

Crisis-hit Haiti making progress

...but risks still loom, says IMF

■ WASHINGTON/CMC

THE International Monetary Fund (IMF) says risks to Haiti's outlook remain tilted to the downside and that intensified gang-related disruptions, and escalating violence or social unrest could further exacerbate social and economic vulnerabilities.

In addition, the Washington-based financial institution is warning that potential shifts in foreign immigration and trade policies could sharply reduce exports and remittance inflows. It said these developments could compound the adverse impact of the security crisis on domestic production, worsen the humanitarian and economic crisis, and increase fiscal pressures.

But on the upside, the IMF said that the United Nations Security Council's authorisation to transition the Kenya-led Multinational Security Support (MSS) mission in Haiti for a new multinational Gang Suppression Force (GSF), supported by the newly established United Nations Support Office for Haiti and the Organisation of American States, 'could mark a turning point in efforts to restore security in the country, rebuild institutions, and lay the foundations for economic growth and improved prospects for the Haitian people'.

The senior economist in the Regional Studies Division of the IMF's Western Hemisphere Department, Camilo E. Tovar, led a virtual mission to Haiti, to assess progress under the country's Staff-Monitored Programme (SMP), which are informal agreements between country authorities and the IMF to monitor the implementation of the authorities' economic programme and build a track record of policy implementation that could pave the way for financial assistance from the IMF's upper credit tranche (UCT).

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

But Tovar said that economic conditions in the French-speaking Caribbean Community (Caricom) country remain fragile amid persistent domestic and external shocks and rising uncertainty.

He said the economy has contracted for a seventh consecutive year. Inflation remains high at around 32% year-on-year.

The banking sector continues to show vulnerabilities, with the non-performing loan ratio above 13% in June 2025, although the system's capital adequacy ratio (22%) exceeds the regulatory minimum of 12%.

'Remittance inflows have continued to increase. This reflects increased financial support from migrants to their families due to worsening security conditions, and possibly in anticipation of changes in international migration policies. These inflows have strengthened the current account balance, which is projected to record a moderate surplus in financial year 2025.'

Tovar said that the gross international reserves remain adequate, at over US\$3.1 billion, or about seven months of prospective imports, as of end-July 2025. The nominal exchange rate remains stable, leading to real exchange rate appreciation.