
AAN	January 1998
BNC	January 1998
TELECO	February 1998
EDH	March 1998

Source: CMEP.

C. Assessment of the Public Enterprise Modernization Program

66. After a slow start, the public enterprise modernization program gained some momentum toward the end of 1997. In August 1997, the CMEP announced as winner of the bidding for the capitalization of the LMH a consortium comprising of two American firms and a Haitian financial company. The consortium will invest US$9 million in return for 70 percent of the shares of the new company, "Les Moulins d'Haiti." The company is expected to start operations by end-1998 and reach its full production capacity by mid-1999. Subsequently, the Haitian partner has indicated that it plans to sell its shares (worth an estimated US$2 million) to the public.

Haiti: Overview of the Current Status of the Public Enterprise Modernization Program

Enterprise	Independent Evaluation	Modernization Modality	Recruitment of Financial Advisor	Recruitment of the Head of the CMEP's Technical Unit	Expected Date for Announcing Bid Winner
LCH	Done	Capitalization	Done	Done	December 1997
LMH	Done	Capitalization	Done	Done	August 1997
ENAOL	Not done	Not yet determined	Not done	Not done	Not yet determined
BPH	Done	Not yet determined	Not done	Not done	Not yet determined
APN	Done	Management contract	Done	Done	December 1998
AAN	Done	Concession	Done	Done	December 1998
BNC	Done	Not yet determined	Not done	Not done	Not yet determined
TELECO	Done	Capitalization	Done	In progress	May 1999
EDH	Done	Concession 1/	Done	Done	December 1998

Source: CMEP.

1/ The concession will take place only after a three-year transition period under a management contract.

67. Also in December 1997, a consortium formed by a Swiss firm, a Colombian firm, and a Haitian firm was awarded the rights for 65 percent of the shares of a new cement company that will replace LCH following an investment of US$15.6 million. However, the finalization of the transaction would have to await the nomination of a Prime Minister.[13]

68. The preparatory work for the restructuring of the other nonfinancial public enterprises is proceeding satisfactorily, with the notable exception of ENAOL. The independent evaluation by an audit firm as mandated by the law has been completed for AAN, APN, EDH, and TELECO. International financial advisors have been recruited to prepare the bidding documents for these four enterprises and search for interested investors. Advisors on the regulatory framework for the port and airport have also been recruited. It is expected that the winning bidders for AAN, APN, and EDH will be announced by December 1998, and for TELECO by May 1999. Recently the government has allocated G 3 millions to initiate the evaluation process for the restructuring of ENAOL.

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[13] According to the law on the modernization of the public enterprise, the contract sanctioning the results of the bidding should be signed between the winner and the Haitian state represented by the prime minister (PM). But, the PM resigned in June 1997, effectively stopped running the government in October 1997, and since then Haiti has been without a PM.

69. Until recently, little progress was made in restructuring the state-owned banks. While the management of BPH has significantly improved following a change in the leadership of the bank in 1994, it continues to remain burdened by a large nonperforming portfolio as a result of questionable loans extended during the Duvalier and military regimes. With respect to the BNC, a new management team was installed in April 1998, with a mandate to manage the bank and draw up a restructuring plan. In the meantime, the lending and foreign exchange operations of the BNC have been frozen, and the bank is under close monitoring by the central bank. A Fund resident expert to assist in the restructuring process is expected to be installed shortly.

70. Overall, and after significant delays, the public enterprise modernization program has gained some momentum recently. However, the sustainability of this momentum is predicated on the resolution of the political crisis given the important role of the Prime Minister in finalizing any restructuring/privatization contract and the need to enact legislation on regulatory frameworks for the various sectors.

Table 1. Haiti: National Accounts 1/

(At 1976 prices)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
(In millions of gourdes)					
Gross domestic expenditure	5,817	5,351	6,636	6,619	6,674
Consumption	5,354	4,921	5,825	5,759	5,777
Gross domestic investment	463	430	811	860	897
Balance of trade in goods and nonfactor services	-1,291	-1,200	-2,302	-2,168	-2,172
Exports	796	670	1,011	1,078	1,161
Imports	-2,087	-1,870	-3,313	-3,246	-3,333
Gross domestic product at market prices	4,525	4,150	4,334	4,451	4,502
(Annual percentage change)					
Gross domestic expenditure	12.4	-8.0	24.0	-0.3	0.8
Consumption	14.5	-8.1	18.4	-1.1	0.3
Gross domestic investment	-7.4	-6.9	88.6	6.0	4.3
Balance of trade in goods and nonfactor services 2/	-140.4	7.0	-91.8	5.8	-0.2
Exports	4.2	-15.8	50.9	6.6	7.7
Imports	60.4	-10.4	77.2	-2.0	2.7
Gross domestic product at market prices	-2.4	-8.3	4.4	2.7	1.1

Sources: Haitian Institute of Statistics; Bank of the Republic of Haiti; and Fund staff estimates.

1/ There are serious problems with national accounts in Haiti including incomplete coverage, outdated activity surveys, poor quality of raw data, etc.

2/ Positive numbers indicate improvements in external balance.

Table 2. Haiti: Origin of Gross Domestic Product 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
(In millions of gourdes at 1976 prices)					
Primary sector	**1,754**	**1,557**	**1,402**	**1,399**	**1,365**
Agriculture	1,450	1,248	1,088	1,083	1048
Forestry, livestock, and fishing	298	303	307	308	308
Mining	7	6	7	8	9
Secondary sector	**670**	**617**	**749**	**831**	**887**
Manufacturing	310	285	313	322	324
Food	115	100	111	113	113
Beverages	14	8	8	9	10
Tobacco industries	39	26	27	27	26
Textile	41	55	58	62	63
Chemical	40	34	40	37	34
Minerals	7	6	9	11	13
Metals transformation	32	37	37	39	42
Other	22	21	23	24	24
Electricity and water	42	29	38	43	42
Construction and public works	318	303	398	467	520
Services sector	**2007**	**1918**	**2056**	**2078**	**2089**
Commerce	574	473	588	592	596
Restaurants and hotels	11	8	8	8	8
Transportation and communications	92	87	93	96	97
Financial Institutions	9	8	7	9	11
Housing	321	327	334	341	347
Other	202	197	214	211	211
Government	799	818	812	822	820
Gross domestic product at factor prices	**4432**	**4092**	**4207**	**4308**	**4341**
Indirect and import taxes 2/	**93**	**58**	**127**	**143**	**161**
Gross domestic product at market prices	**4525**	**4150**	**4334**	**4451**	**4502**
(Percentage change over previous year)					
Primary sector	**-8.9**	**-11.3**	**-9.9**	**-0.3**	**-2.4**
Agriculture	-10.9	-14.0	-12.8	-0.5	-3.2
Forestry, livestock, and fishing	1.9	1.8	1.2	0.2	0.2
Secondary sector	**3.4**	**-7.9**	**21.4**	**11.0**	**6.6**
Manufacturing	-13.3	-7.9	9.6	3.0	0.8
Food	-10.7	-13.1	11.4	1.7	0.1
Textile	24.5	36.5	4.9	5.9	2.8
Electricity and water	3.7	-31.4	32.9	11.2	-2.1
Construction and public works	27.1	-4.7	31.4	17.2	11.5

Table 2. Haiti: Origin of Gross Domestic Product 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(Percentage change over previous year)				
Services sector	**0.8**	**-4.4**	**7.2**	**1.1**	**0.5**
Commerce	-3.7	-17.6	24.4	0.7	0.6
Transportation and communications	-5.1	-4.9	6.6	3.0	0.6
Housing	2.1	2.0	2.0	2.1	1.8
Government	3.2	2.4	-0.7	1.2	-0.2
GDP at market prices	**-2.4**	**-8.3**	**4.4**	**2.7**	**1.1**
	(Percentage distribution)				
Primary sector	**38.8**	**37.5**	**32.4**	**31.4**	**30.3**
Of which					
Agriculture	32.0	30.1	25.1	24.3	23.3
Forestry, livestock, and fishing	6.6	7.3	7.1	6.9	6.8
Secondary sector	**14.8**	**14.9**	**17.3**	**18.7**	**19.7**
Manufacturing	6.8	6.9	7.2	7.2	7.2
Of which					
Food	2.5	2.4	2.6	2.5	2.5
Textile	0.9	1.3	1.3	1.4	1.4
Electricity and water	0.9	0.7	0.9	1.0	0.9
Construction and public works	7.0	7.3	9.2	10.5	11.6
Services sector	**44.4**	**46.2**	**47.4**	**46.7**	**46.4**
Of which					
Commerce	12.7	11.4	13.6	13.3	13.2
Transportation and communications	2.0	2.1	2.2	2.2	2.1
Housing	7.1	7.9	7.7	7.7	7.7
Government	17.7	19.7	18.7	18.5	18.2
Indirect and import taxes	**2.1**	**1.4**	**2.9**	**3.2**	**3.6**
Gross domestic product at market prices	**100**	**100**	**100**	**100**	**100**

Sources: Haitian Institute of Statistics; Bank of the Republic of Haiti; and Fund staff estimates.

1/ There are serious problems with national accounts in Haiti including incomplete coverage, outdated activity surveys, poor quality of raw data , etc.

2/ Includes import duties.

Table 3. Haiti: Agricultural Production

(In thousands of metric tons)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
I. Major Commodities for Domestic Consumption					
Corn	226	190	182	230	...
Millet (sorghum)	193	148	155	195	...
Rice	116	100	89	115	...
Beans	93	73	71	80	...
Bananas	51	36	32	50	...
II. Exportables					
Coffee	27	21	18	13	...
Sugarcane	1,179	849	527	600	...
Cocoa	5	5	5	5	...

Sources: Ministry of Agriculture; Food and Agricultural Organization (FAO); and Bank of the Republic of Haiti.

Table 4. Haiti: Savings and Investment 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Gross domestic investment	**1,076**	**948**	**3,318**	**4,508**	**5,691**
Public sector	196	106	2,288	2,610	2,790
Private sector	880	842	1,030	1,898	2,901
Gross national savings	**-990**	**-457**	**-3,012**	**-1,287**	**1,820**
Public sector	-324	-391	-880	-1,007	1,041
Private sector	-666	-66	-2,132	-280	779
Current account	**-2,066**	**-1,405**	**-6,330**	**-5,795**	**-3,871**
External savings	**2,065**	**1,405**	**6,330**	**5,795**	**3,871**
Official transfers	1,227	1,669	5,900	4,743	3,566
Official capital (net) 2/	-334	-380	1,521	1,764	1,356
Private capital (net) 3/	1,036	110	695	-1,683	-614
Changes in net foreign assets (increase -)	136	6	-1,786	971	-437
	(In percent of GDP, at current market prices)				
Gross domestic investment	**4.8**	**3.4**	**8.7**	**9.5**	**10.2**
Public sector	0.9	0.4	6.0	5.5	5.0
Private sector	3.9	3.0	2.7	4.0	5.2
Gross national savings	**-4.4**	**-1.6**	**-7.9**	**-2.7**	**3.3**
Public sector	-1.4	-1.4	-2.3	-2.1	1.9
Private sector	-3.0	-0.2	-5.6	-0.6	1.4
External savings	**9.2**	**5.0**	**16.6**	**12.2**	**6.9**
Public transfers	5.5	6.0	15.5	10.0	6.4
Official capital (net)	-1.5	-1.4	4.0	3.7	2.4
Private capital	4.6	0.4	1.8	-3.5	-1.1
Changes in net foreign assets (increase -)	0.6	0.0	-4.7	2.0	-0.8
Memorandum item:					
Nominal GDP (in millions of gourdes)	22,412	27,878	38,138	47,460	55,793

Sources: Haitian Institute of Statistics; Bank of the Republic of Haiti; and Fund staff estimates.

1/ There are serious problems with national accounts in Haiti including incomplete coverage, outdated activity surveys, poor quality of raw data, etc.

2/ Includes Trust Fund, publicly guaranteed capital, SDR allocation, and other unrequited earnings.

3/ Includes monetary capital and net errors and omissions.

Table 5. Haiti: National Accounts 1/

(At current prices)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Gross domestic expenditure	**25,311**	**30,087**	**46,202**	**55,957**	**63,986**
Consumption	**24,235**	**29,139**	**42,884**	**51,448**	**58,295**
Central government	1,440	1,526	2,923	2,978	3,931
Other	22,795	27,613	39,961	48,470	54,364
Gross domestic investment	**1,076**	**948**	**3,318**	**4,509**	**5,691**
Public sector	196	106	2,288	2,610	2,790
Private sector	880	842	1,030	1,898	2,901
Balance of trade in goods and nonfactor services	**-2,899**	**-2,209**	**-8,064**	**-8,497**	**-8,193**
Exports	1,888	1,922	3,475	4,156	4,681
Imports	-4,787	-4,131	-11,539	-12,653	-12,874
Gross domestic product at market prices	**22,412**	**27,878**	**38,138**	**47,460**	**55,793**
	(Annual percentage change)				
Gross domestic expenditure	**20.4**	**18.9**	**53.6**	**21.1**	**14.3**
Consumption	**21.0**	**20.2**	**47.2**	**20.0**	**13.3**
Central government	22.3	6.0	91.5	1.9	32.0
Other	20.9	21.1	44.7	21.3	12.2
Gross domestic investment	**9.0**	**-11.9**	**250.1**	**35.9**	**26.2**
Public sector	26.3	-46.0	2,062.8	14.1	6.9
Private sector	5.8	-4.3	22.3	84.4	52.8
Balance of trade in goods and nonfactor services 2/	**-73.1**	**23.8**	**-265.1**	**-5.4**	**3.6**
Exports	40.4	1.8	80.8	19.6	12.6
Imports	58.5	-13.7	179.4	9.7	1.7
Gross domestic product at market prices	**15.8**	**24.4**	**36.8**	**24.4**	**17.6**
	(In percent of GDP)				
Gross domestic expenditure	**112.9**	**107.9**	**121.1**	**117.9**	**114.7**
Consumption	**108.1**	**104.5**	**112.4**	**108.4**	**104.5**
Central government	6.4	5.5	7.7	6.3	7.0
Other	101.7	99.0	104.8	102.1	97.4
Gross domestic investment	**4.8**	**3.4**	**8.7**	**9.5**	**10.2**
Public sector	0.9	0.4	6.0	5.5	5.0
Private sector	3.9	3.0	2.7	4.0	5.2
Balance of trade in goods and nonfactor services	**-12.9**	**-7.9**	**-21.1**	**-17.9**	**-14.7**
Exports	8.4	6.9	9.1	8.8	8.4
Imports	-21.4	-14.8	-30.3	-26.7	-23.1

Sources: Haitian Institute of Statistics; Bank of the Republic of Haiti; and Fund staff estimates.

1/ There are serious problems with national accounts in Haiti including incomplete coverage, outdated activity surveys, poor quality of raw data , etc.

2/ Positive numbers indicate improvements in external balance.

Table 6. Haiti: Monthly Changes in the Consumer Price Index

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
	(Monthly percentage change)					
Average	**2.0**	**3.5**	**1.4**	**1.5**	**1.3**	**...**
October	2.4	3.0	-1.6	2.9	1.5	1.3
November	1.9	4.1	-1.7	1.9	1.0	0.4
December	3.4	4.0	3.8	1.7	1.8	1.5
January	2.4	1.5	4.4	0.3	0.7	0.9
February	1.9	1.5	3.5	0.8	1.0	0.2
March	2.3	2.2	-0.9	1.5	2.4	0.6
April	-0.2	6.5	0.6	2.0	1.2	1.2
May	1.3	3.9	1.6	2.0	1.6	0.8
June	2.2	2.3	2.0	1.6	1.4	...
July	1.6	4.4	1.5	1.4	1.4	...
August	2.2	9.8	2.0	0.8	0.7	...
September	2.1	-1.1	1.9	1.6	1.0	...
	(Cumulative change during the fiscal year)					
October	2.4	3.0	-1.6	2.9	1.5	1.3
November	4.3	7.2	-3.3	4.8	2.5	1.6
December	7.8	11.5	0.4	6.6	4.3	3.1
January	10.4	13.2	4.8	6.9	5.1	4.0
February	12.5	14.9	8.5	7.8	6.2	4.2
March	15.1	17.4	7.5	9.4	8.7	4.9
April	14.8	25.0	8.2	11.6	10.1	6.1
May	16.4	29.8	9.9	13.9	11.8	7.0
June	19.0	32.8	12.1	15.7	13.4	...
July	20.9	38.6	13.8	17.3	15.0	...
August	23.6	52.2	16.0	18.2	15.8	...
September	26.2	50.5	18.2	20.1	17.0	...
	(12-month change)					
October	16.6	26.9	43.8	23.7	15.7	16.7
November	16.6	29.7	35.8	28.1	14.6	15.9
December	15.8	30.5	35.5	25.5	14.6	15.6
January	14.1	29.3	39.4	20.6	15.1	15.7
February	15.7	28.9	42.1	17.5	15.2	14.8
March	17.6	28.7	37.8	20.3	16.9	12.8
April	17.4	37.3	30.3	22.0	16.4	12.8
May	18.4	40.7	27.4	22.5	16.6	11.9
June	19.8	40.8	27.1	22.0	16.9	...
July	22.7	44.7	23.6	21.8	17.3	...
August	24.2	55.4	14.8	20.4	17.6	...
September	26.2	50.5	18.2	20.1	17.0	...

Sources: Statistics Department; Bank of the Republic of Haiti; and Fund staff estimates.

Table 7. Haiti: Consumer Price Index 1/

	1992/93	1993/94	1994/95	1995/96	1995/96	1996/97	1997/98
Average	**362.7**	**498.5**	**649.2**	**791.6**	**91.7**	**106.6**	**...**
October	324.5	411.6	592.1	732.2	85.6	99.0	115.5
November	330.6	428.6	582.1	745.8	87.3	100.0	115.9
December	341.7	445.8	604.1	758.2	88.8	101.8	117.6
January	350.0	452.6	630.7	760.8	89.1	102.5	118.6
February	356.6	459.5	652.9	766.9	89.9	103.5	118.9
March	364.8	469.5	647.1	778.6	90.7	106.0	119.6
April	363.9	499.8	651.0	794.2	92.2	107.3	121.1
May	368.8	519.1	661.4	810.0	93.5	109.0	122.0
June	377.1	530.8	674.7	823.0	94.6	110.6	...
July	383.1	554.1	684.6	834.2	95.7	112.2	...
August	391.5	608.4	698.4	841.1	96.0	112.9	...
September	399.8	601.8	711.4	854.4	97.5	114.1	...
Growth rates							
Average	18.8	37.4	30.2	21.9	21.9	16.2	...
End of period	26.2	50.5	18.2	20.1	20.1	17.0	...

Sources: Haitian Institute of Statistics; Bank of the Republic of Haiti; and Fund staff estimates.

1/ The index was rebased in November 1996. Therefore, for ease of comparison, the 1995/96 numbers are shown both on the basis of the old base (1980=100) and the new base.

Table 8. Haiti: Selected Price Indicators

(Average for year ended September 30; base year, FY 1975/76 = 100)

Fiscal Year	Consumer Price Index 1/	GDP Implicit Deflator	Import Price Index 2/	Export Price Index 2/	Terms of Trade Index 2/	Real Effective Exchange Rate Index 3/
1976	100.0	100.0	100.0	100.0	100.0	...
1977	107.4	110.9	108.3	110.9	102.4	...
1978	104.3	109.3	122.8	126.0	102.6	...
1979	114.4	112.4	161.9	143.7	88.8	100.0
1980	135.0	134.3	184.0	158.4	86.1	105.1
1981	146.1	142.4	174.7	148.9	85.3	110.1
1982	158.1	148.0	164.7	144.7	87.9	115.9
1983	171.4	161.2	158.3	140.2	88.6	126.7
1984	185.1	179.1	153.1	136.3	89.1	128.5
1985	200.7	197.1	150.9	136.9	90.7	120.3
1986	217.8	220.5	161.3	164.5	102.0	113.3
1987	206.8	214.6	185.7	183.9	99.1	99.7
1988	212.8	215.6	193.1	196.2	101.6	93.9
1989	236.1	238.1	200.3	193.9	96.8	93.1
1990	284.2	281.4	223.3	211.7	94.8	89.8
1991	338.2	334.0	217.3	210.7	97.0	93.5
1992	410.1	387.8	222.7	216.6	97.3	85.6
1993	487.4	445.2	208.2	205.1	98.5	79.7
1994	669.8	604.1	213.2	216.6	101.6	91.9
1995	872.3	791.8	235.0	238.2	101.4	108.2
1996	1,063.3	959.7	237.5	229.7	96.7	119.9
1997	1,235.6	1,116.1	215.9	212.2	98.3	136.3

Sources: Haitian Institute of Statistics; and Fund staff estimates.

1/ Data before 1980 were obtained by splicing the old consumer price index based on 1948. Before 1991 the index covered only the Port-au-Prince area and since 1992 the whole country.
2/ Based on calendar year data from the Fund World Economic Outlook.
3/ Based on calendar year data (1979=100) from the Fund Information Notice System.

Table 9. Haiti: Changes in Consumer Prices

(Percentage change in period averages)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total	**18.8**	**37.4**	**30.2**	**21.9**	**16.2**
Food	12.8	35.2	33.2	22.7	18.6
Clothing	19.3	36.4	27.9	26.2	15.3
Housing	34.6	40.6	21.1	13.8	20.8
Furniture and household items	33.7	20.8	18.0	17.1	6.2
Services 1/	31.8	52.8	29.3	20.8	...
Health 1/	...	...	...	...	10.1
Education 1/	...	...	...	...	15.2
Transportation 1/	...	...	...	...	10.3
Other goods and services 1/	...	...	...	...	11.5

Sources: Haitian Institute of Statistics; Bank of the Republic of Haiti; and Fund staff estimates.

1/ Since the rebasing of the consumer price index in November 1996, four sub-indices have been produced instead of a general services index.

Table 10. Haiti: Prices of Selected Items

(In gourdes per unit)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Rice					
Mme Gougousse (1 pound)	2.2	4.2	5.8	8.4	7.2
Imported (1 pound)	2.2	3.7	3.7	5.4	5.0
Corn (1 pound)	1.3	2.3	2.5	3.3	3.4
Sorghum (1 pound)	1.2	2.2	2.6	3.3	3.2
Beans (1 pound)	2.8	5.5	5.3	7.9	7.4
Chicken (1 pound)	12.4	18.1	19.6	22.7	19.0
Eggs (pack of three)	3.2	3.6	4.5	5.7	5.1
Fish (1 pound)	12.2	17.5	20.3	29.8	20.7
Charcoal (sack of 60 kilograms)	30.0	48.7	84.4	98.6	79.2

Sources: Haitian Institute of Statistics; and Bank of the Republic of Haiti.

Table 11. Haiti: Minimum Wage Rates

(Fiscal Year Ending September 30)

	Standard Minimum Wage Rate (gourdes per day)	Real Wage Index 1/
1972	5.0	101.0
1973	5.0	82.5
1974	5.0	71.6
1975	6.1	74.4
1976	6.5	71.7
1977	6.5	67.1
1978	8.0	85.0
1979	8.0	77.6
1980	11.0	90.4
1981	13.2	100.0
1982	13.2	92.4
1983	13.2	85.2
1984	13.2	78.9
1985	15.0	72.8
1986	15.0	67.1
1987	15.0	70.6
1988	15.0	68.7
1989	15.0	61.9
1990	15.0	51.4
1991	15.0	43.2
1992	15.0	35.6
1993	15.0	30.0
1994	15.0	21.8
1995	36.0	27.6
1996	36.0	22.7
1997	36.0	19.5

Sources: Ministry of Social Affairs; Haitian Institute of Statistics; and Bank of the Republic of Haiti.

1/ Last quarter of 1971=100. Deflated by consumer price index for Port-au-Prince to 1991 and since 1992 by an index covering the whole country.

Table 12. Haiti: Summary Operations of the Nonfinancial Public Sector

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Central government current account	**-827**	**-956**	**-1,485**	**-1,281**	**553**
Current revenue	1,069	794	2,249	3,178	4,770
Current expenditure	1,896	1,750	3,734	4,459	4,217
Public enterprises current account balance 1/	**503**	**565**	**605**	**274**	**488**
Public sector savings	**-324**	**-391**	**-880**	**-1,007**	**1,041**
Capital expenditure	**196**	**107**	**2,288**	**2,610**	**2,790**
Overall balance	**-520**	**-498**	**-3,168**	**-3,617**	**-1,749**
Financing	**520**	**498**	**3,168**	**3,617**	**1,749**
External 2/	148	126	3,519	2,393	1,950
Domestic 3/	372	372	-351	1,224	201
Of which					
Central bank	1,038	797	-650	1,206	-46
	(In percent of GDP)				
Central government current account balance	-3.7	-3.4	-3.9	-2.7	1.0
Public enterprises current account balance	2.2	2.0	1.6	0.6	0.9
Public sector savings	-1.4	-1.4	-2.3	-2.1	1.9
Capital expenditure	0.9	0.4	6.0	5.5	5.0
Overall balance	-2.3	-1.8	-8.3	-7.6	-3.1
Financing	2.3	1.8	8.3	7.6	3.1
External	0.7	0.5	9.2	5.0	3.5
Domestic	1.7	1.3	-0.9	2.6	0.4
Of which					
Central bank	4.6	2.9	-1.7	2.5	-0.1
Memorandum item:					
Nominal GDP (millions of gourdes)	22,412	27,878	38,138	47,460	55,793

Sources: Ministry of Economy and Finance; Bank of the Republic of Haiti; and Fund staff estimates.

1/ Refers to five major enterprises (see Table 15).

2/ Includes budgetary support, project and technical assistance, and support for the clearance of arrears accumulated in FY 1995.

3/ Includes domestic arrears.

Table 13. Haiti: Summary Operations of the Central Government 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Total revenue	**1,105**	**804**	**2,449**	**3,417**	**4,828**
Current revenue	1,069	794	2,249	3,178	4,770
Internal	889	689	1,825	2,678	3,731
Customs	179	105	424	499	1,039
Transfers from public enterprises	37	10	201	238	57
Total expenditure	**1,958**	**1,834**	**4,083**	**4,604**	**5,084**
Current expenditure	1,896	1,750	3,734	4,459	4,217
Wages and salaries	1,120	1,183	1,690	2,083	2,689
Operations	320	344	1,233	895	1,242
Interest payments	183	174	212	211	374
External	125	116	154	143	206
Internal	58	58	58	68	168
Transfers and subsidies 2/	35	0	584	622	272
Other 3/	238	49	15	648	-360
Capital expenditure 4/	62	84	350	145	874
Net lending	0	0	0	0	-7
Current account balance	**-827**	**-956**	**-1,485**	**-1,280**	**553**
Overall balance excluding cost of reforms	**-853**	**-1,030**	**-1,634**	**-1,187**	**-257**
Cost of structural reforms	**0**	**0**	**0**	**0**	**55**
Overall balance including cost of reforms	**-853**	**-1,030**	**-1,634**	**-1,187**	**-312**
Financing	**853**	**1,030**	**1,634**	**1,187**	**312**
External	121	126	1,848	77	294
Domestic 5/	732	904	-215	1,110	18
Of which					
Central bank	916	768	-258	1,081	-38
	(In percent of GDP)				
Total revenue	**4.9**	**2.9**	**6.4**	**7.2**	**8.7**
Current revenue	4.8	2.8	5.9	6.7	8.5
Transfers from public enterprises	0.2	0.0	0.5	0.5	0.1
Total expenditure	**8.7**	**6.6**	**10.7**	**9.7**	**9.1**
Current expenditure	8.5	6.3	9.8	9.4	7.6
Capital expenditure	0.3	0.3	0.9	0.3	1.6
Current account balance	**-3.7**	**-3.4**	**-3.9**	**-2.7**	**1.0**
Overall balance excluding cost of reforms	**-3.8**	**-3.7**	**-4.3**	**-2.5**	**-0.5**
Cost of structural reforms	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**
Overall balance including cost of reforms	**-3.8**	**-3.7**	**-4.3**	**-2.5**	**-0.6**
Financing (net)	**3.8**	**3.7**	**4.3**	**2.5**	**0.6**
External financing	0.5	0.5	4.8	0.2	0.5
Domestic financing	3.3	3.2	-0.5	2.3	0.0
Of which					
Central bank	4.1	2.8	-0.7	2.3	-0.1
Memorandum item:					
Nominal GDP (millions of gourdes)	22,412	27,878	38,138	47,460	55,793

Sources: Ministry of Economy and Finance; Bank of the Republic of Haiti; and Fund staff estimates.

1/ Does not include expenditures on projects and technical assistance financed with concessional loans and grants.
2/ Includes transfers to public enterprises.
3/ Comprises spending over discretionary checking accounts, regular float, extraordinary carry-over, and discrepancies.
4/ May include outlays on goods and services and other current expenditures.

Table 14. Haiti: Central Government Current Revenue

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Total current revenue	**1,069**	**794**	**2,249**	**3,178**	**4,770**
Customs	179	105	424	499	1,039
Internal	889	689	1,825	2,678	3,731
General sales tax	241	160	389	619	1,271
Internal	101	65	143	214	313
Customs	140	96	246	405	958
Taxes on income and profits	170	142	253	485	688
Corporate	67	82	126	223	378
Individual	102	61	128	263	310
Taxes on property	0	1	1	...	10
Other taxes and fees	478	385	1,180	...	1,761
Excise	311	196	506	495	705
Petroleum	194	111	465	460	563
Cigarette	93	44	8	...	23
Other excises	24	41	33	...	119
Motor vehicles	20	9	41	...	57
Consular services	29	19	101	235	26
Other	119	161	533	...	973
	(In percent of GDP)				
Total current revenue	**4.8**	**2.8**	**5.9**	**6.7**	**8.5**
Customs	0.8	0.4	1.1	1.1	1.9
Internal	4.0	2.5	4.8	5.6	6.7
General sales tax	1.1	0.6	1.0	1.3	2.3
Internal	0.5	0.2	0.4	0.5	0.6
Customs	0.6	0.3	0.6	0.9	1.7
Taxes on income and profits	0.8	0.5	0.7	1.0	1.2
Corporate	0.3	0.3	0.3	0.5	0.7
Individual	0.5	0.2	0.3	0.6	0.6
Taxes on property	0.0	0.0	0.0	...	0.0
Other taxes and fees	2.1	1.4	3.1	...	3.2
Memorandum item:					
Nominal GDP (millions of gourdes)	22,412	27,878	38,138	47,460	55,793

Sources: Ministry of Economy and Finance; and Bank of the Republic of Haiti.

Table 15. Haiti: Consolidated Accounts of the Main Public Enterprises

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Total revenue	**1,242.8**	**1,282.6**	**1,339.2**	**1,955.5**	**2,446.7**
Total expenditure	**779.6**	**730.9**	**1,226.8**	**2,398.7**	**2,468.1**
Current	702.1	707.4	1,084.9	1,681.2	2,041.2
Capital	77.5	23.5	141.9	717.5	426.9
Operating balance	**540.7**	**575.2**	**254.3**	**274.3**	**405.5**
Transfers (net) 1/	**-37.5**	**-10.0**	**351.1**	**...**	**82.3**
Current account balance	**503.2**	**565.2**	**605.4**	**...**	**487.8**
Overall balance	**463.2**	**551.7**	**112.4**	**-443.2**	**-21.4**
Financing	**-463.2**	**-551.7**	**-112.4**	**443.2**	**21.4**
Central bank	122.1	28.5	-391.7	125.3	-7.6
Other 2/	-585.3	-580.2	279.3	317.9	29.0
Memorandum item:					
Nominal GDP	22,412	27,878	38,138	47,460	55,793
	(In percent of GDP)				
Total revenue	5.5	4.6	3.5	4.1	4.4
Total expenditure	3.5	2.6	3.2	5.1	4.4
Transfers (net)	-0.2	0.0	0.9	...	0.1
Current account balance	2.2	2.0	1.6	...	0.9
Overall balance	2.1	2.0	0.3	-0.9	0.0

Sources: Tables 16, 17, 18, 19, and 20.

1/ The figure for 1994 is taken from Table 13.
2/ Includes change in arrears.

Table 16. Haiti: Accounts of the Telecommunications Company

(In millions of gourdes)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total revenue	**867.7**	**1,015.5**	**713.0**	**1,027.5**	**1,387.7**
National services	88.0	81.2	87.2	115.1	109.4
International services	320.6	387.3	486.1	506.7	1,236.7
Other 2/	459.2	547.0	139.7	405.7	41.6
Total expenditure	**391.8**	**366.5**	**491.3**	**646.4**	**686.8**
Current	325.2	343.3	385.1	495.0	551.9
Wages	106.8	99.1	132.4	182.6	219.2
Interest	98.3	99.3	27.1	9.5	7.3
Repair and maintenance	17.5	14.5	27.0	27.0	34.3
Other	102.6	130.4	198.6	275.9	291.1
Capital	66.6	23.2	106.2	151.4	134.9
Operating balance	**542.5**	**672.2**	**327.9**	**532.5**	**835.8**
Transfers (net)	**-35.6**	**-35.6**	**161.2**	**...**	**-54.8**
Current account balance	**506.9**	**636.6**	**489.1**	**...**	**781.0**
Overall balance	**475.9**	**649.0**	**221.7**	**381.1**	**700.9**
Financing	**-475.9**	**-649.0**	**-221.7**	**-381.1**	**-700.9**
Central bank	86.0	29.0	-368.6	110.7	10.8
Other 2/	-561.9	-678.0	146.9	-491.8	-711.7

Sources: Telecommunications d'Haiti, S.A.M.; Bank of the Republic of Haiti; Ministry of Economy and Finance; and Fund staff estimates.

1/ Includes gain or loss from the exchange rate fluctuation.

2/ Includes change in arrears.

Table 17. Haiti: Accounts of the Electricity Company

(In millions of gourdes)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total revenue	**262.4**	**157.6**	**276.4**	**461.0**	**495.4**
Sales	259.9	...	273.9	457.5	485.2
Private sector	219.9	...	233.3	385.5	406.1
Public sector	40.0	...	40.6	72.0	79.1
Other	2.5	...	2.5	3.5	10.2
Total expenditure	**270.1**	**257.1**	**424.0**	**1,185.1**	**1,123.4**
Current	259.7	257.1	410.2	770.7	1,054.3
Wages	79.2	71.5	...	...	157.1
Interest	50.3	50.3	51.5	99.8	89.0
Oil purchases	58.4	11.0	119.3	272.7	321.7
Repair and maintenance	...	...	40.3	93.3	87.7
Other 1/	71.9	124.4	...	...	398.8
Capital	10.4	0.0	13.8	414.4	69.1
Operating balance	**2.7**	**-99.5**	**-133.8**	**-309.7**	**-558.9**
Transfers (net)	...	...	**226.6**	...	**153.8**
Current account balance	...	...	**92.8**	...	**-405.1**
Overall balance	**-7.7**	**-99.5**	**-147.6**	**-724.1**	**-628.0**
Financing	**7.7**	**99.5**	**147.6**	**724.1**	**628.0**
Central bank	1.1	-1.0	3.9	1.6	-13.2
Other 2/	6.6	100.5	143.7	722.5	641.2

Source: Electricité d'Haiti; Bank of the Republic of Haiti; Ministry of Finance; and Fund staff estimates.

1/ Includes other operating expenditure, amortization, and taxes.
2/ Includes change in arrears.

Table 18. Haiti: Accounts of the Port Administration

(In millions of gourdes)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total revenue	**89.8**	**74.8**	**245.5**	**344.5**	**419.3**
Total expenditure	**84.5**	**74.3**	**199.0**	**329.9**	**332.3**
Current	84.5	74.3	199.0	301.5	310.1
Wages	36.8	32.5	...	...	...
Repair and maintenance	5.9	4.1	7.6	9.5	20.3
Interest	4.9	4.7	4.5	4.3	4.6
Other	36.8	33.0	...	...	...
Capital	0.0	0.0	0.0	28.4	22.2
Operating balance	**5.3**	**0.5**	**46.5**	**43.0**	**109.2**
Transfers (net)	**-2.0**	**-2.0**	**-36.7**	**...**	**-16.7**
Current account balance	**3.3**	**-1.5**	**9.8**	**...**	**92.5**
Overall balance	**5.3**	**0.5**	**46.5**	**14.6**	**87.0**
Financing	**-5.3**	**-0.5**	**-46.5**	**-14.6**	**-87.0**
Central bank	28.0	0.0	-31.3	-4.5	-6.3
Other 1/	-33.3	-0.5	-15.2	-10.1	-80.7

Sources: Autorite Portuaire Nationale; Bank of the Republic of Haiti; Ministry of Economy and Finance; and Fund staff estimates.

1/ Includes change in arrears.

Table 19. Haiti: Accounts of the Airport Administration

(In millions of gourdes)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total revenue	**...**	**...**	**64.4**	**74.9**	**79.1**
Total expenditure	**...**	**...**	**66.9**	**89.7**	**80.1**
Current	...	...	51.9	71.8	64.4
Wages	...	...	22.6	31.8	31.2
Interest	...	...	0.0	0.0	0.0
Repair and maintenance			4.9	4.9	3.5
Other	...	...	24.4	35.1	29.7
Capital 1/	...	...	15.0	17.9	15.7
Operating balance	**...**	**...**	**12.5**	**3.1**	**14.7**
Transfers (net)	**...**	**...**	**...**	**...**	**...**
Current account balance	**...**	**...**	**...**	**...**	**...**
Overall balance	**...**	**...**	**-2.5**	**-14.8**	**-1.0**
Financing	**...**	**...**	**-2.5**	**14.8**	**1.0**
Central bank	...	...		...	...
Other	...	...	...	...	...

Sources: Autorite Aeroportuaire Nationale; Bank of the Republic of Haiti; and Fund staff estimates.

1/ Estimated for 1995.

Table 20. Haiti: Accounts of the Water Supply Company

(In millions of gourdes)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total revenue	**22.9**	**34.7**	**39.9**	**47.6**	**65.2**
Total expenditure	**33.2**	**33.0**	**45.6**	**147.6**	**245.5**
Current	32.7	32.7	38.7	42.2	60.5
Wages	15.7	16.5	19.6	24.1	29.0
Interest	0.7	0.6	1.5	1.8	4.2
Repair and maintenance	1.5	1.1	1.1	1.3	3.6
Other	14.8	14.5	16.5	15.0	23.7
Capital	0.5	0.3	6.9	105.4	185.0
Operating balance	**-9.8**	**2.0**	**1.2**	**5.4**	**4.7**
Transfers (net)	**0.1**	**0.1**	**0.0**	**0.0**	**0.0**
Current account balance	**-9.7**	**2.1**	**1.2**	**5.4**	**4.7**
Overall balance	**-10.3**	**1.7**	**-5.7**	**-100.0**	**-180.3**
Financing	**10.3**	**-1.7**	**5.7**	**100.0**	**180.3**
Central bank	7.0	0.5	1.8	2.7	0.1
Other 1/	3.3	-2.2	3.9	97.3	180.2

Sources: Centrale Autonome Metropolitaine d'Eau Potable; Bank of the Republic of Haiti; Ministry of Economy and Finance; and Fund staff estimates.

1/ Includes change in arrears.

Table 21. Haiti: Origin, Destination, and Financing of Bank Credit

(In millions of gourdes)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total credit	**8,875.3**	**10,421.1**	**9,237.3**	**11,273.0**	**13,550.0**
Origin					
BRH	5,498.9	6,693.9	4,394.6	5,344.8	5,076.9
Central government and special accounts	4,297.2	4,939.3	4,885.3	5,967.9	5,800.2
Rest of public sector	327.8	333.5	-110.3	-2.4	-139.7
Other	873.9	1,421.1	-380.4	-620.6	-583.5
BNC	17.0	271.6	662.3	702.2	786.0
Central government	-15.8	-17.4	-33.1	-40.1	-61.2
Rest of public sector	-0.9	-1.2	-2.0	-0.5	-0.5
Private sector	343.5	326.7	722.4	822.3	918.6
Other	-309.8	-36.5	-25.0	-79.5	-70.8
Private banks	3,330.7	3,576.9	3,998.0	5,041.7	7,448.5
Central government	-237.6	-91.8	-32.8	0.0	0.0
Rest of public sector	-3.3	-4.1	-4.1	0.0	0.0
Private sector	2,136.7	2,344.6	3,602.5	4,526.6	6,811.6
Other	1,434.9	1,328.2	432.4	515.1	636.9
Interbank float	28.6	-131.2	182.4	184.3	225.1
Destination					
Public sector	4,367.4	5,158.3	4,703.0	5,924.8	5,598.7
Central government	4,043.8	4,830.1	4,819.4	5,927.7	5,738.9
Rest of public sector	323.6	328.2	-116.4	-2.9	-140.2
Private sector	2,480.2	2,671.3	4,324.9	5,348.9	7,730.1
Other	1,999.0	2,712.8	27.0	-184.9	-17.4
Financing					
Liabilities to private sector	8,452.2	10,282.9	13,252.4	14,859.0	17,797.9
BRH	2,323.2	2,840.7	3,130.3	3,070.4	3,354.7
BNC	1,093.6	1,154.0	1,527.5	1,395.1	1,440.1
Private banks	5,035.4	6,288.2	8,594.6	10,393.4	13,003.2
Net foreign assets	182.2	-165.3	-4,335.8	-3,882.6	-4,564.9
BRH	725.3	891.4	-2,875.7	-2,031.6	-2,749.5
BNC	-125.9	-135.8	-202.9	-49.7	-77.8
Private banks	-417.2	-920.9	-1,257.2	-1,801.3	-1,737.6
SDR allocation	240.9	303.5	320.7	296.6	316.9

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

Table 22. Haiti: Annual Change in Total Credit Extended by the Banking System

	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Total credit	**2,349.8**	**1,545.8**	**-1,183.8**	**2,035.7**	**2,276.9**
Origin					
BRH	1,192.2	1,195.0	-2,299.3	950.2	-267.9
Central government and special accounts	973.0	642.1	-54.0	1,082.6	-167.7
Rest of public sector	183.1	5.7	-443.8	107.9	-137.3
Other	36.1	547.2	-1,801.5	-240.2	37.1
BNC	-47.6	254.6	390.7	39.9	83.8
Central government	-4.1	-1.6	-15.7	-7.0	-21.1
Rest of public sector	-0.4	-0.3	-0.8	1.5	0.0
Private sector	24.4	-16.8	395.7	99.9	96.3
Other	-67.4	273.3	11.5	-54.5	8.6
Private banks	1,215.3	246.2	421.1	1,043.7	2,406.8
Central government	-142.6	145.8	59.0	32.8	0.0
Rest of public sector	-2.5	-0.8	0.0	4.1	0.0
Private sector	518.1	207.9	1,257.9	924.1	2,285.0
Other	842.3	-106.7	-895.8	82.8	121.8
Interbank float	-10.1	-159.8	313.6	1.8	40.8
Destination					
Public sector	1,006.4	790.9	-455.3	1,221.8	-326.1
Central government	826.3	786.3	-10.7	1,108.3	-188.8
Rest of public sector	180.2	4.6	-444.6	113.5	-137.3
Private sector	542.4	191.1	1,653.6	1,024.0	2,381.3
Other	800.9	713.8	-2,685.8	-211.9	167.5
Financing					
Liabilities to private sector	2,226.6	1,830.7	2,969.5	1,606.6	2,938.9
BRH	727.4	517.5	289.6	-59.9	284.3
BNC	250.1	60.4	373.5	-132.4	44.9
Private banks	1,249.1	1,252.8	2,306.4	1,798.8	2,609.7
Net foreign assets	96.8	-347.5	-4,170.5	453.2	-682.3
BRH	243.2	166.1	-3,767.1	844.1	-717.9
BNC	-43.8	-9.9	-67.1	153.2	-28.1
Private banks	-102.6	-503.7	-336.3	-544.1	63.7
SDR allocation	35.5	62.6	17.2	-24.1	20.3
Deposit of petroleum company	-9.1	0.0	0.0	0.0	0.0
	(Change with respect to total liabilities to the private sector 12 months earlier)				
Total credit	**37.7**	**18.3**	**-11.5**	**15.4**	**15.3**
Origin					
BRH	19.2	14.1	-22.4	7.2	-1.8
Central government and special accounts	15.6	7.6	-0.5	8.2	-1.1
Rest of public sector	2.9	0.1	-4.3	0.8	-0.9
Other	0.6	6.5	-17.5	-1.8	0.2
BNC	-0.8	3.0	3.8	0.3	0.6
Central government	-0.1	0.0	-0.2	-0.1	-0.1
Rest of public sector	0.0	0.0	0.0	0.0	0.0
Private sector	0.4	-0.2	3.8	0.8	0.6
Other	-1.1	3.2	0.1	-0.4	0.1
Private banks	19.5	2.9	4.1	7.9	16.2
Central government	-2.3	1.7	0.6	0.2	0.0
Rest of public sector	0.0	0.0	0.0	0.0	0.0
Private sector	8.3	2.5	12.2	7.0	15.4
Other	13.5	-1.3	-8.7	0.6	0.8
Interbank float	-0.2	-1.9	3.1	0.0	0.3
Destination					
Public sector	16.2	9.4	-4.4	9.2	-2.2
Central government	13.3	9.3	-0.1	8.4	-1.3
Rest of public sector	2.9	0.1	-4.3	0.9	-0.9
Private sector	8.7	2.3	16.1	7.7	16.0
Other	12.9	8.4	-26.1	-1.6	1.1

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

Table 23. Haiti: Sectoral Distribution of Commercial Bank Credit 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Total	**2,231.9**	**2,610.0**	**3,392.2**	**4,072.0**	**5,520.3**
Commercial activities	757.1	756.0	1,102.2	1,341.2	2,180.0
Loans to individuals	...	...	750.4	1,023.1	1,483.2
Manufacturing	783.7	955.5	1,035.1	1,176.7	1,347.8
Electricity, gas, and water	13.1	61.6	149.1	149.8	161.0
Construction	29.6	32.2	62.0	72.3	129.3
Insurance and real estate	151.2	242.2	106.8	73.0	87.8
Transport and communication	18.9	9.9	18.7	54.7	42.4
Agriculture	42.8	33.1	62.9	48.9	30.4
Other services 2/	435.5	519.5	105.0	132.3	58.4
	(In percent of total credit)				
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Commercial activities	33.9	29.0	32.5	32.9	39.5
Loans to individuals	...	...	22.1	25.1	26.9
Manufacturing	35.1	36.6	30.5	28.9	24.4
Electricity, gas, and water	0.6	2.4	4.4	3.7	2.9
Construction	1.3	1.2	1.8	1.8	2.3
Insurance and real estate	6.8	9.3	3.1	1.8	1.6
Transport and communication	0.8	0.4	0.6	1.3	0.8
Agriculture	1.9	1.3	1.9	1.2	0.6
Other services 2/	19.5	19.9	3.1	3.2	1.1

Sources: Bank of the Republic of Haiti.

1/ Excludes loans below G 75,000.

2/ Includes loans to individuals prior to 1995.

Table 24. Haiti: Summary Accounts of the Banking System

	September				
	1993	1994	1995	1996	1997
(In millions of gourdes, unless otherwise indicated)					
I. Central Bank					
Net foreign assets 1/	**-725.3**	**-891.4**	**2,875.7**	**2,031.6**	**2,749.5**
(U.S. dollars)	-58.5	-50.1	186.4	135.0	162.2
Net domestic assets	**3,048.5**	**3,732.1**	**254.6**	**1,038.8**	**605.2**
Net credit to the public sector 2/	4,735.4	5,510.1	4,824.3	6,315.9	6,218.7
Other	-1,686.9	-1,778.0	-4,569.7	-5,277.0	-5,613.5
Currency in circulation	**2,323.2**	**2,840.7**	**3,130.3**	**3,070.4**	**3,354.7**
II. Consolidated Banking System					
Net foreign assets 1/	**-182.2**	**165.4**	**4,335.7**	**3,882.6**	**4,564.9**
(U.S. dollars)	-14.7	9.3	281.0	258.1	269.3
Net domestic assets	**8,634.4**	**10,117.4**	**8,916.7**	**10,976.4**	**13,233.0**
Net credit to the public sector 2/	4,477.8	5,395.6	4,752.3	6,275.2	6,157.0
Credit to the private sector	2,480.2	2,671.3	4,324.9	5,348.9	7,730.1
Other	1,676.4	2,050.5	-160.5	-647.7	-654.1
Liabilities to the private sector	**8,452.2**	**10,282.8**	**13,252.4**	**14,859.0**	**17,797.9**
Money (M1)	3,644.3	4,195.3	5,263.0	6,346.0	6,951.3
Money and quasi-money (M2)	8,240.3	9,990.1	12,908.2	14,222.9	16,778.4
Income velocity					
M1	7.0	7.1	8.1	8.2	8.4
M2	3.1	3.1	3.3	3.5	3.6
Liabilities to the private sector	3.1	3.0	3.2	3.4	3.4
(Annual percentage change)					
Net domestic assets 3/	**37.3**	**17.5**	**-11.7**	**15.5**	**15.2**
Net credit to the public sector 2/ 3/	15.3	10.9	-6.3	11.5	-0.8
Credit to the private sector 3/	8.7	2.3	16.1	7.7	16.0
Liabilities to the private sector	35.8	21.7	28.9	12.1	19.8
Money	33.5	15.1	25.4	20.6	9.5
Money and quasi-money	36.0	21.2	29.2	10.2	18.0

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

1/ Includes external arrears.
2/ Excludes use of special accounts.
3/ In relation to the liabilities to the private sector at the beginning of the period.

Table 25. Haiti: Accounts of the Banking System

(In millions of gourdes)

	September				
	1993	1994	1995	1996	1997
I. Banque de la Repubique d'Haiti (BRH)					
Net foreign assets	**-725.3**	**-891.4**	**2,875.7**	**2,031.6**	**2,749.5**
Assets	626.6	1,111.2	3,333.8	3,243.8	4,503.6
Liabilities	-1,351.9	-2,002.5	-458.2	-1,212.2	-1,754.1
Arrears	-1,041.3	-1,826.6	0.0	0.0	0.0
Liabilities to the IMF	-247.9	-99.6	-382.8	-374.3	-730.6
Other	-62.6	-76.3	-75.3	-838.0	-1,023.5
Net domestic assets	**3,048.5**	**3,732.1**	**254.6**	**1,038.8**	**605.2**
Net credit to public sector	4,625.0	5,272.8	4,775.0	5,965.4	5,660.4
Central government	4,407.6	5,176.6	4,934.6	6,318.3	6,358.5
Special accounts 1/	-110.4	-237.3	-49.3	-350.4	-558.3
Rest of public sector	327.8	333.5	-110.3	-2.4	-139.7
Net claims on commercial banks	-2,209.5	-2,658.3	-3,819.3	-4,009.4	-4,154.8
Net claims on other financial institutions	-56.2	-68.4	-93.1	-2.9	-2.7
SDR allocation	-240.9	-303.5	-320.7	-296.6	-316.9
Capital and surplus	-222.4	-262.8	-689.7	-774.6	-884.5
Counterpart of external arrears	1,041.3	1,826.6	0.0	0.0	0.0
Other assets (net)	111.2	-74.3	402.4	156.9	303.7
Currency in circulation	**2,323.2**	**2,840.7**	**3,130.3**	**3,070.4**	**3,354.7**
II. Banque Nationale de Credit (BNC)					
Net foreign assets	**125.9**	**135.8**	**202.9**	**49.7**	**77.8**
Assets	125.9	135.8	202.9	49.7	77.9
Liabilities	0.0	0.0	0.0	0.0	-0.1
Claims on the BRH	**922.0**	**720.2**	**682.0**	**655.4**	**544.1**
Currency holdings	76.1	114.1	288.0	160.9	244.8
Deposits with the BRH	845.9	606.1	394.0	494.6	209.2
BRH bonds	0.0	0.0	0.0	0.0	90.0
Net domestic assets	**45.7**	**298.0**	**735.5**	**693.0**	**821.2**
Net credit to public sector	-16.6	-18.6	-35.1	-40.6	-61.7
Central government	-15.8	-17.4	-33.1	-40.1	-61.2
Rest of public sector	-0.9	-1.2	-2.0	-0.5	-0.5
Credit to private sector	343.5	326.7	722.4	822.3	918.6
Net claims on private banks	28.6	26.4	73.2	-9.2	35.2
Capital and surplus	-98.1	-105.2	-136.4	-252.2	-280.1
Other assets (net)	-211.7	68.7	111.4	172.8	209.3
Liabilities to the BRH	**0.0**	**0.0**	**92.9**	**3.0**	**3.0**
Liabilities to private sector	**1,093.6**	**1,154.0**	**1,527.5**	**1,395.1**	**1,440.1**
Demand deposits	198.3	224.9	364.7	304.0	295.8
Saving deposits	773.9	842.0	950.1	940.3	933.7
Time and other deposits	121.4	87.1	212.7	150.8	210.5

Table 25. Haiti: Accounts of the Banking System

(In millions of gourdes)

	September 1993	1994	1995	1996	1997
III. Private Banks					
Net foreign assets	**417.2**	**920.9**	**1,257.2**	**1,801.3**	**1,737.6**
Assets	425.1	921.9	1,263.9	1,875.9	2,029.7
Liabilities	-7.9	-1.0	-6.7	-74.6	-292.1
Claims on the BRH	**2,020.6**	**2,516.9**	**3,230.2**	**3,458.9**	**3,554.9**
Currency holdings	248.0	221.5	341.4	762.6	382.7
Deposits with the BRH	1,772.6	2,295.4	2,888.8	2,696.3	2,308.2
BRH bonds	0.0	0.0	0.0	0.0	864.0
Net domestic assets	**3,330.7**	**3,429.3**	**4,107.2**	**5,197.6**	**7,778.7**
Net credit to public sector	-240.9	-95.9	-36.9	0.0	0.0
Central government	-237.6	-91.8	-32.8	0.0	0.0
Rest of public sector	-3.3	-4.1	-4.1	0.0	0.0
Credit to private sector	2,136.7	2,344.6	3,602.5	4,526.6	6,811.6
Net claims on commercial banks	...	-157.5	109.2	155.8	316.8
Net claims on other financial institutions	...	-9.9	0.0	0.0	-13.4
Other assets (net)	1,434.9	1,338.1	432.4	515.1	650.4
Liabilities to BRH	**733.1**	**578.9**	**0.0**	**64.3**	**68.0**
Liabilities to private sector	**5,035.4**	**6,288.2**	**8,594.6**	**10,393.4**	**13,003.2**
Deposits	4,823.5	5,995.5	8,250.4	9,757.3	11,983.6
Demand deposits	1,122.9	1,129.7	1,768.0	2,971.6	3,300.7
Saving deposits	2,332.1	2,695.5	3,112.5	4,317.8	5,060.9
Time and other deposits	1,368.6	2,170.4	3,369.9	2,467.9	3,622.1
Private capital and surplus	211.9	292.7	344.2	636.1	1,019.5
IV. Commercial Banks 2/					
Net foreign assets	**543.1**	**1,056.7**	**1,460.1**	**1,851.0**	**1,815.4**
Assets	551.0	1,057.7	1,466.8	1,925.6	2,107.6
Liabilities	-7.9	-1.0	-6.7	-74.6	-292.2
Claims on the BRH	**2,942.6**	**3,237.1**	**3,912.2**	**4,114.4**	**4,098.9**
Currency holdings	324.1	335.6	629.4	923.4	627.5
Deposits with the BRH	2,618.5	2,901.5	3,282.8	3,190.9	2,517.4
BRH bonds	0.0	0.0	0.0	0.0	954.0
Net domestic assets	**3,376.4**	**3,727.2**	**4,842.7**	**5,890.6**	**8,599.9**
Net credit to public sector	-257.6	-114.5	-72.0	-40.6	-61.7
Central government	-253.4	-109.2	-65.9	-40.1	-61.2
Rest of public sector	-4.2	-5.3	-6.1	-0.5	-0.5
Credit to private sector	2,480.2	2,671.3	4,324.9	5,348.9	7,730.1
Net claims on other financial institutions	...	-9.9	0.0	0.0	-13.4
Interbank float	...	-131.1	182.4	146.7	352.0
Other assets (net)	1,153.8	1,311.4	407.4	435.7	593.0
Liabilities to BRH	**733.1**	**578.9**	**92.9**	**67.3**	**71.0**

Table 25. Haiti: Accounts of the Banking System

(In millions of gourdes)

	September				
	1993	1994	1995	1996	1997
Liabilities to private sector	**6,129.0**	**7,442.1**	**10,122.1**	**11,788.6**	**14,443.2**
Deposits	5,917.1	7,149.4	9,777.9	11,152.4	13,423.7
Demand deposits	1,321.1	1,354.6	2,132.7	3,275.6	3,596.5
Saving deposits	3,106.0	3,537.4	4,062.6	5,258.1	5,994.5
Time and other deposits	1,490.0	2,257.4	3,582.6	2,618.8	3,832.6
Private capital and surplus	211.9	292.7	344.2	636.1	1,019.5
V. Consolidated Banking System 3/					
Net foreign assets	**-182.2**	**165.4**	**4,335.7**	**3,882.6**	**4,564.9**
Assets	1,177.6	2,168.9	4,800.6	5,169.4	6,611.2
Liabilities	-1,359.8	-2,003.5	-464.9	-1,286.8	-2,046.3
Use of Fund credit	-247.9	-99.6	-382.8	-374.3	-730.6
Arrears	-1,041.3	-1,826.6	0.0	0.0	0.0
Other	-70.6	-77.3	-82.1	-912.6	-1,315.6
Net domestic assets	**8,634.4**	**10,117.4**	**8,916.7**	**10,976.4**	**13,233.0**
Net credit to public sector	4,367.4	5,158.3	4,703.0	5,924.8	5,598.7
Central government	4,154.2	5,067.4	4,868.7	6,278.2	6,297.2
Special accounts 1/	-110.4	-237.3	-49.3	-350.4	-558.3
Rest of public sector	323.6	328.2	-116.4	-2.9	-140.2
Credit to private sector	2,480.2	2,671.3	4,324.9	5,348.9	7,730.1
Official capital and surplus	-320.5	-368.0	-826.1	-1,026.8	-1,164.6
Counterpart of external arrears	1,041.3	1,826.6	0.0	0.0	0.0
Net claims on other financial institutions	-56.2	-78.3	-93.1	-2.9	-16.1
Interbank float	28.6	-131.2	182.4	184.3	225.1
Other assets (net)	1,093.6	1,038.7	625.6	548.1	859.8
Liabilities to the private sector	**8,452.2**	**10,282.8**	**13,252.4**	**14,859.0**	**17,797.9**
Currency outside banks	2,323.2	2,840.7	3,130.3	3,070.4	3,354.7
Deposits	5,917.1	7,149.4	9,777.9	11,152.4	13,423.7
Demand deposits	1,321.1	1,354.6	2,132.7	3,275.6	3,596.5
Saving deposits	3,106.0	3,537.4	4,062.6	5,258.1	5,994.5
Time deposits	1,490.0	2,257.4	3,582.6	2,618.8	3,832.6
Private capital and surplus	211.9	292.7	344.2	636.1	1,019.5

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

1/ Special accounts of donors included as government deposits in the BRH accounts.
2/ The consolidated accounts of the BNC and private banks.
3/ The consolidated accounts of the BRH and the commercial banks.

Table 26. Haiti: Interest Rates

(In percent per annum)

	1994				1995				1996				1997				Mar.
	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	1998
Time deposits 1/	5.3	5.5	5.5	6.5	6.9	8.5	8.5	8.8	11.0	11.5	11.3	10.5	10.0	10.0	11.3	10.5	12.5
Three months	5.1	...	4.7	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Six months	5.2	5.2	6.2	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Twelve months	5.7	5.7	5.5	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Saving deposits 1/	2.7	2.7	2.5	3.0	3.4	4.0	3.5	3.0	5.5	5.3	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Lending rate 1/	13.3	15.0	15.0	16.0	17.0	18.0	18.5	24.8	29.0	27.8	27.4	23.0	21.0	20.0	21.5	23.5	22.5
Central bank refinancing 2/	...	...	7.0	7.0	7.5	8.0	16.0	16.0	14.0	14.0	14.0	21.0	21.0	22.0	22.0	22.0	28.0

Source: Bank of the Republic of Haiti.

1/ Interest rates shown here are a simple average of the minimum and maximum end-of-period deposit and lending rates reported by the commercial banks.
2/ Beginning in December 1996, figures reflect the repurchase rate on central bank certificates.

Table 27. Haiti: Reserve Requirements by Category of Deposit and Institution

(In percent)

	Local Currency Deposits				Foreign Currency Deposits
			Time Deposits		
	Demand Deposits	Saving Deposits	Less Than One Year	More Than One Year	
I. Commercial Banks					
November 15, 1979 to April 14, 1980	32.0	32.0	30.0	20.0	0.0
April 15, 1980 to November 9, 1980	34.0	34.0	20.0	10.0	0.0
November 10, 1980 to January 16, 1983	36.0	36.0	20.0	10.0	0.0
January 17, 1983 to March 9, 1983	36.0	32.0	20.0	8.0	0.0
March 10, 1983 to July 6, 1986	40.0	32.0	20.0	8.0	0.0
July 7, 1986 to June 7, 1987	46.0	38.0	24.0	10.0	0.0
June 8, 1987 to August 31, 1989	49.0	38.0	12.0	6.0	0.0
September 1, 1989 to December 12, 1989	52.0	40.0	12.0	6.0	0.0
December 13, 1989 to April 19, 1990	55.0	38.0	20.0	20.0	0.0
April 20, 1990 to June 14 ,1990	55.0	38.0	20.0	20.0	0.0
June 15, 1992 to January 14, 1993 1/	73.0	48.0	20.0	20.0	0.0
January 15, 1993 to February 28, 1993	65.0	43.0	20.0	20.0	0.0
March 1, 1993 to May 31, 1995	73.5	46.0	20.0	20.0	0.0
June 1, 1995 to August 27, 1995	48.0	48.0	48.0	48.0	0.0
August 28, 1995 to September,.4 1995	50.0	50.0	50.0	50.0	0.0
September 5, 1995 to October 9, 1995 2/	53.5	53.5	53.5	53.5	0.0
October 10, 1995 to May 5 1996 2/	51.5	51.5	51.5	51.5	0.0
May 6, 1996 to July 3, 1996 2/	50.0	50.0	50.0	50.0	0.0
July 4, 1996 to November 18, 1996 3/	48.0	48.0	48.0	48.0	0.0
November 19, 1996 to November 24, 1996	44.0	44.0	44.0	44.0	0.0
November 25, 1996 to December 1, 1996	42.0	42.0	42.0	42.0	0.0
December 2, 1996 to December 8, 1996	35.0	35.0	35.0	35.0	0.0
December 9, 1996 to February 15, 1997	30.0	30.0	30.0	30.0	0.0
February 16, 1997 to March 16, 1997	27.0	27.0	27.0	27.0	0.0
March 17, 1997 to May 15, 1997	26.0	26.0	26.0	26.0	12.0
May 16, 1997 to July 15, 1997	25.0	25.0	25.0	25.0	12.0
July 16, 1997 to November 15, 1997	26.0	26.0	26.0	26.0	12.0
November 16, 1997 to present	26.5	26.5	26.5	26.5	12.5
II. Mortgage Banks					
June 8, 1987 to August 8, 1989	0.0	24.0	11.0	5.0	0.0
August 7, 1989 to August 31, 1989	0.0	24.0	12.0	5.0	0.0
September 1, 1989 to December 12, 1989	0.0	20.0	6.0	3.0	0.0
December 13, 1989 to April 19, 1990	0.0	21.5	7.5	7.5	0.0
April 20, 1990 to June 14, 1990	0.0	19.0	10.0	10.0	0.0
June 15, 1992 to January 14, 1993 1/	0.0	24.0	10.0	10.0	0.0
January 15, 1993 to February 28, 1993	0.0	21.5	10.0	10.0	0.0
March 1, 1993 to May 31, 1995	0.0	23.0	10.0	10.0	0.0
June 1, 1995 to August 27, 1995	24.0	24.0	24.0	24.0	0.0
August 28, 1995 to September 4, 1995	25.0	25.0	25.0	25.0	0.0
September 5, 1995 to October 9, 1995 4/	26.8	26.8	26.8	26.8	0.0
October 10, 1995 to May 5, 1996 4/	25.8	25.8	25.8	25.8	0.0
May 6, 1996 to July 3, 1996 4/	25.0	25.0	25.0	25.0	0.0
July 4, 1996 to November 18, 1996 5/	24.0	24.0	24.0	24.0	0.0
November 19, 1996 to November 24, 1996	22.0	22.0	22.0	22.0	0.0
November 25, 1996 to December 1, 1996	21.0	21.0	21.0	21.0	0.0
December 2, 1996 to December 8, 1996	17.5	17.5	17.5	17.5	0.0
December 9, 1996 March 17, 1997	15.0	15.0	15.0	15.0	0.0
March 17, 1997 to present	15.0	15.0	15.0	15.0	12.0

Source: Bank of the Republic of Haiti.

1/ This includes mandatory secondary reserves of 8 percent on demand deposits and 5 percent on savings deposits of commercial banks and of 2½ percent on mortgage banks, all of which were remunerated at an interest rate of 5 percent.

2/ This includes mandatory (remunerated) secondary reserves of 3½ percent.

3/ This includes mandatory (remunerated) secondary reserves of 1½ percent.

4/ This includes mandatory (remunerated) secondary reserves of 1.75 percent.

5/ This includes mandatory (remunerated) secondary reserves of 0.75 percent.

Table 28. Haiti: Reserve Position of the Commercial Banks 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of gourdes)				
Deposit liabilities 1/	**5,917.1**	**7,149.4**	**9,777.9**	**11,152.4**	**13,423.7**
Actual reserves	2,942.6	3,237.1	3,912.2	4,114.4	3,144.9
Required reserves 2/	2,543.5	2,796.2	3,518.3	4,079.2	2,991.0
Excess/deficiency (-)	399.1	441.0	394.0	35.2	154.0
	(In percent of deposit liabilities)				
Actual reserves	49.7	45.3	40.0	36.9	23.4
Required reserves 2/	43.0	39.1	36.0	36.6	22.3
Excess/deficiency (-)	6.7	6.2	4.0	0.3	1.1

Sources: Bank of the Republic of Haiti, and Fund staff estimates.

1/ Includes the BNC.

2/ From 1990 to 1994 required reserves are estimated and may be overstated as they include funds and deposits of shareholders which were not subject to required reserves.

Table 29. Haiti: Summary Balance of Payments

(In millions of U.S. dollars, unless otherwise indicated)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Current account, excluding grants	**-169.4**	**-96.7**	**-441.0**	**-358.7**	**-240.9**
Trade balance	-199.5	-117.8	-431.9	-416.1	-393.3
Exports, f.o.b.	130.8	107.8	137.3	147.7	195.5
Imports, f.o.b.	-330.3	-225.7	-569.2	-563.9	-588.8
Services (net)	-36.7	-32.1	-128.3	-109.0	-116.6
Income (net)	-3.2	1.7	10.8	14.4	13.0
Of which					
Interest payments	-10.6	-10.2	-9.8	-8.1	-11.9
Private transfers, net 1/	70.0	51.6	108.5	152.0	256.0
External grants	**100.0**	**113.3**	**409.9**	**293.1**	**221.9**
Current account, including grants	**-69.4**	**16.6**	**-31.1**	**-65.6**	**-19.0**
Capital account	**58.3**	**-8.2**	**154.6**	**14.3**	**46.2**
Public sector capital flows, net	-27.2	-25.8	105.7	109.0	84.4
Loan disbursements	0.0	0.0	125.5	121.5	112.3
Amortization	-27.2	-25.8	-19.8	-16.9	-18.8
Short-term credit (net)	0.0	0.0	0.0	4.4	-9.1
Banks (net)	-27.5	-15.5	-35.3	-28.4	15.9
Direct investments	0.0	0.0	7.4	4.1	5.0
Others 2/	113.0	33.2	76.8	-70.4	-59.0
Overall balance (deficit -)	**-11.1**	**8.4**	**123.5**	**-51.3**	**27.2**
Financing	**11.1**	**-8.4**	**-123.5**	**51.3**	**-27.2**
Change in arrears (reduction -) 3/	42.1	37.0	-121.0	0.0	0.0
Change in net international reserves (increase	-31.0	-45.4	-115.4	51.3	-27.2
Debt rescheduling	0.0	0.0	112.9	0.0	0.0
Memorandum items:					
Current account balance, excluding grants (in percent of GDP)	-9.3	-5.1	-16.7	-12.1	-7.0
Gross official reserves	50.5	82.6	216.0	215.6	265.7
Gross official reserves (in weeks of imports)	6.5	15.5	16.0	16.3	19.6
Exports of goods and services (in percent of GDP)	8.4	6.9	9.2	8.7	8.5
Imports of goods and services (in percent of GDP)	-21.4	-14.8	-30.4	-26.5	-23.4
Nominal GDP	1,817.6	1,891.3	2,633.8	2,955.1	3,429.1

Sources: Data provided by Bank of the Republic of Haiti; and staff estimates.

1/ Based on private remittances transferred through the authorized "transfer houses" and BRH estimates of such transfers channeled through other means.

2/ Includes errors and omissions.

3/ Includes arrears clearance vis-á-vis the Fund.

Table 30. Haiti: Net International Reserves

(In millions of U.S. dollars at end of period, unless otherwise indicated)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Net foreign assets of the banking system	**-14.7**	**9.3**	**281.0**	**258.1**	**269.3**
Official reserves (net) 1/	**-58.5**	**-50.1**	**186.4**	**135.0**	**162.2**
Assets	**50.5**	**82.6**	**216.0**	**215.6**	**265.7**
Gold	6.5	6.6	7.2	7.2	6.4
Liquid assets	40.0	6.1	125.5	83.1	80.5
Other assets	4.0	69.9	83.3	125.3	178.7
Liabilities	**109.0**	**132.7**	**29.7**	**80.6**	**103.5**
Arrears	84.0	121.0	0.0	0.0	0.0
Of which					
IMF	17.3	34.4	0.0	0.0	0.0
Liabilities to the Fund 2/	20.0	6.6	27.9	24.9	43.1
Other	5.0	5.1	1.8	55.7	60.4
Net foreign assets of commercial banks	**43.8**	**59.4**	**94.6**	**123.0**	**107.1**
Assets	44.4	59.4	95.1	128.0	124.3
Liabilities	0.6	0.1	0.4	5.0	17.2
Memorandum items:					
Gross official reserves (in weeks of imports, c.i.f.)	6.5	15.5	16.0	16.3	19.6
Official reserves (net), excluding external arrears	25.5	70.9	186.4	135.0	162.2

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

1/ Bank of the Republic of Haiti.
2/ Excluding arrears.

Table 31. Haiti: Selected Foreign Trade Indices 1/

(1992=100)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Exports					
Value index, f.o.b.	110.4	91.1	116.0	124.8	165.1
Annual change in percent	10.4	-17.5	27.3	7.6	32.3
Price index	100.6	104.0	109.0	109.2	108.7
Annual change in percent	0.6	3.4	4.8	0.2	-0.5
Volume index	109.8	87.6	106.4	114.3	151.9
Annual change in percent	9.8	-20.2	21.5	7.4	32.9
Share of traditional exports	15.3	11.6	10.3	19.7	9.3
Imports					
Value index, f.o.b.	126.2	86.2	217.4	215.3	224.9
Annual change in percent	26.2	-31.7	152.2	-0.9	4.4
Price index	99.1	100.0	102.5	102.9	99.5
Annual change in percent	-0.9	0.9	2.5	0.4	-3.3
Volume index	127.3	86.2	212.0	209.2	226.0
Annual change in percent	27.3	-32.3	146.0	-1.3	8.0
Terms of trade					
Index	101.5	104.0	106.3	106.1	109.2
Annual change in percent	1.5	2.5	2.2	-0.2	3.0
Memorandum items:					
U.S. conumer price index (period average) 2/	103.0	105.7	108.6	111.9	114.5
Annual change in percent	3.0	2.6	2.8	3.0	2.3

Sources: Bank of the Republic of Haiti; U.S. Department of Labor; and Fund staff estimates.

1/ Value and price indices are U.S. dollar based. In contrast to the WEO based indices reported in Table 8, the price indices here are adjusted for imports and exports of the assembly industry. The U.S. consumer price index is used as a proxy for price movements of the industry's inputs and outputs.

2/ Index for all urban consumers (CPI-U).

Table 32. Haiti: Composition of Exports, f.o.b.

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of U.S. dollars)				
Total exports, f.o.b. 1/	**130.8**	**107.8**	**137.3**	**147.7**	**195.5**
Agricultural exports	**15.2**	**11.1**	**27.1**	**13.7**	**17.5**
Coffee	9.3	7.0	17.9	6.9	13.0
Sisal and sisal strings	2.1	1.4	0.9	0.6	0.8
Sugar	0.0	0.0	0.0	0.0	0.0
Cocoa	1.3	1.8	2.0	0.6	0.7
Essential oils	2.5	0.9	6.3	5.7	2.9
Light manufactures 1/	**107.5**	**88.6**	**96.9**	**126.6**	**159.4**
Domestic inputs	10.2	10.6	17.9	20.1	24.0
Imported inputs	97.3	78.0	79.0	106.5	135.4
Other items	**8.1**	**8.1**	**13.4**	**7.4**	**18.6**
	(In percent of total exports)				
Agricultural exports	11.6	10.3	19.7	9.3	8.9
Light manufactures 1/	82.2	82.2	70.6	85.7	81.5
Others	6.2	7.5	9.7	5.0	9.5
	(Annual percentage changes)				
Total exports 1/	10.4	-17.5	27.3	7.6	32.3
Agricultural exports	-16.2	-26.9	143.7	-49.3	27.3
Light manufactures 1/	13.2	-17.5	9.3	30.7	25.9

Sources: Bank of the Republic of Haiti (BRH); U.S. Department of Commerce; and Fund staff estimates.

1/ Includes valuation and classification adjustments made by the BRH.

Table 33. Haiti: Exports of Light Manufactures to the United States

(In millions of U.S. dollars)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total value exported 1/	**107.5**	**88.6**	**96.9**	**126.6**	**159.4**
A. Products from domestic materials 2/	**10.2**	**10.6**	**17.9**	**20.1**	**24.0**
Textiles: yarns, fabrics, and manufactures	1.9	2.2	5.0	5.7	9.5
Wood manufactures	1.3	1.8	0.6	1.4	1.2
Leather manufacturers	5.8	5.5	5.8	6.8	6.5
Other	1.2	1.1	6.5	6.4	6.9
B. Products from imported materials 3/	**97.3**	**78.0**	**79.0**	**106.5**	**135.4**
Textiles, apparel, etc.	**77.1**	**60.8**	**64.5**	**96.5**	**128.5**
Wear, apparel, accessories, and articles made from fur	75.7	59.4	63.1	94.6	125.4
Travel goods, handbags, and similar articles	1.3	1.3	0.8	1.9	3.1
Footwear, excluding military and orthopedic	0.0	0.2	0.6	0.0	0.0
Machinery and electronics	**7.7**	**6.0**	**3.9**	**3.4**	**3.6**
Electrical machines and equipment	6.0	...	...	...	...
Professional, scientific, and control instruments	1.7	...	...	...	...
Other machinery	0.0	...	...	...	...
Miscellaneous manufactures	**12.4**	**11.3**	**10.7**	**6.6**	**3.3**
Sports goods, toys and other similar products	9.8	9.4	3.6	3.5	3.3
Articles of rubber and plastic	1.2	1.2	0.0	0.2	0.0
Other manufactures	1.4	0.7	7.1	3.0	0.0

Sources: Bank of the Republic of Haiti; U.S. Department of Commerce; and Fund staff estimates.

1/ Exports to the United States represent about 90 percent of Haiti's light manufacturing exports.
2/ Fiscal year figures are estimates based on calendar year data.
3/ For 1993 only, fiscal year figures are estimates based on calendar year data.

Table 34. Haiti: Principal Commodity Exports

(Value in millions of U.S. dollars, volume in thousand tons, and unit value in US$/kg, unless otherwise specified)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total value 1/	**12.00**	**12.00**	**28.12**	**13.72**	**14.65**
Coffee					
Value	8.46	7.72	14.11	6.85	10.19
Volume 2/	136.83	108.00	148.50	70.32	84.90
Unit price 3/	61.83	71.48	95.03	97.41	120.00
Sisal and sisal strings					
Value	1.44	1.08	4.82	0.60	0.84
Volume	3.30	2.54	3.43	1.30	1.87
Unit price	0.44	0.43	0.43	0.46	0.45
Sugar					
Value	0.00	0.00	0.00	0.00	0.00
Volume	0.00	0.00	0.00	0.00	0.00
Unit price	0.00	0.00	0.00	0.00	0.00
Cocoa					
Value	1.71	0.97	1.95	0.61	0.68
Volume	3.01	1.84	3.40	1.05	1.08
Unit price	0.57	0.53	0.57	0.58	0.63
Essential oils					
Value	0.37	2.24	7.24	5.66	2.94
Volume	0.01	0.08	0.23	0.17	0.10
Unit price	29.29	29.28	31.56	33.00	30.10

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

1/ Some value figures may not be equal to the product of volume and unit value because of rounding.
2/ In thousands of 60 kilogram bags.
3/ U.S. dollars per 60 kilogram bag.

Table 35. Haiti: Composition of Imports, c.i.f.

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of U.S. dollars)				
Total	**346.2**	**183.3**	**481.4**	**687.9**	**706.6**
Food and others 1/	196.6	99.4	217.0	343.0	318.4
Of which					
Food	144.0	67.0	149.0	219.6	200.4
Fuel and lubricants	70.7	46.2	71.3	79.4	74.9
Of which					
Petroleum and derivatives	58.8	43.2	70.2	70.7	70.6
Petroleum and derivatives	21.5	7.7	95.1	125.0	111.5
Raw materials	4.0	2.5	22.7	7.9	17.2
Manufactured goods	8.3	7.6	68.3	130.6	154.4
Other imports	45.1	19.8	7.0	2.0	30.3
	(In percent of total)				
Food and others	56.8	54.2	45.1	49.9	45.1
Fuel and lubricants	20.4	25.2	14.8	11.5	10.6
Machines and transportation	6.2	4.2	19.8	18.2	15.8
Raw materials	1.2	1.4	4.7	1.2	2.4
Manufactured goods	2.4	4.1	14.2	19.0	21.9
Other imports	13.0	10.8	1.5	0.3	4.3
	(Annual percentage change)				
Total	**24.5**	**-47.1**	**162.6**	**42.9**	**2.7**
Food and others	7.1	-49.4	118.3	58.0	-7.2
Fuel and lubricants	15.7	-34.6	54.3	11.4	-5.7
Machines and transportation	-11.3	-64.1	1,135.1	31.5	-10.8
Raw materials	19.8	-8.4	808.0	-65.1	116.5
Manufactured goods	11.7	-56.1	-64.6	91.2	18.2

Sources: Bank of the Republic of Haiti; U.S. Department of Commerce; and Fund staff estimates.

1/ Includes beverage, oils and fats, and pharmaceutical products.

Table 36. Haiti: Official Grants

(In millions of U.S. dollars)

	1993	1994	1995 1/	1996	1997
Total	**100.0**	**113.3**	**409.9**	**293.1**	**221.9**
Bilateral donors 2/	**19.5**	**21.1**	**297.4**	**187.3**	**172.0**
Canada	0.0	0.0	31.3	34.3	46.4
France	0.0	0.0	15.9	7.2	9.3
Germany	0.0	0.0	1.4	4.3	0.0
Japan	0.0	0.0	13.6	0.3	0.0
Netherlands	0.0	0.0	1.9	2.9	1.2
Switzerland	0.0	0.0	2.2	5.4	6.7
Taiwan, Province of China 3/	0.0	1.0	0.0	0.0	7.2
United States	19.5	20.1	225.2	112.9	101.2
Other bilateral donors	0.0	0.0	6.0	20.0	0.0
Multilateral donors	**0.0**	**0.0**	**112.5**	**105.8**	**50.0**
European Union	0.0	0.0	60.1	61.1	18.9
UNDP	0.0	0.0	9.6	16.7	4.9
WHO-PAHO	0.0	0.0	2.2	2.6	2.1
WFP	0.0	0.0	1.5	3.0	3.9
Other UN organizations	0.0	0.0	12.5	12.1	13.1
Other multilateral donors	0.0	0.0	26.5	10.3	7.0
Nongovernment organizations 2/	**80.5**	**92.2**			
Memorandum items:					
Humanitarian aid	100.0	113.3	72.4	67.6	48.3

Sources: U.S. Monitoring Report (September 1994); and Fund staff estimates.

1/ Excludes US$64 million of grants for clearance of arrears to international financial institutions.

2/ During 1992-94, most offical aid was channeled through nongovernment organizations (NGOs). Beginning in 1995, some grants channeled through NGOs may be included in the figures for grants by bilateral donors, but explicit data on grants by NGOs are not readily available.

3/ For 1995-96, grants provided by the Taiwan Province of China are included under other bilateral donors.

Table 37. Haiti: Loan Disbursements

(In millions of U.S. dollars)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total	**0.0**	**0.0**	**148.4**	**121.5**	**133.5**
Bilateral	**0.0**	**0.0**	**2.0**	**9.0**	**11.7**
France	0.0	0.0	2.0	9.0	11.7
Multilateral	**0.0**	**0.0**	**146.4**	**112.5**	**121.8**
EIB	0.0	0.0	0.0	1.0	3.5
IDA/IBRD	0.0	0.0	49.4	66.7	39.9
IDB	0.0	0.0	74.1	44.8	57.1
IMF	0.0	0.0	23.0	0.0	21.3
Memorandum item:					
Total, excluding the IMF	0.0	0.0	125.5	121.5	112.3

Sources: Donors' information; and Fund staff estimates.

Table 38. Haiti: Stock of External Public Debt 1/

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In millions of U.S. dollars)				
Total	**862.9**	**940.5**	**781.2**	**905.4**	**1,028.1**
Medium- and long-term debt	**769.2**	**735.2**	**771.5**	**905.4**	**1,028.1**
Bilateral creditors	230.3	219.2	124.9	149.1	193.6
United States 2/	144.2	144.1	9.7	7.8	19.5
France	28.3	17.3	7.4	43.6	57.6
Others 3/	57.8	57.8	107.8	97.7	116.5
Multilateral creditors	538.9	516.0	646.6	756.3	834.5
IBRD/IDA	333.4	330.6	388.4	472.5	486.2
IMF and IMF Trust Fund	20.0	6.6	26.2	25.3	46.0
IDB	179.8	173.7	228.5	255.3	298.2
OPEC Special Fund	5.7	5.1	3.5	3.2	4.1
Other debt 4/	**93.7**	**205.3**	**9.7**	**0.0**	**0.0**
Short term	9.7	9.7	9.7	0.0	0.0
Arrears 5/	84.0	195.6	0.0	0.0	0.0
	(In percent of GDP)				
Total	**47.5**	**49.7**	**29.7**	**30.6**	**30.0**
Medium- and long-term debt	**42.3**	**38.9**	**29.3**	**30.6**	**30.0**
Bilateral creditors	12.7	11.6	4.7	5.0	5.6
United States	7.9	7.6	0.4	0.3	0.6
France	1.6	0.9	0.3	1.5	1.7
Others	3.2	3.1	4.1	3.3	3.4
Multilateral creditors	29.6	27.3	24.6	25.6	24.3
IBRD/IDA	18.3	17.5	14.7	16.0	14.2
IMF and IMF Trust Fund	1.1	0.3	1.0	0.9	1.3
IDB	9.9	9.2	8.7	8.6	8.7
OPEC Special Fund	0.3	0.3	0.1	0.1	0.1
Other debt	**5.2**	**10.9**	**0.4**	**0.0**	**0.0**
Short term	0.5	0.5	0.4	0.0	0.0
Arrears	4.6	10.3	0.0	0.0	0.0
Memorandum item:					
Nominal GDP (millions of U.S. dollars)	1,817.6	1,891.3	2,633.8	2,955.1	3,429.2

Sources: Data provided by the Bank of the Republic of Haiti (BHR); and Fund staff estimates.

1/ Includes concessional and commercial public debt, officially guaranteed debt, and central bank's liabilities, including use of Fund resources.

2/ Debt cancellation by the United States in 1991 was accounted for only in 1995 after the return to constitutional rule.

3/ Increase in 1995 reflects recognition of debt in dispute.

4/ Excludes overdue suppliers' credits in dispute ("dette en litige").

5/ Includes arrears to the Fund.

Table 39. Haiti: Scheduled External Public Debt Service

(In millions of U.S. dollars)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total scheduled payments	**37.7**	**36.0**	**29.6**	**25.0**	**31.9**
Interest	**10.6**	**10.2**	**9.8**	**8.1**	**12.3**
Bilateral creditors	1.6	0.4	1.7	0.7	4.0
United States	1.2	0.1	0.9	0.0	0.8
France	0.0	0.0	0.6	0.5	1.7
Others 1/	0.4	0.3	0.2	0.2	1.5
Multilateral creditors	9.0	9.8	8.1	7.4	8.3
IMF	2.5	2.2	1.9	0.0	0.0
IBRD/IDA	2.5	3.6	2.5	3.0	3.0
IDB	3.5	3.7	3.7	4.2	5.0
OPEC Fund/FIDA	0.5	0.3	0.1	0.2	0.3
Amortization payments	**27.2**	**25.8**	**19.8**	**16.9**	**19.6**
Bilateral creditors	6.8	2.9	2.0	2.6	4.2
United States	4.4	0.1	1.2	0.0	0.3
France	0.0	0.0	0.8	0.8	1.2
Others 1/	2.4	2.8	0.0	1.8	2.7
Multilateral creditors	20.4	22.9	15.8	14.3	15.4
IMF	11.9	13.4	3.1	2.6	1.3
IBRD/IDA	3.9	2.8	5.4	3.8	4.3
IDB	4.0	6.1	5.7	6.4	8.3
OPEC Fund/FIDA	0.7	0.6	1.6	1.5	1.5

Sources: Data provided by the Bank of the Republic of Haiti; and Fund staff estimates.

1/ The main creditors are Venezuela, Argentina, and Canada.

Table 40. Haiti: External Public Debt Indicators

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
	(In percent)				
Debt service ratios					
To exports of goods and services	**24.6**	**27.6**	**12.3**	**9.7**	**11.0**
Interest	6.9	7.8	4.1	3.2	4.2
Amortization	17.7	19.8	8.2	6.6	6.7
To receipts of exports and private transfers	**16.9**	**19.8**	**8.5**	**6.1**	**5.8**
Interest	4.7	5.6	2.8	2.0	2.2
Amortization	12.2	14.2	5.7	4.1	3.6
To government revenue	**42.0**	**65.9**	**17.4**	**11.8**	**10.6**
Interest	11.8	18.7	5.8	3.8	4.1
Amortization	30.2	47.3	11.6	8.0	6.5
To GDP	**2.1**	**1.9**	**1.1**	**0.8**	**0.9**
Interest	0.6	0.5	0.4	0.3	0.4
Amortization	1.5	1.4	0.8	0.6	0.6
External public debt ratio to GDP 1/	**47.5**	**49.7**	**29.7**	**30.6**	**30.0**
Multilateral debt	29.6	27.3	24.6	25.6	24.3
Of which					
IMF 2/	1.1	0.3	1.0	0.9	1.3
Bilateral debt 3/	17.9	22.5	5.1	5.0	5.6
Effective interest rate 4/	**1.2**	**1.1**	**1.1**	**1.0**	**1.3**
	(In millions of U.S. dollars)				
Memorandum items:					
External public debt	862.9	940.5	781.2	905.4	1,028.1
Nominal GDP	1,817.6	1,891.3	2,633.8	2,955.1	3,429.2
Exports of goods and services	153.9	130.5	241.4	256.8	291.3
Receipts of private transfers	70.0	51.6	108.5	152.0	256.0

Sources: Bank of the Republic of Haiti; and Fund staff estimates.

1/ Includes concessional and commercial public debt, officially guaranteed debt and BRH's liabilities, including use of Fund resources.

2/ Trust Fund plus outstanding purchases and SAF/ESAF loans.

3/ Includes bilateral debt, short-term debt, and arrears.

4/ Interest payments over average outstanding debt during the fiscal year.

Table 41. Haiti: Stock of External Arrears

(In millions of U.S. dollars)

	Fiscal Year Ending September 30				
	1993	1994	1995	1996	1997
Total	**83.4**	**120.9**	**0.0**	**0.0**	**0.0**
Multilateral creditors	**45.6**	**79.8**	**0.0**	**0.0**	**0.0**
IDB	17.6	27.4	0.0	0.0	0.0
World Bank/IDA	8.7	15.1	0.0	0.0	0.0
IMF	17.3	34.4	0.0	0.0	0.0
Other (OPEC and FIDA)	2.0	2.9	0.0	0.0	0.0
Bilateral creditors	**37.8**	**41.1**	**0.0**	**0.0**	**0.0**
U.S. AID	3.3	3.4	0.0	0.0	0.0
United States (EXIMBANK)	11.9	11.9	0.0	0.0	0.0
United States (FMS)	0.3	0.3	0.0	0.0	0.0
Mexico (PEMEX)	0.7	0.7	0.0	0.0	0.0
Venezuela (FIV)	2.5	4.1	0.0	0.0	0.0
Canada (Wheat Board)	5.4	5.4	0.0	0.0	0.0
Taiwan, Province of China (EXIMBANK)	1.0	2.5	0.0	0.0	0.0
Argentina	12.8	12.8	0.0	0.0	0.0

Sources: Bank of the Republic of Haiti (BRH); World Bank; and Fund staff estimates.

Summary of the Tax System

(As at May 31, 1998)

Tax	Nature of Tax (Base)	Exemptions and Deductions	Rates
1. Tax on net income and profits (Amended by decree of September 29, 1988)			
1.1 Corporate income tax	Tax on net industrial and commercial profits of enterprises (including state enterprises) and companies, including capital gains and after deduction of all legitimate charges; dividends paid to affiliated companies are not taxed; deficits may not be carried over.	Enterprises with a turnover not exceeding G 50,000. Agricultural cooperatives, mutual loan associations, and enterprises granted privileges under the Investment Code. 50 percent of capital gains on developed property and 25 percent on undeveloped property.	Net profits of **local companies** are subject to the actual profits regime (*régime réel*). The actual profits regime includes the following schedule of marginal rates: **Profits in gourdes** — **Percentage** 1–20,000 — 10 20,001–100,000 — 15 100,001–250,000 — 20 250,001–750,000 — 30 Over 750,000 — 35 Enterprises are required to make an installment payment equal to 1 percent of the previous year's profits plus 1 percent of the current value of imports. Undistributed profits are taxable at the rate of 15 percent after five years unless reinvested. **Foreign companies:** In addition to the actual profits regime, a surcharge representing 30 percent of net profits after tax, constituting the final tax on profits to be distributed to foreign shareholders.

Tax	Nature of Tax (Base)	Exemptions and Deductions	Rates
1.2 Personal income tax	Based on aggregate income, including income from real estate; industrial, commercial, and agricultural profits; investment income; income from literary works and patented inventions; wages and salaries; interest and dividends received; and all types of capital gains.	**Exemptions:** Foreign diplomatic and consular personnel. **Deductions:** (1) deficits carried over from previous fiscal years; (2) for a principal residence: 20 percent of the annual rent or the sum of real estate tax and mortgage interest payments; (3) donations to charitable or public-interest institutions, up to 20 percent of income; and (4) 50 percent of capital gains on developed property and 25 percent on undeveloped property.	For **income**, a progressive general schedule with the following marginal rates: **Income in gourdes** — **Percentage** 20,001–100,000 — 10 100,001–250,000 — 15 250,001–750,000 — 25 Over 750,000 — 30 with the application of tax credits and source withholding. For **profits**, applicable rates are as follows: **Presumptive regime:** G 50,000–250,000 1 percent of turnover 2 percent of the value of imports, c.i.f. (in both cases, constituting payment in full) **Actual profits regime:** See 1.1 above. Taxpayers whose noncommercial profits are less than G 20,000 are subject to a **presumptive** tax of 1 percent of their gross income, with a minimum of G 600, deductible from the final tax but not refundable. Source withholding on: wages (1/12 of the tax paid the previous year), unreported bonuses (10 percent, in full payment), commissions and capital gains on developed land (2½ percent) and undeveloped land (10 percent), and on interest and dividends (15 percent).
2. Social security contributions 2.1 ONA (old age pensions)	A monthly contribution by private sector employers and employees to the pension scheme, based on actual wages, with a daily minimum of G 13.50.		Monthly contribution **(Wages in gourdes)** — **(Percentage)** Less than 201 — 2 201–500 — 3 501–1,000 — 4 Over 1,000 — 6 Payable by employer and employee.
2.2 OFATMA (work-related accidents)	Monthly contribution paid by employers to assist employees who are victims of work-related accidents or illnesses, based on actual wages, with a daily minimum of G 8.50.		Paid by the employer: 2 percent for commercial enterprises; 3 percent for agricultural, industrial, and construction enterprises; 6 percent for mining operations.
3. Payroll tax (Decree of October 14, 1988)	Paid by employers and based on the total value of the cash and noncash emoluments of public- and private-sector employees.	Diplomatic missions, NGOs, and international organizations.	2 percent

Tax	Nature of Tax (Base)	Exemptions and Deductions	Rates
4. Property taxes (Land tax on developed property) (Decree of April 5, 1979, as amended through January 1982)	Based on the net annual rental value of land and buildings erected with nontraditional materials.	Full exemption for the buildings of government departments providing nonprofit public services; buildings used for religious activities; and buildings belonging to cultural associations, educational institutions, and diplomatic missions. **Reductions:** Single-rental apartments (furnished): 30 percent. Multiple-rental apartments: Furnished: 50 percent. Unfurnished: 33 percent. All buildings in locations other than Port-au-Prince and Pétionville: reductions of 75 percent (1st year), 50 percent (2nd year), and 25 percent (3rd year). Owner-occupied property with a rental value of less than G 480 in urban areas and G 900 in rural areas is exempt.	Annual Rental Value In gourdes — Rate (In percent) Up to 2,400 — 6 2,401–3,300 — 7 3,301–7,200 — 8 7,201–9,600 — 9 9,601–12,000 — 10 12,001–14,400 — 11 14,401–16,800 — 12 16,801–19,200 — 13 19,201–21,600 — 14 Over 21,600 — 15
4.2 Stamp tax (Decree of September 28, 1977)	Stamp tax on sales of tangible or intangible assets or inheritances.		On the selling price or the value of the assets: Sales of tangible assets: 2 percent Sales of intangible assets: 3 percent Inheritances: 1–8 percent, depending on the type of goods and the degree of relationship between the parties involved.
5. Taxes on goods and services 5.1 Value-added tax (Decree of September 19, 1982, as amended through June 1996) (Turnover tax)	General tax on sales of goods (including agro-industrial), on the provision of services (including water, electricity, and local bank premiums and charges), and on imports, calculated at each stage in the production/distribution/import chain, with credit for tax paid on purchases.	**Exemptions:** (1) business persons with a turnover of less than G 100,000; (2) service providers with a turnover of less than G 100,000; (3) international services (transportation equipment maintenance); (4) interest on bank loans and on banking and insurance operations; (5) wages and education and health care expenses; (6) operations of nonprofit organizations; (7) exports and re-exports; (8) imported petroleum products; (9) equipment and imputs for agriculture, livestock, and fisheries; and (10) supplies for education. **Deductions:** The tax collected on inputs of a taxable operation is deductible from the tax applicable to that operation.	10 percent of the price of goods and services, including other duties and taxes.

Tax	Nature of Tax (Base)	Exemptions and Deductions	Rates
5.2 Excise duties (Decree of September 3, 1971, as amended in August 1987) 5.21 Excise duty on tobacco products	Specific regular and supplementary duty on cigarettes.	Tobacco cultivated and dried domestically with no further processing and powdered tobacco are exempt.	**Cigarettes** (per pack of 20) **Regular duty** Domestic production G 1.00 Imports G 1.25 **Supplementary duty** (per kg) Domestic G 7.00 Imports G 14.50 **Cigars** Domestic production G 0.01–0.05 Imports G 0.05–0.50 **Tobacco** (per kg) Local G 0.10–0.50 Imported G 0.20–2.00
5.2.2 Excise duties on alcoholic beverages (Decree of April 1984, as amended in 1988 and 1993)	Specific duties on imported and domestically produced spirits, wines, and malted beer.		**(In gourdes per liter)** **Regular duties:** **Local** Alcohol (>25 percent natural Cartier cane juice) G 100 per month Molasses (<25 percent natural Cartier cane juice) G 150 per month **Imported** Liqueurs G 2.50 Gin, vodka, and cognac G 10.00 Whisky G 15.00 Stout, malted ale (per 24 bottle case) G 2.00 Wine and champagne G 2.00 **Local and imported** Beer (per 24-bottle case) G 7.00 Rum (per liter) G 1.00–G 7.35 **Supplementary duties on local and imported beer** (per 24-bottle case) G 1–G 7.35 Beer G 2.25 Stout G. 2.25
5.2.3 Excise duties on petroleum products (Decree of February 1995, as amended in May 1996)	Specific duties collected by Customs at the time of importation.	Electricité d'Haïti and government bodies; diplomatic missions; and certain NGOs..	**Fixed duties** (in gourdes per gallon): Gasoline G 10.15 Diesel oil G 7.10 Kerosene G 3.00 Aviation fuel G 0.25 Lubricants G 0.15 Heating oil G 0.10 **Variable duties** (in gourdes per gallon): Based on original reference levels, as follows: Gasoline G 6.800 Diesel G 4.00 Kerosene G 0.40 To be adjusted on a discretionary basis.

Tax	Nature of Tax (Base)	Exemptions and Deductions	Rates
5.2.4 Excise duties on other items and on carbonated beverages	Specific duties on refined sugar, flour, and carbonated beverages manufactured locally.		Sugar G 20.00 per 100-lb bag Flour G 3.75 per 100-lb bag Carbonated beverages G 7.20 per 144 bottles
5.2.5 Excise duties on luxury foodstuffs	Levied on a wide range of imported foodstuffs.		5 percent of the value, c.i.f.
5.3 Business fees and licenses 5.3.1 Business fees (Decree of September 28, 1987)	Annual presumptive professional fee payable by any individual or legal entity engaged in a professional activity in Haiti, levied by the commune of which the taxpayer is a resident. Communes are classified into three groups, the main one being Port-au-Prince and its suburbs. This fee is either fixed, on the basis of the schedule and depending on the location of the business and the sector of economic activity involved; or variable, based on the difference between the turnover and the wage bill of the business.	Local governments, farmers, stock breeders, fishermen, wage earners, cooperatives, artists, authors, musicians, and singers.	**Professional fee** (business license): **Group I**: From G 40 (small retailers) to G 2,000 (mining industries) Average: G 400–1,000 For exempt export industries: G 7,500 **Groups II and III**: ½ and 1/4, respectively, of the Group I rate.
5.3.2 Licenses (Decree of January 13, 1978)	Annual tax on the authorization to engage in certain industrial or commercial activities or certain professions. All foreign and domestic enterprises are subject to this tax, as are manufacturers of products for local consumption, distilleries, breweries, and tobacco factories.		Tobacco factories G 2,500 Breweries G 1,500 Distilleries G 20 per boiler Local factories G 250–1,000 based on turnover
5.4 Motor vehicle tax 5.4.1 Tax on initial registration (Decree of February 18, 1987)	Based on the value, c.i.f.	25-seat van 2-ton truck	Van (12–24 seats): 5 percent of the value, c.i.f. Truck (< 2 tons): 5 percent of the value, c.i.f. **Other vehicles** G 0–35,000 5 percent G 35,000–55,000 10 percent G 55,000–75,000 15 percent Over G 75,000 20 percent
5.4.2 Annual fee (April 1993, as amended in May 1996) (Registration tags)	Based on the cylinders, weight, and number of wheels of private and public vehicles.		Excise of 10 percent on all vehicles with a capacity of at least 2000 cubic centimeters. Private (gasoline): 4–8 cylinders: G 60–110 Public (gasoline): 4–8 cylinder: G 60–120 Public (diesel): 2–8 cylinders: G 60–100 Public (trucks): ½–8 tons, 4–6 wheels: G 80–240

Tax	Nature of Tax (Base)	Exemptions and Deductions	Rates
6. Taxes on international trade and transactions (Regime amended in February 1995) 6.1 Import duties 6.1.1 Customs tariff	A minimum tariff is applied to merchandise originating from countries that have entered into trade agreements with Haiti. A reduced tariff is applied to merchandise originating from GATT member countries. A maximum tariff, generally double the minimum tariff, is applied to merchandise originating from other countries.	Certain industrial machinery, tractors, works of art, plant seeds and bulbs, fertilizers, and a few other chemical products.	The tariff currently contains 21 sections with a total of 99 chapters. Except in the case of certain staples and the items mentioned below, the following tariff structure is temporarily applicable: **General rate** **Previous rate** / **New rate** **(In percent)** 0–10: 0 15–20: 5 25–30: 10 35–50: 15 **Specific rates** Rice: 50 / 3 Grains: 50 / 0 Vegetable oils: 20 / 0 Sugar: 20 / 0 Cement: 10–33 / 3 Gasoline: 57 / 25 Fruit juices: 20 / 5 Pumps: 10 / 5
6.1.2 Verification fee	Import surtax, now levied at the Haitian port of entry rather than at the foreign port of shipment.	Assembly sector; personal imports; and diplomatic missions.	4 percent of the c.i.f. import value.
7. Other taxes 7.1 Identification card tax (Decree of September 28, 1987, as amended through May 1993)	Annual tax for the issuance or validation of the identification card tax levied on all individuals, legal entities, and sole proprietorships.	Diplomatic and consular services.	Legal entities: G 600 Sole proprietorships: G 50–150 **Individuals** Wage earners (< G 20,000): G 15 Wage earners (G 20,000–100,000) Vehicle owners or persons subject to real property taxes: G 150 Wage earners (> G 100,000): G 250

Source: Ministry of Economy and Finance.